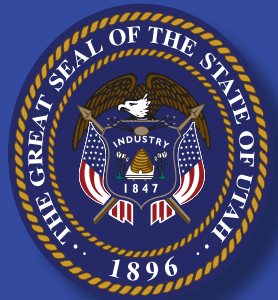


Utah Department of Commerce Annual Report



2007

A Message from Governor Jon Huntsman, Jr.



STATE OF UTAH

JON M. HUNTSMAN, JR.
GOVERNOR

OFFICE OF THE GOVERNOR
SALT LAKE CITY, UTAH
84114-2220

As Governor, it is my privilege to present the 2007 Annual Report for the Utah Department of Commerce. This agency enables Utah's economy, businesses, and citizens to grow and prosper. I am pleased to offer my sincere thanks and appreciation to the Department of Commerce employees for their tireless contributions and outstanding public service. Their efforts help make Utah one of the best managed states in the country.

Sincerely,

A handwritten signature in black ink that reads "Jon M. Huntsman, Jr.". The signature is fluid and cursive, with a large initial "J" and a trailing flourish.

Jon M. Huntsman, Jr.
Governor

Our Mission

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



Utah State Capitol, Salt Lake City

Our Vision

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

Table of Contents

| | |
|---|----|
| Mission Statement | 1 |
| Executive Director's Summary | 2 |
| <u>Division Reports</u> | |
| Administration | 3 |
| Consumer Protection | 10 |
| Corporations and Commercial Code | 14 |
| Occupational and Professional Licensing | 21 |
| Public Utilities | 32 |
| Committee of Consumer Services | 39 |
| Real Estate | 46 |
| Securities | 53 |
| Web Trends | 60 |
| Financial Summary | 64 |

A Message from Francine A. Giani, Exec. Director



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah Department of Commerce

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director

Governor Huntsman, Members of the Utah Legislature, Citizens of Utah:

It is my pleasure to present the Annual Report for Fiscal Year 2007 for the Utah Department of Commerce, recording the year's accomplishments and how our employees serve the people of Utah.

With responsibility for issuing over 300,000 licenses and regulating hundreds of industries, the Department of Commerce is one of the Utah's chief regulatory agencies. Our employees are focused on carrying out fair and efficient regulation across a variety of industries which impact Utah's citizens.

In 2007, the Department's Divisions expanded their efforts to protect Utah consumers, while regulating business and industry to promote healthy commerce in the state. The following are highlighted achievements for each Division:

Administration changed out fleet vehicles for more energy efficient compact vehicles which will save the Department of Commerce around 20% in energy costs per year.

Office of Property Rights Ombudsman saw an increase in staff and scope with Legislative approval.

Division of Consumer Protection recovered benefits for consumers totaling over 4.3 million dollars.

Division of Corporations and Commercial Code adopted scanning of both UCC and business registration filings online which has enabled the Division to provide the public with the most current information.

Division of Occupational and Professional Licensing increased online renewal to nearly 88.5% of 158,001 professional licensees which is one of the highest among state online applications.

Division of Public Utilities filed a joint application with Questar Gas resulting in a rate reduction and a commitment from Questar to pursue Demand Side Management (DSM) programs in Utah which was approved by the Public Service Commission.

The Committee of Consumer Services participated in the 2006 PacifiCorp rate case where the Committee was able to negotiate a 60% lower rate increase for consumers and required the utility to delay rate increases until August 2008.

Division of Real Estate expanded enforcement and regulatory authority with the passing of Senate Bill 199 which enabled the Division to investigate and prosecute mortgage fraud beyond licensees.

Division of Securities processed 104,222 license applications during Fiscal Year 2007 which amounted to a 28% increase over two years which was attained through an increase in online applications.

These advancements and others made Fiscal Year 2007 one of great progress. Commerce employees look forward to serving the citizens of Utah and building on our accomplishments in the years ahead. I invite you to visit our website at www.commerce.utah.gov to learn more about the Utah Department of Commerce.

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)
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 new programs to lower costs.

The following are measures taken by the entire Department.
Additional cost-saving efficiencies are described in each Division's report.

The Department established a St. George investigator for DOPL which cut down thousands of miles driven annually and saves an estimated \$15,000 per year.

All Mid-size fleet vehicles will be replaced with energy efficient compact vehicles which will increase MPG and decrease energy costs by 20% per year.

Vehicles are shared among Divisions to maximize utilization of fleet vehicles.

The Division of Risk Management gave the Department of Commerce a \$10,000 award for its efforts in complying with policy and safety issues. These funds will be used to further ensure employee safety by purchasing Evacuation Chairs for the disabled and a defibrillator for emergency use.



Serving the Public

Commerce Administration oversees the following programs and procedures:

Office of the Property Rights Ombudsman
New Automobile Franchise Act
Powersport Vehicle Franchise Act
Agency Review of Administrative Actions

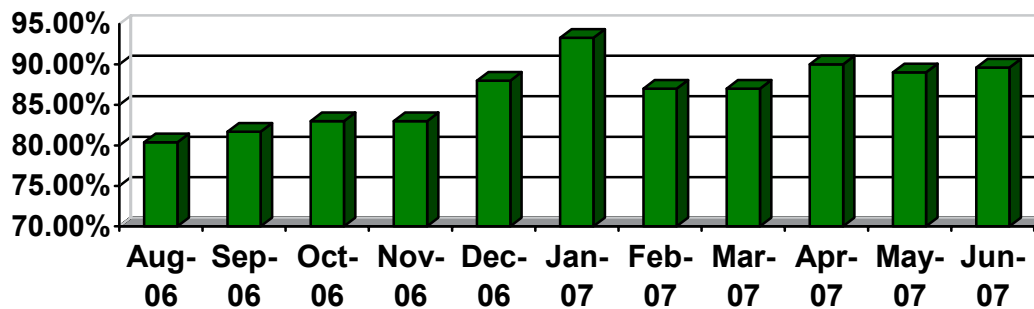
Administration

Balanced Scorecard Program: "Utah Performance Elevated"

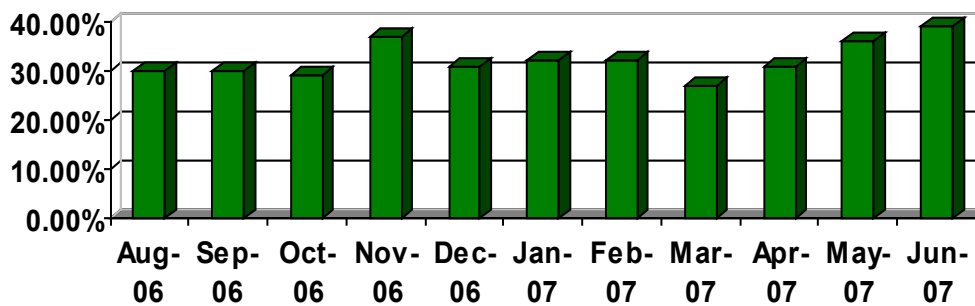
The Department of Commerce was among the first State agencies to adopt the Balanced Scorecard Program as part of the "Utah Performance Elevated" initiative to help track efficiencies across all Divisions. This program was implemented by Governor Jon Huntsman last fall as part of a strategic public-private partnership between the Governors Office of Planning and Budget (GOPB) and Utah Policy Partnership. The Balanced Scorecard Program enables employees to target internal business processes, customer service, financial measures, learning and growth.

The charts below are examples of the licensing performance reports submitted by the Department of Commerce to the State's website at: <http://performance.utah.gov/agencies/commerce.shtml>

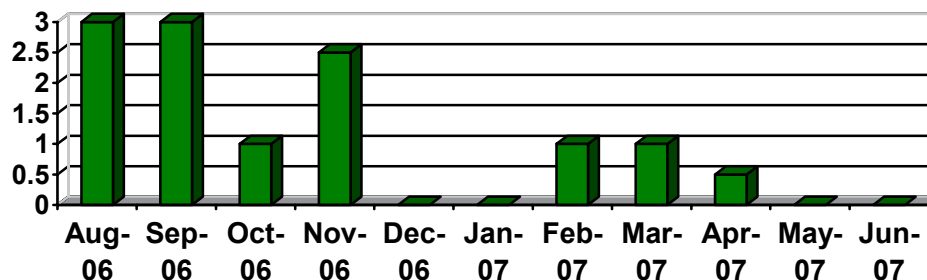
Division of Occupational and Professional Licensing - Online License Renewal



Division of Consumer Protection - Cases Closed



Division of Real Estate - Licensing Backlog



Office of Property Rights Ombudsman

Mission

The mission of the Office of the Property Rights Ombudsman (OPRO) is:

- To help property owners, citizens and government officials understand and protect their civic property rights.
- To encourage state and local government agencies to regulate and acquire land in a manner that is consistent with applicable statutes and constitutional law.
- To resolve property rights and land use disputes fairly, in accordance with existing law and without expensive and time-consuming litigation.

Goal of OPRO

The goal of the Office of the Property Rights Ombudsman is to bring balance to the inherent conflict between government agencies that must occasionally acquire, burden, or regulate real property in order to further the public good and private owners of real property who have constitutionally protected property rights. The Office of the Property Rights Ombudsman fulfills its mission and meets its goals using several means directed by the Utah legislature:

Educate and Inform: The OPRO answers questions, discusses the law, and reviews options available to solve problems and prevent disputes.

Conciliate: The OPRO helps the parties to a potential dispute communicate with one another in order to try to find an objective and fair resolution without interference of personal feelings.

Mediate: The OPRO conducts meetings with the parties (and their attorneys, if attorneys are involved) in a neutral location, to assist all parties to evaluate facts and issues and reach a consensus.

Arbitrate: At the request of the property owner, the OPRO arranges arbitration of a dispute, appointing a neutral third party to decide the matter.

Provide an Advisory Opinion: The OPRO investigates facts and researches questions of law, and prepares an Advisory Opinion that attempts to resolve the dispute in accordance with the prevailing law.



Mt. Timpanogos with Yellow Aspens

Fiscal Year 2007 Highlights

The Office of the Property Rights Ombudsman (OPRO) was created by statute in 1997. The OPRO is a non-partisan, neutral state office. In 2006 the legislature made several changes to the OPRO, including changes in personnel, administration, and responsibility.

During the 2007 fiscal year, many of those changes were implemented and include the following:

OPRO relocated to Dept. of Commerce

The legislature relocated the OPRO from its former home in the Department of Natural Resources to the Department of Commerce. The OPRO reports directly to the Department of Commerce Administration. The Department provides the OPRO with assistance such as office space and facilities, policy administration, accounting, and human resources management, while enabling the OPRO to maintain the neutrality necessary to accomplish its objectives. The OPRO is a natural and comfortable fit in the Department of Commerce.

OPRO staff increased by Legislature

The Utah Legislature approved funding for the OPRO to increase the number of attorneys serving on staff from one to three, as well as adding an administrative assistant position. After an extensive search taking many months, the Land Use and Eminent Domain Advisory Board appointed the following legal staff to the OPRO:

Brent N. Bateman -- Lead Attorney
Su Chon -- Attorney
Elliot R. Lawrence -- Attorney

OPRO scope expanded by Legislature

The most significant among these additional responsibilities include the responsibility to prepare Advisory Opinions. The purpose and goal of Advisory Opinions is to examine an issue of potential dispute and provide a reasoned legal opinion on the matter, in order promote early resolution of some specific issues related to land use decisions.

Land Use Eminent Domain Advisory Board

The legislature established the Land Use and Eminent Domain Advisory Board (LUED) to oversee and direct the OPRO. Seven individuals with background in real property and land use have been appointed by the Governor to the LUED Board. By design of the legislature, the LUED Board consists of seven members who represent various interests in local government and individual property rights.

The seven members of the LUED Board and the organizations they represent currently include:

Chairman Fred Finlinson
-- Utah Association of Special Service Districts

Vice Chairman Michael J. Ostermiller
-- Utah Association of Realtors

Tom Clyde
-- Citizen Member

Gary Crane
-- Utah League of Cities and Towns

Monette Hurtado
-- Utah Association of Counties

William O. Perry, IV
-- Utah Association of Realtors

Donald E. Wallace
-- Utah Association of Realtors & Home Builders

Office of Property Rights Ombudsman

Fiscal Year 2007 Highlights

2007 Fiscal Year Highlights continued;

The OPRO has established and continues to refine internal record keeping and case management procedures. These case management procedures are intended to enable the OPRO legal staff to better respond to matters before it, and to enable statistical reporting.

The OPRO, with the extensive assistance of the Department of Commerce, has designed and launched a new website that is consistent in format and presentation with other state departments. The website is located at: <http://propertyrights.utah.gov>.

In accordance with the mandate from the legislature, the OPRO continues to support and participate in educational opportunities, in order to provide information to citizens and government regarding the protection of property rights.

The OPRO has assisted several hundred property owners and government agencies during the past fiscal year. Numerous mediations and arbitrations have been conducted, with nearly every case reaching resolution without litigation. In addition, many Advisory Opinions have been issued, including:

- A county's action to deny a hearing of an application for a conditional use permit until the county's development review committee's concerns were addressed was illegal in that it violated the applicant's right to have his application processed and a decision rendered with reasonable diligence.

- A structure erected not in strict conformance with a city's zoning regulations is a non-conforming structure under the common law. The right to continue the use of a non-conforming structure is a protected property right that cannot be unreasonably interfered with without the payment of just compensation. However, an overhang of the second story into the rear yard setback area is not protected by the principles of zoning estoppel.

There was no specific approval granted to this violation of the setback requirements by the City before the encroachment was made and thus it was not created in reliance on some affirmative act by an agent of the City. Where this condition exists prior to the issuance of a certificate of occupancy, the City would not be acting illegally to require its removal.

- A city can require a school district to arrange for the provision of water utilities for the new school site through the city. The resulting charges to the district must, however, be reasonable. The city cannot require the district to connect to the city's sewer system if the nearest part of the sewer system is physically located more than 300 feet from the school site. In addition, the city can impose street improvement requirements on the district.

- A county's requirement that a certain amount of water rights be proven in order to obtain subdivision approval is an exaction which is subject to § 17- 27a-507 of the Utah Code. There is an essential link between the county's legitimate interest in providing adequate water supplies for future development and the requirement that a landowner provide sufficient water to meet the needs of a proposed subdivision. However, the county has not demonstrated that the amount of water rights required is roughly proportionate to the impact of the proposed subdivision.

- A city had formally initiated proceedings to amend its zoning ordinance by the time the property owner would have submitted its application. Section 10-9a-509 of the Utah Code provides that a city may deny an application if an ordinance change is pending when an application is submitted. The city announced the changes to its zoning ordinance when a notice was published in the local newspaper. Thus, by the time the property owner had prepared its application, the zoning ordinance change had been formally initiated.

