

Utah Department of Commerce

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2010 ANNUAL REPORT

UTAH DEPARTMENT OF COMMERCE
2010 Annual Report

Our Mission

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

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

i Governor's Statement

1 Executive Director's Statement

DIVISION REPORTS

2 Administration

6 Office of Consumer Services

10 Consumer Protection

14 Corporations and
Commercial Code

20 Occupational
and Professional Licensing

26 Public Utilities

32 Real Estate

38 Securities

DIVISION STATISTICS

42 Web Trends

44 Financial Summary

A Message from Governor Gary R. Herbert

STATE OF UTAH OFFICE OF THE GOVERNOR



GARY R. HERBERT
GOVERNOR



As Governor, it is my privilege to present the 2010 Annual Report for the Utah Department of Commerce. This state agency enables Utah's economy and ensures that Utah's businesses and citizens continue to grow and prosper. To all Department of Commerce employees, please accept my thanks and appreciation on behalf of the State of Utah for your tireless contributions and excellent public service. It is agencies like the Department of Commerce that allow Utah to maintain its distinction as one of the best managed states in the nation.

Sincerely,

A handwritten signature of Gary R. Herbert in black ink.

Gary R. Herbert
Governor

A Message from Francine A. Giani, Executive Director



GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah Department of Commerce

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director



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

It is my pleasure to present the Annual Report for Fiscal Year 2010 for the Utah Department of Commerce, recording how our agency and employees serve the people of Utah.

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

During fiscal year 2010, our 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 cut operational expenses by \$140K through decreases in IT expenses, building facility costs, and office spending.

The Office of Property Rights Ombudsman launched new online database of past advisory opinions.

The Office of Consumer Services partnered with task force to address service cost issues to ensure small customer classes pay fair rates.

Division of Consumer Protection recovered benefits for consumers totaling over 2.4 million dollars.

Division of Corporations and Commercial Code enabled 42% of all business filings completed online through web services.

Division of Occupational and Professional Licensing increased online license renewals to 91% of all licensee requests.

Division of Public Utilities Pipeline Safety Program received high scores from Office of Pipeline Safety for statewide inspections.

Division of Real Estate created an online complaint system that was utilized by 50% of complaints received by Division.

Division of Securities launched statewide investor education campaign targeting affinity fraud through print, radio, and television ads to complement Division's updated and user friendly website.

These advancements and others made Fiscal Year 2010 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:

- Office of Consumer Services (OCS)
- Occupational and Professional Licensing (DOPL)
- Consumer Protection (DCP)
- Public Utilities (DPU)
- Corporations and Commercial Code (CORP)
- Securities (DS)
- Real Estate (DRE)

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

Office of Property Rights Ombudsman

Introduction

The State of Utah and its political subdivisions must sometimes obtain or impose regulations upon the use of private land for the public good. These activities of government often conflict with the property rights of private citizens. The Office of the Property Rights Ombudsman (OPRO) was created by the Utah Legislature to respond to this conflict, and to protect Utah citizens' property rights.

Mission

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

- educate citizens and government officials regarding private property rights and the protection of those rights;
- encourage state and local government agencies to regulate and acquire land in a manner consistent with applicable statutes and constitutional law;
- advocate for fairness and compliance with state and local laws and ordinances; and
- assist citizens and government agencies to resolve property disputes fairly, in accordance with existing law, without expensive and time-consuming litigation.



Activities of government often conflict with the property rights of private citizens. The Office of the Property Rights Ombudsman was created by the Utah Legislature to respond to this conflict.

Fiscal Year 2010 Highlights

The OPRO continues to serve the citizens of the state of Utah by working to protect their property rights. As a result of those efforts, the OPRO coincidentally conserves the resources of the State of Utah and its political subdivisions by helping to avoid costly litigation between government and citizens. In addition, the OPRO improves the integrity and respectability of government by protecting the property rights of citizens and ensuring that government operates properly under the law.

Dispute Resolution in Eminent Domain Cases

The fiscal year 2010 saw an unprecedented number of road, utility and other public improvement and infrastructure projects in the State of Utah. Agencies conducting those projects, through the power of eminent domain, by necessity acquired many acres of private property from many landowners during 2010. The OPRO helped resolve many of these cases by working closely with UDOT and other entities to ensure that property was acquired according to law.



During the 2010 fiscal year, the attorneys at the OPRO:

- logged 435 telephone calls from citizens and government agencies where questions were answered or concerns resolved with one phone call;
- opened 342 cases;
- closed or resolved 252 cases;
- conducted 162 formal mediations of disputes.

Dispute Resolution in Land Use Cases

During fiscal year 2010, the OPRO experienced a slight increase in inquiries and requests for Advisory Opinions regarding land use and real estate development. Impact

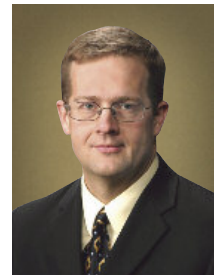
fees, legal nonconforming status (grandfathering), and development exaction seemed to be the primary topics of inquiry. During fiscal year 2010, the OPRO issued 22 formal advisory legal opinions.

