

ANNUAL REPORT

**FISCAL YEAR
2005**

JULY 1, 2004 -
JUNE 30, 2005

UTAH DEPARTMENT OF COMMERCE



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Our Vision:

The Department of Commerce contributes to the success of Utah businesses, professionals and consumers by creating a favorable economic environment.

Our Mission

To protect the public interest by ensuring fair commercial and professional practices.

Executive Director's Summary

October, 2005

The Department of Commerce employees are pleased to submit the Annual Report of the Utah Department of Commerce for the fiscal year ending June 20, 2005.

This report contains information about the Department of Commerce and its mission, functions, operations and resources, an overview of the agency's performance, accomplishments and improvements, and statistical information highlighting activities and economic conditions during the fiscal year.

The Department of Commerce continues to improve its business processes and has found unique and innovative ways to do more with less. Even though the number of licensees regulated by the department has grown significantly over the past several years, the department has managed to meet customer expectations with minimal budget increases.

We remain steadfast in our mission of serving the people of Utah with the highest standards of performance and fiscal responsibility.

We hope this report provides you with helpful information, and encourage you to visit our website at www.commerce.utah.gov for additional resources and information.

Respectfully yours,

Francine A. Giani
Executive Director

Administration

MISSION

Administration's mission is to provide administrative support (financial, human resources, information technology, public relations, and adjudicative) to the following divisions within the Department of Commerce:

- ▶ Consumer Protection (DCP)
- ▶ Corporations and Commercial Code (CORP)
- ▶ Occupational and Professional Licensing (DOPL)
- ▶ Public Utilities (DPU), including the Committee of Consumer Services (CCS)
- ▶ Real Estate (DRE)
- ▶ Securities (DS)

INTERNAL EFFICIENCIES

The Department of Commerce is continually looking for ways to increase operating efficiency and has implemented numerous cost saving measures. The following represents measures taken by the entire department. Additional cost-saving efficiencies are noted within each Division's report.

- ▶ Lights in the department are attached to motion sensors and timers;
- ▶ All department computers are shut down nightly;
- ▶ Unnecessary temporary positions have been eliminated;
- ▶ The number of employees authorized to order supplies has been reduced;
- ▶ The department successfully moved one-third of its customer transactions online. The efficiencies gained have allowed us to reallocate resources to substantially reduce backlogs in licensing and enforcement;
- ▶ All modem lines have been removed; and
- ▶ We continually monitor desk telephones to ensure all are appropriately assigned. Several desk phones have been removed and the corresponding monthly costs have been eliminated.

CUSTOMER SERVICE

Administration oversees the following programs and procedures:

- ▶ New Automobile Franchise Act
- ▶ Powersport Vehicle Franchise Act
- ▶ Pete Suazo Utah Athletic Commission Act
- ▶ Administrative Actions

Motor Vehicle Franchise Act & Powersport Vehicle Franchise Act

The New Automobile Franchise Act (NAFA) and the Powersport Vehicle Franchise Act (PVFA) protect the public interest by helping to ensure fair business practices between vehicle franchisors and franchisees. The Acts establish a standard of conduct and clarify the duties of a franchisor (generally a manufacturer) and franchisee (a dealer). In addition, they establish a right to notice and hearing for franchisees with regards to a franchisor's intent to terminate, relocate, or establish a new franchised dealership. Franchisors and franchisees must pay an annual registration fee to cover the cost of regulation.

Registrations Issued

Motor Vehicle (MVA)	FY 2003	FY 2004	FY 2005
Franchisor/Franchisee Registrations	214	227	239

Powersport Vehicle (PVA)	FY 2003	FY 2004	FY 2005
Franchisor/Franchisee Registrations	48	55	57

Franchise Cases Adjudicated

Franchise Cases Adjudicated	FY 2004		FY 2005	
	Filed	Closed	Filed	Closed
Motor Vehicle	3	3	3	3
Powersport Vehicle	3	4	3	1

Pete Suazo Utah Athletic Commission

The five-member Commission regulates professional unarmed combat sports including boxing, kickboxing, and martial arts. Promoters, managers, contestants, seconds, referees, and judges must be licensed under the Act.

PSUAC Licenses Issued

NEW LICENSES ISSUED	FY 2003	FY 2004	FY 2005
Contestants	143	293	254
Seconds	52	30	120
Referees	5	4	11
Managers	1	1	1
Judges	14	5	20
Promoters	6	7	8

PSUAC Licenses Renewed

RENEWALS	FY 2003	FY 2004	FY 2005
Contestants	10	5	51
Seconds	14	1	21
Referees	8	0	7
Managers	1	0	0
Judges	11	1	9
Promoters	4	0	4

PSUAC Sanctioned Athletic Events

	FY 2003	FY 2004	FY 2005
PSUAC EVENTS	12	22	15

Administrative Actions

A business registrant or licensee, having been adversely impacted by a decision from one of the divisions at the Department of Commerce, may request agency review of that decision by the Department's Executive Director. Upon review, the decision could be upheld, reversed, modified, or remanded to the division for further consideration.

Agency Reviews

DIVISION CASES	TOTAL		DOPL		DRE		CORP		DCP		DS	
	'04	'05	'04	'05	'04	'05	'04	'05	'04	'05	'04	'05
Filed	60	62	41	39	7	13	2	1	10	9	0	0
Closed	53	64	36	40	7	10	1	2	7	12	2	0
Affirmed	20	16	16	11	2	4	0	0	2	1	0	0
Remanded	11	18	9	13	2	4	0	0	0	1	0	0
Dismissed	18	25	9	12	3	2	0	1	5	10	1	0
Reversed	3	3	2	2	0	0	0	1	0	0	0	0
Modified	1	2	0	2	0	0	0	0	0	0	1	0

EDUCATION

The department places high priority on educating the citizens of Utah on ways to protect themselves from becoming victims of unscrupulous business practices and to guide them through the complaint process if that occurs. Educating the public is accomplished through many mediums: presentations, newsletter brochures, news releases, press conferences, public service announcements, and the department's web site.

Questions specific to Administration may be directed to:

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 (801) 530-6431
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Jason P. Perry, Deputy Director
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Division of Consumer Protection

MISSION

The mission of the Division of Consumer Protection is to respond to consumer complaints, investigate unfair and deceptive business practices, and provide consumer education. The Division accomplishes this through a three-pronged approach: education, registration, and enforcement. The Division currently enforces fifteen separate statutes:

- ▶ Business Opportunity Disclosure Act
- ▶ Charitable Solicitations Act
- ▶ Consumer Sales Practices Act
- ▶ Child Protection Registry
- ▶ Consumer Sales Practices Act
- ▶ Health Spa Services Protection Act
- ▶ Music Licensing Act
- ▶ New Motor Vehicle Warranties Act
- ▶ Pawnshop Transaction Information Act
- ▶ Utah Postsecondary Proprietary School Act
- ▶ Price Controls During Emergencies Act
- ▶ Prize Notices Regulations Act
- ▶ Telephone Fraud Prevention Act
- ▶ Telephone and Facsimile Solicitation Act
- ▶ Unfair Practices Act

FY 2005 HIGHLIGHTS

The Division's major achievements for the fiscal year included:

- ▶ The division entered a settlement agreement with Consumer Credit Counseling Service of Utah, a debt management provider that went out of business and left numerous Utah consumers with unpaid bills. Under the settlement, the Division received consumer restitution money from that business and from Balance Financial, a business that voluntarily offered to give restitution money. The Division then provided restitution to 127 Utah consumers who verified their losses. The restitution totaled \$48,640.57;
- ▶ In a unanimous decision by the Utah Supreme Court in November 2005, the Court overturned the erroneous dismissal of the Division's enforcement action against an out-of-state telemarketer by the trial court. The Utah Supreme Court ruled that state telemarketing laws were not preempted by the federal law and that the Division had jurisdictional authority to enforce its laws against out-of-state violators. The ruling was an important victory for the Division and consumers in their fight against unwanted telephone calls.

INTERNAL EFFICIENCIES

Measures implemented by the Division to increase operating efficiency:

- ▶ The division was able to eliminate the Personal Introduction Services Program this year. This has allowed the division to focus more efforts on its mandatory programs that will not be changed without legislation.
- ▶ Employees are asked to perform cross-functional job duties, thereby distributing extra work among existing staff as much as possible.
- ▶ The division was able to discontinue the service of one phone line in the past year.
- ▶ All investigators share mobile phones and vehicles.

CUSTOMER SERVICE

Blockbuster Video Settlement

The Division joined several other states in a settlement agreement with Blockbuster Video over deceptive marketing in relation to Blockbuster's "No Late Fees" promotion. Blockbuster Video agreed to pay fines and make changes to its marketing materials.

Child Protection Registry

The Child Protection Registry was enacted by the Utah Legislature in 2004, and consists of registered Utah email addresses to which a minor has access. Marketers may not send emails containing certain prohibited materials to registered addresses. During FY 2005 the Division accepted bids for the operation of the registry and awarded a contract to a provider. The registry then went online in early FY 2006.

Conference Hosting

The Division has made arrangements to host two national conferences in Utah in 2008. The National Association of Consumer Agency Administrators and the National Association of State Administrators and Supervisors of Private Schools will hold their 2008 conferences in Utah. These conferences bring regulators from around the country to discuss evolving trends and enforcement methods, and often result in collaborative multi-state enforcement efforts.

Fraud Summits

The Division has coordinated with the Division of Securities, the Attorney General's office, and AARP of Utah to provide fraud summits throughout Utah. These summits provide consumer education on avoiding scams, investment fraud, and identity theft.

Nursing Schools

The Division has been coordinating student restitution efforts in the aftermath of two closed nursing schools. The Division has been regulating these schools since 2002. The schools

accepted advance tuition payments in violation of Utah law from thousands of students, many of whom paid through the Internet and never physically attended the classes. The Division claimed the school's bonds, and is evaluating student complaints to determine their most appropriate use.

Telemarketing

The Division has taken administrative and criminal action against a large telemarketing operation that was fraudulently offering “green sticker” appliance inspections to the public. In response to the Division’s actions, the operation reorganized its corporate structure several times until an arrest warrant motivated the principal operator to flee the state.

Registrations

REGISTRATIONS APPROVED	FY 2005
<i>Charities</i>	1755
<i>Professional Fundraisers, Fundraising Counsel, and Consultants</i>	170
<i>Health Spas</i>	160
<i>Telemarketers</i>	60
<i>Personal Introductions</i>	
<i>Business Opportunity</i>	46
<i>Credit Service Organizations</i>	38
<i>Postsecondary Proprietary schools</i>	232

Compliance

Complaints	2003	2004	2005
<i>Complaints received</i>	3,119	3,567	4,078
<i>Complaints opened</i>	1,806	2,552	2,962
<i>Cases closed</i>	1,606	2,456	2,992

EMPLOYEE HIGHLIGHT

Ao Pauga has worked as an investigator for the Division since 2000, when he came from the state Office of Recovery Services. Ao was born and raised in Samoa and attended Brigham Young University – Hawaii where he received a bachelor's degree in business administration. He also holds an MBA from the University of Phoenix.