Questions specific to the Office of the Property Rights Ombudsman may be directed to:



Brent Bateman

Office of Property Rights Ombudsman
(801) 530-6391 bbateman@utah.gov

Administration

New Automobile Franchise Act and Powersport Vehicle Franchise Act

The *New Automobile Franchise Act* (NAFA) and the *Powersport Vehicle Franchise Act* (PVFA) protect the public interest by helping 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.

| New Automobile Franchise Act (NAFA) | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|--|-------------------------|-------------------------|-------------------------|
| Franchisor/Franchisee Registrations | 239 | 192 | 213 |
| Powersport Vehicle Franchise Act (PVFA) | | | |
| Franchisor/Franchisee Registrations | 57 | 38 | 41 |

| Franchise Cases Adjudicated | Fiscal Year 2005 | | Fiscal Year 2006 | | Fiscal Year 2007 | |
|---|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
| | Filed | Closed | Filed | Closed | Filed | Closed |
| New Automobile Franchise Act (NAFA) | 3 | 3 | 1 | 1 | 0 | 0 |
| Powersport Vehicle Franchises Act (PVFA) | 3 | 1 | 3 | 2 | 0 | 3 |

Administrative Actions

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

| Division Cases | TOTAL | | DCP | | CORP | | DOPL | | DRE | | DS | |
|-----------------------|--------------|------------|------------|------------|-------------|------------|-------------|------------|------------|------------|------------|------------|
| | '06 | '07 | '06 | '07 | '06 | '07 | '06 | '07 | '06 | '07 | '06 | '07 |
| Filed | 57 | 55 | 0 | 16 | 0 | 2 | 25 | 32 | 18 | 5 | 0 | 0 |
| Closed | 59 | 58 | 11 | 16 | 0 | 2 | 28 | 32 | 20 | 8 | 0 | 0 |
| Affirmed | 18 | 19 | 3 | 2 | 0 | 2 | 6 | 11 | 9 | 4 | 0 | 0 |
| Remanded | 18 | 15 | 1 | 3 | 0 | 0 | 11 | 11 | 6 | 1 | 0 | 0 |
| Dismissed | 21 | 21 | 6 | 9 | 0 | 0 | 10 | 10 | 5 | 2 | 0 | 0 |
| Reversed | 1 | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Modified | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |

Administration

Education

The Department of Commerce places a high priority on educating the citizens of Utah on ways to protect themselves from becoming victims of unscrupulous business practices and assist them in filing complaints if that occurs. Educating the public is accomplished through many mediums: media coverage, presentations to community groups, newsletters, brochures, press releases, press conferences, public service announcements (PSA), and through the Department

of Commerce website: **www.commerce.utah.gov**



During the past fiscal year, the Division of Consumer Protection, the Division of Real Estate and the Division of Securities produced new public service announcements (PSA) educating consumers on various scams and frauds in our community. These PSA's were shown on local television stations and have been posted to each Division's website as well as to the State website: **Utah.gov** for the public to access.

Each Commerce Division also gained local and national press coverage for press releases and media campaigns.

Below is a summary of media coverage by each Division;

Administration

94 News Stories

Committee Consumer Services

38 News Stories

Division of Consumer Protection

152 News Stories

Division of Corporations

9 News Stories

Division of Occupational and Professional Licensing

70 News Stories

Division of Public Utilities

17 News Stories

Division of Real Estate

20 News Stories

Division of Securities

154 News Stories

Questions specific to Commerce Administration may be directed to:

Francine A. Giani, Executive Director

(801) 530-6431 fgiani@utah.gov

Thad LeVar, Deputy Director

(801) 530-6431 tleva@utah.gov



Division of Consumer Protection

Mission

The mission of the Division of Consumer Protection is to respond to consumer complaints, to protect consumers from unfair and deceptive business practices, and provide consumer education.

The Division accomplishes this through a three-pronged approach: education, registration, and enforcement.



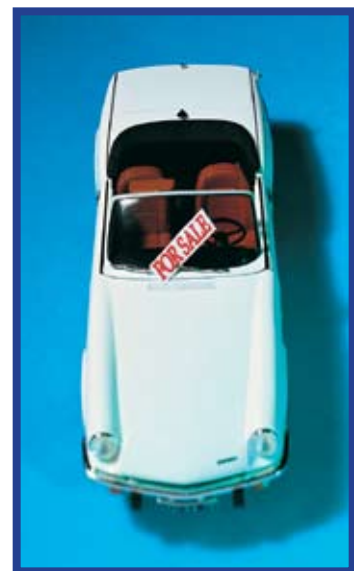
Internal Efficiencies

The Division of Consumer Protection invested in new scanning equipment with goals to improve the online services offered to the public and to digitize its file retention system. It is anticipated that by converting to a digital filing system, the Division will be able to eliminate many redundancies that are inherent in its current methods.

Enforcement

The Division of Consumer Protection enforces 17 Utah Statutes:

Business Opportunity Disclosure Act
Charitable Solicitations Act
Child Protection Registry
Consumer Sales Practices Act
Credit Services Organizations Act
Health Spa Services Protection Act
Music Licensing Act
New Motor Vehicle Warranties Act
Pawnshop Transaction Information Act
Postsecondary Proprietary School Act
Price Controls During Emergencies Act
Prize Notices Regulation Act
Pyramid Scheme Act
Telephone and Facsimile Solicitation Act
Telephone Fraud Prevention Act
Unfair Practices Act
Uniform Debt-Management Services Act



Fiscal Year 2007 Highlights



During Fiscal Year 2007, the Division of Consumer Protection recovered benefits for consumers totaling **over 4.3 million dollars**.

Debt Management Companies

The business practices of debt management companies were called to the attention of the Division during FY2007. The Division found that these companies were, among other things, collecting up-front fees from hundreds of consumers in violation of the Credit Services Organizations Act. As a result, the Division took administrative and judicial action against the offending companies and their owners. Because of the abuses of the debt management industry, the Uniform Debt-Management Services Act was enacted by the 2006 Legislature and became effective July 1, 2007. It is hoped that this new legislation will curb some of the abuses that have been seen in spite of the Credit Services Organizations Act.

Child Protection Registry Case

The Division is defending a complaint that was filed in federal District Court by a group that is opposed to the Division's enforcement of the Child Protection Registry. The plaintiff's motion for a preliminary injunction was denied by the court. Although the case remains pending, this was a significant outcome in favor of the Division.

Top Ten Consumer Scams for 2007

The Utah Division of Consumer Protection released a list of the Top Ten Consumer Scams for 2007 to the media and general public. Consumer education was provided on the following scams;

- 1. E-Commerce/Internet Auction Offers*
- 2. Auto Repair / Used Car Sales Complaints*
- 3. Home-Based Business Opportunities*
- 4. Canadian Sweepstakes/Nigerian Lottery*
- 5. Contractor Fraud*
- 6. Mail Order/Advertising Scams*
- 7. Cell Phone Billing Complaints*
- 8. Charity Donation Scams*
- 9. "Do Not Call" Complaints/Faxed Offers*
- 10. Medical/Dental Billing Fraud*

Legislative Highlights

House Bills

H.B. 261, Expiration of Gift Certificates, Rep. Wayne Harper

This bill amends the Consumer Sales Practices Act to prohibit the issuance of a gift certificate that expires sooner than five years after issuance.

H.B. 02S01, Pawnshop Transaction Information Amendments, Rep. Becky Lockhart

This bill amends the Pawnshop Transaction Information Act to include secondhand merchandise dealers.

Senate Bills

S.B. 101, Credit Services Organization Act Changes, Sen. Lyle Hillyard

This bill provides that a person who provides debt management services under the Uniform Debt-Management Services Act is not a credit services organization.



Conference Hosting



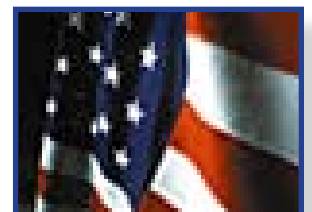
Park City 2008



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

Education

The Division of Consumer Protection works with the Federal Trade Commission, U.S. Consumer Product Safety Commission, AARP, local schools and universities, and other consumer groups in distributing brochures and other educational materials to provide consumer awareness of deceptive business practices. The Division also works with trade groups in explaining their obligations to consumers under state and federal laws.



Division of Consumer Protection: 2007 Statistics



Compliance

| Complaints | FY 2005 | FY 2006 | FY 2007 |
|---------------------|----------------|----------------|----------------|
| Complaints received | 4,078 | 4,110 | 3,647 |
| Complaints opened | 2,962 | 2,875 | 2,708 |
| Cases closed | 2,992 | 2,731 | 2,433 |
| Cases Not Assigned | 1,149 | 1,263 | 937 |

Registration

| Active Registrations | FY 2006 | FY 2007 |
|--|----------------|----------------|
| Charities | 2,459 | 2,549 |
| Postsecondary Proprietary Schools | 275 | 316 |
| Professional Fundraisers, Fundraising Counsel, and Consultants | 199 | 200 |
| Health Spas | 190 | 203 |
| Telemarketers | 70 | 175 |
| Business Opportunities/Exemptions | 1,435 | 1,282 |
| Credit Services Organizations | 40 | 49 |

Statistics

| | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|---|-------------------------|-------------------------|-------------------------|
| Total Benefit Recovered for Consumers | \$1,667,380.00 | \$2,472,897.00 | \$4,345,252.00 |
| Total Amount of Fines Paid into Protection Fund | \$179,186.00 | \$319,486.00 | \$280,652.00 |

Staff Highlights

Mike Pitts has been an investigator with the Utah Division of Consumer Protection since 2003. He came to the Division with extensive law enforcement and military experience as well as computer skills. Because of his professional background and computer skills, Mike is often asked to address some of the Division most difficult cases. During this past year, he recognized that the Division need to upgrade its Investigators' Case Management system. After it was determined that it was cost prohibitive to purchase an upgrade to the current system, Mike proposed and wrote a new current ICE program. This new program has provided affordable case management system that better meets the Divisions' needs. For his efforts in creating and bringing the ICE program, Mike Pitts was nominated for the Governor's 2007 Outstanding State Employee Award.

Questions specific to the Division of Consumer Protection may be directed to:



Kevin Olsen, Director
Division of Consumer Protection
(801) 530-6601 kolsen@utah.gov



Division of Corporations and Commercial Code

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.

About the Division

The Division of Corporations and Commercial Code in the Utah Department of Commerce registers all statutory business entities, state trademarks, and article 9 lien notice filings. The Division also records certain service of process and bankruptcy filings. There are other less noticeable, but equally important filings.

Those businesses which should register with the division are: profit and non-profit corporations, limited liability companies, limited partnerships, limited liability partnerships, general partnerships, sole proprietors who have an assumed name, business trusts, real estate investment trusts, and any other assumed business name. Those entities which are created by the filing with the division are: corporations and limited liability companies. All other filings are notice filings and those entities can exist without the filing in the division.

The trademark law covers notice for the State of Utah only. Federal trademark law will offer protection

for the entire United States. The state law ties into the federal statute in that it requires the filer to affirm that they checked the federal registry and their filing will not infringe on any federal filing. It is the responsibility of the filer to discover any similar filings.

The Division accepts service of process for businesses that were registered in Utah, but no longer maintain a registered agent. Out-of-state motorist service is also filed with the division. Bankruptcy filings are sent to the division for notice.

The Division also files Uniform Commercial Code filings relative to Revised Article 9. These are notice filings which report the existence of a secured transaction. The Division also files agricultural liens under the CFS (Federal Food Security Act) filing guidelines.

As well as all the above mentioned activities, the Division is charged with a variety of small filings, such as: the Governmental Entity Database – an online directory of contact for any governmental

entity; One Stop Business Registration web site – a partnership with multiple agencies from local, state and federal level; digital signatures certification agents; archival business research – searching old stock certificates to find disposition of business entity; and individual name searches – those people involved as principals in businesses.

The Division staffs an information and help phone bank that answers thousands of phone calls each month. The help staff also provides an online information chat for those using online services. The agency has two help counters for walk-in service and partners with the Tax Commission to provide walk-in service at the satellite offices in St. George, Provo, and Ogden, Utah.

The Division of Corporations and Commercial Code provides many services, but is not an investigative nor enforcement agency. The Division will not compel anyone to make statutorily required filings, but will, in good faith, accept any statutorily compliant filings.

Division of Corporations and Commercial Code

Customer Service

The Division of Corporations and Commercial Code continues to look for innovative ways to give business filers access to services 24 hours a day, 7 days a week.

Help Center

The Help Center answers an average of 2,000+ calls a week. The five member Help Center field questions ranging from "How do I start up a new business?" to "How do I reinstate an old business?". With courtesy and understanding, the members of the Help Center educate citizens of Utah on business filings over the phone and in live online chats.

Records Group

The records group processes amendments, mergers, share exchanges, domestications, conversions, transfers, trademark filings, collection agency filings, Archive recalls, dissolutions, resignations, and Service of Process. The Records Group is also responsible for our "Live Chat" where customers can speak to a "live" person through an online chat and have their questions answered or be referred to the right government agency.

New Service Center

The Division of Corporations newly redesigned service center on the 2nd floor has enabled more customers to create and print documents in a timely manner. By adding five new computer terminals and an additional support person, the Division has streamlined this process so customers face a minimal wait time. The Division of Corporations is committed to adopting new technology in order to better serve our customers.

Personal Service

Customer service is not something we can achieve with systems and processes alone. This past fiscal year we put even more emphasis on training and empowering our people, particularly those on the front line, to make a difference. As a result, the Division of Corporations and Uniform Commercial Code has kept within the 24 to 48 hour turn around time on all incoming documents.

Data Entry Group

During fiscal year 2007, the data entry group faced many challenges due to understaffing and the highest volume of new filings in a year. Our dedicated employees spent many Saturdays and weekday evenings to work through the backlogs. Thanks to their hard work, the Division is within a four day turn around for new filings and less than that for registration information change forms.

Scanning Upgrades

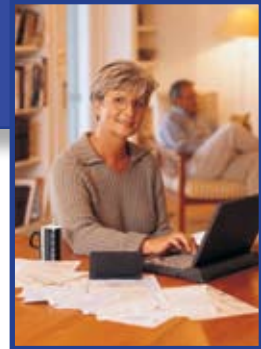
In early 2007, the Division scanned images of both UCC and business registration filings on the Division's website. The scanning group has maintained the Division's goal of imaging documents within 48 hours of being completed. This has enabled the Division to give the public the most current information on our website.

Upgrades for 2008

During FY'08, the Division of Corporations and Commercial Code looks to implement the following changes;

- Adopt a redaction system for online images which will bar users from viewing sensitive information that may be present in filings.
- Re-write the online UCC Search criterion to implement iterations that will, in theory, bring to light UCC filings within the system which have been truncated or modified due to past data entry procedures.
- Implement an online "chat" for user of the UCC online filing function. This will allow the users to immediately contact a "customer service representative" through an Instant Messaging (IM) program as opposed to having to call into the division call center.

Division of Corporations and Commercial Code One Stop Business Registration



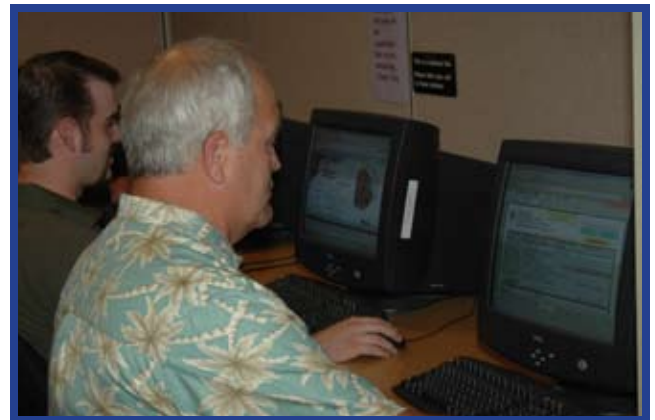
One Stop Business Registration

The One Stop Business Registration web site continues to improve and be recognized in the national and international community. Representatives from foreign countries continue to look at this site as a model of government filing efficiency.

The One Stop Business Registration program has seen some remarkable enhancements with the launch of Phase II. The Division was able to target problem areas based on customer input and the articles have been enhanced.

In addition, OSBR's Phase II added non-profit corporations and single-member limited liability companies to the online the system.

The following local partners offer business licensing services through OSBR; Salt Lake City, Sandy City, Provo, Logan, and Ogden.