OPRO Training Programs

The OPRO continued to engage in a vigorous training schedule during fiscal year 2010. OPRO attorneys provided 26 formal training sessions on topics within its purview to various groups throughout the state such as the Utah State Bar, UDOT, Rocky Mountain Power, and various municipalities and counties.

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

*Brent Bateman, Lead Attorney, Office of the Property Rights Ombudsman; (801) 530-6391
bbateman@utah.gov or via our webpage at www.propertyrights.utah.gov*



New Automobile Franchise Act and Powersport Vehicle Franchise Act

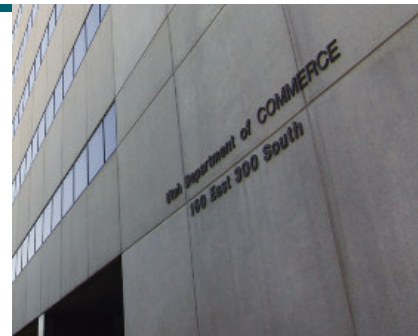
The *New Automobile Franchise Act* (NAFA) and the *Powersport Vehicle Franchise Act* (PVFA) protect the public interest by helping ensure fair business practices between vehicle franchisors and franchisees. The Acts establish a standard of conduct and clarify the duties of a franchisor (generally a manufacturer) 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 adjudication.



	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
New Automobile Franchise Act (NAFA)			
Franchisor/Franchisee Registrations	285	185	176
Powersport Vehicle Franchise Act (PVFA)			
Franchisor/Franchisee Registrations	54	35	33
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
	Filed Closed	Filed Closed	Filed Closed
Franchise Cases Adjudicated			
New Automobile Franchise Act (NAFA)	2 2	1 1	3 3
Powersport Vehicle Franchise Act (PVFA)	0 0	0 0	0 0

Administrative Actions

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



Administrative Actions

Division Cases	Total		DCP		CORP		DOPL		DRE		DS	
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010
Filed	66	57	10	6	0	0	49	47	6	4	1	0
Closed	68	60	11	8	0	0	46	49	10	3	1	0
Affirmed	13	10	3	1	0	0	6	9	3	0	1	0
Remanded	31	17	3	0	0	0	24	15	4	2	0	0
Dismissed	23	31	5	7	0	0	16	23	2	1	0	0
Reversed	0	0	0	0	0	0	0	0	0	0	0	0
Modified	1	2	0	0	0	0	0	2	1	0	0	0

Office of Consumer Services



Mission

The Office of Consumer Services is Utah's utility consumer advocate, representing residential, small commercial and agricultural consumers of natural gas, electric and telephone service before the Utah Public Service Commission.

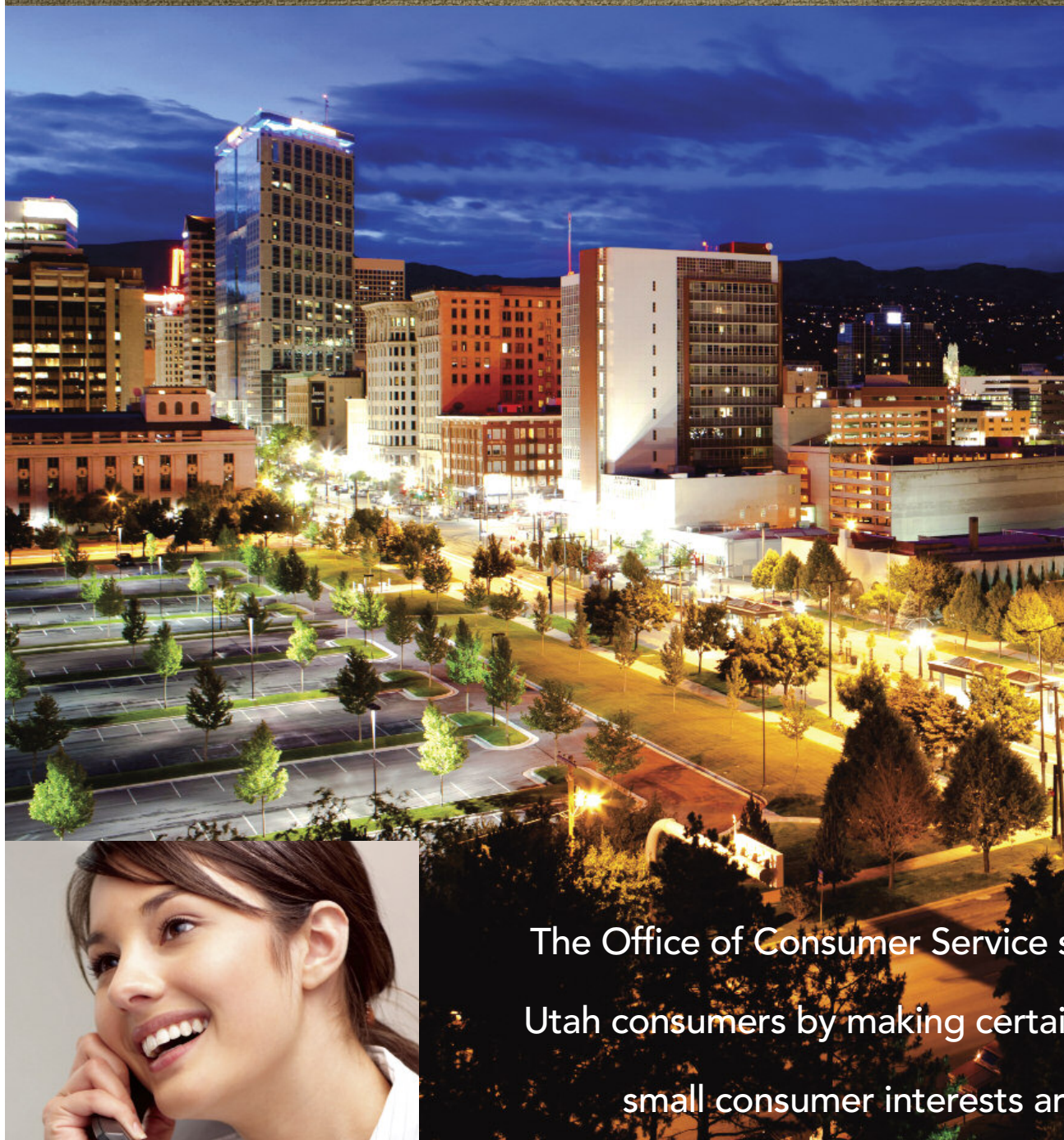
Utah's utility consumer advocate was first established as the Committee of Consumer Services in 1977 by the Utah Legislature. In 2009 the Utah Legislature reorganized the Committee into the Office of Consumer Services. The Office is staffed with five full-time professionals led by a Director who is appointed by the Governor, with the concurrence of the Committee, for a term of six years. The Director, on behalf of the Office, represents the interests of residential and small commercial consumers. The nine-member layperson Committee advises the Office on its regulatory and advocacy work and helps establish policy objectives.