Ao enjoys performing and sharing Samoan dances and songs, especially fire dance. He learned fire dancing moves at age seven when he would twirl sticks or throw machetes at trees during breaks from working on a plantation. He competed with other boys to see who could make the fanciest moves with sticks or hit a target with a machete. He developed his skills using fire while a student at BYU – Hawaii. Ao stopped fire dancing approximately five years ago. He now prefers to be a spectator, leaving the dancing to younger performers.

LEGISLATIVE HIGHLIGHTS

H.B. 30: Consumer Sales Practices Act Amendments, Rep. Todd E. Kiser

This bill prohibits sending an unsolicited check to a consumer that obligates the consumer to a contract if the consumer cashes the check.

H.B. 164: Repeal of Utah Personal Introduction Services Protection Act, Rep. Sheryl L. Allen

This bill repeals the Utah Personal Introduction Services Protection Act.

H.B. 186: Consumer Protection Amendments, Rep. Sheryl L. Allen

This bill makes technical changes and clarifications to several statutes enforced by the Division. The bill increases the limits on some administrative fines and adds new oral disclosures to state telemarketing laws. The bill modifies state health spa regulations, requiring a health spa to issue refunds if it relocates more than five miles.

H.B. 260: Amendments Related to Pornographic and Harmful Materials, Rep. Johnougall

This bill requires the Division to award a \$100,000 contract for Internet safety public service announcements, and to award a \$50,000 contract to test Internet filtering software. It also requires the Division to write rules establishing acceptable Internet content ratings systems.

S.B. 18: Regulating Proprietary Postsecondary Schools, Sen. Dan R. Eastman

This bill requires postsecondary proprietary schools to make additional disclosures to students prior to accepting tuition payments. It also strengthens the Division's ability to investigate schools and enforce existing requirements.

S.B. 52: Price Controls During Emergencies Act, Sen. Patrice M. Arent

This bill prohibits a retailer from charging an excessive price, as defined by the bill, for goods or services within 30 days after an emergency declared by the President or the Governor.

S.B. 62: Personal Property Transaction Amendments, Sen. Michael G. Waddoups

This bill transfers administration of the Pawnshop Transaction Information Act from the Department of Commerce to the Division of Consumer Protection

Questions specific to this Division may be directed to:

Thad LeVar, Director
Division of Consumer Protection
(801) 530-6601
tlevar@utah.gov

Division of Corporations

MISSION

The Division of Corporations and Commercial Code serves business enterprises by providing registration and informational assistance. Additionally, the Division serves the public by facilitating access to all of its records and data. The Division functions as Utah's filing office and repository for all corporations, commercial code filings, business registrations, limited partnerships, limited liability companies, limited liability partnerships, collection agencies, and trademarks.

FY 2005 HIGHLIGHTS

The Division's major achievements over FY05 included:

- ▶ The Division of Corporations and Commercial Code now electronically images all UCC filings received. Copies of these images are available upon request, using the national form for searches;
- ▶ The Division now sends all negative business notices via postcard notification. This allows the notice to be forwarded by the US Postal Service and avoid return of the notice. The Division is working towards using postcards for all annual renewals as well;
- ▶ All forms for the Division are now available online. The division has also completed some useful forms for articles of incorporation or articles of organization, as well as amendment forms.
- ▶ The Division continues to look for innovative ways to allow the business filer in Utah access to services 24 hours a day, 7 days a week. Customer service is a top priority for division employees.

INTERNAL EFFICIENCIES

Measures implemented by the Division to increase operating efficiency:

- ▶ Extensive implementation of technological solutions has allowed us to manage ever increasing workloads without requesting additional full-time employees. Examples include (1) One Stop Business Renewal, (2) Online UCC, (3) Web site and informational lookups and (4) Online address change forms.
- ▶ The division has reduced unnecessary government by repealing the Trading Stamp Law and the Corporations Sole Law.

- ▶ The Division is attempting to revise or repeal the digital signature law.
- ▶ The Division now sends licensing information on postcards instead of letters which significantly reduces postage costs.

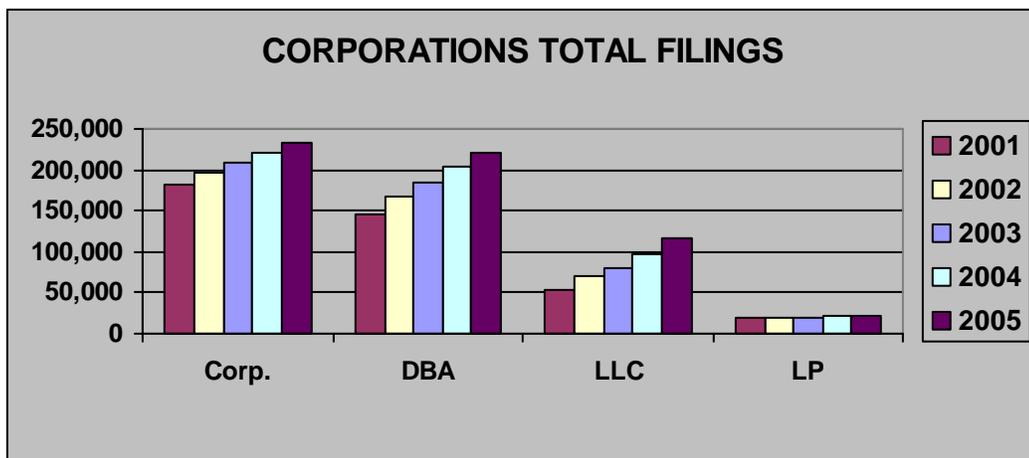
CUSTOMER SERVICE

e-Government Initiatives

- ▶ The **OneStop Business Registration** Web site, located at www.business.utah.gov, has been commended worldwide. The World Bank used the website as a “best in class” for the tool kit they developed to help emerging nations join the global economy.
- ▶ OneStop also won the International Association of Commercial Administrators top spot for technology between government and business.
- ▶ The **business.utah.gov** portal—another multi-agency project—has in-depth, “cradle to grave” information for businesses. The site has nearly 500 links to assist businesses in start-up, relocation, expansion, and winding down. New links are added continuously. The links cover government agencies – federal, state and local – as well as private, non-profit groups such as SCORE. With the advent of this Web site, the public is more aware of the regulatory requirements to doing business in Utah and better able to focus on conducting their business.
- ▶ The Division now electronically **images all UCC filings received**. Copies of these images are available upon request, using the national form for searches.

Streamlining the Division’s processes to accommodate online initiatives has had the added benefit of streamlining in-house processes. Employees look at every task to determine innovative ways of improving delivery of services.

Filings



CORPORATIONS TOTAL FILINGS

	<u>CORP.</u>	<u>DBA</u>	<u>LLC</u>	<u>LP</u>	<u>TOTAL</u>
2001	182,715	144,674	53,943	19,103	400,435
2002	197,737	168,485	69,281	19,980	455,483
2003	208,109	184,660	80,410	20,510	493,689
2004	220,888	203,733	97,354	21,151	543,126
2005	232,766	221,326	116,872	21,732	592,696

NEW FILINGS

	<u>Corp.</u>	<u>DBA</u>	<u>LLC</u>	<u>LP</u>	<u>TOTAL</u>
2001	10,304	16,487	10,015	777	37,583
2002	11,421	16,443	11,173	730	39,767
2003	12,217	18,989	12,879	664	44,749
2004	10,898	17,516	13,705	562	42,681
2005	11,423	17,325	19,018	556	48,322

FY 2005 TOTAL RENEWAL AND EXPIRED FILLINGS

	<u>Corp.</u>	<u>DBA</u>	<u>LLC</u>	<u>LP</u>	<u>TOTAL</u>
Renewals	65,924	9,755	48,276	542	124,497
Voluntary Expirations	944	456	789	109	2,298

EMPLOYEE HIGHLIGHT

A long time employee of the Division, Janeen Steer, recently received a personal phone call of thanks from Governor Jon M. Huntsman for her outstanding customer service. The Governor had received a letter from a member of the public commending Janeen for her skill, professionalism and great attitude while performing her job duties and serving the public. Janeen expressed that customer service has always been a priority to her, and also stated “there is no better recognition than receiving a personal phone call from the Governor.” Janeen has worked for the Division for over 19 years in many capacities and is currently providing certified copies and certificates.

LEGISLATIVE HIGHLIGHTS

H.B. 275: Business Entity Amendments

This bill made several technical corrections.

S.B. 215 S01: Financial Institutions as Limited Liability Companies

This bill allows federally chartered financial institutions, or banks, to be limited liability companies and exempts them from some of the statutory requirements of their limited liability companies.

Questions specific to this Division may be directed to:

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Division of Corporations and Commercial Code
(801) 530-6447
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Division of Occupational and Professional Licensing

MISSION

The mission of the Division of Occupational and Professional Licensing (DOPL) is to safeguard the public health, safety, and welfare through appropriate licensing and regulation of persons engaged in certain professions or occupations. In connection with its mission, the Division makes available to the public, at their request or upon the Division's initiative for compelling reason, information known to the Division which may be released under the provisions of law, and which is necessary for the public to know to ensure their health, safety, and welfare.

2005 FISCAL HIGHLIGHTS

The Division's major achievements include:

- ▶ **Creation of New Construction Services Unit:** In order to accommodate the growing needs of Utah's construction industry, DOPL recently created a Construction Services Unit within its organizational structure. The new unit includes licensure and enforcement responsibilities for contractors, electricians, plumbers, building inspectors, architects, professional engineers, professional land surveyors, landscape architects, professional geologists, and manufactured housing dealers. The Lien Recovery Fund, the Uniform Building Code Training Program, and the State Construction Registry are also housed within this new unit. Additionally, a new position – Associate Director of Construction Services – was created to oversee this new unit and to provide greater attention to the many needs of the construction industry.
- ▶ **State Construction Registry:** As required by newly enacted legislation, the State Construction Registry (SCR) was launched May 1, 2005. The SCR is a standardized, online system for filing and managing preliminary notices, notices of commencement, and notices of completion in order to preserve mechanics' lien rights.
- ▶ **Online Access for Controlled Substance Database:** Online access has been achieved for the state's Controlled Substance Database. This enhancement provides 24/7 access to database information for licensed practitioners authorized to prescribe controlled substances. Additionally, the same information will also be available to law enforcement and pharmacists by the end of the calendar year. Legislative approval was also recently obtained to provide access to database information on an approved protocol to the Utah Department of Health for authorized research and statistical purposes.

- ▶ **Online Renewal Continues to Grow:** Usage of DOPL's online license renewal site has continued to grow in the past year. The site is presently being used by approximately 62 percent of DOPL's 140,000 renewing licensees.

2005 INTERNAL EFFICIENCIES

Measures implemented by the Division to increase operating efficiency:

- ▶ The division has streamlined the operation of its boards by reducing the number of meetings and eliminating those that are no longer necessary.
- ▶ The division is actively engaged in the legislative process and has assisted in the following:
 - (a) helping repeal the Health Care Assistant classification and Geriatric Care provider designations under advice from industry professionals;
 - (b) Assigning a probation specialist to the Nursing and Pharmacy Boards which increased our ability to monitor boards thus allowing them to convene less often;
 - (c) Limiting requests for additional full-time employees by absorbing growing workloads and costs through online initiatives.
- ▶ The implementation of online services has allowed the department to perform more work without increasing the size of the workforce. Examples include the following:
 - (a) 62% of renewals are now done online;
 - (b) Customers are encouraged to print statutes, rules and applications online;
 - (c) The Controlled Substance Database is now available to Physicians, Law Enforcement Officers and other professional 24 hours a day, seven days a week.