Beginning in September 2006, the Division of Corporations and Uniform Commercial Code changed the annual report/renew process. The Division began sending out postcard renewal notices directing customers to the Division's website to renew and update their entities. The adoption rate for the online renewal process skyrocketed from a previous high of around 40% to over 90% in the first month. Since that time, the adoption rate has been fairly steady around the 90% mark.

Examples of screen shots from One Stop Online Business Registration website

Division of Corporations and Commercial Code

2007 Statistics



The Division of Corporations and Commercial Code saw a **130% increase** in the adoption rate of computer users accessing the Division's online services during the past fiscal year.

| All Online Services | 2004 | 2005 | 2006 | 2007 |
|-------------------------------|----------------|---------------|---------------|----------------|
| Total Online Filings | 54,311 | 68,227 | 83,800 | 212,497 |
| Adoption Rate | 25% | 30% | 35% | 64% |
| Difference from previous year | 27,348 | 13,916 | 15,573 | 128,697 |
| % Increase | 101.43% | 25.62% | 22.83% | 153.58% |

| Annual Business Renewal | 2004 | 2005 | 2006 | 2007 |
|--------------------------------|----------------|---------------|---------------|----------------|
| In-House Renewals | 95,159 | 103,007 | 103,296 | 35,790 |
| Online Renewals | 23,870 | 27,747 | 39,308 | 113,733 |
| Total | 119,029 | 130,825 | 142,999 | 149,523 |
| Adoption Rate | 20.07% | 21.22% | 27.56% | 76.06% |
| Difference from previous year | 12,275 | 3,877 | 11,561 | 74,425 |
| % Increase | 105.86% | 16.24% | 41.67% | 189.34% |

| Certificates of Existence | 2004 | 2005 | 2006 | 2007 |
|----------------------------------|---------------|---------------|---------------|---------------|
| In-House Certificates | 2,057 | 1,513 | 856 | 682 |
| Online Certificates | 6,497 | 8,601 | 10,116 | 12,163 |
| Total | 8,554 | 10,114 | 10,972 | 12,845 |
| Adoption Rate | 75.95% | 85.04% | 92.20% | 94.69% |
| Difference from previous year | 1,833 | 2,104 | 1,515 | 2,047 |
| % Increase | 39.30% | 32.38% | 17.61% | 20.24% |

| One Stop Business Registration | 2005 | 2006 | 2007 |
|---------------------------------------|---------------|---------------|---------------|
| In-House Filings | 38,168 | 41,237 | 43,052 |
| Online Filings | 9,456 | 11,600 | 14,030 |
| Total | 47,624 | 52,837 | 57,082 |
| Adoption Rate | 19.34% | 21.52% | 24.58% |
| Difference from previous year | 3,442 | 2,144 | 2,430 |
| % Increase | 57.23% | 22.67% | 20.95% |

Division of Corporations and Commercial Code

2007 Statistics

| | UCC-I | UCC I - Addendum | UCC II | UCC III | UCC III - Addendum |
|-------------|---------------|------------------|--------------|---------------|--------------------|
| 2004 | 26,953 | 9,568 | 3,205 | 18,734 | 2,136 |
| 2005 | 24,339 | 8,664 | 2,258 | 18,499 | 1,540 |
| 2006 | 24,322 | 9,609 | 1,145 | 19,145 | 1,567 |
| 2007 | 24,744 | 10,629 | 1,365 | 18,311 | 2,098 |

| | CFS - I | CFS - III |
|-------------|------------|------------|
| 2004 | 443 | 861 |
| 2005 | 431 | 750 |
| 2006 | 419 | 724 |
| 2007 | 319 | 612 |



Albion Basin, Little Cottonwood Canyon

| UCC - 1 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------|---------------|---------------|---------------|--------------|
| In-House | 15,233 | 10,157 | 10,394 | 10,564 |
| Online | 11,720 | 14,182 | 13,928 | 14,180 |
| Total | 26,953 | 24,339 | 24,322 | 24,744 |
| Adoption Rate | 43.48% | 58.27% | 57.27% | 57.31% |
| Difference from previous year | 3,299 | 2,462 | -254 | 252 |
| % Increase | 39.18% | 21.01% | -1.79% | 1.81% |

| UCC - 2 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------|--------|---------------|----------------|----------------|
| In-House | 2,055 | 928 | 115 | 206 |
| Online | 1,150 | 1,330 | 1,030 | 1,159 |
| Total | 3,205 | 2,258 | 1,145 | 1,365 |
| Adoption Rate | 35.88% | 58.90% | 89.96% | 84.91% |
| Difference from previous year | 1,150 | 180 | -300 | 129 |
| % Increase | | 15.65% | -22.56% | -12.52% |

| UCC - 3 Terminations/Continuations | 2004 | 2005 | 2006 | 2007 |
|------------------------------------|--------|----------------|--------------|---------------|
| In-House | 10,692 | 6,498 | 6,782 | 5,687 |
| Online | 3,138 | 6,911 | 7,437 | 8,731 |
| Total | 13,830 | 13,409 | 14,219 | 14,418 |
| Adoption Rate | 22.69% | 51.54% | 52.30% | 60.56% |
| Difference from previous year | 3,138 | 3,773 | 526 | 1,294 |
| % Increase | | 120.24% | 7.61% | 17.40% |

Division of Corporations and Commercial Code

2007 Statistics

New Filings

| | Corp. | Percent Increase | DBA | Percent Increase | LLC | Percent Increase | LP | Percent Increase | Total | Percent Increase |
|-------------|---------------|------------------|---------------|------------------|---------------|------------------|------------|------------------|---------------|------------------|
| 2002 | 11,421 | 11% | 16,443 | 0% | 11,173 | 12% | 730 | -6% | 39,767 | 6% |
| 2003 | 12,217 | 7% | 18,989 | 15% | 12,879 | 15% | 664 | -9% | 44,749 | 13% |
| 2004 | 10,898 | -11% | 17,516 | -8% | 13,705 | 6% | 562 | -15% | 42,681 | -5% |
| 2005 | 11,423 | 5% | 17,325 | -1% | 19,018 | 39% | 556 | -1% | 48,322 | 13% |
| 2006 | 12,674 | 11% | 17,296 | 0% | 23,320 | 23% | 618 | 11% | 53,908 | 12% |
| 2007 | 12,633 | 11% | 16,780 | -3% | 27,643 | 19% | 744 | 20% | 57,800 | 7% |

| | Average No. of Entities Gained per Month | Total | Percent Increase |
|-------------|--|---------------|------------------|
| 2004 | 1,131 | 13,572 | -2% |
| 2005 | 1,390 | 16,680 | 23% |
| 2006 | 1,503 | 18,036 | 8% |
| 2007 | 1,669 | 20,030 | 11% |

| Other Data Entry | Reinstatements | Amendments | Mergers | Conversions | Renewals | Change Forms |
|------------------|----------------|--------------|------------|--------------|---------------|---------------|
| 2004 | 4,005 | 3,114 | 369 | 696 | 16,658 | 21,920 |
| 2005 | 3,995 | 3,475 | 416 | 1,166 | 17,596 | 22,595 |
| 2006 | 4,504 | 4,001 | 413 | 1,298 | 15,629 | 20,590 |
| 2007 | 5,009 | 4,132 | 296 | 1,293 | 13,844 | 13,578 |



Bryce National Park, Southern Utah

Legislative Highlights

Senate Bills

S.B. 236, Trademark Protection Act, Sen. Dan Eastman

Creates a database in Division of Corporations to track registration of trademarks.



State Capitol at night

Staff Highlight

Mary Price is the crown jewel of customer service. She has worked in the Division of Corporations and Commercial Code for 8 years. During her tenure with the Division she has worked in many of our production and service areas. She is versatile and able to do most any task. Mary is currently serving our customers at the Second Floor Customer Center. She has outstanding people skills and on a daily basis she demonstrates her ability to be courteous and helpful to everyone that comes into the office for assistance. Mary has assisted all types of customers in all types of settings. Her smile lights up a room and her calm demeanor creates an atmosphere where our customers feel free to ask any and all questions without reservation. Very often Mary receives compliments from customers crediting her for her outstanding customer service and her ability to make the business registration process as easy and streamlined as possible. She is knowledgeable and takes every opportunity to learn existing and new procedures and statutes to better serve the customers. Her attention to detail and her ability to juggle multiple tasks give our customers the confidence they need to create businesses in Utah and navigate the regulatory waters.

Questions specific to the Division of Corporations and Commercial Code may be directed to:



Kathy Berg, Director

Division of Corporations and Commercial Code
(801) 530-4849 kberg@utah.gov



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.

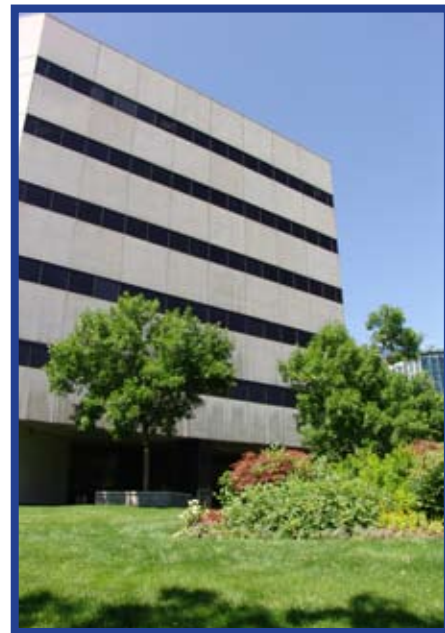
Internal Efficiencies

Online Renewal System

Continual enhancements to DOPL's online renewal system has increased adoption of the system to nearly 88.5% of DOPL's 158,001 professional licensees. This adoption rate is one of the highest among state online applications.

Cross-Training Staff

DOPL has made significant efforts in the past year to provide additional cross-training to its staff in order to be more efficient and timely within all of its responsibilities. This cross-training allows for a reallocation of staff to any other unit in need of additional assistance, which in turn provides for greater customer service.



Heber M. Wells Building

Fiscal Year 2007 Highlights



Partnership with FDA

The Division of Occupational and Professional Licensing Investigations partnered with the Food and Drug Administration during the past fiscal year. Two DOPL investigators completed an FDA drug manufacturing and compounding school and have cross trained the rest of our staff in these areas. The FDA partnership and training will enable the Division to better enforce the Pharmacy Practice Act and the Controlled Substance Act.

Expansion of DOPL Citation Authority

In response to legislation authorizing expansion of our citation authority, we developed fine schedules and expanded our enforcement efforts in directions that have not been adequately addressed in the past. This has provided us with a means to intervene in many professional practice issues promptly and to expedite resolutions, while keeping prosecution expenses down.

DOPL Establishes Ogden Investigator

During FY 07', DOPL established a resident contractor investigator in the Ogden area. Placing an investigator in Northern Utah will allow the investigator to develop an information network in the community that will help him identify violators. By having the investigator living in the area of his case assignments, this will also save travel expenses for the Division and result in more of the investigator's time being available to conduct investigations.

Pharmacy Technician Certification Exam

The Pharmacy Board rules were amended to accept an additional Pharmacy Technician Certification Examination named ExCPT (Examination for the Certification of Pharmacy Technicians). This exam will allow pharmacy-technicians-in-training to take this national exam, as required by the pharmacy practice act, Monday through Friday without having to register three months in advance of the other national certification exam. The ExCPT test has shown to be psychometrically sound and is less expensive than its's competitor's exam.

Contractor's Continuing Education

Contractor's first continuing education was due by June 30, 2007. Audit letters were sent out randomly to licensed contractors asking for verification of compliance with this requirement. DOPL staff provided state construction registry (SCR) training as part of the contractor continuing education requirements. This consisted of eighty two individual training sessions with 9,902 individuals educated. Training sessions were held at various locations throughout Utah.

Sunset Review State Construction Registry

An interim committee of the Utah Legislature conducted a Sunset Review of the state construction registry (SCR). The Committee's recommendation to the Legislature was to re-authorize the statute and to remove the requirement for future sunset review.

State Construction Registry

Utah's State Construction Registry is an exclusive, statewide electronic database with the sole purpose of protecting lien rights. The concept is an online "bulletin board" identifying those who provide labor and materials to commercial, public work, and residential construction projects, which may enable interested parties to assess exposure and minimize risk.



Totals for Fiscal Year 2007

| | |
|--------------------------------|---------|
| Notice of Commencement Filings | 54,971 |
| Filed by Municipalities | 49,228 |
| Filed by Users | 5,743 |
| Preliminary Notice Filings | 141,670 |
| Notice of Completion Filings | 3,432 |

Residence Lien Recovery Fund

Under the Mechanics' Lien Laws, if a contractor fails to pay his subcontractors and suppliers, the homeowner would have to pay them directly to prevent loss of the home due to lien foreclosure. In effect, the homeowner had to pay twice for the same product or service. To correct this inequity, the *Utah Residence Lien Restriction and Lien Recovery Fund Act* provides homeowners in Utah with limited protections from mechanics' liens arising as a result of construction of or on their residence. The Fund also reimburses those contractors and suppliers who are unable to collect on a lien because of the homeowner protection.

Totals for Fiscal Year 2007

| |
|--------------------------------------|
| Claims Filed = 104 |
| Amount of Claims Filed = \$961,000 |
| Claims Paid = 62 |
| Amount of Claims Paid = \$490,000 |
| Claims Denied = 4 |
| Claims Dismissed = 4 |
| Claims in Prolonged Status = 3 |
| Claims Pending Prosecutor Review = 2 |
| Claims Pending LRF Board Review = 9 |
| Claims Pending Claimant Response = 4 |
| Claims Pending Division Review = 16 |

Claims Pending LRF

Board Review = 17

Case Status for Fiscal Year 2007

| |
|--|
| Number of Claims in Prolonged Status = 3 |
| Number of Claims Pending Prosecutor Review = 2 |
| Number of Claims Pending LRF Board Review = 9 |
| Number of Claims Pending Claimant Response = 4 |
| Number of Claims Pending Division Review = 16 |

Claimant Statistics

| | Claims | Amount |
|----------------|--------|----------------|
| Paid Suppliers | 859 | \$5,372,438.36 |
| Contractors | 506 | \$2,475,470.66 |
| Laborers | 10 | \$ 17,070.17 |

Fund Status

Investment Account Balance
(as of 6/14/07) \$ **967,590.57**

Operating Account Balance
(as of 6/14/07) \$ **180,120.84**

Total \$1,147,711.41

Totals Since Program's Inception

| |
|--|
| Claims Filed = 2,057 |
| Amount of Claims Filed = \$13,467,607.95 |
| Claims Paid = 1,375 |
| Amount of Claims Paid = \$7,864,979.19 |
| Claims Denied = 424 |
| Claims Dismissed = 205 |
| Claims in Prolonged Status = 11 |
| Claims Pending Prosecutor Review = 2 |
| Claims Pending LRF Board Review = 9 |

Certificate of Compliance

Applications

| Type | FY2007 |
|---|--------|
| Applications Filed | 122 |
| Applications Approved | 59 |
| Applications Denied | 13 |
| Applications Withdrawn | 3 |
| Applications on Prolonged Status | 9 |
| Applications Pending LRF Board Review | 12 |
| Applications Pending Homeowner Response | 10 |
| Applications Pending LRF Action | 15 |
| Applications Currently on Appeal | 1 |

Customer Service

Internet Advancements

The Division of Occupational and Professional Licensing redesigned the entire web page to make it more user friendly for the public and license holders to navigate.

DOPL received funding to begin scanning the Division's disciplinary files. This project will provide electronic storage for the document files along with instant online access for the public.



The Division's online renewal rate continues to grow and is now approximately at 88%.

Online verifications continue to grow and are now at approximately 24%.