The Office serves Utah consumers by making certain that small consumer interests are fully represented in all electric, natural gas, and telecommunication policy matters — which includes vigilant assessment of regulatory actions impacting customer rates, resource reliability, and policy issues.

Policy Objectives

During this fiscal year, in response to the reorganization of the Office during the 2009 legislative session, the Committee carefully considered and put into writing its policy objectives. These policy objectives were each discussed and formally approved by the Committee and represent the overarching principles that guide the work of the Office. One additional policy objective about state telecommunications policy is still in progress and others may be discussed as needed. The policy objectives are:

- The Committee of Consumer Services supports the Office advocating positions and taking appropriate actions that will result in public utilities providing reliable service to Utah consumers at the lowest reasonable cost, while appropriately considering risk factors.
- The Committee of Consumer Services supports a process for determining new electric resources that considers all appropriate costs, benefits and risks to Utah consumers. The Committee does not support a preference for any type of fuel or generating source, but rather a decision that minimizes costs (appropriately considering risk) and maximizes benefits to consumers in the long run.
- The Committee of Consumer Services supports the Office advocating positions and taking appropriate actions that will result in public processes in the regulation of public utilities that



The Office of Consumer Service serves Utah consumers by making certain that small consumer interests are fully represented in all electric, natural gas, and telecommunication policy matters.

promote broad participation, transparent operations, and maintain consumer protections.

- The Committee of Consumer Services supports all efforts toward maximizing consumer access to and understanding of information about utility operations, the regulatory and rate setting process, and all energy, telecommunications and related consumer protection issues.
- The Committee of Consumer Services believes that all significant policy changes that impact Utah consumers of public utilities should be pursued in a manner that minimizes costs and maximizes benefits to consumers in the long run.
- The Committee recognizes that there are some general rate benefits associated with utility low income programs, although these benefits are sometimes difficult to quantify. Therefore, the Committee supports a reasonable amount of funding for these programs.
- The Committee supports the Office advocating positions and taking appropriate actions that generally aim to maximize overall benefits for residential and small commercial customers, but also to oppose any utility rate or policy that is unjust or unreasonable for any subset of these customers.
- The Committee supports utilities pursuing cost effective energy efficiency and conservation programs. The Committee also supports pursuing these programs via rate mechanisms that minimize rate shocks and ensure that an appropriate level of benefit from the programs accrues to residential and small commercial customers.
- The Committee of Consumer Services supports the Office advocating positions and taking appropriate actions to maintain basic consumer protections for Utah public utility consumers. These protections include, but are not limited to:
 - Access to safe and reliable energy and telecommunications services.
 - Strong privacy protections to ensure that customer records and personal information, including payment and usage history, are only accessible to the customer, the utility and its partners and used solely for standard operations of the utility, such as efficient use of utility resources, production of accurate customer bills and the facilitation of conservation and energy efficiency programs.
 - Fair and reasonable standards for terms and conditions of service such as deposit and credit requirements, service denials and terminations, and deferred payment provisions.
 - Prohibitions of unfair, deceptive, fraudulent and anti-competitive practices on the part of any provider of electricity, natural gas or telecommunications.
 - Access to unbiased, accurate and understandable information concerning price, terms of service, and actual usage on all utility bills, marketing literature and relevant communications.
 - Widespread distribution of the benefits of any new regulated services, such as technological advances, improved efficiency, and competitive prices.