EMPLOYEE HIGHLIGHT

DOPL Military Experience

Nearly one-fifth of DOPL's 100 employees possess some level of military experience. In all, 18 current employees have a combined total of over 125 years of military experience in various branches including Army, Navy, Air Force, Women Army Corp, Utah Air National Guard, and Utah Army National Guard.

These employees achieved a variety of rank including Privates, Petty Officers, and Technical Specialists to Master Sergeants and Lt. Colonels. Their specialties and responsibilities were vast and varied: supply clerk, ballistic missile technician, paratrooper, judge advocate general, security police, air police, fire protection, K-9 corps, navigation and communications, combat engineer, fire arms instruction, light weapons, and transportation.

DOPL Law Enforcement Experience

Twenty-two of DOPL's 32 current investigators (nearly 70 percent) came to DOPL with some type of former law enforcement experience. Another five non-investigative DOPL employees have also had former law enforcement experience, totaling just over 500 years of experience in a variety of arenas, including: chief of police, FBI, SWAT, medicaid fraud, gaming control board, highway patrol trooper, attorney general investigator, patrolman, K-9 unit, correctional specialist, police officer, railroad agent, justice of the peace, tax commission agent, fatal traffic investigator, sex crimes investigator, larceny investigator, and firearms/munitions trainer.

Additionally, DOPL boasts over 300 years of combined investigatory experience, including 13 individuals with at least ten years of experience within DOPL's investigatory ranks and several who have made DOPL investigations their lifetime career.

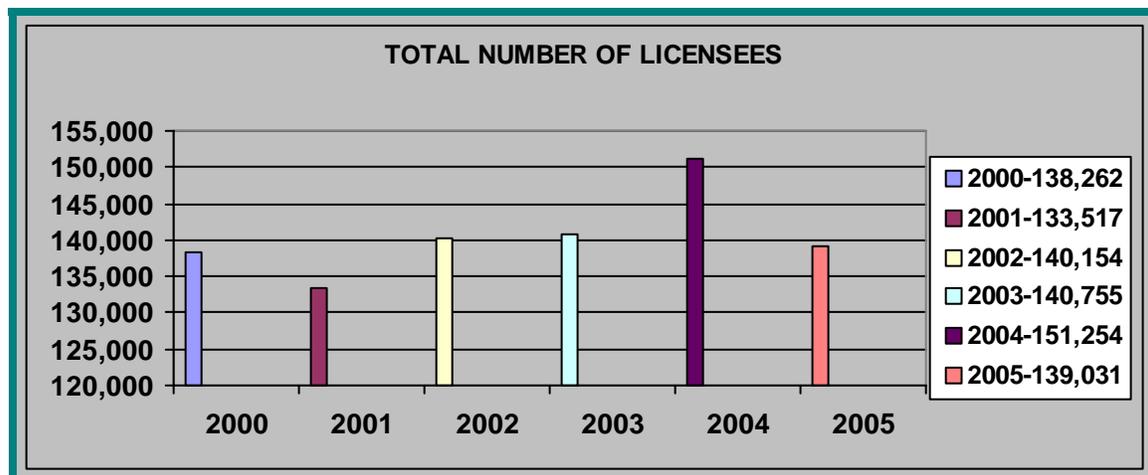
CUSTOMER SERVICE

Internet Advancements

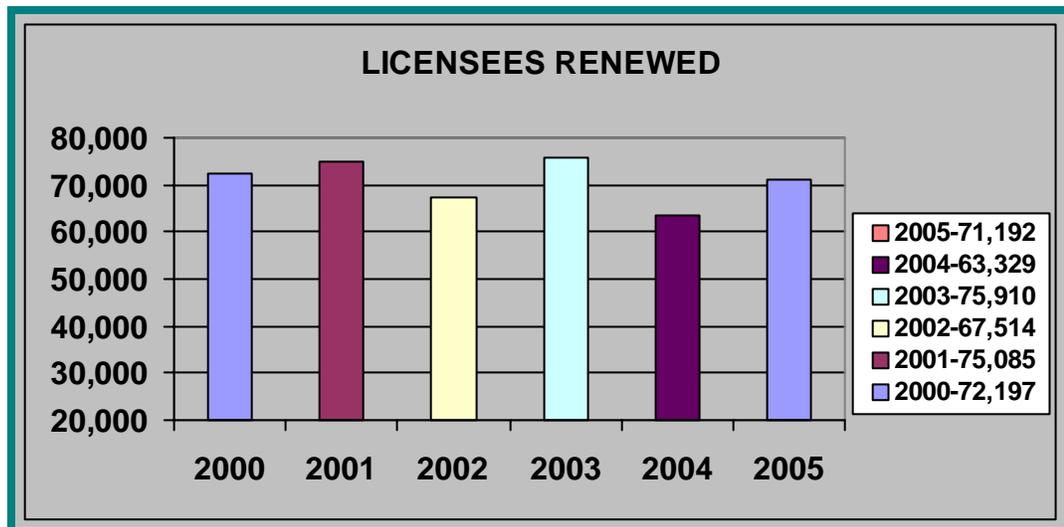
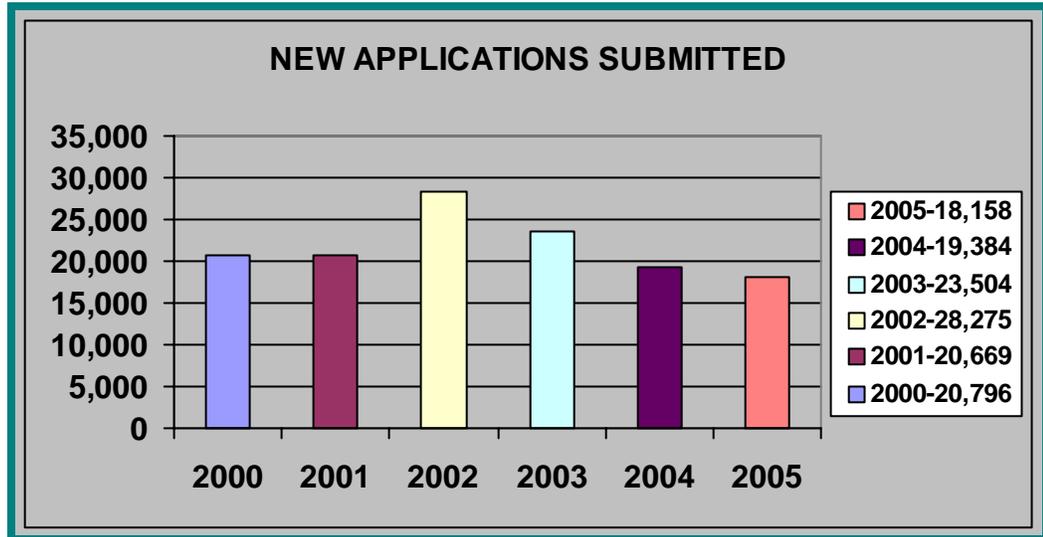
- ▶ The DOPL front page continues to be one of the state's most frequently visited web pages, with approximately 675 visitors per day.
- ▶ Over 20,800 documents (applications, forms, statutes, etc.) were downloaded from the site.
- ▶ The online license renewal rate continues to grow and is now at approximately 62 percent.
- ▶ 18 percent of all license verification requests are done online.

DOPL administers and enforces laws for the licensure and regulation of 76 different occupations and professions ranging from doctors, architects, contractors, and accountants to funeral directors, cosmetologists, and veterinarians.

Licensing and Regulation



DOPL LICENSING STATISTICS



Total Licensees by Profession including Temporary Licensure (as of 6/30/05)
 (Occupations having multiple licensure classifications are noted in parentheses.)

	<u>FY04</u>	<u>FY05</u>
Acupuncturists	66	78
Advanced Practice Registered Nurses (3)	958	1,007
Alternative Dispute Resolution Providers (3)	58	54
Architects	1,892	2,039
Athlete Agents	13	5
Building Inspectors (2)	497	479
Burglar Alarm Agents (2)	1,347	1,727
Burglar Alarm Companies	137	134
Certified Court Reporters (2)	134	144
Certified Nurse Midwives (3)	112	117
Certified Public Accountants	3,730	3,684
Certified Public Accountancy Firms	638	624
Certified Registered Nurse Anesthetists	184	191
Chiropractic Physicians	720	770
Construction Trades Instructors (4)	29	30
Contractors (2)	18,034	16,802
Controlled Substance Handler (2)	24	76
Controlled Substance Precursor Purchaser/Distributors	14	11
Cosmetologist/Barbers	19,896	21,104
Cosmetology/Barber Instructors	980	1,053
Cosmetology/Barber Schools	36	35
Deception Detection Examiners and Interns	26	27
Dental Hygienists (2)	1,425	1,536
Dentists (4)	2,165	2,270
Dietitians	506	481
Electricians (5)	8,696	8,681
Electrologists	148	154
Electrologist Instructors	3	3
Electrology Schools	1	1
Engineers – Professional and Structural	7,235	6,460
Environmental Health Scientists and In-Training	245	220
Estheticians (2)	1,245	1,484
Esthetician Instructors	51	72
Esthetics Schools	12	15
Factory Built Housing Dealers	67	44
Funeral Service Directors and Apprentices	313	338
Funeral Service Establishments	94	103
Genetic Counselors (2)	22	23
Geologists, Professional	923	886
Health Care Assistants	8,988	0
Health Facility Administrators	298	275
Hearing Instrument Specialists and Interns	103	105
Land Surveyors, Professional	669	639
Landscape Architects	313	353
Licensed Practical Nurses (2)	3,323	3,111
Marriage and Family Therapists (2)	486	456
Massage Therapists (3)	4,379	3,759

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Nail Technicians	2,487	2,802
Nail Technician Instructors	46	55
Nail Technician Schools	6	7
Naturopathic Physicians (4)	16	19
Occupational Therapists (2)	586	564
Optometrists (3)	403	400
Osteopathic Physicians	244	281
Pharmacists, Interns, and Technicians	5,128	4,979
Pharmacies (6)	1,128	982
Physical Therapists	1,446	1,359
Physician Assistants (2)	458	523
Physician/Surgeons	6,955	7,346
Plumbers (4)	4,103	4,171
Podiatric Physician	183	176
Preneed Funeral Arrangement Providers and Sales Agents	251	273
Private Probation Providers	58	44
Professional Counselors, Interns, and Externs	522	567
Professional Employer Organizations	67	72
Psychologists and Psychology Residents	778	763
Radiology Technologists and Practical Technicians	2,173	2,030
Recreational Therapists (4)	750	648
Registered Nurses (3)	18,882	18,122
Respiratory Care Practitioners	1,099	1,004
Security Companies	61	63
Security Personnel (4)	5,417	3,661
Social Workers (4)	5,214	5,009
Speech-Language Pathologists & Audiologists (3)	634	615
Substance Abuse Counselors	341	287
Veterinarians and Interns	583	549
TOTAL:	151,254	139,03