Licensing

| Fiscal Year Final | 6/30/05 | 6/30/06 | 6/30/07 |
|---------------------------|---------|---------|---------|
| Total Number of Licensees | 137,818 | 152,116 | 158,001 |

New Applications Submitted

| Fiscal Year Final | 2005 | 2006 | 2007 |
|------------------------------|--------|--------|--------|
| Total Number of Applications | 18,158 | 21,076 | 27,696 |

Total Number of Licensees Renewed (2-year cycle)

| Fiscal Year Final | 2005 | 2006 | 2007 |
|--------------------------|--------|--------|--------|
| Total Number of Renewals | 71,192 | 50,130 | 67,690 |

Customer Service



Total Licensees by Profession Including Temporary Licensure

| | FY05 | FY06 | FY07 | Difference |
|--|--------|--------|--------|------------|
| Acupuncturists | 78 | 74 | 87 | +13 |
| Alternative Dispute Resolution Providers: | | | | |
| Arbitration, Mediation, Negotiation | 54 | 56 | 52 | -4 |
| Architects | 2,039 | 1,932 | 2,163 | +231 |
| Athlete Agents | 5 | 6 | 5 | -1 |
| Athletic Trainers | | | 161 | 161 |
| Building Inspectors: Combination & Limited | 479 | 562 | 647 | +85 |
| Burglar Alarm Company Agents | 1,727 | 3,018 | 3,205 | +187 |
| Burglar Alarm Companies | 134 | 151 | 142 | -9 |
| Certified Court Reporters: | | | | |
| Shorthand & Voice | 144 | 129 | 144 | +15 |
| Certified Public Accountants | 3,684 | 3,914 | 3,936 | +22 |
| Certified Public Accountancy Firms | 624 | 658 | 617 | -41 |
| Chiropractic Physicians | 770 | 711 | 781 | +70 |
| Contractors | 16,802 | 19,881 | 21,363 | +1,482 |
| Controlled Substance Handler: | | | | |
| Facility & Individual | 76 | 87 | 82 | -5 |
| Controlled Substance Precursors: | | | | |
| Purchaser and Distributor | 11 | 12 | 10 | -2 |
| Cosmetologist/Barbers | 21,104 | 21,142 | 23,853 | +2711 |
| Cosmetology/Barber Schools | 35 | 34 | 38 | +4 |
| Deception Detection Examiners & Interns | 27 | 29 | 29 | 0 |
| Dental Hygienists | 1,536 | 1,549 | 1,795 | +246 |
| Dentists: Classes I, II, III, and IV | 2,270 | 2,198 | 2,385 | +187 |
| Dietitians, Certified | 481 | 535 | 505 | -30 |
| Direct-Entry Midwives | -- | 10 | 16 | +6 |
| Electricians: | | | | |
| App, Jrny, Mstr, Res. Jrny, & Res. Mstr | 8,681 | 10,282 | 10,210 | -72 |
| Electrologists | 154 | 138 | 149 | +11 |
| Electrology Schools | 1 | 1 | 1 | 0 |
| Engineers: Professional & Structural | 6,460 | 6,927 | 6,715 | -212 |
| Environmental Health Scientists | | | | |
| & In-Training | 220 | 230 | 220 | -10 |
| Estheticians & Master Estheticians | 1,484 | 1,696 | 2,190 | +494 |
| Genetic Counselors | 23 | 28 | 29 | +1 |
| Geologists, Professional | 886 | 899 | 858 | -41 |
| Health Facility Administrators | 275 | 315 | 288 | -27 |
| Hearing Instrument Specialists & Interns | 105 | 109 | 109 | 0 |

Total Licensees by Profession Including Temporary Licensure

| | FY05 | FY06 | FY07 | Difference |
|---|----------------|----------------|----------------|-------------------|
| Land Surveyors, Professional | 639 | 674 | 662 | -12 |
| Landscape Architects | 353 | 357 | 402 | +45 |
| Marriage & Family Therapists, Interns, & Externs | 456 | 508 | 498 | -10 |
| Massage Therapists & Apprentices | 3,759 | 4,460 | 4,095 | -365 |
| Nail Technicians | 2,802 | 2,833 | 3,405 | +572 |
| Nail Technician Schools | 7 | 5 | 5 | 0 |
| Naturopathic Physicians | 19 | 18 | 22 | +4 |
| Nurses: APRN, CRNA, CNM, RN, & LPN | 22,548 | 24,681 | 25,283 | +602 |
| Occupational Therapists & Assistants | 564 | 641 | 623 | -18 |
| Optometrists | 400 | 421 | 428 | +7 |
| Osteopathic Physicians | 281 | 301 | 358 | +57 |
| Pharmacists, Interns, & Technicians | 4,979 | 5,644 | 6,283 | +639 |
| Pharmacies: Class A, B, C, D, & E | 982 | 1,148 | 1,256 | +108 |
| Physical Therapists | 1,359 | 1,479 | 1,458 | -21 |
| Physician Assistants | 523 | 543 | 611 | +68 |
| Physician/Surgeons | 7,346 | 7,072 | 7,596 | +524 |
| Plumbers: App, Jrny, & Res. Jrny | 4,171 | 4,773 | 4,537 | -236 |
| Podiatric Physician | 176 | 189 | 182 | -7 |
| Preneed Funeral Arrangement Providers & Sales Agents | 273 | 203 | 185 | -18 |
| Private Probation Providers | 44 | 66 | 46 | -20 |
| Professional Counselors, Interns, & Externs | 567 | 662 | 723 | +61 |
| Professional Employer Organizations & Groups | 72 | 79 | 82 | +3 |
| Psychologists & Psychology Residents | 763 | 811 | 817 | +6 |
| Radiology Technologists & Practical Technicians | 2,030 | 2,362 | 2,293 | -69 |
| Recreational Therapists: MTRS, TRS, and TRT | 648 | 725 | 682 | -43 |
| Respiratory Care Practitioners | 1,004 | 1,111 | 1,117 | +6 |
| Security Companies | 63 | 72 | 66 | -6 |
| Security Personnel: Armed & Unarmed Officers | 3,661 | 5,385 | 4,023 | -1,362 |
| Social Workers: LCSW, CSW, CSWI, & SSW | 5,009 | 5,485 | 5,423 | -62 |
| Speech-Language Pathologists & Audiologists | 615 | 695 | 661 | -34 |
| Substance Abuse Counselors | 287 | 327 | 301 | -26 |
| <u>Veterinarians & Interns</u> | <u>549</u> | <u>598</u> | <u>591</u> | <u>-7</u> |
| TOTAL: | 137,818 | 152,116 | 158,001 | +5,885 |

Division of Occupational and Professional Licensing

Customer Service

| <u>Investigations</u> | FY05 | FY06 | FY07 |
|---------------------------------|------------------|------------------|------------------|
| Complaints Received | 4,725 | 4,361 | 4,384 |
| Investigations Opened | 4,349 | 3,826 | 3,897 |
| Investigations Completed | 3,999 | 3,591 | 4,306 |
| Formal Administrative Filings | 325 | 274 | 233 |
| Criminal Filings - Felonies | 57 | 62 | 36 |
| Criminal Filings - Misdemeanors | 31 | 55 | 31 |
| Letters of Concern Issued | 332 | 216 | 609 |
| Citations Issued | 1,069 | 1,100 | 1,107 |
| Diversion Referrals Issued | 14 | 22 | 25 |
| Fines Collected | \$322,005 | \$407,105 | \$508,357 |

Prelitigation

Prelitigation Action

| Fiscal Year 2007 Results | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cases Opened | 386 | 354 | 397 | 372 | 392 | 531 | 484 | 384 | 335 | 384 |
| Requests Denied | 51 | 54 | 60 | 104 | 63 | 40 | 32 | 24 | 23 | 35 |
| Hearings Scheduled | 296 | 299 | 279 | 243 | 324 | 288 | 499 | 295 | 231 | 232 |
| Cases Closed | 353 | 381 | 374 | 371 | 433 | 414 | 577 | 417 | 341 | 379 |

Outcome of Prelitigation Cases

| Fiscal Year 2007 Results | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| No Merit | 160 | 230 | 221 | 290 | 222 | 170 | 176 |
| Meritorious | 34 | 33 | 30 | 32 | 28 | 21 | 17 |
| Stipulation | 52 | 52 | 84 | 139 | 76 | 52 | 65 |
| Dismissed | 53 | 43 | 84 | 59 | 55 | 56 | 77 |
| Split Decision | 54 | 67 | 41 | 40 | 30 | 28 | 38 |
| Jurisdiction Problem | 17 | 8 | 12 | 16 | 6 | 14 | 6 |
| Undecided | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Controlled Substance Database

Totals for FY2007

| | |
|--|------------|
| Total Rx's in CSDB | 32,517,966 |
| Total Rx's Processed | 4,762,893 |
| Requests for Information | 88,563 |
| Online Requests | 58,590 |
| In-House Requests | 29,973 |
| Pharmacies Reporting to the Database: | 512 |
| Cases vs. Non-Reporting Pharmacies: | 13 |
| Case Referrals to Law Enforcement: | 455 |
| Doctor Shopper Letters to Practitioners: | 1,525 |

Letters on Forged Prescriptions: 49

Denial Letters: 14

Training Meetings Conducted: 5

Total Registered Online Database Users (as of June 30, 2007)

Law Enforcement = 99

Pharmacists = 192

Practitioners = 1,013

Legislative Highlights



House Bills

H.B. 6, Controlled Substance Database Amendments, Rep. Ronda Menlove

Amended the Utah Controlled Substances Act. Provides limited access to the Controlled Substance Database for law enforcement and practitioners who may inquire whether their DEA number has been used for fraud.

H.B. 291, Professional Employer Organization Related Amendments, Rep. Jim Dunnigan

Modifies the provisions related to professional employer organizations and their clients. Provides for an alternate method of registration and for the designation of assurance organizations.

H.B. 130, Funeral Services Licensing Act Amendments, Rep. Kay McIff

Modifies provisions of the Funeral Services Licensing Act regarding licensure classifications, the composition of the Board of Funeral Service, qualifications for licensure, the supervision of funeral service interns, the determination of the disposition of a deceased person, preneed funeral arrangements (including required trust accounts), and unlawful or unprofessional conduct by funeral service establishments and employees.

H.B. 135, Utah Uniform Building Standards Act Amendments, Rep. Larry Wiley

Modifies provisions of the Utah Uniform Building Standards Act related to unlawful and unprofessional conduct by building inspectors and factory built housing dealers. The Amendment provides penalties which include citations issued by the Division.

H.B. 137, Pain Medication Management and Education, Rep. Bradley Daw

Modifies Title 26, Chapter 1, Department of Health Organization, establishing a two-year program to reduce deaths and other harm from prescription opiates utilized for chronic pain. It also requires the Division of Occupational and Professional Licensing to work with other state agencies to investigate causes and risks associated with prescription drug deaths and abuse.

H.B. 258, Continuing Education Requirements for Architects, Rep. Brad Dee

Provides that as a condition of renewal of an architect's license, the licensee shall, during the license cycle complete 16 hours of qualified continuing education.

H.B. 299, Nurse Practice Act Amendments, Rep. Becky Lockhart

Amends how a licensee or potential licensee charged with a felony is treated under the Nurse Practice Act for purposes of licensure. More specifically, it deletes the existing provisions under the Nurse Practice Act for persons charged with a felony and enacts new provisions that make a distinction between violent and nonviolent felonies. Specifies what impact a felony charge has on a person's license or ability to seek licensure under the Nurse Practice Act.

H.B. 419, Cosmetologist/Barber, Esthetician, Electrologist, and Nail Technician Licensing Act Amendments, Rep. David Clark

Modifies the Cosmetologist, Barber, Esthetician, Electrologist, and Nail Technician Licensing Act to provide a stand-alone barbering license, defines the scope of practice and requirements for barber licensure, establishes an apprentice program, , modifies unprofessional and unlawful conduct, and removes 200 hours of training or credit hours in lymphatic massage for master esthetician licenses.

Legislative Highlights



Senate Bills

S.B. 45, Nursing Amendments, Sen. Peter Knudson

Amends the Nurse Practice Act, the Advanced Practice Registered Nurse Compact, and the Nurse Midwife Practice Act to subsume the license classification of certified registered nurse anesthesia and the definition of “practice of nurse anesthesia,” into the licensure category of advanced practice registered nurse and the title of APRN-CRNA with out prescriptive practice, adds certified nurse midwives to the list of APRN subject to the Advanced Practice Registered Nurse Compact, and beginning July 2010, amend the qualifications for licensure as a nurse midwife.

S.B. 83, Acupuncture Licensing Act Amendments, Sen. Scott McCoy

Modifies the provisions of the Acupuncture Licensing Act to change the definition of the practice of acupuncture and changes the designation of “acupuncturist” to “licensed acupuncturist”, modifies provisions regarding the licensing and the renewal of a license of an acupuncturist, makes conforming changes in the manner in which the title “licensed acupuncturist” may be used with an individual’s name and practice, and modifies a provision dealing with presumptions related to third party insurance payments to a person practicing acupuncture.

S.B. 134, Psychologist Licensing Act Amendments, Sen. Lyle Hillyard

Modifies the Psychologist Licensing Act by allowing an applicant for a psychologists’ license to satisfy the 4,000 hour-training requirement for licensure as a psychologist while working towards the completion of a doctoral degree in psychology.

S.B. 147, Exemptions from Licensure Modifications, Sen. Mike Dmitrich

Removes an exemption provision in the Utah Construction Trades Licensing Act related to persons who would otherwise be subject to electrician licensure requirements who are under contract with certain public or private entities. Specifically, it removes the electrician licensing provision for a person who is under contract with a railroad corporation, telephone corporation, elevator contractor or constructor, street railway system, public service corporation, rural electrification association, or certain municipal utilities to do electrical work.

S.B. 160, Pharmacy Practice Act Amendments, Sen. Peter Knudson

Amended the Pharmacy Practice Act to require a pharmacy intern who has received a degree from a school or college of pharmacy accredited by the Accreditation Council on Pharmacy Education to also have completed any intern hours required by division rule, extend the term of a pharmacy intern license held by a pharmacy student, resident, or fellow from four to five years, amend the definition of “unprofessional conduct” as it relates to compensation for patient referral, amend the definition of “unprofessional conduct” as it relates to compensation for acts in violation of the Pharmacy Practices Act, add violations of the Division as a basis for disciplinary action under the Act, specify that prescription drugs must be dispensed at licensed pharmacies unless they are delivered via the United States Postal Service, licensed common carrier, or supportive personnel, and exempt class E pharmacies from the requirement that pharmacies be under the supervision of a pharmacist-in-charge.

S.B. 193, Amendments to Mental Health Professionals Act, Sen. Patricia Jones

Provides for the licensing of Substance Abuse Counselors, creates additional licenses for Substance Abuse Counselors, establishes standards for licensing and supervising Substance Abuse Counselors.

S.B. 255, Crane Safety Amendments, Sen. Davis

Modifies the provisions under the Utah Construction Trades Licensing Act with the definition of a crane operator and the penalties for unlawful conduct provisions under the Act. Modified the definition of a crane operator as related to the description of the type of crane used on a commercial construction project for which a crane operator must be certified to operate. Provides penalties (citation authority) for a violation of the crane operator’s certification provision of the Act.