Utility Rate Increase Requests

The core work of the Office is to evaluate requests for rate increases and advocate on behalf of small consumers. This year, Questar Gas Company requested an increase of \$17.2 million. The Office worked with Questar and other parties to achieve a settlement of \$2.6 million and the implementation of a new mechanism for customers to pay the actual costs of a capital project to replace old pipeline.

Rocky Mountain Power requested a rate increase of \$66.9 million. The Office scrutinized the proposal from the perspective of the small customers and participated with several other parties. Ultimately, the Public Service Commission allowed a rate increase of only \$32.4 million, and rate increases for residential and small commercial customers averaged only 2.2% which was below the average overall increase. After the conclusion of the rate case, Rocky Mountain Power filed a separate request for rate increase for a Major Plant Addition, a new regulatory process recently allowed by the Utah Legislature. In this process, the Office and other regulatory participants reviewed the costs associated with a new transmission line and environmental upgrades for a coal plant.

One of the trends in utility rate cases is an increasing number of requests for rate recovery mechanisms other than the inclusion of costs within base rates. The Office won an important victory in its opposition to one of these mechanisms by effectively arguing that these new proposals need to be carefully and fully examined and demonstrated to be

in the public interest. Pursuing new rate structures without such analysis could be harmful to consumers.

Both the Questar and Rocky Mountain Power cases resulted in task forces to consider the cost of service issues. These will be important efforts that examine how to appropriately allocate costs among the different types of customers and are expected to be completed by next year. The Office is actively participating to make sure that small customer classes are only paying their fair share of utility costs.

Utility Resource Planning

Reviewing utility companies' plans for energy resources to cover future demand is another major area of the Office's regulatory involvement. This year, the Public Service Commission implemented significant changes to the kind of Integrated Resource Plan filed by Questar Gas Company. The Office participated to help ensure that the new process would protect small customers. The Public Service Commission issued its order in the most recent Rocky Mountain Power Integrated Resource Plan. The Commission supported many of the issues raised by the Office. The Office will continue its participation in these important ongoing processes to advocate the interests of small customers for resource planning that maintains reliable and low cost energy for Utah customers.

Energy Policy

Although no major changes resulted from the 2010 legislative session, several energy policy initiatives were considered and remain under study. The Office participates in these and other forums to keep informed on policy changes that may impact residential and small commercial customers.

As a result of the American Recovery and Reinvestment Act, regional efforts toward transmission planning have been increased. The Office has placed greater emphasis on its participation in these important efforts to ensure that electric infrastructure is in place to meet consumers' changing needs, but is also developed in a responsible manner. Some evidence of the increased voice of consumers in this effort, the Director of the Office has been appointed to the Board of Directors of the Western Electricity Coordinating Council, the organization that oversees electric reliability and transmission planning for the entire Western grid.

The Office has also continued its support for cost effective energy efficiency and conservation programs and participates actively in advisory groups for both Rocky Mountain Power and Questar. The advisory group worked closely with Rocky Mountain Power this year to develop an enhanced customer communication plan, which has resulted in an impressive new advertising campaign to increase customer awareness of the benefits of conservation and energy efficiency.

Telecommunications Policy

This year the Office also participated in a number of telecommunication cases with broad policy implications. In one case, the Office advocated vigorously to ensure that review of a telecommunication provider's authority was done in a public, formal process. Based on this public review, the Commission found that the Company had operated without authority and ordered it to stop doing business in Utah. This kind of process is important to the customers of Utah because stopping such improper activity ultimately lowers overall costs associated with telephone service.

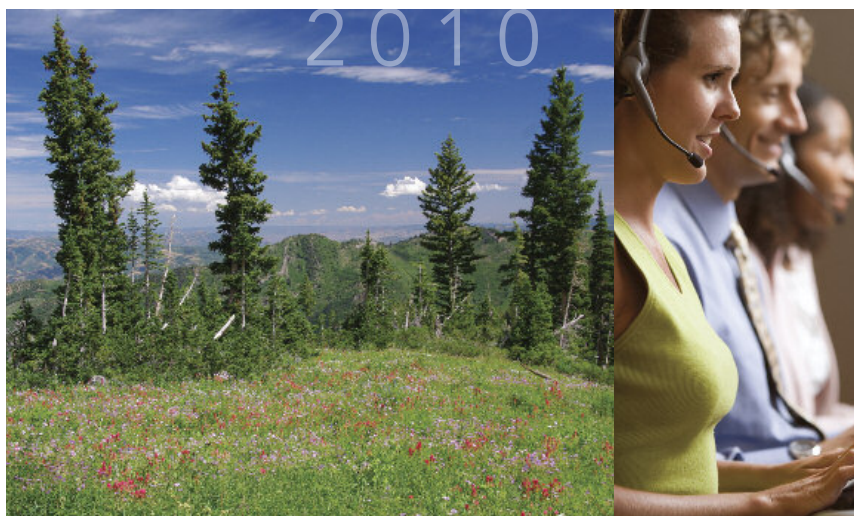
Also, for the first time in Utah a wireless telephone carrier applied to provide Lifeline service, which is reduced cost for low income customers subsidized by federal funds. This case is ongoing and is the first of several of its kind. The Office has advocated that although any new Lifeline program provides some level of benefit to low income consumers, since it is funded with public money we have an obligation to get the best level of benefit possible for those costs. The Office is closely monitoring the use of these funds as emerging policies could strain both the state and federal Universal Service Fund and ultimately impact customer rates as the funds are collected from telephone customers.