Enforcement of Professional Standards

<u>Investigations</u>	FY01	FY02	FY03	FY04	FY05
Complaints Received	4,567	3,215	4,061	3,844	4,725
Investigations Opened	3,942	2,897	3,797	3,579	4,349
Investigations Completed	3,409	3,391	3,942	3,758	3,999
Formal Administrative Filings	208	327	324	308	325
Criminal Filings - Felonies	56	36	26	21	57
Criminal Filings - Misdemeanors	29	27	41	21	31
Letters of Concern Issued	1223	220	259	193	332
Citations Issued	1,259	904	1,141	1,091	1,069
Diversion Referrals Issued	28	23	16	13	14
Fines Collected	\$215,975	\$295,451	\$290,303	\$211,487	\$322,005

Along with the responsibilities of licensing and regulating licensees, the Division assists 65 advisory boards, commissions, and committees—each comprised of licensed professionals from the respective profession, as well as members of the general public. The Division also administers the following programs:

- ▶ Controlled Substance Database
- ▶ Medical Malpractice Prelitigation (arbitration)
- ▶ Residence Lien Restriction and Lien Recovery Fund
- ▶ Utah Recovery Assistance Program (diversion)

Controlled Substance Database

<u>Numbers of Transactions</u>	<u>FY2004</u>	<u>FY2005</u>
Requests for Information	44,876	55,325
Pharmacies Reporting to Database	464	475
Doctor Shopper Letters Sent	75	841
Correspondent Letters on Forged Prescriptions	46	27

Medical Malpractice Prelitigation

<u>Pre-litigation Action</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
Cases Opened	372	392	531	484	384
Requests Denied	104	63	40	32	24
Hearings Scheduled	243	324	288	499	295
Cases Closed	371	433	414	577	417

<u>Pre-litigation Outcome</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
No Merit	160	230	221	290	222
Meritorious	34	33	30	32	28
Stipulation	52	52	84	139	76
Dismissed	53	43	84	59	55
Split Decision	54	67	41	40	30
Jurisdiction Problem	17	8	12	16	6
Undecided	1	0	0	0	0
Other	0	0	0	0	0

Residence Lien Restriction and Lien Recovery Fund

The Utah Residence Lien Recovery Fund (RLRF) is a “fund of last resort” to pay suppliers or sub-contractors for work performed when general contractors fail to pay. The Fund makes the suppliers or sub-contractors “whole,” avoiding the prospect of liens being attached to homeowner residences even though they have paid the general contractor in full.

	FY2005		CUMULATIVE	
	Number	Amount	Number	Amount
Claims Filed	163	\$1,157,004.39	1,823	\$11,353,506.73
Claims Paid	110	\$ 760,422.33	1,176	\$ 6,241,039.56
Claims Denied	18		394	
Claims Dismissed	4		160	

FY2005 CLAIMANT STATISTICS		
Claimant	Number	Amount Paid
Suppliers	1,033	\$4,870,539.21
Contractors	740	\$2,223,147.46
Laborers	43	\$ 17,070.17
Other	2	\$ 0.00

FY 2005 FUND STATUS	
	Amount
Investment Account Balance	\$2,050,360.06
Operating Account Balance	\$ 80,000.00
TOTAL	\$2,130,360.06

Utah Recovery Assistance Programs (URAP) - Diversion

<u>Utah Recovery Assistance Program FY2004 Statistics</u>	
Committee Meetings Conducted:	55
Diversion Interviews Completed:	427
<u>New Contracts Signed:</u>	
RN	
Physician	7
Pharmacist	2
LCSW	2
LPN	1
CPA	1
Dentist	3
RCP	1
<u>Clients Not Accepted:</u>	
Pharmacist	2
<u>Clients who chose not to sign:</u>	
Pharmacist	3
<u>Clients Pending:</u>	
MD	1
Phys. Therapist	1
<u>Files Closed Successfully:</u>	
RN	
Pharmacist	3
LPN	1
Dentist	1
LCSW	1
APRN	1
CRNA	1
HCA	1
Funeral Director	1
<u>Files Closed Unsuccessfully:</u>	
RN	7
LPN	3

<u>Number of Clients Participating in URAP</u>	
Nurse	43
Physician	19
Dentist	4
Pharmacist	7
LCSW	4
APRN	2
CPA	1
CRNA	1
Funeral Director	1
Health Care Assistant	1
LSAC	1
Pharmacy Tech	1
Physician Assistant	1
Podiatrist	1
Respiratory Therapist	1
Veterinarians	1
Total:	89

LEGISLATIVE HIGHLIGHTS

H.B. 12 Health Care Assistants:

Repealed provisions in the Nurse Practice Act that required the registration of health care assistants.

H.B. 13 Occupational and Professional Licensing Sunset Amendment:

Eliminated repeal dates for the licensure of certain occupations and professions including Architects Licensing Act, Podiatric Physician Licensing Act, Utah Optometry Practice Act, Pharmacy Practice Act, Professional Engineers and Professional Land Surveyors Licensing Act, Certified Public Accountant Licensing Act, Veterinary Practice Act, Nurse Practice Act, Utah Controlled Substances Act, Utah Drug Paraphernalia Act, Imitation Controlled Substance Act, Nurse Midwife Practice Act, Landscape Architects Licensing Act, Utah Medical Practice Act, Utah Osteopathic Medical Practice Act, Dentist and Dental Hygienist Practice Act, and Chiropractic Physician Practice Act.

H.B. 25 Direct-Entry Midwife Act:

Provided for licensing of direct-entry midwives and created the Licensed Direct-Entry Midwife Board.

H.B. 71 Licensing of Estheticians and Nail Technicians:

Modified the length of apprenticeship programs, increased the curriculum requirement for nail technology schools from 200 to 300 hours, and increased the number of hours of training required for an approved nail technician apprenticeship from 250 to 375. Also expanded the unlawful conduct provision that applies to nail technicians to include the use of methyl methacrylate by a nail technician on a client and made such practice a citable offense.

H.B. 105 I Sub Construction Filing Amendments:

Made changes to mechanics' liens, addressed requirements for a qualified beneficiary's recovery from the Residence Lien Recovery Fund, and made numerous technical changes to the State Construction Registry statute.

H.B. 243 Repeal of Geriatric Care Manager:

Amended the Nurse Practice Act to repeal provisions related to geriatric care managers.

S.B. 50 Controlled Substance Amendments:

Amended the Pharmacy Practice Act and the Controlled Substances Act to repeal the Controlled Substance Database Advisory Committee and assigned the committee's duties to the State Board of Pharmacy. Allowed DOPL to keep by rule a prescriber's use of an electronic or digital signature in issuing prescriptions.

S.B. 55 Access to Patient Medical Records:

Required an applicant for license or renewal of licensure under the Medical Practices Act and the Osteopathic Medical Practices Act to appoint a contact person for access to medical records in accordance with HIPAA and an alternate contact person for access to medical records. Required solo-practitioners to provide a method of notifying patients of the identity of the contact person and alternate

contact person for access to medical records and required a licensee who is renewing a license to certify to the division that the licensee is in compliance with the requirement to appoint a contact person and alternate contact person for access to medical records.

S.B. 71 Security Personnel Licensing Amendments:

Amended the Security Personnel Licensing Act to provide that persons who control entry to public events by duties such as taking tickets and checking bags are not security officers under the act if these persons may not use force in their duties.

S.B. 74 Medical Reserve Corps:

Authorized the local department of health to organize, activate, and supervise a medical reserve corps during a time of declared public health emergency or disaster. Amended the Occupational and Professional Practice Act to permit retired health care professionals to serve in a medical reserve corps during a time of disaster or emergency and clarified that the Good Samaritan laws apply to health care professionals who volunteer during a declared emergency or disaster.

S.B. 223 Oversight and Enforcement of Work Done on Mobile Homes:

Modified the definition of construction trade in the Utah Construction Trades Licensing Act to include mobile and manufactured homes within the definition of structures referred to in the Utah Construction Trades Licensing Act, thereby giving DOPL oversight of construction trades that construct, alter, remodel, or repair mobile or manufactured homes.

Questions specific to this Division may be directed to:

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Division of Occupational and Professional Licensing
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Division of Public Utilities

MISSION

The Division of Public Utilities is an independent regulatory body whose mission is to ensure the safe, efficient and reliable delivery of utility service to customers in Utah at fair and reasonable rates. The Division supports the Utah Public Service Commission (PSC) in its regulatory functions by providing financial, economic and technical analysis of all rate filings and other matters that come before the Commission. In addition, the Division performs the following duties:

- ▶ Investigates and makes recommendations to the PSC concerning applications for certificates of convenience and letters of exemption.
- ▶ Monitors compliance with regulatory laws and PSC rules and orders.
- ▶ Promotes technology and advanced telecommunications services.
- ▶ Supports rural telecommunications services.
- ▶ Audits or reviews annual reports and other required filings by regulated utilities.
- ▶ Receives and investigates complaints against utility companies and makes recommendations for corrective action to the PSC.
- ▶ Monitors the safety of natural gas pipeline distribution systems.
- ▶ Monitors and makes recommendations concerning utilities' requests to terminate service for non-payment in cases where life support equipment is used.
- ▶ Studies and reports on trends in the regulatory arena, including the impacts of competition, technological developments, energy load growth and conservation and other special projects.

To carry out these duties, the Division of Public Utilities has a staff of approximately thirty-five employees. Their technical training and expertise include accounting, finance, economics and engineering.

FY 2005 HIGHLIGHTS

The Division's major achievements included:

- ▶ Bringing PacifiCorp and various ratepayer advocates together to stipulate a rate increase that fairly balances the interests of the ratepayers and the utility;
- ▶ Working with Utah parties to forge a single "Utah position" on a long-standing inter-jurisdictional dispute concerning how PacifiCorp allocates its costs among the states in which it does business;
- ▶ Auditing and reviewing Qwest's wholesale services performance to competing carriers;
- ▶ For the second year in a row, the Utah Pipeline Safety program has achieved a perfect score in its evaluation by the federal Office of Pipeline

Safety (OPS), which results in the maximum percent of state funding reimbursed by OPS;

- ▶ Continuing the work begun in FY2004 to bring private water companies operating without Certificates of Convenience and Necessity or Letters of Exemption into compliance with the law;

CUSTOMER SERVICE

Within the Division of Public Utilities, there are three utility sections: Water/Customer Service/Pipeline Safety, Telecommunications, and Energy.

Customer Service/Water/Pipeline Safety Section

During FY 2005, the Division's Customer Service Unit fielded 1,689 informal complaints from utility customers. Complaints typically involved service quality and billing issues.

The Division works with customers and utilities to resolve complaints informally. Unresolved disputes are referred to the PSC for more formal action or hearing.

Utility Complaints Received

Utilities	FY2003	FY2004	FY2005
Electric	242	492	220
Natural Gas	371	209	172
Telecom – ILEC*	861	437	371
Telecom – CLEC **	670	566	609
Telecom – Long Distance	230	201	329
Water and Sewer	4	2	3
Total	2,378	1,907	1,704

Utility Complaints Resolved –FY2005

Utilities	Total FY2005 Complaints	Informal Complaints Resolved without Hearings	Complaints Resolved by Hearing Officer
Electric	220	216	4
Gas	172	169	3
Telecom – ILEC*	371	367	4
Telecom – CLEC**	609	607	2
Telecom – Long Distance	329	329	0
Water/Sewer	3	1	2
TOTAL	1,7804	1,689	15

*Incumbent Local Exchange Carrier, i.e., Qwest

**Competitive Local Exchange Carrier, i.e., AT&T, XO, McLeod, etc.

Water

The Water Section completed rate and compliance audits on 7 regulated water companies. In 2003, the Water Section identified 163 private irrigation and culinary water companies that were operating without the appropriate Certificates of Convenience and Necessity or Letters of Exemption. As a result of this effort, in FY2005, the PSC issued three new Certificates of Convenience and Necessity to regulated water companies and 28 Letters of Exemption to mutual water companies.