Diversion - Utah Recovery Assistance Program (URAP)

| URAP Fiscal Year 2007 Results | Total | Files Closed Successfully: | Total |
|---------------------------------------|--------------|---|---------------------|
| Committee Meetings Conducted: | 60 | RN/LPN | 5 |
| Diversion Interviews Completed: | 546 | Physician | 4 |
| | | Dentist | 1 |
| <u>New Contracts Signed:</u> | | Physician Assistant | 1 |
| RN/LPN | 33 | Physical Therapist | 1 |
| Physicians | 7 | | |
| CRNA | 1 | <u>Unsuccessfully:</u> | |
| Pharmacy Technician | 2 | RN/LPN | 3 |
| Dentist | 1 | Pharmacy Technician | 1 |
| | | | |
| <u>Clients Not Accepted:</u> | | <u>Clients participating in URAP</u> | |
| LSAC | 1 | <u>Fiscal Year 2007</u> | <u>Total</u> |
| | | RN/LPN | 76 |
| <u>Clients who Chose not to Sign:</u> | | Physician | 16 |
| Nurse | 3 | Pharmacist | 2 |
| Pharmacy Technician | 1 | Dentist | 3 |
| Physician | 1 | Lic. Clinical Social Worker | 2 |
| SSW | 1 | Social Service Worker | 3 |
| <u>Clients Pending:</u> | | Physician Assistant | 2 |
| Nurse | 4 | Physical Therapist | 2 |
| | | Cert. Reg. Nurse Anesthetist | 2 |
| | | Architect | 1 |
| | | Respiratory Therapist | 1 |
| | | Certified Public Accountant | 1 |
| | | Funeral Director | 1 |
| | | Pharmacy Tech | 3 |
| | | <u>Veterinarians</u> | <u>1</u> |
| | | Total: | 116 |



Sego Lily, Utah State Flower

Staff Highlights

Staff Highlights

Director J. Craig Jackson retired from the Division as of December 21, 2006. Craig came to DOPL in 1994 as coordinator over the Utah Recovery Assistance Program (URAP) and was later selected to service as the Division Director for DOPL in 1995.

F. David Stanley took over as Division Director with Craig's retirement. David came to DOPL as the Associate Director over the Construction Services Bureau in February 2005. David brings with him years of leadership experience both in the private construction field and a government setting.

Operations Manager **Lauri Arensmeyer** accepted other employment after 13 years with the Division. **Dave Taylor** took over as Operations Manager in June 2007. Dave started with the Division as an auditor in November 2004. He brings years of management experience from the private sector in the Insurance and Healthcare fields.

Noel Taxis, Bureau Manager for DOPL, was one of four finalists for State Manager of the Year. Noel started with DOPL as an investigator in April 2004 and was later promoted to Bureau Manager over licensing of Acupuncturists, Athletic Trainers, Funeral Service Providers, Marriage & Family Therapists, Occupational Therapists, Optometrists, Physical Therapists, Preneed Funeral Providers, Professional Counselors, Psychologists, Recreation Therapists, Respiratory Therapists, Social Workers and Substance Abuse Counselors. Noel has a Masters Degree from the University of Utah.

Questions specific to the Division of Occupational and Professional Licensing may be directed to:



F. David Stanley, Director

Division of Occupational and Professional Licensing
(801) 530-6292 dstanley@utah.gov



Division of Public Utilities

Mission

The Division of Public Utilities promotes the public interest in utility regulation and works to assure that all utility customers have access to safe, reliable service at reasonable rates. The Division supports the Utah Public Service Commission (PSC) in all matters within the PSC's jurisdiction. This includes:

- Investigating applications for certificates of convenience and necessity to provide utility service, and letters of exemption;
- Auditing, analyzing, and investigating rate cases and making recommendations;
- Investigating and resolving complaints of utility customers;
- Monitoring the safety of natural gas pipelines within the state;
- Reviewing reports of all utilities;
- Auditing utilities doing business in Utah;
- Assisting in monitoring and managing the Universal Service Fund, which provides support for telecommunications customers in high-cost areas;
- Monitoring compliance with Utah law and PSC rules and orders;
- Advising the Legislature as requested.

About the Division

The Division's staff of approximately thirty-five employees works with the PSC, the Committee of Consumer Services, regulated telecommunications, electric, natural gas and water utilities, the public, outside experts, attorneys, other states' utility regulators, and others. Staff members have expertise in accounting, auditing, business, finance, economics, statistics, and engineering.



Seagulls over the Great Salt Lake

Fiscal Year 2007 Highlights



PacificCorp Rate Case

The Division conducted an investigation and participated in lengthy and multi-party negotiations in response to PacificCorp's request to increase rates in Utah. The Division's analysis supported a rate increase (primarily because Utah's growth has required increased investment by the utility), but at a level significantly less than the Company's original request. The Division, working with many other parties, was successful in its efforts to limit the increase while obtaining commitments from the company to improve reliability in Utah.

Natural Gas Conservation

The Division filed a joint application with Questar Gas Company resulting in a rate reduction and a commitment from the Company to actively pursue cost-effective Demand Side Management (DSM) programs in Utah. The application, which was approved by the Public Service Commission, initiated a three-year pilot program to evaluate cost-effective DSM programs and revenue decoupling.

Utah Pipeline Safety Award

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

Staffing

A combination of larger than usual number of retirements, plus a strong Utah economy competing for talent, presented particular challenges in hiring, training and retaining professional staff. During fiscal year 2007, the Division lost nine professionals and hired seven. Division staff members have high educational achievements and professional skills; four employees have Ph.D. degrees, five had M.S. degrees, six are MBA's, two are Certified Public Accountants, three have completed the state's Certified Public Manager program, and one successfully passed the requirements to become a Certified Rate of Return Analyst.



Sundance Creek

Customer Service

The Division helps answer utilities customers' questions and works to resolve complaints between customers and utility companies. Unresolved disputes are referred to the Public Service Commission for formal action which can include a hearing before an Administrative Law Judge. The Division's goal is to resolve customer's issues as seamlessly as possible.

During FY07, the Division's Customer Service Unit fielded

1,053 informal complaints from utility customers, an 18% decrease from the previous year. The decrease is likely due to two factors: utility companies and DPU working together to educate consumers about changes to bills or services and Utah's strong economy which means fewer customers struggle to pay bills.

In all cases, the Division works with customers and utilities to resolve complaints informally. As shown below,

most complaints were resolved by the Division working with the customer and utility company. The Customer Service Section also provides internal administrative and research support to the staff at the Division. They respond to request for documents and records under GRAMA, perform records management duties, web support, risk management responsibilities, and employee training and safety.

Utility Complaints Received Fiscal Year 2007

| Utilities | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|-------------------------|---------------------|---------------------|---------------------|
| Electric | 220 | 232 | 261 |
| Natural Gas | 172 | 520 | 253 |
| Telecom - ILEC* | 371 | 252 | 309 |
| Telecom - CLEC** | 609 | 190 | 169 |
| Telecom - Long Distance | 329 | 81 | 54 |
| Water/Sewer | 3 | 7 | 7 |
| TOTAL | 1,704 | 1,282 | 1,053 |

Utility Complaints Resolved Fiscal Year 2007

| | Informal | Complaints |
|-------------------------|------------------|-----------------|
| Utilities | Complaints | Resolved by |
| | Resolved without | Hearing Officer |
| | Hearing | |
| Electric | 261 | 7 |
| Natural Gas | 253 | 2 |
| Telecom - ILEC* | 309 | 2 |
| Telecom - CLEC** | 169 | 2 |
| Telecom - Long Distance | 54 | 0 |
| Water/Sewer | 7 | 1 |
| TOTAL | 1,053 | 14 |

*Incumbent Local Exchange Carrier, i.e. Qwest

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

Pipeline Safety Group

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.

During FY 07, on the recommendation of the Pipeline Safety Section, the Public Service Commission amended their rules defining "master meters" (small gas operators) and adopted the federal definition. This will streamline the list of master meters, make the rules consistent with federal regulations, and concentrate Pipeline Safety staff resources where they are needed most.

Each year the federal Office of Pipeline Safety (OPS) evaluates performance of state programs in fulfilling the requirements of the federal program. For the fourth 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 2007, Pipeline Safety personnel conducted comprehensive inspections of Questar Gas Company operations, municipal gas distribution operators, and master meters. These inspections assure that operator procedures and operations are consistent with federal regulations for safe functioning of natural gas systems. There was one reportable incident with two fatalities this year. The Pipeline Safety Section investigated this incident and submitted its final report to PSC and NTSB. This incident points out problems that can arise due to "third party" damage. As a result of the Saratoga Springs incident and recent federal legislation requiring some changes in states' damage prevention programs, the Pipeline

Safety Section is working with a large group of stakeholders to strengthen Utah laws and find ways to reduce "dig ins" incidents.

The Division received a federal grant for the Pipeline Safety Section to continue collecting statistics relating to excavator caused damage to underground natural gas facilities. The data continues to give Pipeline Safety a better understanding of the factors leading to excavator and contractor damage. A follow-on grant was awarded in the summer of 2007 to continue educational efforts through Blue Stakes of Utah to improve awareness of parties who contribute to excavation damage.

Pipeline Safety Inspections Fiscal Year 2007

| | |
|---------------------------------------|----|
| Questar Gas Company Regions | 8 |
| Municipal Gas Distribution Operators | 5 |
| Intrastate Transmission Operators | 3 |
| Liquid Propane Gas Operators | 2 |
| Small Gas System Operators | 50 |
| Gathering Lines (Jurisdictional) | 1 |
| Personal or Property Damage Incidents | 1 |

Telecommunications and Water Section



The Telecommunication and Water Section of the Division of Public Utilities was created this year when two sections of the Division were combined. This Section advises the Public Service Commission (PSC) on issues relating to regulated telecommunications in Utah. Typical issues include: request for rate changes, rulemakings, applications for Certificates of Public Convenience and Necessity, hearings on disputed issues, investigations of other issues as requested by the PSC, as well as compliance and financial audits.

As the administrator of the Utah Universal Service Fund (USF), the Division conducts regular reviews of the USF to support received by the rural carriers. These carriers receive support to help defray the expense of servicing high-cost areas in order to maintain lower consumer rates. USF funds also support the cost of providing service to qualifying Lifeline (low-income) customers. Since the fund is supported by a small surcharge on all retail telecommunications services, the DPU is responsible to carefully monitor the expenditures from the fund. During FY07, USF payments were reduced by \$1.76M per annum because of two rural companies which no longer needed support.

The Division continues to coordinate and oversee the administration of the Lifeline Program (Utah Telephone Assistance Program), which helps qualifying low-income customers pay their telephone bills.

The Division occasionally is able to help resolve issues without lengthy litigation before the PSC. For example, during this year the Division worked with Direct Communications (a new rural local exchange company serving Eagle Mountain) to establish the appropriate regulatory rate base and depreciation rates. In another case, a dispute between two telecommunication companies involving a growing residential subdivision which was straddling their boundaries, the Division

designed and proposed a simple and practical territory swap. It was accepted by both parties, the PSC and as a result, the case was resolved to the satisfaction of both companies. The DPU continues to monitor and analyze technology development in Utah. In FY07, the Division compiled a white paper entitled "Broadband in Utah", which provided insight into Utah broadband economics and development. The research should prove useful in fulfilling last legislative session's work on deploying broadband in underserved areas of the state.

Additionally, the DPU analyzed 56 interconnection agreements (agreements between new competitive entrants and existing companies to handle each others' traffic) and advised the PSC on whether they were in the public interest. There was a net increase this year over last, of one Competitive Local Exchange Provider (CLEC) in Utah: nine new CLEC's were granted certificates and eight CLECs relinquished their certificate.

During FY07, the Division audited several regulated water companies, resulting in rate changes for two companies and a letter of compliance for one. In addition, six other water companies were reviewed, resulting in the cancellation of the Certificate of Public Convenience and Necessity for three companies, and Letters of Exemption being issued for four others. The Water Section also reviewed and issued recommendations for five complaints pertaining to water companies.

The Telecommunications and Water Section was organized into three teams after its inception. Each team has specific responsibilities for a set of rural telephone companies, other competitive telephone companies, and water companies. As part of their responsibilities, each team conducts annual site visits and audits each of their respective companies. Not only does this approach facilitate regulatory compliance, but it also allows the DPU to better understand the needs and concerns of utilities it regulates.

Energy Section

The Energy Section assists the PSC in regulating electric and natural gas utilities. Electric utilities that are subject to PSC jurisdiction include Rocky Mountain 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), as well other national or regional organizational meetings, involving issues relevant to Utah's energy consumers.

Electricity

During the past fiscal year the energy section worked on a variety of issues impacting Utah ratepayers. Rocky Mountain Power filed an application for a \$194 million rate increase in March 2006. Between March and July, Division auditors and other staff members actively investigated the basis of the request and determined that a rate increase substantially less than the Company's request was justified. The Division, along with other parties, successfully negotiated a lesser increase and obtained commitments from Rocky Mountain Power to continue to improve electric reliability in Utah.

Utah's demand for electricity continues to grow at a relatively fast rate. The Division continues to encourage Rocky Mountain Power 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. The DSM Tariff Rider, used to fund DSM programs, remains operative and collects approximately \$3 million annually.

Currently, several energy programs are in place including:

"Cool Cash" provides incentives for residential customers to purchase more efficient home cooling systems.

"Cool Keeper" provides incentives for participation in a program that allows Rocky Mountain Power to control customer's air conditioning load.

"Refrigerator Recycling Program" is designed to get older, more inefficient refrigerators out of circulation.

"Home Energy Savings Program" offers cash incentives to qualified contractors to help make homes more energy efficient.

"Energy Analysis Survey" offers an easy way, either on-line or by mail, to evaluate and find ways to easily improve home energy efficiency.

The growth in demand in Utah means that Rocky Mountain Power must acquire additional resources to meet its load requirements. The Division and other interested parties are actively exploring how to promote competition to the benefit of Utah ratepayers. Utilities are required to hold a competitive bidding process for new generation resources to ensure that they are obtained at the lowest cost. The Public Service Commission recently adopted rules implementing this legislation and Rocky Mountain Power filed a request seeking up to 1,700 megawatts of new generation. The Division is working closely with the Company and the PSC to monitor the solicitation process and ensure that least-cost resources are available to Utah ratepayers.

Energy Section

Natural Gas

Wellhead prices are deregulated and determined by market conditions. Over the past fiscal year, and especially the winter months, due to increasing demand and the uncertainty over natural gas supplies these prices have seen substantial increases. While prices have decreased in recent months, price volatility in the natural gas market remains a potential threat to economic growth and stability in Utah. In response, the Division filed a joint application with Questar Gas Company in the fall of 2006. The application requested three items: (1) a rate decrease of approximately 9 million, (2) a commitment from the Company to pursue cost effective demand side management (DSM) programs, and (3) the adoption of a "Conservation

Enabling Tariff", designed to remove the disincentive for the Company of enacting DSM programs. The Public Service Commission approved the application, which initiated a three-year pilot program in which DSM programs and the tariff will be evaluated for effectiveness and modification. The Company launched a set of DSM programs in February 2007. The resulting DSM programs will help Utah ratepayers lower their gas consumption and overall energy bills during the life of the pilot project. A one-year review will be held in September 2007, in part to determine whether the programs are working, and whether the tariff should be continued.

Staff Highlights

Rea Petersen's leadership of the Division's complaint staff is a big reason that customer questions and complaints are handled promptly and continue to decrease over the years. She makes presentations to consumers and utilities, attends customer outreach meetings with the utilities, and has built a long and productive relationship with Utah ratepayers and customer service staff from regulated companies. Rea's long service with the Division is a real asset to our team.

Clair Oman, Utility Analyst, although relatively new to the Division, has contributed invaluable expertise in complicated telecommunications accounting rules and guidelines. Rocky Mountain Power's big rate case during the year strained the energy staff's resources; Technical Consultant **Tom Brill** ably managed the case - his first - to the great benefit of the Division and the public interest.

Jimmy Betham, although new this year as a Pipeline Safety Engineer, contributed to the success of the Pipeline Safety Section by identifying a problem -- some long-used forms were out of date -- and, as his manager said, "is going beyond the call of duty" to update them.