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

Michele Beck, Director; (801) 530-6674; ocs@utah.gov

Division of Consumer Protection



Mission

The Consumer Protection Division's mission is to respond to consumer complaints, to protect consumers from unfair and deceptive practices, to encourage businesses to develop fair practices and to provide consumer education.

About the Division

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

Education

The Division 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 and in providing consumer awareness of deceptive business practices. The Division also works with trade groups in explaining their obligations to consumers under state and federal consumer protection laws.

Registration

The Division regulates the following business organizations:

- Sellers of Business Opportunities
- Charitable Organizations
- Credit Service Organizations
- Debt-Management Service Providers
- Health Spas
- Postsecondary Proprietary Schools
- Professional Fund Raisers
- Telemarketers

Enforcement

The Division administers the following 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 Emergency Act
- Prize Notices Regulation Act
- Telephone and Facsimile Solicitation Act
- Telephone Fraud Prevention Act
- Unfair Practices Act
- Uniform Debt-Management Services Act



The Division of Consumer Protection responds to consumer complaints, protects consumers from unfair and deceptive practices, encourages businesses to develop fair practices, and provides consumer education.

Top 10 Consumer Complaints

The top consumer complaints received during FY2010 are as follows:

1 E-Commerce/Internet Offers: Deceptive practices conducted over the Internet continue to dominate the types of scams that the division sees. These complaints represent 27% of the top ten complaints. Con artists are able to use the Internet to exploit the consumer's vulnerability. There are several reasons for this vulnerability. The pitch is made in the privacy of the consumer's home where the consumer is less guarded. Consumers tend to believe what they read. The method of payment is quick and easy. Finally, consumers have little recourse if they find themselves victims of deceptive practices. Some of the more common tactics used are the unauthorized debiting of a consumer's bank account, the automatic billing of a monthly fee until notice of cancellation is received (negative option), and the failure to provide a three-day right of rescission.

2 Coaching Services: When a consumer purchases a business opportunity, it is not uncommon for the seller or one of its associates to follow up and offer the purchaser coaching services to make the business opportunity more profitable. These services tend to cost many thousands of dollars more than the purchase of the original business opportunity. Some of the deceptive practices common to this type of complaint are the misrepresentation of potential earnings and the qualifications or experience of their coaches. They often encourage consumers to contract for services from which the consumers cannot benefit.

3 Retail Sales: The deceptive practices common to this category of complaints include the failure to deliver products in the time represented, the failure to make refunds when required, the failure to disclose refund policies, and the failure to honor warranties.

4 Health Spas: The bad economy during the year caused many health spas to close their doors. The closures have resulted in refunds due to members.



5 Alarm Systems: Alarm system companies often sell their products by going door-to-door where aggressive sales tactics are used. In many instances, the company sells a new service as if it were an upgrade to an existing service resulting in the consumer being obligated to pay on two separate contracts.

6 Personal Services: Personal services are those economic services involving the personal effort of an individual as opposed to the sale of a product or commodity. Common deceptive practices are the unauthorized withdrawal of money from the consumer's bank account and the representation of an understated or misstated price, delivery date, or other material term with the intent to induce the consumer to enter into a contract knowing that the provider will not honor the bid.

7 Home Improvement/Repair:

The deceptive practices include the failure of the contractor to provide the service after receiving the consumer's deposit, the failure of the contractor to honor its warranties, the misrepresentation of the work of another as being the work of the contractor, and the refusal by the contractor to continue working until the consumer agreed to a higher price.

8 Debt Collection: The deceptive practices include the debt collector attempting to collect a debt from someone other than the debtor, attempting to collect more than what the debtor owes, or misrepresenting its legal status.

9 Auto Repair: Some of the deceptive practices common to this group are that the repair shop performed unneeded repairs, failed to disclose refund policies, and failed to obtain the consumer's express authorization for the repairs.

10 Billing Fraud: The deceptive practices include the unauthorized charge on the consumer's credit card and advertising that deceptively presents itself to the consumer as a bill.

Fiscal Year 2010 Highlights

Benefits Recovered for Consumers

The Division recovered over \$2.4 million in benefits for consumers during FY2010.

The Division Worked with State and Federal Enforcement Agencies to Protect Consumers

The Division coordinated a regional meeting between officials of the Employee Benefits Security Administration and various federal and state agencies and county attorneys regarding consumer fraud. Its Director attended the U.S. Consumer Product Safety Commission's annual state designee meeting in Washington DC. The Director also participated on the U.S. Attorney's Office task force involved in health care fraud.