Pipeline Safety

The Pipeline Safety Group operates under federal statutes to investigate safety and other conditions relative to the piping of natural gas within Utah. Pipeline Safety works with leading major local natural gas distribution companies, such as Questar Gas Company, as well as municipal and intrastate transmission operators. In addition, several hundred small gas system operators, which purchase gas from a distribution company and further distribute it within their facilities, fall under the Group's jurisdiction. The Group is responsible for determining the state of these small gas systems and working with the operators to assure that the systems are either inherently safe or that some protection measures are installed to assure their safety against leaks.

Each year the federal Office of Pipeline Safety (OPS) evaluates performance of state programs in fulfilling the requirements of the federal program. For the second year in a row, the Utah Pipeline Safety program has achieved a perfect score in its evaluation, which results in the maximum percent of funding reimbursed by OPS.

During fiscal year 2005, Pipeline Safety personnel conducted comprehensive inspections of Questar Gas Company operations, municipal gas distribution operators, liquid petroleum gas (propane) operators, and initial and follow-up inspections of small gas system operators. These inspections assure that operator procedures and operations are consistent with federal regulations for safe functioning of natural gas systems. No accidents occurred resulting in personal injuries or property damage over \$50,000 for which mandatory reporting to the Federal Office of Pipeline Safety was necessary.

FY 2005 Pipeline Safety Inspections	
Questar Gas Company Regions	7
Municipal Gas Distribution Operators	5
Intrastate Transmission Operators	0
Liquid Propane Gas Operators	1
Small Gas System Operators	122
Personal or Property Damage Incidents	0

Pipeline Safety retains jurisdiction over propane distribution systems that service ten or more customers. All other propane tanks or systems fall under the jurisdiction of the State Fire Marshal's office. One of the three propane distribution facilities that fall within Pipeline Safety's jurisdiction uses a large buried propane tank. Efforts to adequately assess the condition of this buried tank revealed a disappointingly vague understanding on the part of regulators and tank suppliers about how to evaluate or characterize the

condition of buried tanks, particularly with regard to protection from corrosion and eventual leakage. Considerable research by Pipeline Safety personnel uncovered a workable, yet relatively inexpensive arrangement for placing test stations at strategic locations around such tanks that will provide superior information regarding tank integrity. Noting a marked increase in the number of propane tanks being installed underground in Utah, Pipeline Safety developed a close working relationship with the Fire Marshal's office to jointly assure that both agencies are using the best available methods to educate the propane industry and users in satisfaction of the regulatory requirements for tank integrity. During FY2005, an installation of test stations at buried tanks for one of the propane distribution systems was initiated to validate the test station arrangement.

Work was completed in December, 2004 on a grant awarded to the Division through the Pipeline Safety group to continue collection of statistics on parameters associated with excavator-caused damage to underground natural gas facilities. This data continues to give Pipeline Safety and Questar Gas Company a better understanding of the factors leading to excavation damage and those contractors responsible. In addition grant monies were used to contact county attorney personnel and excavators to improve their understanding of Utah's damage prevention law and their role in enforcing it. A follow-on grant in the amount of \$6,976 was awarded in the spring of 2005 to continue educational efforts to improve awareness of those who contribute to natural gas pipeline excavation damage.

Telecommunications Section

The Telecommunications Section audits, evaluates, and monitors the state of the local telecommunications market in Utah. This Section of the Division formulates recommendations to the Utah Public Service Commission (PSC) for ratemaking purposes, rulemakings, applications, hearings and other issues affecting the quality and the provision of telecommunications services.

During FY05, the function of state regulation has considerably changed. Based on recent Utah legislation, Qwest, Utah's largest carrier has been granted lighter regulatory oversight. As a result, Qwest is no longer price cap regulated which, essentially, gives them more pricing autonomy, except for its primary residential line. Rural telephone companies, nevertheless, are still regulated under the traditional rate of return model. Currently, both UBTA-UBET and Carbon/Emery Telecommunications have rate cases pending before the PSC.

The Federal Communications Commission (FCC) has further altered the role of telecommunications regulation. Based on a recent FCC order, Qwest is no longer obligated to lease a number of its facilities to Competitive Local Exchange Carriers (CLEC). In effect, this order could possibly reduce the local competition that has undeniably progressed in the past few years. According to the Division's 2004 Legislative Annual Report, CLECs had 26 percent of Utah's total Telecommunications market, an increase from 20 percent in 2003. The FCC also issued orders with regards to Voice over Internet Protocol (VoIP) and DSL that, basically, preempts state regulation of both technologies. Despite this order, the FCC has not addressed the actual role for states regarding quality of service, 911, universal service, and consumer protection of these technologies.

The Telecommunications Section was involved in several rulemakings and cases in FY05. Among others, a few of the most significant rulemakings include new industry standards for utility pole attachments, new one time universal service fund distributions for the provisioning of telephone service to high cost, rural customers, and a new Lifeline rule that is intended to increase the participation of low income customers in the telephone discount program. Cases of significance include Qwest's Land Development Agreement (LDA) tariff case that, as determined by the PSC, eliminated Qwest's obligation to have independent contractors place its facilities.

In FY05, the Telecommunications Section reviewed 101 interconnection agreements. Among these, the Division issued recommendations to the PSC for approval of 83 agreements and arbitrated or amended 5 additional amendments to agreements. The number of licensed competitors in FY05 increased by 8; this brings the total number of CLECs to 86. The Section also analyzed and approved 3 mergers, approved 6 number block requests, and approved 2 high cost universal service distribution requests.

The Division also handles and investigates consumer complaints to ensure compliance with Public Service Commission rules, regulations and orders. For FY05, the Division experienced a 21 percent decrease regarding incumbent carrier complaints; however, CLEC complaints increased by 66 percent.

Energy Section

The Energy Section assists the PSC in regulating electric and natural gas utilities. Electric utilities that are subject to PSC jurisdiction include PacifiCorp (dba Utah Power), rural electric cooperatives, and one electric service district. Questar Gas Company is the only regulated natural gas company in the state. The Division also actively follows and participates in proceedings before the Federal Energy Regulatory Commission (FERC) involving issues having specific relevance to Utah's energy consumers.

Electricity

During the past fiscal year the energy section worked on a variety of issues impacting Utah ratepayers. Division representatives worked closely with other parties including consumer, industrial, and utility representatives in formulating legislation dealing with competitive acquisition of energy resources, which culminated in the passage of SB 26. The Division is actively participating in a work group, directed by the PSC, charged with formulating rules to properly implement this new legislation. On June 27, 2005 PacifiCorp filed a proposed RFP with the PSC to acquire 525 megawatts of additional generation capacity to be on line starting in 2009. The Division, along with several other parties, is reviewing the application for further refinements. The Division is also reviewing the recent proposed acquisition of PacifiCorp by Midamerican Energy Holdings. Hearings in this matter have been scheduled for mid-December.

The Division continues to encourage PacifiCorp to address its peak load periods with innovative conservation programs, including special "interruptible" rates for industrial customers who agree to forego guaranteed service during peak periods and Demand Side Management (DSM) programs. Last year the Utah Legislature passed legislation enabling the Public Service Commission to enact a DSM Tariff Rider to fund DSM programs. The rider (a 3% surcharge on customer bills) started on April 1, 2004, and is anticipated to collect about \$3 million annually. Currently, the three DSM programs in

place include:

1. "**Cool Cash**" provides incentives for residential customers to purchase more efficient home cooling systems.
2. "**Cool Keeper**" provides incentives for customers to participate in a program that allows PacifiCorp to control customers air conditioning load.
3. "**Refrigerator Recycling Program**" is designed to get older more inefficient refrigerators out of circulation.

In 2003-2004, PacifiCorp requested approval of two gas fired generation resources one at Currant Creek near Mona, Utah and another at the Geneva Steel site. Each plant will provide over 500 MW's of capacity to PacifiCorp's system. In both cases the Division investigated PacifiCorp's application and recommended for PSC approval; other interveners contested PacifiCorp's applications. The PSC, however, agreed with the Division and approved both applications. The controversy surrounding these two acquisitions elevated the debate in Utah's competitive generation markets.

Over a period of years, the Division has worked with PacifiCorp, other Utah parties, and representatives of the other states in PacifiCorp's service territory to devise a uniform interstate cost allocation method. Disparate allocation methods jeopardized the company's ability to fully recover the costs of its integrated system. The challenge has been to devise a methodology that fairly attributes system costs and benefits among the various states. Difficult negotiations culminated in a stipulated agreement among the Utah parties to support the Revised Protocol method for use in future Utah rate cases. The PSC approved the stipulation in December 2004.

The Division and other interested parties are actively exploring how to promote competition to the benefit of Utah ratepayers. One outcome of this inquiry led to the passage of S.B. 26. Other activities include a proceeding at the PSC to devise a methodology to price large qualifying facilities and improved reporting requirements by utilities in Utah to promote more efficient regulation.

Natural Gas

Wellhead prices are deregulated and determined by market conditions. Over the past fiscal year, due to increasing demand and the uncertainty over oil supplies, these prices have seen substantial increases. As a result, natural gas prices have increased substantially. In May 2005, Questar Gas Company (QGC) filed a request for a 14.4% increase in the commodity portion of its rates. The affects of this increase will likely show up on customer's bill this fall as the weather begins to cool. The average residential gas bill is expected to increase by about \$10.89 per month.

Overall, Utah customers saw rate increases, but the increases were comparatively smaller than those experienced elsewhere in the country. QGC meets almost half of its supply needs with company-owned production supplied at cost of service, reducing its exposure to market volatility. The DPU spends considerable time following market prices and making sure that company production is optimized. DPU employees continue to examine the pass through filings as well as QGC's methods for obtaining gas in a volatile market.

EMPLOYEE HIGHLIGHT

Wes Huntsman is the manager of the Division's telecommunications section. Wes has long had a reputation as one of the best managers in the state. Recently, Governor Jon M. Huntsman selected Wes as one of the Department's outstanding employees, lauding his diligence, his knowledge and positive attitude, his tireless work ethic and his commitment to the citizens of Utah.

In addition, many employees in this Division have achieved numerous upper level degrees including six Ph.D., six M.A./M.S., five C.P.A., three M.B.A. and two J.D. degrees.

Questions specific to this Division may be directed to:

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Committee of Consumer Services

MISSION

The Utah Committee of Consumer Services (Committee) was created by Utah legislators in the 1977 General Legislative Session. The Committee represents the interests of small business owners, farmers and ranchers, and residential customers of natural gas, electric, and telephone utilities in Utah. The Committee convenes regular public meetings to provide utility customers the opportunity to present concerns and petition the Committee to take action. They also assist customers in appearing before the Utah Public Service Commission (PSC) or appear on their behalf, and advocate positions advantageous to the majority of residential customers.