Questions specific to the Division of Public Utilities may be directed to:



Jeffrey Millington, Director
Division of Public Utilities
(801) 530-6659 jmillington@utah.gov



Committee of Consumer Services

The Committee of Consumer Services serves the public interest by providing the necessary education and advocacy for residential and small commercial utility consumers. Utah consumers depend on the Committee as their representative in public utility issues that come before the Utah Public Service Commission as well as in other policy forums. Another important role of the Committee is to be a reliable source of the objective information consumers need to make sound, informed decisions about their utility service. The Committee has been working to expand this educational role. With significant challenges coming to the forefront, the Committee's education and advocacy functions will become even more valuable and pay even greater dividends to Utah consumers.

OUR MISSION

The Utah Committee of Consumer Services was created in 1977 to represent customers of electric, natural gas, and telephone utilities. The six-member Committee includes representatives of urban and rural areas, low income and retired persons, business and residential utility customers, and a farmer or rancher. The Committee has the responsibility to: Represent the interests of small business owners, farmers and ranchers, and residential customers of natural gas, electric, and telephone utilities in Utah.

The Committee fulfills its statutory responsibility by performing the following tasks:

- *assess the impact of utility rate changes and other regulatory actions on residential consumers and those engaged in small commercial enterprises in the state of Utah,*
- *assist residential consumers and those engaged in small commercial enterprises in appearing before the Public Service Commission of the state of Utah, and*
- *advocate on its own behalf and in its own name, positions most advantageous to a majority of its constituency before the Public Service Commission of Utah.*

OUR COMMITMENT

The Committee advocates positions most advantageous to Utah residential and small commercial utility consumers. The Committee participates in Utah Public Service Commission proceedings by assessing the impacts of rate change requests made by utilities to assure that rates are just and reasonable and no more than necessary for safe and reliable service. The Committee examines the acquisition and management of energy resources, such as power plants and natural gas supplies, and monitors the reliability and quality of utility service, such as the maintenance of electric distribution systems, or the availability of telephone service in rural communities. The Committee represents consumers by contributing to the development of regulatory policies, such as long-term energy resource planning and policies for alternative energy resources, energy efficiency and conservation programs.

Fiscal Year 2007 Highlights

Regulatory Actions Impacting Customer Rates

During fiscal year 2007, the Committee actively participated in requests by electricity, natural gas, and telecommunication utility requests for changes to the rates charged for service. The Committee's participation in these cases resulted in millions of dollars in savings to Utah residential, agricultural and small business customers. Below is a brief summary of some of the major cases in which the Committee has taken action on in behalf of consumers:

PacifiCorp 2006 Rate Case

In March 2006, PacifiCorp (dba/Utah Power & Light Co.) filed an application with the Public Service Commission of Utah for a rate increase of \$197.2 million (approximately 17%), effective December 2006. The Committee actively participated as a key stakeholder in the rate setting process through the considerable efforts of its staff, augmented with expert consultants. The Committee scrutinized all supporting documentation and made recommendations regarding which costs incurred by the utility were prudently incurred and recoverable in rates, and which needed to be adjusted. On July 26, 2006, the Committee reached a settlement with PacifiCorp and other parties which would grant the company a \$115 million rate increase (60% of the original request).

In addition to paring down the amount of PacifiCorp's original requested rate increase, the Committee worked with interested parties to secure (1) no change in electric rates until August 2008 and (2) accountability safeguards to ensure that amounts allocated for system maintenance and capital expenditures are actually spent to improve reliability and quality of service in Utah. On December 1, 2006, the Commission approved the settlement, increasing PacifiCorp's annual revenue requirement by \$115 million, or 9.95%. In conjunction with the rate increase, PacifiCorp also requested to increase the customer charge (a charge for reading meters and issuing bills, etc.) from the current 98 cents to \$3.40. The Committee proposed that there be no increase in the customer charge. As a result, the Commission ordered that the monthly customer charge be increased to \$2.

Questar Conservation Enabling Tariff (CET)

Following the Committee acquiring a \$10,000,000 rate reduction as a result of an application filed in December 2005, by Questar Gas Company, Utah Division of Public Utilities, and Utah Clean Energy. The Committee began an evaluation of Questar's proposal to decouple or separate the two parts of a customers monthly bill: the amount a customer pays for natural gas service such as pipelines and meter reading, called distribution natural gas costs; and the amount of natural gas actually used. Questar proposed to charge customers a predetermined amount for the distribution natural gas costs.

From its investigation, the Committee decided to give the proposal a three-year trial, but with the opportunity at the end of the first year to propose eliminating this rate-making method, or propose alternatives. As part of the case, the Committee required that Questar agree to offer consumers cash incentives to conserve natural gas whether the decoupling was used or not, and to limit the rate impact of the new ratemaking method. Over the course of the year, the Committee continued to analyze the new tariff, whether it accomplished its goal of eliminating disincentives for providing conservation programs, and whether another option could accomplish the goal in a manner more consistent with the public interest.

On June 1, 2007, the Committee recommended to the Public Service Commission that the decoupling form of ratemaking be discontinued. After examining all of the ramifications, the Committee is convinced that ratepayers gain few or no benefits. The Committee recommended to the Commission alternative methods for dealing with declining use of natural gas due to utility sponsored conservation programs.

Fiscal Year 2007 Highlights

Regulatory Actions Impacting Customer Rates

General Service-Southern (GSS) / Expansion Area Charges (EAC)

In the late 80s and early 90s rural counties and communities in southern and central Utah requested the extension of natural gas service to residents and businesses. To defray the common costs of extending pipelines and distribution systems, the Utah Public Service Commission authorized Questar to charge customers either two times the monthly non-gas distribution charge for 20 years, called the GSS rate, or a fixed monthly charge that paid the service extension costs in about 15 years, depending upon the number of customers, called the EAC.

Because customers paying the GSS rate, the amount of which depended upon the amount of gas used, and went up with each rate increase, paid significantly more for service than other Utah customers, and in some cases saw no end to paying the EAC charge, representatives of these customers asked the Utah Public Service Commission to reconsider the rates. The Utah Public Service Commission asked the Division of Public Utilities, the Committee and Questar to review whether the rates were any longer necessary.

After substantial analysis and investigation, the Committee determined that the excess rates for natural gas service charged to rural customers did not appear to be just and reasonable, and in fact, could no longer be justified as the costs to extend service more likely than not had been paid.

The Committee's preferred remedy was to change the rates after considering the costs to serve all Utah customers in a general rate case, and to design rates that did not favor one customer over another based upon where the customer resided or conducted a business. The Committee agreed with a solution that did not require a general rate case because it would provide rate relief to rural customers in a much more immediate way. On April 24, 2007, the Utah Public Service Commission ordered that the GSS/EAC rates remain the same.

Telecom Competition

The Committee strongly supports the expansion of advanced telephone service availability in rural Utah through the introduction of competitive local exchange carriers into the areas that have characteristics suitable to support competition. The Committee participated in one such case in front of the Public Service Commission and is committed to ensuring robust service offerings to all consumers.

Customer Service

Regulatory Actions Impacting Resource Reliability

Integrated Resource Plan (IRP)

Rocky Mountain Power

In May 2007, PacifiCorp filed its Integrated Resource Plan (IRP). The purpose of the IRP is to determine future resource needs and analyze costs and risks associated with various resource choices. The Committee reviewed the filing to determine if the companies have produced a least cost, least risk plan. The Committee identified several areas of concern relative to PacifiCorp's underlying analytical assumptions and the treatment of various resource options. Since electric consumption is increasing and there are no excess resources available, the choices for future resource choices are critically important. New resources will have significant cost and policy impacts for the small consumer. The Committee made many recommendations for improvements. The Commission is expected to rule on this matter later this year or early next year.

Questar Gas Company's Integrated Resource Plan

Questar Gas Company also filed its IRP in May 2007. The gas IRP differs greatly from the electric IRP in focusing more on the short term. The Committee reviewed the filing both in terms of the reasonableness of the filing as well as the effectiveness of the guidelines currently used for filing requirements. The Committee does not believe that the filing is adequate for its stated purpose and made many recommendations for changes. The objective of the Committee is to see an IRP that allows us to ensure that consumer interests are protected. The Commission is expected to rule on this matter later this year.

Request for Proposals (RFP)

As required by the Utah Energy Resource Procurement Act, PacifiCorp sought approval from the Utah Public Service Commission of a competitive bidding process to acquire up to 1,7000 MW of electricity to be available to Utah customers in 2012, 2013, and 2014. The Committee participated in all phases of the proceeding including presenting its analysis of the amount and timing of the resources and briefing issues such as the allocation of the costs of the resources among the states that will benefit and critically reviewing whether the utility was adequately considering alternatives to large coal fired power plants. Hearings to determine whether the resources selected by the utility comply with the Energy Resource Procurement Act will be held in late 2007.

Customer Service

Regulatory Actions Impacting Resource Reliability

New Utah Area Code

The 801 area code is rapidly approaching the limit of available numbers. In 2001 when this issue last arose, the Commission ordered a geographic split and created the 435 area code. Since that time, the telecom industry has made many technical advances. The Committee considered the issues surrounding a new area code and recommended for an “overlay” rather than a “split” in introducing the next new area code. Experience in other areas of the country persuaded the Committee that small businesses are better served by an overlay and that residential customers are not harmed. The Committee will now work with other regulator agencies in ensuring that consumers are educated about the forthcoming changes.

Demand Side Management (DSM) or Energy Conservation Programs

The Committee recognizes that more efficient use of energy is of vital importance to all utility customers. Demand-side management programs are used to make investments to reduce utility peak demands, save energy and natural gas. Through the efforts of the Committee and other parties, Questar Gas began offering its customers a DSM program in January 2007. Committee staff actively participate in the Demand Side Management (DSM) advisory groups for both Rocky Mountain Power and Questar Gas.

The Committee is a strong proponent of cost effective DSM and will continue its efforts to ensure that consumers have access to appropriately designed programs and that the programs are monitored and verified for ongoing cost effectiveness. DSM programs play two important roles for consumers. First, cost effective DSM programs reduce overall resource costs, which translates into lower rates for consumers. Second, individual consumers can participate in these programs to help ensure that their own energy consumption is as efficient as possible, also lowering their rates.

Customer Service

Policy Issues Impacting Regulation

Policymakers at the state, regional and federal levels are examining potential changes to the regulation of the energy industry to address potential climate changes concerns. Many of these efforts are in their early stages. The Committee has been monitoring policy developments and participating, when appropriate, in policy forums addressing these issues. Changes to the regulatory system have potentially large impacts for small ratepayers. It is critical that any programs be designed with the consumer's interests in mind. The Committee will continue its participation in these efforts as regulatory policies continue to be examined.

In August 2005, five new federal standards were added to the Public Utility Regulatory Policies Act (PURPA) for state commissions and utilities to consider. PURPA states that "each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard" and "make a determination concerning whether or not it is appropriate to implement such standard." The standards regard: Net Metering, Fuel Diversity, Fossil Fuel Generation Efficiency, Time-Based Metering and Communication, and Interconnection. The intent of PURPA was: conservation of energy, the efficient use of facilities and resources by electric utilities, and equitable rates to electric customers.

The Committee participated in reviewing each of the five federal standards and made recommendations to the Commission giving consideration to the intent of PURPA, current statutes, Utah laws and practices, and the potential effect of implementation on utility customers. Some of the standards will be given further consideration in a new Commission process.

Customer Service

OUR VISION

Consumer Education and Communication

During a period of rapid growth and continual change, the Committee serves the public interest by communicating effectively with its constituents. The Committee uses many support tools to reach out to the public, such as: **telephone, email, outreach programs, public meetings, one-on-one meetings, newsletters, and the Internet.**

Committee Meetings – Open and Public

The Committee convenes regularly scheduled public meetings to review and assess the impact of utility rate changes and other regulatory actions on residential and small commercial consumers. Committee meetings provide utility customers the opportunity to present their concerns on issues affecting Utah ratepayers. The Committee meeting dates, times and agendas may be accessed on the Committee's Web site: www.ccs.utah.gov

CCS Newsletters

As a means to reach out and educate the public on current regulatory actions, energy efficiency and conservation tips, and other important issues, the Committee publishes quarterly Consumer Newsletter. Newsletters are disseminated to the public through local libraries and posted on the Committee's Web site at:

<http://www.ccs.utah.gov/newsletters.html>

Consumers may request newsletter alerts by contacting the Committee at 801-530-6487.

Web Site

The Committee's Web site is a great resource for consumers to learn more about current utility issues. Consumers are invited to visit the Committee's Web site at www.ccs.utah.gov. This year the Committee started the groundwork for a new educational Web site, which will be unveiled early next year. The new Web site will enable consumers to gain a better understanding about electric, natural gas, and telephone rates and issues; energy efficiency and conservation options; renewable energy; and much more.

Public Outreach Program

With a strong focus on education, the Committee has made special efforts this year to reach out to legislators, low-income advocate organizations, government agencies, minority organizations, and community organizations. The Public Outreach Program provides an opportunity for the Committee to listen to constituent concerns and explain utility issues affecting taxpayers.

OUR VALUED STAFF

Employee Spotlight

The Committee greatly values the diligence and commitment of its staff. This year, the Committee recognizes an outstanding individual—its new director.



On November 6, 2006, Governor Jon Huntsman announced the appointment of Michele Beck as Staff Director for the Committee of Consumer Services. Michele's extensive background both as a consumer advocate and professional in the electric industry has qualified her to carry out the policies and directives of the Committee.

Questions specific to the Committee of Consumer Services may be directed to:

Michele Beck, Director

Committee of Consumer Services
(801) 530-6674 ccs@utah.gov



Division of Real Estate

Mission

Our mission is to protect the public through education, licensure and regulation of appraisal, mortgage, and real estate professionals.

The Division's informal mission statement is to "make things as easy as possible for the good guys and as difficult as possible for the bad guys".

Internal Efficiencies

Over the past year, the Division has significantly reduced processing times and backlogs, while serving nearly 3,000 new customers, thereby accomplishing our goal of "doing more with less". The credit for this dramatic increase in efficiency belongs to the highly motivated and dedicated Division staff and their success in implementing a number of process improvements, including:

Electronic scanning of applications, change cards and other hard-copy documents sent to the Division, which allows staff to search for files from their computers rather than through multiple files in multiple physical locations.

Dedicating one staff person to handle all incoming phone calls, answering general questions and referring detailed questions to a licensing specialist. This has reduced "on hold" time from 20 minutes to 2 minutes.

Updating and redesigning the Division website to make it more user-friendly, including reorganization by industry, developing a Frequently Asked Questions lists, and creating a section for consumer education regarding buying a home and avoiding mortgage fraud.



Wildflowers by Mt. Timpanogos

Fiscal Year 2007 Highlights

Licensing

- The Division of Real Estate reached an all-time-high of **46,883 licensees**, a 10% increase from last year and a 66% increase since FY 2003.
- Implemented the new statutory requirements that all mortgage officers be affiliated with a licensed Principal Lending Manager (PLM) who is responsible for supervising individual licensees.

Online Renewal System

- Launched new “online license management system” that will allow licensees to manage individual licenses online via the Division’s website, including renewing licenses, online license renewal, managing company rosters, and updating addresses, license status and company affiliation.

Continuing Education

- Revamped pre-license and continuing education requirements for real estate licensees, such as allowing distance education, creating higher standards of quality for certifying courses, developing a mandatory “new agent sales course” and replacing the government-produced “core course” with “core topic courses” developed by the public sector and certified by the Division.
- Began “CE Banking” which allows licensees to view online credit received for completed continuing education classes.