The Bad Economy Continued to Make Consumers Vulnerable to Unfair and Deceptive Practices

The bad economy appears to have generated a record number of complaints during the fiscal year. It contributed to a large number of consumers being lured into purchasing expensive work-at-home schemes that were promoted by coaching companies promising high returns on their money. In addition, the Internet continued to be a fertile area where con artists took advantage of unwary consumers who were looking for deals. Also, health spa facilities continued to close at the pace that was set last fiscal year.

Statistics

Complaints

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Complaints Received	3,758	3,995	4,632
Complaints Opened	2,945	3,129	3,610
Complaints Closed	2,701	2,937	3,319
Cases Not Assigned	813	866	1,022

Registrations (Active)

Business Opportunities	22	12	12
Business Opportunities Exempt	1,505	996	996
Charitable Organizations	2,767	2,750	2,627
Charitable Organizations Exempt	402	940	1,092
Credit Service Organizations	41	12	13
Debt Management Service Providers	21	27	30
Health Spas	274	251	243
Pawnshops	—	—	117
Secondhand Merchandise Dealers	—	—	228
Professional Fundraisers	252	216	208
Proprietary Schools	79	65	65
Proprietary Schools Exempt	289	316	360
Telemarketers	81	69	81
Telemarketers Exempt	—	92	110

Total Benefit

Recovered for Consumers	\$2,774,183	\$2,999,272	\$2,422,858
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Total Fines Paid

	\$ 205,495	\$ 203,778	\$ 363,985
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New Online Registration for Charitable Organizations

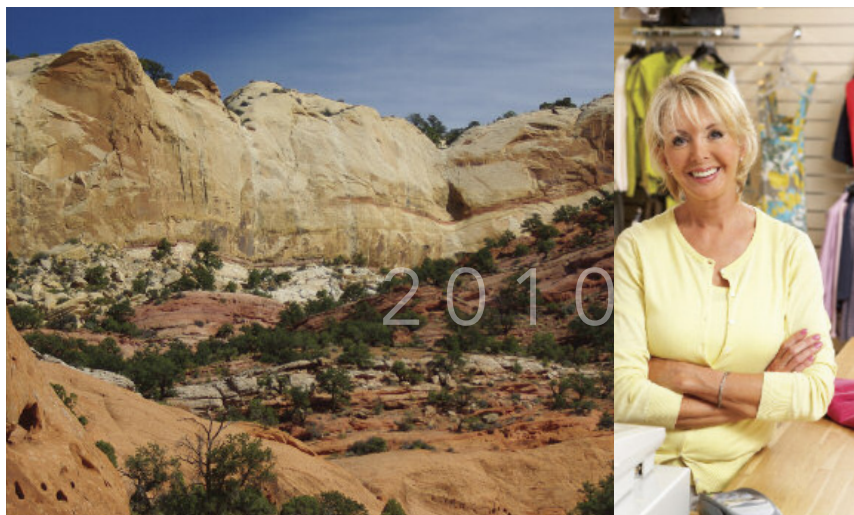
The Division rolled out its first online registration capability with its charitable organizations application. It is hoped that this will provide a convenient and inexpensive method for charitable organizations to be registered with the state.



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

Traci Gundersen, Director; (801) 530-6303; tgundersen@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 (UCC) and agricultural (CFS) lien notice 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, unincorporated cooperative associations, general partnerships and sole proprietors who have an assumed name, business trusts, real estate investment trusts, tribal businesses, and any other assumed business name.

Those entities which are created by filing with the Division are: corporations and limited liability companies. All other filings are notice filings and those entities can exist without the filing.

The Division now also collects voluntarily provided gender and race demographic information.

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. Out-of-state motorist service of process is also filed with the Division.

Out-of-state motorist service process is also filed with the division. Certain bankruptcy filings are sent to the division for notice only.

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 website — a partnership with multiple agencies from local, state and federal level; Verify Utah — an online voluntary registry of businesses that have complied with the federal e-Verify program; archival business research — searching old stock certificates to find disposition of business entity; and individual name searches — those people involved as principals



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.

Division of Corporations and Commercial Code

in businesses.

The Division staffs an information and help/phone center that answers an average of 8,000 phone calls per month. The help staff also provides an online information chat for those using online services. The agency has two customer service counters for walk-in assistance and partners with the Tax Commission to provide walk-in Assistance at the satellite offices in Washington County (Hurricane), Provo, and Ogden, Utah.

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 six member Help Center fields 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.

Uniform Commercial Codes

Year	UCC-1	UCC-1 Addendum	UCC-2	UCC-3	UCC-3 Addendum	CFS-1	CFS-3
2006	24,322	8,609	1,145	19,145	1,567	419	724
2007	24,744	10,629	1,365	18,311	2,098	319	612
2008	23,115	7,805	1,265	18,748	3,278	303	668
2009	18,295	4,565	1,113	17,394	1,525	361	537
2010	15,967	4,801	1,570	17,034	2,341	436	613