FY 2005 HIGHLIGHTS

During the past year, the Committee participated in numerous dockets on electricity, natural gas, and telephone issues before the PSC. The Committee's participation in these filings, combined with legislative issues, result in millions of dollars in savings to Utah residential, agricultural and small business customers. Highlights of the fiscal year include the following:

- ▶ **PacifiCorp Rate Case** – In August 2004, PacifiCorp requested a Utah rate increase of \$111 million, a 9.7% rate increase. The Committee believed that PacifiCorp's rate request was substantially overstated. As a result of settlement discussions, the rate increase for residential and small business customers was limited to about \$44 million, a 3.8% rate increase.
- ▶ **Telecommunications Revisions (S.B. 108)** – Legislation was passed during the 2005 Legislative Session relieving Qwest from price index regulation of its retail telecommunications services in Utah. Basic residential service, however, remains subject to a price cap until competition for such service develops in Qwest's territory, as determined by the PSC.
- ▶ **Questar's CO2 Case** – On January 31, 2005, Questar Gas Company filed an application with the PSC to increase its rates \$5.7 million, or about 50 cents a month per household, to help pay for the cost of providing natural gas that can burn safely in customers' homes.
- ▶ **MidAmerican's Acquisition of PacifiCorp** – On May 24, 2005, MidAmerican announced it had reached an agreement with Scottish Power to acquire its subsidiary, PacifiCorp. The Committee is presently examining whether this acquisition will produce net positive benefits for Utah ratepayers.

CUSTOMER SERVICE

Electricity

Lakeside Power Project

On May 28, 2004, PacifiCorp filed an application with the PSC for a Certificate of Convenience and Necessity authorizing construction of the Lake Side Power Project.

PacifiCorp had previously issued a Request for Proposals (RFP 2003A) soliciting 995 megawatts of supply-side resources. Bids received were compared against the Company's benchmark. An independent evaluator was hired to assure that bids were evaluated in a comparable manner.

Following negotiations, PacifiCorp entered into an asset purchase and sales agreement for the development and construction of the Lake Side Power Project. The Project will consist of a 534 megawatts combined cycle combustion turbine plant at a projected cost of \$330 million.

The PSC agreed that PacifiCorp's load and resource balance indicated a resource deficit in summer 2007, but they did not perform a detailed economic analysis of the project. That analysis will be performed in the context of a future rate case when cost recovery of the plant is requested. The project was approved by the PSC and is currently under construction.

PacifiCorp Rate Case

On August 4, 2004 PacifiCorp filed an application for a Utah rate increase of \$123.6 million. Due to a prior stipulation with Utah parties, including the PSC, the increase was limited to \$111 million. The Committee's analysis indicated that the requested increase was substantially overstated.

As a result of settlement negotiations, PacifiCorp's Utah revenue requirement increased by \$51 million, a 4.7% increase. However, the rate increase for customers represented by the Committee, residential and small business, was limited to about \$44 million, a 3.8% rate increase. The rate increase became effective March 1, 2005. It was agreed that PacifiCorp would not file for another rate increase before March 1, 2006. Several task forces were created in an effort to streamline the rate case process. The PSC continues to participate in these task forces.

Demand Side Management (DSM)

The PSC recognizes that more efficient use of energy is of vital importance to all PacifiCorp customers. Consequently, Committee staff actively participate in the DSM advisory group. To promote new development and implementation of cost-effective projects, three new energy efficiency programs were added this fiscal year: 1) Residential New Construction program; 2) Commercial & Industrial Lighting Load Control; and 3) Commercial & Industrial Retro Commissioning program. Additional programs, which had been proven to be cost effective, were modified and extended.

Avoided Cost Methodology

In an effort to encourage more efficient use of fossil fuels and the development of renewable energy, the Public Utilities Regulatory Policy Act (PURPA) requires that public utilities purchase power from Qualifying Facilities (QF) at the utilities avoided cost. The avoided cost is what it would cost the utility to produce or purchase power if that power were not available from the QF. The PSC has recommended to the Commission adoption of a methodology that will allow QF to receive the payment to which they are entitled while protecting customers from paying more for energy than they otherwise would.

Qualifying Facilities Contracts

PURPA requires utilities to interconnect with, and purchase power from QF. QFs are non-utility generators that may use a variety of generating technologies.

A stipulation was approved in May 2004 to provide interim rates for up to a cumulative 275 megawatts of QF power while parties worked to determine a long-term avoided cost methodology. Under the terms of that stipulation, contracts were completed with Desert Power, Tesoro, and US Magnesium resulting in 175 megawatts of power.

Future QF pricing will be determined based on the outcome of the avoided cost proceeding.

PacifiCorp's Integrated Resource Plan

PacifiCorp filed its Integrated Resource Plan 2004 (IRP) on January 20, 2005. The IRP helps to determine future actions PacifiCorp will take and resources it will acquire to meet its responsibility to provide reliable, least cost service with reasonable risk to its customers.

In April 2005, the Committee and other Utah parties submitted comments to the PSC regarding the IRP. The Committee commended PacifiCorp's IRP team for the conduct of its responsive IRP process, comprehensive report, and fine risk analysis of its chosen portfolios. However, for various reasons the Committee did not draw the same conclusions from the results of PacifiCorp's analyses. Therefore, it could not agree that the portfolio of proposed new resources termed the Preferred Portfolio is the least-cost, least-risk plan.

In July 2005, the PSC issued its Report & Order. The Order read in part, "PacifiCorp's Integrated Resource Plan 2004 generally conforms to applicable standards and guidelines and is therefore acknowledged. The Action Plan is not acknowledged, but will be further considered in the approval process for PacifiCorp's solicitation for new significant energy resources."

MidAmerican's (MEHC) Acquisition of PacifiCorp

On May 24, 2005, MidAmerican announced it had reached an agreement with ScottishPower to acquire its subsidiary, PacifiCorp. The PSC has established that a net positive benefit must be shown if MEHC is to acquire PacifiCorp. The PSC is carefully

scrutinizing the filing, participating in technical conferences and seeking additional information from the companies to ascertain if the acquisition will result in a net positive benefit for Utah ratepayers.

Home Electric Lifeline Program (HELP)

The HELP program was first authorized by the PSC in May, 2000. The program provides for a fund from which eligible low-income residential customers are given a credit upon their monthly Utah Power electric bill. The PSC contends that HELP is beneficial to public and ratepayer interests. For this reason, the PSC is in the process of recommending that program be continued.

Natural Gas

Questar Green Sticker Accord

The Green Sticker Accord is an effort to unify the positions of all parties relating to the green sticker and furnace inspections. The PSC has always been an advocate for better technician training, a customer inspection checklist and regular appliance inspections to promote safety. However, the PSC was not convinced a green sticker inspection was necessary. In June, the PSC hired a consultant to examine the conditions under which changing gas quality create a genuine customer safety concern. Members of the Committee were shown by the hired consultant that there were potential safety problems if natural gas appliances were not properly adjusted to handle the new fuel blend.

Questar's "Pass-Through" Case

On May 6, 2005 Questar Gas Company filed an application with the PSC to increase its gas pass-through rates by \$115.4 million. On May 31, 2005, the PSC approved the increase on an interim basis. Consequently, typical residential customers will see their natural gas prices increase 14.42% or \$10.89 per month. The PSC has retained expert assistance to examine the Utility's application.

In 1999 the price of natural gas was \$2.19 per dekatherm; the current cost is \$14.85. The PSC was heavily involved in negotiating the Wexpro agreement, which limits the price of about 40% of customer gas prices. Hedging strategies are being encouraged to mitigate the price volatility and we are still strongly encouraging the Utility to secure supply for the long term rather than buying gas for a few months or, at most, one year.

Lakeside Power Project

Questar Gas Company proposed to transfer the rights of a natural gas line that runs from Kern River Pipeline near Cedar Fort, towards Saratoga Springs, to PacifiCorp in order to transport gas to the new Lakeside Power Project at the old Geneva site. The contract contained a buy-out provision that, if exercised, would have not compensated the customers who had purchased the line. The Committee pursued the inequality of the deal until the clause was changed and customers were fully reimbursed for their investment.

Technical Conferences

Committee staff participated in several technical conferences this past fiscal year. Most significant was the technical conferences that addressed issues of gas interchangeability on a national level. This was a national effort ordered by the Federal Energy Regulatory Commission (FERC), under the direction of the National Gas Council. The PSC's gas analyst was the only governmental representative invited to participate. Conference participants crafted and submitted a report on Natural Gas Quality and Interchangeability to FERC, which has been referenced in congress and national trade magazines.

Telecommunications

Qwest's Petition for Pricing Flexibility

In July 2003, Qwest petitioned for pricing flexibility. This would allow the utility to change its prices for certain services on short notice and without PSC approval in 44 of the wire centers serving residential customers and 19 wire centers serving business customers. The filing also sought to eliminate price caps that were imposed during the 2002 pricing flexibility proceeding to protect residential customers from unwarranted rate increases. The PSC argued in the recent case that Qwest does not have a competitor providing same or substitutable basic residential service and is not therefore entitled to pricing flexibility in the petitioned for areas. The PSC also maintained that in the event pricing flexibility is granted, price caps would be necessary on all residential and business services in the affected wire centers.

After the PSC approved Qwest's request, it filed for reconsideration of the Order. The Committee subsequently filed comments supporting its argument. The PSC, however, reaffirmed its original decision on April 2004. On May 19, 2004, the Committee appealed the Commission's final decision to the Utah Supreme Court.

Introduction of Senate Bill 108, during the 2005 General Session, added a level of uncertainty to the status of the Committee's 2004 Supreme Court appeal of the pricing flexibility decision by the PSC. The bill in essence eliminated the statutory requirement to petition for flexible pricing. Because the Committee was able to collaborate with Qwest on the language of the legislation to protect the ratepayers' interests, the Supreme Court appeal was dismissed.

Land Development Agreement

The Committee participated in the Land Development Agreement (LDA) Tariff proceeding. This involved a dispute between Qwest and a group of contractors who install telecommunications facilities in Qwest's service territory; specifically, new areas of residential housing development. Option 2 of the LDA Tariff allowed the developers to employ a third party to extend Qwest's telecommunication facilities to new subdivisions. It also specified the amount of reimbursement that the developers and contractors would receive from Qwest upon completion of the project.

As developers began to utilize contractors to build facilities, issues pertaining to network specifications and the amount of reimbursement began to surface. This resulted in Qwest's proposal to eliminate Option 2 of the LDA Tariff altogether. Recognizing that the long-standing disputes pertaining to the reimbursement amount contributed to more service delays to customers, the Committee recommended to the PSC that Qwest should be given priority in installing its own facilities, and only to the extent it cannot do so in a timely manner, the developers need to have additional alternatives.

The Commission issued its Order on June 2, 2005 and approved Qwest's request to modify the LDA Tariff, giving Qwest priority in installing its own facilities.

Public Communication Efforts

Customer Outreach Program

At the beginning of this fiscal year, the Committee launched a new Customer Outreach Program. The program was devised to educate customers of the Committee's role and strengthen relationships. The Committee visited with legislators, from both House and Senate. Outreach efforts continue to be extended to community groups, associations and professional organizations throughout the state. Another medium used for educating the public is the Committee's new brochure—copies have been printed for public dissemination.