Processing Improvements

- Closed 329 real estate cases, 29 appraiser cases, and 91 mortgage cases.
- Consistently met the Division’s benchmark for processing new applications, license renewals, and change cards by maintaining a one day average backlog.
- Developed and started using a Monthly Management Report (MMR) – for tracking critical performance measures across the Division.

Industry Outreach

- Conducted industry outreach by visiting and training licensees in Richfield, Moab, St. George, Brigham City, Provo, Park City and surrounding areas.



This is the Place State Park

Customer Service

Education

Within the appraisal, mortgage and real estate industries, the Division is charged with certifying courses and providers for both pre-licensing and continuing education. The Division also, through a private contractor, administers pre-licensing examinations for all three industries.

Additionally, the Division produces and provides courses and information directly to licensees. The Division publishes and mails to each licensee a quarterly newsletter.

The Division has an Education Coordinator for each of the three industries, as well as a Licensing and Education Director who oversees the activities outlined above.

The following tables show the number of certifications and exams over the past three years.

| Certifications | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|--|------------------|------------------|------------------|
| Educational Programs | 27 | 24 | 16 |
| Real Estate Continuing Education Classes | 416 | 659 | 815 |
| Real Estate Pre-Licensing Instructors | 36 | 46 | 54 |
| Real Estate Continuing Education Instructors | 192 | 369 | 486 |
| Mortgage Continuing Education Classes | N/A | 308 | 395 |
| Mortgage Pre-Licensing Instructors | N/A | 53 | 62 |
| Mortgage Continuing Education Instructors | N/A | 102 | 156 |
| Appraiser Instructors | 27 | 29 | 28 |
| | | | |
| Pre-Licensing Examinations | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate Agent Exams | 3,982 | 5,606 | 4,235 |
| Real Estate Broker Exams | 357 | 426 | 394 |
| Mortgage Lender Exams | 9,229 | 4,365 | 2,522 |
| Mortgage PLM Exams | N/A | 1,905 | 429 |
| Appraiser Exams | 107 | 130 | 101 |



Downtown Salt Lake City

Customer Service

Licensure

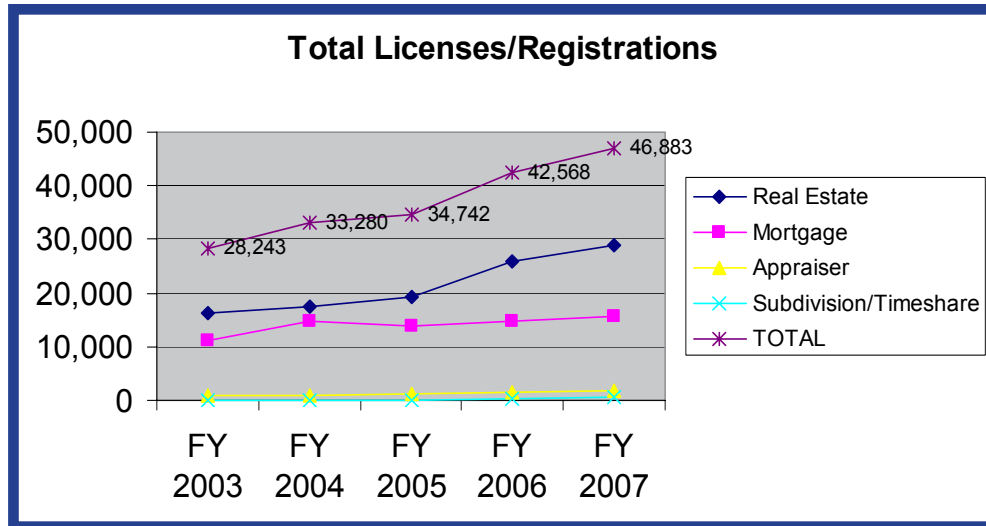
The first few years in the early 2000's saw a notable decrease in the number of appraisers. Since hitting a low of 991 appraisers in FY 2003, the State has seen a steady increase. At the end of FY 2007, there were 1,859 licensed appraisers and appraiser trainees.

The number of new licensees for both real estate and mortgage continues to grow dramatically, at an average rate of 475 new real estate and 300 new mortgage licensees per month. The Division has worked hard to maintain a high level of customer service as the number of customers has grown.

The licensing staff consists of a Licensing Specialist for each of the three industries, as well as administrative staff support for scanning/filing, license updates, and reception. The Licensing Supervisor and Licensing and Education Director oversee these efforts.

| Total Number of Licenses/Registrations | | | | |
|---|------------------|------------------|------------------|------------------|
| Licensees/Registrations | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 17,500 | 19,405 | 25,829 | 28,83 |
| Mortgage | 14,746 | 14,001 | 14,756 | 15,702 |
| Appraiser | 1,034 | 1,336 | 1,561 | 1,859 |
| Subdivision/Timeshare | - | - | 422 | 489 |
| TOTAL | 33,280 | 34,742 | 42,568 | 46,883 |
| New Licenses/Registrations Issued | | | | |
| Licensees | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 3,159 | 3,609 | 4,666 | 5,697 |
| Mortgage | 4,693 | 2,944 | 3,669 | 3,649 |
| Appraiser | 176 | 99 | 160 | 481 |
| Timeshare | 280 | 194 | 156 | 199 |
| TOTAL | 8,308 | 6,846 | 8,651 | 10,026 |
| Licenses/ Registrations Renewed | | | | |
| Licensees | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 7,387 | 6,8637 | 7,601 | 8,071 |
| Mortgage | 3,555 | 3,296 | 1,998 | 3,065 |
| Appraiser | 405 | 539 | 390 | 544 |
| Timeshare | 1 | 69 | 122 | 135 |
| TOTAL | 11,348 | 10,767 | 10,111 | 11,815 |

Total Registrations: Fiscal Year 2007



Enforcement

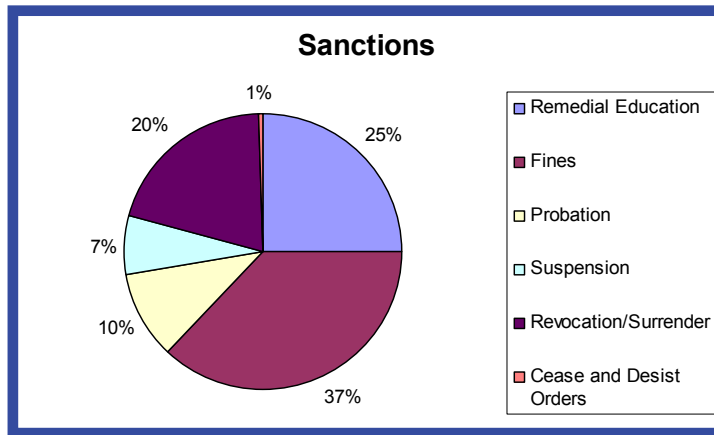
One of the Division's primary duties is to protect the public through the enforcement of appraiser, mortgage and real estate statutes and regulations. The goal of the Division as it relates to bad actors in all three industries is to "keep them out or kick them out".

The Division's enforcement staff consists of 10 Investigators and an Enforcement Secretary, as well as the Enforcement Director. In addition to audits and special assignments, the main source of information regarding licensees is the complaint process. This Division uses information obtained through complaints to regulate licensees. The Division does not mediate or resolve complaints between licensees and/or private parties and the Division does not represent individuals in legal actions.

When a complaint is received, an Investigator makes an initial determination as to whether a violation of the relevant law is alleged. Complaints are prioritized according to the seriousness of the allegation and current workload. If a case is opened, an Investigator is assigned and will collect relevant documents and testimony. Based on the findings, the Investigator will recommend the appropriate disciplinary sanction, if any. If a sanction is recommended, the case is referred to a prosecutor in the Attorney General's Office and, if not resolved by settlement negotiations, will proceed to an administrative hearing before the appropriate Board/Commission. Possible sanctions include remedial education, fines, probation, and license suspension or revocation. Cases with possible criminal violations are referred to the Attorney General's Office, County Prosecutors, and U.S. Attorney's Office.

Enforcement

| Fiscal Year 2007 Sanctions | Appraisal | Real Estate | Mortgage | Total |
|-------------------------------|-----------|-------------|----------|-------|
| Remedial Education | 1 | 32 | 3 | 36 |
| Fines | 2 | 44 | 7 | 53 |
| Probation | 0 | 13 | 2 | 15 |
| Suspension | 0 | 5 | 5 | 10 |
| Revocation/Surrender | 2 | 10 | 17 | 29 |
| Cease and Desist | 0 | 1 | 0 | 1 |
| TOTAL | 5 | 112 | 27 | 144 |



| Complaints Received | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|-----------------------|------------------|------------------|------------------|------------------|
| Real Estate | 281 | 328 | 429 | 559 |
| Appraiser | 111 | 91 | 85 | 89 |
| Mortgage | 247 | 313 | 251 | 345 |
| Investigations Opened | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 110 | 337 | 329 | 289 |
| Appraiser | 47 | 80 | 61 | 47 |
| Mortgage | 92 | 162 | 110 | 71 |
| Investigations Closed | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 80 | 208 | 657 | 329 |
| Appraiser | 78 | 34 | 34 | 26 |
| Mortgage | 27 | 60 | 104 | 91 |
| Hearings | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 49 | 68 | 74 | 21 |
| Appraiser | 11 | 7 | 71 | 13 |
| Mortgage | 35 | 51 | 66 | 27 |
| Active Investigations | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | 208 | 281 | 191 | 179 |
| Appraiser | 61 | 80 | 103 | 121 |
| Mortgage | 107 | 111 | 127 | 99 |
| CE Audits | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
| Real Estate | | | 163 | 95 |
| Mortgage | | | 4 | 35 |

Legislative Highlights



Senate Bills

*S.B. 199, Division of Real Estate and Title Insurance Related Amendments,
Senator Sheldon L. Killpack*

This bill made both technical and substantive changes to insurance, appraisal, mortgage, and real estate statutes in Titles 31A, 41-1a, 57-11-17, 61-2, 61-2b, and 61-2c.

Substantive changes include:

- Allows the Division to investigate and prosecute unlicensed individuals “acting in the capacity” of a person required to be licensed under the appraisal, mortgage and real estate statutes.
- Allows the Real Estate Commission, Mortgage Commission, and Appraisal Board to impose fines in an amount equal to the economic gain derived from the violation.
- Creates the “Utah Housing Opportunity” license plate to support organizations that create affordable housing for those in severe need.
- Outlines limitations on conducting title insurance business when licensed by both the Department of Insurance and Division of Real Estate.

Staff Highlight

The Division of Real Estate congratulates Dee Johnson on his new role as Director of Enforcement with the Division. He has been working in Enforcement since 2001. His extensive years of experience in each of the three private industries regulated by the Division have helped him excel in his previous capacity as an investigator, Chief Investigator and his new appointment in January 2007, as Director of Enforcement.

At a critical time when the Division began registering mortgage officers, Dee played a major role in the oversight of this newly regulated profession. Benefiting from his wealth of experience and reasoned judgement, the Division utilized Dee in numerous capacities including his ability to investigate complex fraud cases involving multiple industries.

Dee is optimistic and enthusiastic about the Division of Real Estate’s bright future. “We now have a real opportunity to curb loan fraud in Utah. Mortgage fraud had taken its toll on the Utah economy as well as the reputation of the State, the Division and licensees that we serve,” says Johnson.

Dee is confident that he and his staff are capable of confronting current obstacles as well as facing those yet on the horizon. The Division is pleased to have the dedicated service of Dee Johnson, and looks forward to him functioning in his role as Enforcement Director.

Questions specific to the Division of Real Estate may be directed to:



Derek B. Miller, Director
Division of Real Estate
(801) 530-6747 dmiller@utah.gov



Division of Securities

Mission

The Division of Securities enhances Utah's business climate by protecting Utah's investors through education, enforcement, and fair regulation of Utah's investment industry while creating opportunities for capital formation.

Internal Efficiencies

During fiscal year 2007, the Division of Securities processed an additional 7,744 license applications (an increase of 8.0% to a total of 104,222) without any increase in staff. Over the past four years, there has been an increase of 22,925 license applications, a 28.2% increase. The Division is able to process such a high volume of license applications because the Division of Securities uses application forms that are uniform for all state and federal securities regulators. Over 99% of all applications are processed electronically, which allows applicants to begin conducting business more quickly.

Three of the Balanced Scorecard metrics adopted by the Division of Securities in conjunction with Governor Huntsman's Utah Policy Partnership relate to productivity:

- The first metric is a goal to review and take action on agent license applications within three days of receipt 98% of the time. During the year, 98.78% of applications were approved or denied within three days.
- The second goal was to take action on incoming registration files (reviewing prospectuses for new offerings) within ten working days at least 90% of the time. We met this timetable 99.87% of the time.
- The third goal was to conduct initial screenings of new enforcement complaints and respond to the complainants within three days - at least 80% of the time. Responding to this goal, the enforcement section screened all new complaints within three days 100% of the time.



Fiscal Year 2007 Highlights

“Sentinel” Newsletter

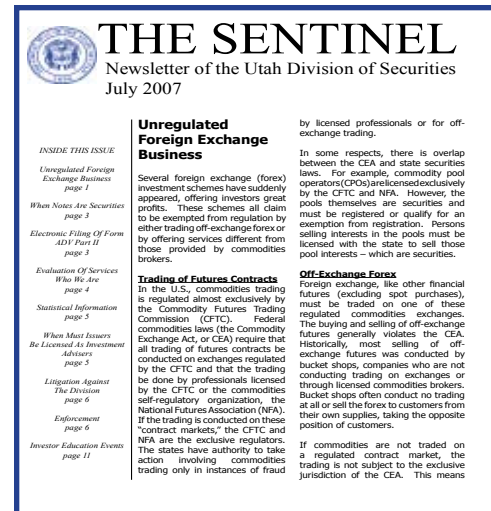
The Division of Securities educates securities firms and Utah securities lawyers about new developments in securities regulation by sending a quarterly newsletter called the Sentinel. The newsletter describes problems the Division has seen and summarizes enforcement actions taken during the prior three months. The Sentinel is sent to about 1750 brokerage and investment adviser offices in the state and to members of the Securities Section of the Utah Bar.

Young Investor Education

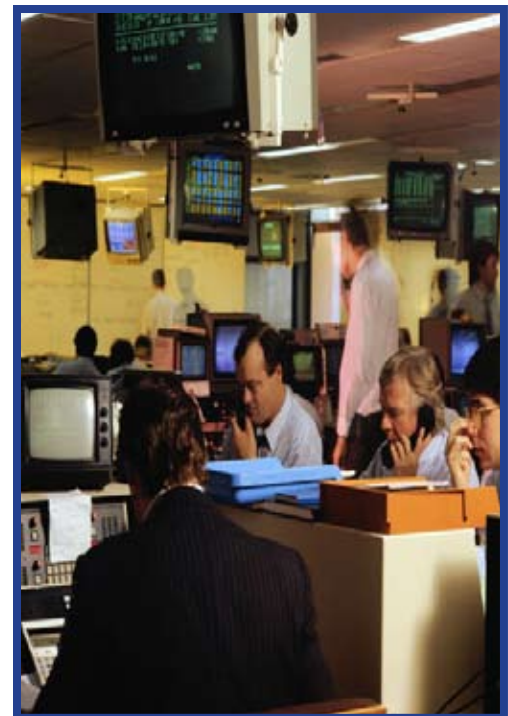
The Division promotes financial literacy and investment knowledge among secondary school students by actively working with the Utah Council on Economic Education to promote the Stock Market Game. Junior and senior high school students form teams and compete to invest a hypothetical \$100,000. Awards are given twice yearly to the winning teams. Division employees also train secondary school teachers how the Stock Market Game works and teach student teams about the financial markets.