	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
UCC-1					
In-House Filings	10,394	10,564	8,281	4,391	4,137
Online Filings	13,928	14,180	14,834	13,904	11,830
Total	24,322	24,744	23,115	18,295	15,967
Adoption Rate	57.27%	57.31%	64.1%	76.00%	74.09%
Difference from previous year	-254	252	654	-930	-2,074
% Change	-1.79%	1.81%	4.61%	-6.27%	-14.92%
UCC-2					
In-House Filings	115	206	146	164	121
Online Filings	1,030	1,159	1,119	949	1,449
Total	1,145	1,365	1,265	1,113	1,570
Adoption Rate	89.96%	84.91%	88.46%	85.27%	92.29%
Difference from previous year	-300	129	-40	-170	500
% Change	-22.56%	-12.52%	-3.45%	-15.19%	52.69%
UCC-3 Termination/ Continuations					
In-House Filings	6,782	5,687	2,659	1,915	2,208
Online Filings	7,437	8,731	11,376	10,603	10,796
Total	14,219	14,418	14,035	12,518	13,004
Adoption Rate	52.30%	60.56%	81.05%	84.70%	83.02%
Difference from previous year	526	1,294	2,645	-733	193
% Change	7.61%	17.40%	30.29%	-6.80%	1.82%

New Filings

Year	Corporation	Percent Change	DBA	Percent Change	LLC	Percent Change	LP	Percent Change	Total Filings	Percent Change
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%
2008	11,491	-9%	16,793	0%	27,283	-1%	618	-17%	56,185	-3%
2009	9,256	-19%	15,659	-7%	24,344	-11%	515	-17%	49,744	-11%
2010	8,566	-7%	15,747	1%	24,143	-1%	378	-27%	48,834	-2%

Year	Average Number of Entities Gained per Month	Yearly Total	Percent Change
2006	1,503	18,036	8%
2007	1,669	20,030	11%
2008	1,512	18,144	-9%
2009	494	5,928	-67%
2010	516	6,192	4%

Other Data Entry

Year	Reinstatements	Amendments	Mergers	Conversions	Renewals	Change Forms
2006	4,504	4,001	413	1,298	15,629	20,590
2007	5,009	4,132	296	1,293	13,844	13,578
2008	3,232	4,401	499	1,618	22,111	6,288
2009	2,259	4,042	463	1,458	21,176	5,371
2010	2,665	3,049	352	617	19,498	4,617

Service Center

The Division has two service centers; one in the first floor lobby of the Heber Wells Building and one on the second floor with public access computers, which have streamlined the process of filing documents so customers face a minimal wait time. As a result, the Division of Corporations and Commercial Code usually keeps within the 24 to 48 hour turnaround time on all incoming documents.

Customer service is not something we can achieve with systems and processes alone. The Division's goal is to empower our employees, particularly those on the front line, to make a difference as they are the face of the Division. The Division of Corporations and Commercial Code continues to be committed to adopting new technology in order to better serve our customers.

Upgrades for 2010

The Division of Corporations and Commercial Code has implemented the following changes;

- Create a mobile phone application for accessing business entity look up
- Redesign and simplify the Division web page
- Create a voluntary online system to self-declare compliance with the U.S. e-Verify system
- Move more services online

One Stop Business Registration

The One Stop Business Registration website 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 enhancements with the launch of Phase III. The OSBR Group was able to target problem areas based on customer input and adapt the flow of the application to allow for

Division of Corporations and Commercial Code

	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
One Stop Business Registration					
In-House Renewals	41,237	43,052	36,690	30,365	28,736
Online Renewals	11,600	14,030	18,751	19,613	20,329
Total	52,827	57,082	55,441	49,978	49,065
Adoption Rate	21.52%	24.58%	34.13%	39.24%	41.43%
Difference from previous year	2,144	2,430	4,721	5,583	1,578
% Change	22.67%	20.95%	33.65%	29.77%	8.05%
All Online Services					
Total Online Filings	83,800	212,497	255,616	332,613	331,080
Adoption Rate	35%	64%	77%	81%	82%
Difference from previous year	15,573	128,697	43,119	76,9979	-1,533
% Change	22.83%	153.58%	20.29%	30.12%	-.046%
Certificates of Existence					
In-House Renewals	856	682	678	422	482
Online Renewals	10,116	12,163	11,337	10,530	10,716
Total	10,972	12,845	12,015	10,952	11,198
Adoption Rate	92.20%	94.69%	94.36%	96.15%	95.70%
Difference from previous year	1,515	2,047	-826	-807	186
% Change	17.61%	20.24%	-6.79%	-7.12%	1.77%
Annual Business Renewal					
In-House Renewals	103,296	35,790	22,111	22,132	19,498
Online Renewals	39,308	113,733	149,447	160,163	166,964
Total	142,999	149,523	171,558	182,295	186,462
Adoption Rate	27.56%	76.06%	87.11%	87.86%	89.54%
Difference from previous year	11,561	74,425	35,714	10,716	6,801
% Change	41.67%	189.34%	31.40%	7.17%	4.25%

a more user-friendly experience. These enhancements have resulted in the Division reaching 42% online adoption for new filings. This encouragement of online filings helps the Division manage growth in business without requiring growth of government.

The following local partners offer business licensing services through OSBR: Salt Lake City, Sandy City, West Jordan, 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.

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

*Kathy Berg Director
(801) 530-4849
kberg@utah.gov*





Representatives from foreign countries continue to look at the Division's One Stop Business Registration website as a model of government filing efficiency.