Web Site Information

The Committee's Web site had a make-over this past year, making it more informative and user friendly. For information about Committee members, staff, utility issues and meetings, log on to: www.commerce.utah.gov/ccs.

EMPLOYEE HIGHLIGHT

In July 2005 MidAmerican Energy Holding Company filed an application with the Utah Public Service Commission to acquire PacifiCorp from ScottishPower. Cheryl Murray, a nine-year employee of the Committee, was the project manager for this case and led a team of consultants in evaluating potential benefits of the acquisition for Utah ratepayers. Cheryl participated in settlement negotiations, resulting in a stipulation with commitments from MEHC and PacifiCorp, which provides benefits to Utah ratepayers. Cheryl testified in support of the stipulation and the acquisition and the Commission issued an order approving the stipulation on January 27, 2006.

At the conclusion of the last PacifiCorp general rate case five task forces were formed to look at rate case issues regarding test year, minimum filing requirements, discovery, and forecasting. Cheryl participated in these task forces, led the forecasting task force and continues to participate in the service quality task force. Cheryl's knowledge, expertise and commitment to the best interest of the public are invaluable assets to the Committee.

LEGISLATIVE HIGHLIGHTS

S.B. 26: Public Utilities Amendment

This bill modified the Public Utilities title to address public utility issues including enacting the Energy Resource Procurement Act.

S.B. 108: Telecommunications Revisions

This bill amended and repealed portions of Title 54, Public Utilities, relevant to pricing and competition by telecommunications corporations.

H.B. 145: Amendments to Hearing and Speech Impaired Telecommunications Program.

This bill expanded the permissive uses of dedicated credits for provision of telecommunications devices and services to hearing and speech impaired persons.

Questions specific to the Committee may be directed to:

Leslie Reberg, Director
Committee of Consumer Services
(801) 530-6674
reberg@utah.gov

Division of Real Estate

MISSION

The goal of the Utah Division of Real Estate is to protect the public, while being responsive to the professional needs of real estate, mortgage and appraisal licensees and applicants. The Division provides protection to the public through education, licensure, and regulation of real estate brokers, sales agents, appraisers and mortgage lenders; and through the registration of subdivisions, time share developments, camp resorts and their salespeople.

2005 FISCAL YEAR HIGHLIGHTS

The Division's major achievements included:

- ▶ Tested all new and *existing* mortgage licensees by December 31, 2004. This qualified 6,056 mortgage officers in Utah, providing greater protection for consumers.
- ▶ Disciplined mortgage companies for using mortgage officers who had not passed the mortgage exam.
- ▶ Began on-line renewal for real estate and mortgage licensees.
- ▶ Closed 208 real estate complaint cases, 34 appraiser cases and 60 mortgage cases.
- ▶ Approved 13 new mortgage pre-licensing schools, including three of them that offer such education on-line, or as "distance education."

CUSTOMER SERVICE

The Division focuses on three main areas of responsibility:

- ▶ Education
- ▶ Licensure (includes registration, licensure, and certification)
- ▶ Enforcement

Education

Within the real estate, mortgage and appraising industries, the Division is charged with certifying courses and providers of pre-licensing education, certifying continuing education courses and providers, and administering pre-licensing examinations for real estate licensees, appraisers, and mortgage lenders. The following graphs illustrate and contrast the number of certifications and exams given by the Division during the past two years.

Real Estate and Appraising Courses	FY2003 Certifications	FY2004 Certifications	FY2005 Certifications
Educational Programs	27	27	27
Continuing Education Classes	371	416*	416*
Pre-Licensing Real Estate Instructors	35	36	36
Real Estate Continuing Education Instructors	192	192	192
Appraiser Instructors	23	27	27
* 30 classes were distance education courses.			

Pre-licensing Examinations	FY2003	FY2004	FY2005
Real Estate Agent Exams	3,222	3,414	3,982
Real Estate Broker Exams	288	351	357
Appraiser Exams	96	107	107
Mortgage Lender Exams	0	3,282	9,229

The Division also produces and provides courses and information directly to the licensees involved in the real estate, mortgage and appraising industries. During fiscal year 2005, the Division published and mailed three issues of industry specific newsletters to licensees.

Licensing & Certifying

A concern arose recently, especially in rural areas, that perhaps it had become too difficult to qualify as an appraiser. In order to reduce that burden, the Appraiser Board enacted rules reducing the number of supervisor-accompanied inspection points required for licensure from 400 to 100.

The flow of mortgage lender applications, for both individuals and entities, has again continued at surprisingly high rates this fiscal year—despite the new requirement of 20 hours of schooling and passage of the examination. New individual lender licensing applications are running at about 300 a month.

Total Number of Individual Licenses

<i>Licenses</i>	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY2004</i>	<i>FY2005</i>
Appraiser	1,003	991	1,034	1,336
Real Estate	15,260	16,223	17,500	19,405
Mortgage Brokers*	7,709	11,020	14,746	14,001
TOTAL	23,972	28,234	33,280	34,742

*Individuals and entities

New Licenses Issued and Licenses Renewed

<i>New Licensees</i>	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>
Real Estate	2,227	2,530	3,159	3,609
Appraiser	133	125	176	99
Mortgage	4,139	5,380	4,693	2,944
Timeshare	8	135	280	194
TOTAL	6,507	8,170	8,308	6,846

<i>Renewed Licensees</i>	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY2004</i>	<i>FY 2005</i>
Real Estate	1,912	7,183	7,387	6,863
Appraiser	112	618	405	539
Mortgage	3,055	6,545	3,555	3,296
Timeshare	N/A	N/A	1	69
TOTAL	5,079	14,346	11,348	10,767

Enforcement

One of the major duties of the Division of Real Estate is protecting the public through the enforcement of real estate, appraiser, and mortgage lender laws and regulations. The enforcement staff of the Division is responsible for reviewing each complaint received, and making an initial determination as to whether or not a violation of real estate licensing law or regulation is alleged. If there is an apparent violation, the case is assigned to a Division investigator or auditor trained and experienced in that subject matter. If the investigation results in a determination that there has been no violation of licensing law or regulation, the case is dismissed. If, on the other hand, there is evidence of such a violation, the case is prosecuted through a formal or informal hearing before the applicable licensing commission or board.

During the past fiscal year, as in the year before, the Enforcement Section of the Division responded to an increase in the incidence of complaints. The Division disciplined residential mortgage lenders for insufficient or inaccurate disclosure, appraisers who were involved in improper loan transactions, and real estate brokers and agents who failed to perform, made misrepresentations, or committed other violations.

Department of Commerce – FY 2005 Annual Report

Written Complaints Received	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	158	275	281	328
Appraiser	173	91	111	91
Mortgage	105	143	247	313
Complaints Investigated	FY 2002	FY 2003	FY2004	FY2005
Real Estate	93	113	110	337
Appraiser	98	77	47	80
Mortgage	46	41	92	162
Complaint Investigations Closed	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	141	204	80	208
Appraiser	192	185	78	34
Mortgage	24	33	27	60
Licensing/Renewal Hearings	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	65	44	49	68
Appraiser	31	9	11	7
Mortgage	19	31	35	51
Investigated Cases pending Attorney Gen. Review	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	24	21	20	13
Appraiser	10	3	0	1
Mortgage	2	0	1	8
Investigated Cases pending Division Review	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	62	7	0	0
Appraiser	21	7	0	0
Mortgage	6	0	0	0
Total Open Cases	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	291	200	231	300
Appraiser	195	91	61	81
Mortgage	36	44	109	122
Active Investigations	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	182	161	208	281
Appraiser	160	78	61	80
Mortgage	23	40	107	111
Licensee Disciplinary Action	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate	19	28	22	28
Appraiser	35	30	14	9
Mortgage	7	15	17	33
Timeshare	N/A	N/A	0	3

EMPLOYEE HIGHLIGHT

Toni Heldman was worked for the Division as a real estate licensing technician for the past six years. She was previously employed by the Utah Department of Natural Resources. Toni's duties include all real estate license renewals as well as new licensing applications for sales agents and brokers. She also competently handles real estate company applications, name changes, and all mergers and acquisitions.

Toni has reduced the turn around time for licensing functions despite an increasing workload from the previous year. She is extremely dedicated and prides herself in providing great customer service. She maintains her pleasant demeanor despite answering many questions multiple times throughout the day. She helps to make the UDRE a customer friendly organization and an example of commitment to dedicated public service. We appreciate Toni's professionalism and consistent performance.

LEGISLATIVE HIGHLIGHTS

S.B. 172: Division of Real Estate Amendments, Sen. Michael Waddoups

Since 2000, the Utah Residential Mortgage Practices Act ("URMPA") has required residential mortgage lenders lending on houses in Utah who are not affiliated with depository institutions (banks, credits unions, etc.) to register with the Division. The Act was amended this year to push back to May 1, 2005 the date by which mortgage lending officers must qualify as or begin working under the supervision of a Principal Lending Manager ("PLM"), a supervisory license much like that of a real estate broker or securities broker-dealer.

SB 172 also enacted into law new higher federal qualification requirements for appraisers that will take effect on January 1, 2008.

Other legislation placed regulatory responsibility in the Real Estate Commission for certain undivided fractionalized interests (tenant in common interests or "TICs") in real estate.

Division of Securities

MISSION

The mission of the Division of Securities is to enhance Utah's business climate by educating Utah's investors, enforcing Utah Securities laws, regulating Utah's investment industry, and fostering legitimate opportunities for capital formation.

2005 FISCAL YEAR HIGHLIGHTS

The Division's major achievements included:

- ▶ The Securities Division enhances Utah's business climate by protecting Utah's investors through education, enforcement and fair regulation of Utah's investment industry while fostering opportunities for capital formation.
- ▶ The Division was involved in a regulatory action against Waddell & Reed in which 104 annuity exchanges in Utah were identified to be in violation. The majority of those affected were over the age of 50. Waddell & Reed agreed to pay back these Utah citizens as well as paying fines to the Division and the Utah Department of Insurance.
- ▶ The Division has embarked on an aggressive public outreach program. Partnering with AARP, The Attorney General's Office Consumer Education Specialist, and the Utah Division of Consumer Protection, this group has provided public forums targeting retired Utah citizens. In conjunction with these forums, the Division has sought out and been awarded a grant from the Investor Protection Trust, or IPT, for \$30,000 to be used for investor education.

INTERNAL EFFICIENCIES

The Division's major cost saving achievements included:

- ▶ The division eliminated a contract programmer position by utilizing existing internal IT staff members to perform the necessary functions;
- ▶ The division is encouraging the use of online renewal for its real estate and mortgage licensees. Increased online renewals reduces both processing time and paperwork.

CUSTOMER SERVICE

Licensing

The Division licenses broker-dealers (brokerage firms), individual brokers, sales agents (sellers hired by an issuing corporation), and investment advisers.