Media Coverage

The Division of Securities seeks media coverage of its enforcement actions to educate the public about investment fraud, account to citizens on how their government operates, and deter those offering fraudulent investments. News releases describing each of the enforcement actions taken by the Division are posted on the website, along with a hyperlink to case filings. Some of these news releases are sent to the media. The Division of Securities also releases an annual prediction of the top ten investment scams, to warn the public about common fraudulent schemes being pitched.



Utah Division of Securities “Sentinel” Newsletter



Customer Service

Licensing

The Division of Securities licenses and regulates those in the securities industry that sell securities, offer advice about securities, or manage the investments of others.

These include: broker-dealers, securities agents, investment advisers, investment adviser representatives, issuer agents, and certified dealers and their agents.

The licensing section of the Division also oversees the operations of securities professionals by conducting compliance examinations of their operations and investigating complaints of misconduct.

When misconduct is found, disciplinary proceedings are brought.

The number of license applications processed by the Division continues to climb, as shown on the chart below.



| Licenses | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Broker-Dealers | 1,753 | 1,704 | 1,733 | 1,766 | 1,815 |
| Broker-Dealer Agents | 76,241 | 77,594 | 83,797 | 89,516 | 97,506 |
| Investment Advisers | 134 | 132 | 143 | 157 | 176 |
| Federal Covered Advisers | 609 | 643 | 701 | 1,398 | 877 |
| I.A. Representatives | 2,239 | 2,451 | 3,088 | 3,445 | 3,711 |
| Certified Dealers | 25 | 18 | 25 | 23 | 20 |
| Certified Dealer Agents | 82 | 78 | 85 | 90 | 97 |
| Issuer Agents | 214 | 83 | 87 | 83 | 117 |
| TOTAL | 81,297 | 82,625 | 89,574 | 96,478 | 104,319 |

Customer Service

Enforcement

The Division of Securities actively seeks to identify those investment offerings that are fraudulent or otherwise fail to comply with the law's requirements. Enforcement is a key component in promoting legitimate capital markets by preventing the loss of investor monies to fraudulent schemes and promoting investor confidence in the integrity of the markets.

The Division becomes aware of possible frauds as a result of investor complaints, referrals from other government and consumer agencies, and the Division's own investigative efforts (including undercover work). For allegations that prove valid, the Division can bring enforcement actions administratively (cease and desist orders or licensing discipline), in civil court (seeking court-imposed injunctions and restitution), or by referring cases for criminal prosecution. The Division works closely with criminal prosecutors in the Attorney General's office and multiple counties to obtain criminal convictions against the most egregious violators.

The following chart summarizes some of the Division's enforcement and disciplinary activities.

| Enforcement | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Complaints Received | 175 | 171 | 98 | 85 | 115 |
| Cases Opened | 104 | 87 | 70 | 61 | 77 |
| Cases Closed | 0 | 86 | 66 | 47 | 75 |
| Administrative Cases | | | | | |
| Cases Filed | 118 | 70 | 55 | 87 | 108 |
| Orders to Show Cause | 71 | 41 | 13 | 63 | 82 |
| Cease and Desist Orders | 34 | 32 | 8 | 7 | 44 |
| Stipulated Settlements | 37 | 29 | 30 | 4 | 30 |
| Denials and Revocations | 22 | 20 | 4 | 11 | 13 |
| Civil Cases | | | | | |
| Lawsuits Filed | 0 | 0 | 1 | 7 | 2 |
| Judgments | 0 | 2 | 0 | 1 | 0 |
| Criminal Cases | | | | | |
| Criminal Charges Filed | 46 | 54 | 35 | 19 | 24 |
| Convictions | 25 | 38 | 20 | 9 | 12 |
| Pleas in Abeyance | | | | 9 | 4 |
| Audits | 41 | 50 | 36 | 54 | 23 |
| Fines Paid | \$782,341 | \$3,353,142 | \$880,333 | \$450,393 | \$690,066 |
| Restitution Ordered | \$5,191,923 | \$28,167,307 | \$63,649,804 | \$2,480,666 | \$25,026,659 |

Customer Service

Registration/Corporate Finance

Another key component of the Division's efforts to promote legitimate capital markets is to register securities offerings that are qualified to be sold in this state and review the adequacy of disclosures to potential investors by companies offering certain types of securities. In addition, Division employees spend considerable time meeting with companies seeking to raise capital to explain the many options for raising capital and to discuss how to improve the quality of disclosure to potential investors.

The chart below lists the number of registrations, exemption offerings, and other filings reviewed by the Corporate Finance Section of the Division.

| Securities Filings | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Registrations | 125 | 136 | 146 | 128 | 123 |
| Coordination | 2 | 1 | 2 | 1 | 1 |
| Qualification | | | | | |
| Exemptions | 58 | 63 | 36 | 41 | 40 |
| Opinion/No Action Letters | 6 | 3 | 7 | 4 | 4 |
| Mutual Funds | 4,184 | 3,998 | 4,252 | 4,514 | 4,911 |
| Rule 506 | 437 | 531 | 659 | 808 | 1032 |
| Total | 4,812 | 4,732 | 5,102 | 5,496 | 6,111 |



Matheson Courthouse, Salt Lake City

Investor Education

The Division of Securities exerts significant effort in not only punishing those who engage in investment fraud, but also trying to prevent future losses due to fraud. The best way to prevent investment fraud is by educating investors, those raising capital and professionals who deal with finances.

During fiscal year 2007, the Division presented at 29 seminars directed at investors, reaching 3,193 citizens. Another 19 seminars were directed at professionals, reaching 1,558 individuals.

Among these are specialized education efforts, including the following;

Seniors



Partnering with AARP, the Division made presentations to 546 seniors in Logan, Salt Lake, St. George, Provo, and Layton.

Division employees also educated seniors about investment fraud through the Senior Expo, Utah Gerontological Society, presentations at a senior center, classes at recreational vehicle convention, and an instructional seminar to agents of Utah Adult Protective Services.



Secondary Schools

The Division is a board member of, and financial contributor (through the Investor Education and Training Fund) to, the Utah Council on Economic Education.

The UCEE sponsors the Stock Market Game that reached 4,365 students in 125 Utah schools, giving them an opportunity to understand stock quotes, research companies, experience simulated trading, and apply current events in our economy. In addition, Division employees visit classrooms to teach students and participated in training 47 new Stock Market Game advisors and 270 teachers statewide on financial literacy.

Investor Education

Professional groups

Employees in the Division are active in professional groups relating to securities topics including the Securities Section of the Utah State Bar and the capital formation group, the Wayne Brown Institute. Division staff has presented seminars to multiple professional audiences.

Educational materials

During fiscal year 2007, the Division developed new educational brochures and innovative tools that remind investors to “investigate before you invest” and to contact the Division to verify that salespersons are licensed. This included a “fake” investment offering in a magazine, followed by instructions on how to avoid being scammed in similar situations.



Example of Division of Securities Investor Education brochure

Staff Highlight

Jennifer Korb, a securities analyst, exemplifies the skills and dedication of so many employees in the Division of Securities. Jennifer investigates the allegations of investment fraud and recommends enforcement action against violators. Using her legal background, Jennifer assists all the enforcement cases by drafting orders opening the enforcement proceedings, negotiating settlement orders, and preparing cases for hearing or trial. She has been cross-designated as a Special Assistant U.S. Attorney and is helping prosecute an offender under federal criminal laws. Her assistance with two state criminal trials this year resulted in convictions in two hard-fought cases. She frequently goes beyond what is expected in providing service to citizens, including helping an elderly victim seek assistance from another agency. On her own time, Jennifer is even taking classes on analyzing financial statements to gain new skills for her job.

Questions specific to the Division of Securities may be directed to:

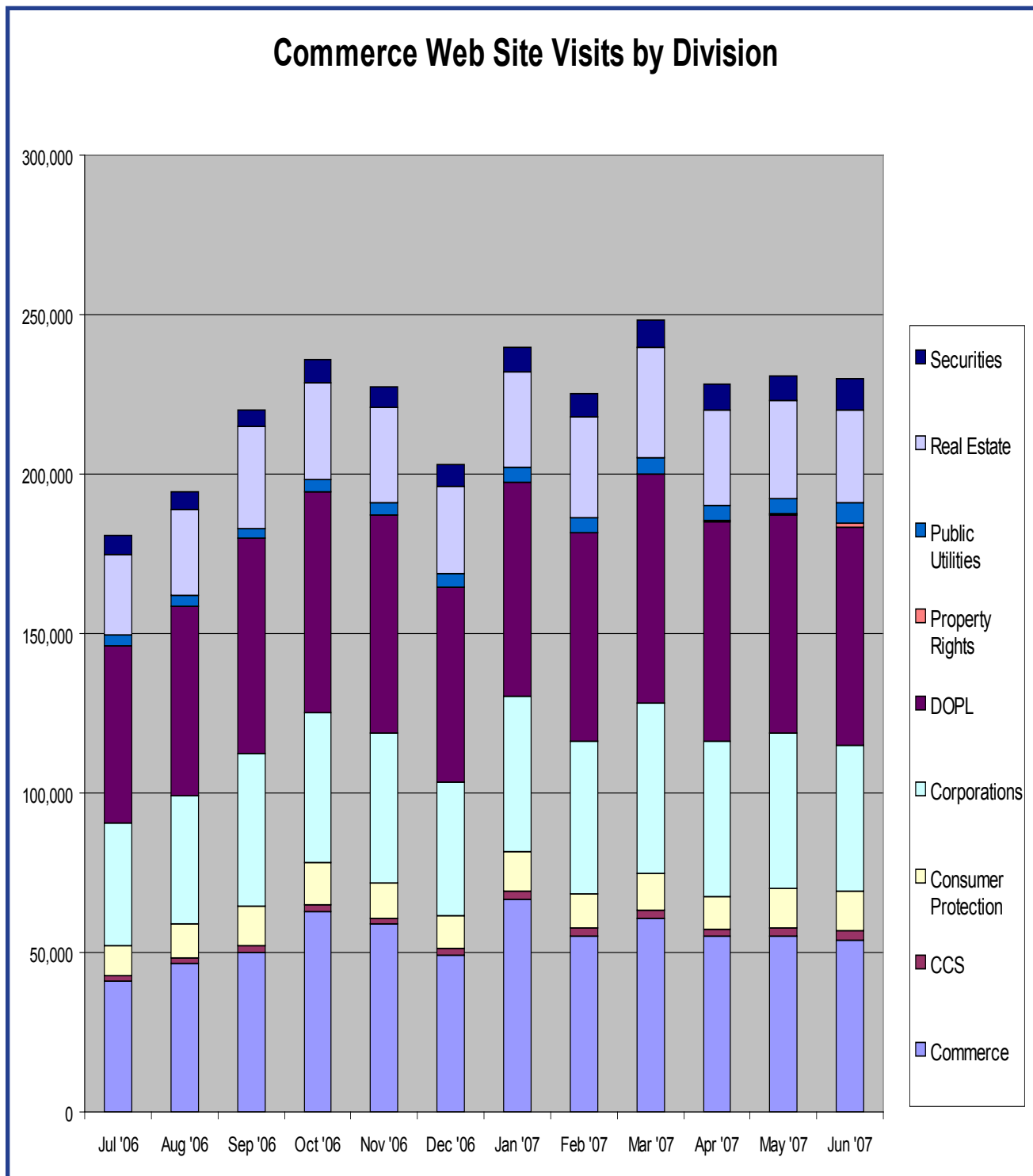


Wayne Klein, Director
Division of Securities
(801) 530-6600 wklein@utah.gov

Web Trends



The Department of Commerce continues to improve customer service across all Divisions through our online business, information and licensing services. The table below reflects monthly visitor totals and online adoption by division.



Web Trends



| Division of Corporations and Commercial Code <u>Certificates of Existence</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 697 |
| Online Transactions | 12,265 |
| Total Transactions | 12,962 |
| Online Adoption | 94.6% |

| Division of Corporations and Commercial Code <u>Annual Business Renewal</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 47,591 |
| Online Transactions | 114,289 |
| Total Transactions | 161,880 |
| Online Adoption | 70.6% |

| Division of Corporations and Commercial Code <u>Uniform Commercial Code Filings</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 10,411 |
| Online Transactions | 15,002 |
| Total Transactions | 25,413 |
| Online Adoption | 59% |

| Division of Corporations and Commercial Code <u>Uniform Commercial Code Continuation Filings</u> | Fiscal Year 2007 |
|---|-------------------------|
| Phone/Mail/Walk-In Transactions | 1,886 |
| Online Transactions | 2,574 |
| Total Transactions | 4,460 |
| Online Adoption | 57.7% |

Web Trends



| Division of Corporations and Commercial Code <u>Uniform Commercial Code Termination Filings</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 3,866 |
| Online Transactions | 6,312 |
| Total Transactions | 10,178 |
| Online Adoption | 62% |

| Division of Corporations and Commercial Code <u>Uniform Commercial Code Certified Searches</u> | Fiscal Year 2007 |
|---|-------------------------|
| Phone/Mail/Walk-In Transactions | 200 |
| Online Transactions | 1,151 |
| Total Transactions | 1,351 |
| Online Adoption | 85.2% |

| Division of Corporations and Commercial Code <u>One Stop Online Business Registration</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 34,376 |
| Online Transactions | 13,895 |
| Total Transactions | 48,271 |
| Online Adoption | 28.8% |

| Division of Corporations and Commercial Code <u>Business Entity Search - launched 3/14/07</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail/Walk-In Transactions | 186 |
| Online Transactions | 4,149 |
| Total Transactions | 4,335 |
| Online Adoption | 96% |

Web Trends



| Division of Corporations and Commercial Code <u>Registered Principal Search</u> | Fiscal Year 2007 |
|--|-------------------------|
| Total Online Transactions | 28,787 |
| | 100% |

| Division of Corporations and Commercial Code <u>Registered Principal Search through Business Entity</u> | Fiscal Year 2007 |
|--|-------------------------|
| Total Online Transactions | 164,573 |
| | 100% |

| Division of Occupational and Professional Licensing <u>Verifications</u> | Fiscal Year 2007 |
|---|-------------------------|
| Phone/Mail /Walk-In Transactions | 2,830 |
| Online Transactions | 865 |
| Total Transactions | 3,695 |
| Online Adoption | 23.4% |

| Division of Occupational and Professional Licensing <u>Professional License Renewal</u> | Fiscal Year 2007 |
|--|-------------------------|
| Phone/Mail /Walk-In Transactions | 7,335 |
| Online Transactions | 59,891 |
| Total Transactions | 67,670 |
| Online Adoption | 88.5% |

| Division of Real Estate | Fiscal Year 2007 |
|---------------------------------|-------------------------|
| Phone/Mail/Walk-In Transactions | 4,420 |
| Online Transactions | 6,649 |
| Total Transactions | 11,069 |
| Online Adoption | 60.1% |

Utah Department of Commerce Financial Summary 2007



FY 2007 Expenditure Summary

Department of Commerce Expenditures Fiscal Year 2007

Expenditures by Division:

| | |
|--------------------------------|---------------------|
| Administration | \$3,690,000 |
| DOPL | \$7,645,000 |
| Securities | \$1,569,000 |
| Consumer Protection | \$1,203,000 |
| Corporations | \$1,950,000 |
| Real Estate | \$1,737,000 |
| Public Utilities | \$2,844,000 |
| Committee of Consumer Services | \$997,000 |
| Building Rent | \$225,000 |
| Total | \$21,864,700 |

Utah Department of Commerce



Heber M. Wells Building

Utah Department of Commerce
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111

www.commerce.utah.gov