<u>Licenses</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
Broker-Dealers	2,304	1,868	1,753	1,704	1,733
Broker-Dealer Agents	94,715	82,945	76,241	77,594	83,797
Investment Advisers	142	129	134	132	143
Federal Covered Advisers	525	588	609	643	701
Representatives	1,937	2,013	2,239	2,451	3,088
Certified Dealers	22	20	25	18	25
Certified Dealer Agents	96	97	82	N/A	N/A
Issuer Agents	169	196	214	83	87
Total	99,910	87,856	81,297	82,625	89,574

Enforcement

The Division accepts written complaint forms which provide for detail on allegations of unlawful investment misrepresentations, amounts paid, and unprofessional conduct by licensees. If allegations are verified, the Division initiates administrative proceedings to determine whether suspension or revocation of the license is warranted. The Division also initiates administrative or criminal action against individuals who are required by law to have a license, but who engage in the occupation/profession without first becoming licensed.

<u>Enforcement</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY05</u>
Complaints Received	110	172	175	171	98
Cases Opened	89	106	104	87	70
Cases Closed	73	118	123	86	66
Administrative Cases					
Cases Filed	155	141	118	70	55
Orders to Show Cause	29	65	71	41	13
Cease and Desist Orders	3	24	34	32	8
Stipulated Settlements	47	20	37	29	30
Denials and Revocations	29	26	22	20	4
Civil Cases					
Lawsuits filed	1	0	0	1	
Judgments	1	0	0	2	0
Criminal Cases					
Criminal Charges Filed	35	66	46	54	35
Convictions	15	30	25	38	20
Audits	32	28	41	50	36
Fines Paid	\$155,620	\$51,943	\$782,341	\$3,535,142	* \$880,333.27
Funds Recovered or Ordered	\$7,189,526	\$16,582,868	\$5,191,923	\$28,167,307	\$63,649,804.58

*Note that \$500,000 of this amount is the second of two payments to settle an analyst conflict of interest cases. The other large fine amount was \$250,000 and was assessed against another broker-dealer.

Registration

Registration of securities of public companies and regulation of exemptions from registration requirements is another service provided by the Division.

<u>Securities Filings</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
Registrations					
Coordination	125	127	125	136	146
Qualification	3	1	2	1	2
Exemptions	86	68	58	63	36
Opinion/No-Action Letters	12	3	6	3	7
Mutual Funds	4,413	3,915	4,184	3,998	4,252
Rule 506	484	412	437	531	659
Total	5,123	4,526	4,812	4,732	5,102

The Division continues to be involved in providing investor education opportunities by:

- ▶ Working jointly with the Utah Council on Economic Education both as a board member and financial contributor;
- ▶ Co-sponsoring the Stock Market Game, which teaches junior and high school teachers about financial markets who in turn educate their students;
- ▶ Sponsoring the Wayne Brown Institute’s Venture Capital Conference;
- ▶ Serving on national committees of state securities regulators, including Broker-Dealer Market and Regulatory Policy and Review, Broker-Dealer Arbitration, and Investor Education – Affinity and Ethics Based Outreach.
- ▶ Conducting approximately 22 public presentations, including quarterly outreach provided to investment advisor community licensed by the Division.

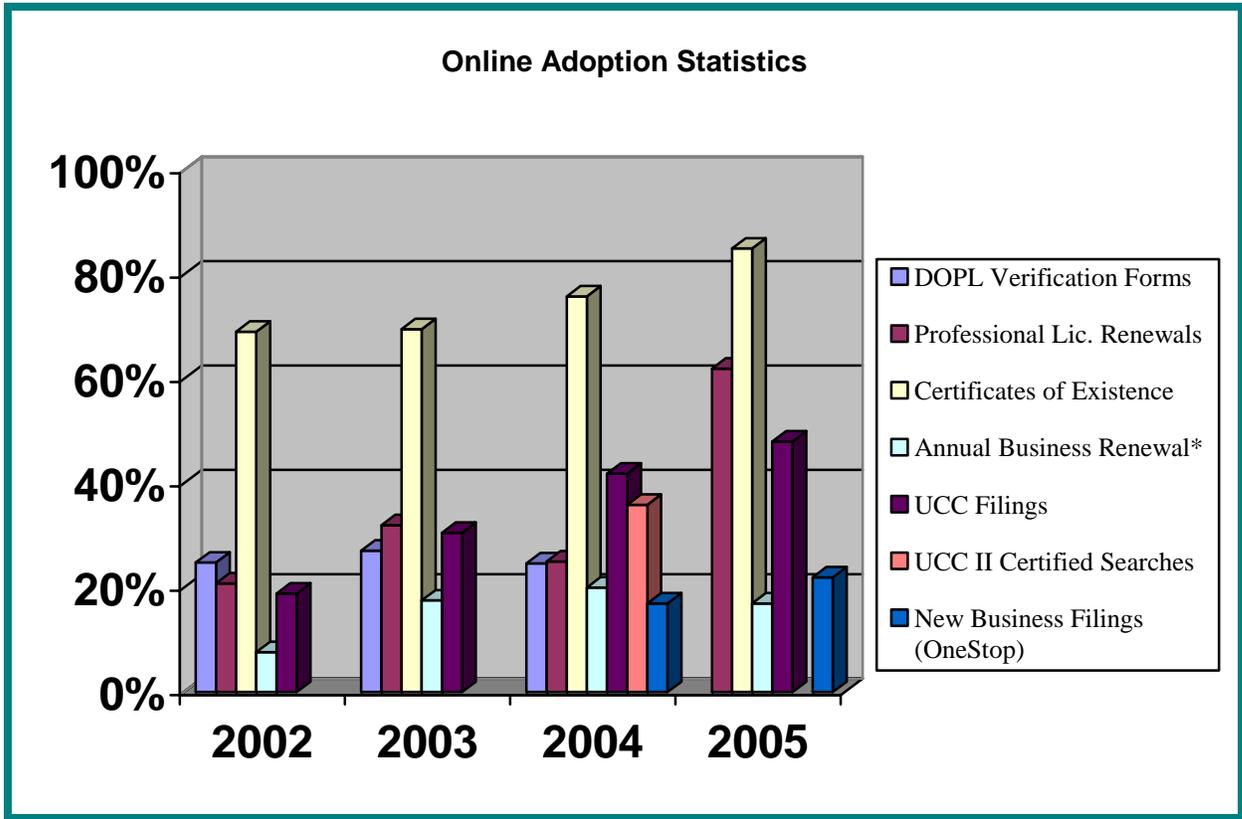
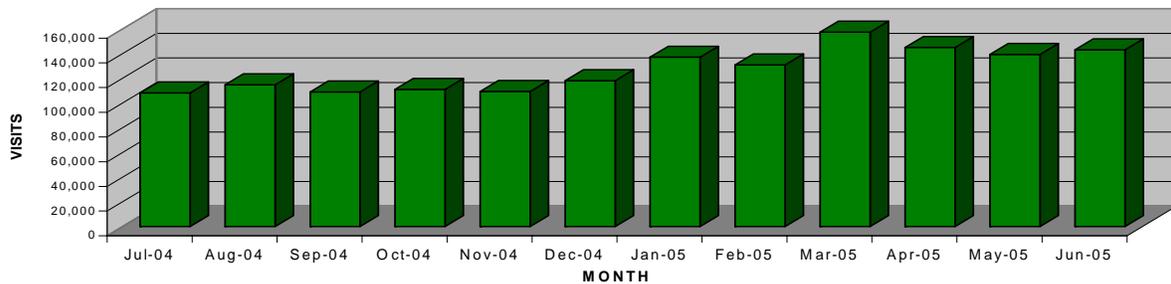
EMPLOYEE HIGHLIGHT

Russell Wilson, an examiner within the Division, has been recognized nationally for his examination skills, knowledge, and industry expertise. For the past two years, Russell has been chosen to be an instructor at a course attended by securities examiners from states across the country. He was also appointed to a committee that recommends examination procedures and policies to the states. We are very proud of Russell and the recognition he brings to Utah.

Web Trends

Department of Commerce Web Trends

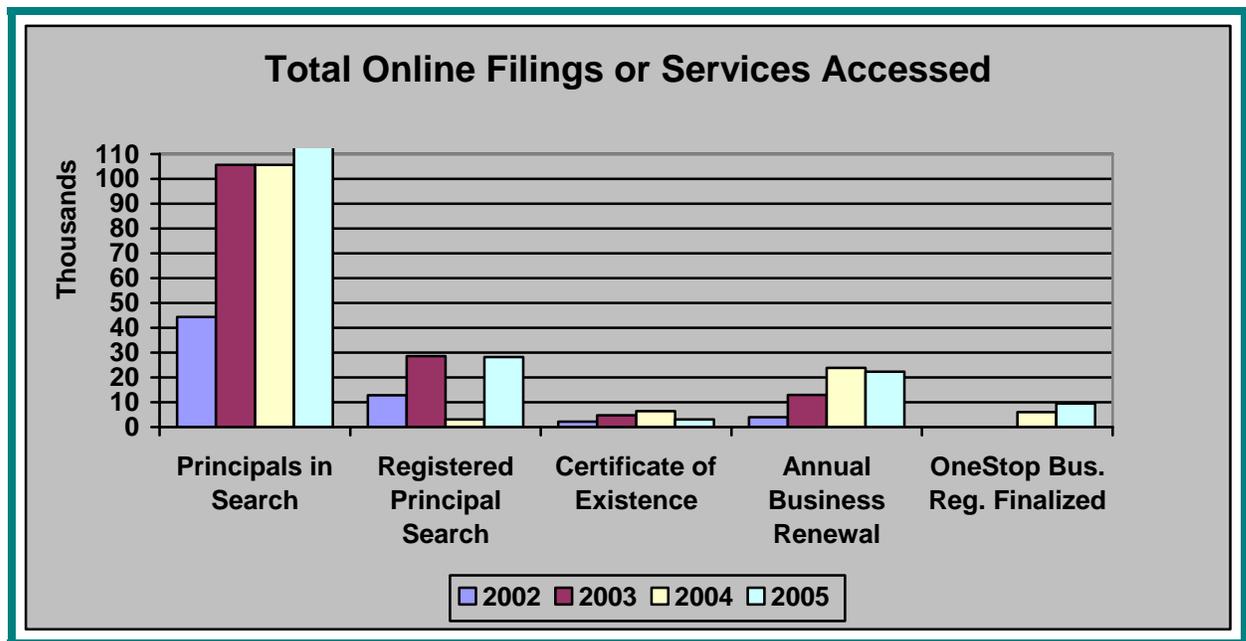
COMMERCE SITE VISITS BY MONTH
FISCAL YEAR 2005



*Online business renewals are at a 20% + success rate. The adoption rate for online renewals is expected to continue to grow with new online changes.

Website Statistics:

	Searches	Reg. Principals Search	Certificates of Existence	Annual Business Renewals	OneStop Registrations Finalized
2002	44,421	12,880	2,186	3,913	N/A
2003	105,658	28,556	4,710	12,902	N/A
2004	105,588	3,029	6,454	23,870	6,014
2005	115,211	28,223	8,601	22,346	9,456



Financial Summary

Department of Commerce Expenditures Fiscal Year 2005	
<u>Expenditures</u>	
Department:	FY2005 Actual
Administration	\$ 2,859,000
DOPL	6,307,000
Securities	1,326,000
Consumer Protection	922,000
Corporations	1,743,000
Real Estate	1,279,000
Public Utilities	2,479,000
Committee of Consumer Services	717,000
Building Rent	282,000
Subtotal	\$17,850,000