Division of Occupational and Professional Licensing

Mission

The mission of the Division of Occupational and Professional Licensing (DOPL) is to protect the public and to enhance commerce through licensing and regulation.

DOPL Objectives

- Provide courteous customer service that is responsive, accurate, and informative
- Collaborate with stakeholders to balance regulation and commerce
- Administer programs and applications efficiently
- Enforce laws effectively and in a timely manner
- Promote a positive working environment where employees can participate and develop as teams and individuals.

Licensing Statistics

One of the primary purposes of the Division is to protect the public by ensuring that an applicant for a professional license achieves at least a minimal level of competence.

Total Licensees

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Total Licensees	158,001	169,093	169,380	169,597

New Applications Submitted

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Applications	33,205	31,954	29,879

Licensees Renewal

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Renewals			
Online	70,087	64,264	84,391
Manual	17,378	7,905	7,831
Total	87,465	72,169	92,222
Percent of Renewals Online	80.13%	89.05%	91.51%



Governor Gary Herbert signs House Bill 28 at the State Capitol, Gold Room on April 28, 2010.

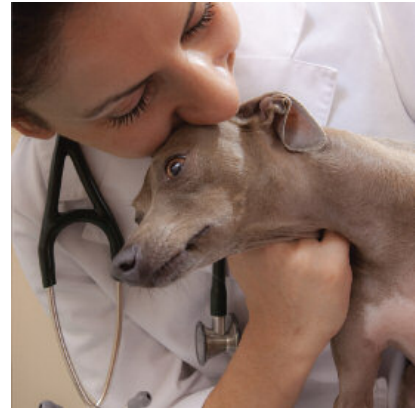


The mission of the Division of
Occupational and Professional
Licensing is to protect the public
and to enhance commerce through
licensing and regulation.

Division of Occupational and Professional Licensing

Licensees by Profession (Including Temporary Licenses)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Acupuncturists	81	102	108
Alternative Dispute Resolution Providers.....	59	49	49
Architects	2,063	2,286	2,371
Athlete Agents	8	9	16
Athletic Trainer	223	214	264
Building Inspectors.....	657	702	608
Burglar Alarm Company Agents.....	5,561	4,126	5,265
Burglar Alarm Companies	168	160	172
Certified Court Reporters.....	129	137	141
Certified Public Accountants	4,258	4,183	4,335
Certified Public Accountancy Firms.....	659	612	651
Chiropractic Physicians	756	813	873
Contractors & Handyman	22,259	22,261	17,283
CS Handler: Facility and Individual.....	97	92	101
Controlled Substance Precursors:			
Purchaser and Distributor.....	15	10	11
Cosmetologist / Barbers.....	22,679	24,025	23,752
Cosmetology / Barber Schools.....	44	52	46
Deception Detection Examiners and Interns...	31	29	29
Dental Hygienists.....	1,883	2,074	2,157
Dentists.....	2,422	2,528	2,604
Dietitians, Certified	584	579	622
Direct-Entry Midwives	16	21	20
Electricians	11,756	9,354	9,869
Electrologists	122	131	115
Electrology Schools	1	1	1
Engineers: Professional and Structural.....	7,537	7,439	7,933
Environmental Health Scientists	244	227	235
Estheticians and Master Estheticians.....	2,335	2,685	2,687
Esthetics Schools.....	22	28	23
Factory Built Housing Dealers.....	55	45	44
Funeral Directors Apprentices.....	337	348	387
Funeral Service Establishments	104	108	113
Genetic Counselors	39	43	48
Geologists.....	888	843	863
Health Facility Administrators	323	301	339
Hearing Instrument Specialists.....	108	108	114
Hunting Guides / Outfitters	NA	NA	51



Licensees by Profession Including Temporary Licenses (Cont.)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Land Surveyors.....	726	692	735
Landscape Architects.....	387	426	441
Marriage and Family Therapists	531	528	553
Massage Therapists	4,841	4,405	4,983
Medical Language Interpreter.....	NA	NA	4
Nail Technicians.....	3,419	3,924	3,538
Nail Technician Schools.....	6	9	8
Naturopathic Physicians	30	31	40
Nurses	26,406	27,676	28,567
Occupational Therapists and Assistants.....	706	684	732
Optometrists.....	429	457	468
Osteopathic Physicians	351	429	457
Pharmacists, Interns, and Technicians	6,893	7,499	8,220
Pharmacies.....	1,229	1,304	1,263
Physical Therapists.....	1,587	1,714	1,973
Physician Assistants.....	641	771	836
Physician / Surgeons.....	7,719	8,221	8,512
Plumbers	5,064	4,294	4,455
Podiatric Physician	185	191	196
Preneed Funeral Arrangement Providers and Sales Agents.....	180	361	438
Private Probation Providers	62	37	67
Professional Counselors.....	826	917	953
Psychologists Psychology.....	842	840	866
Radiology Technologists and Practical Technicians.....	2,584	2,450	2,655
Recreational Therapists	763	659	705
Respiratory Care Practitioners.....	1,248	1,220	1,293
Security Companies	85	68	87
Security Personnel: Armed and Unarmed Officers.....	5,686	3,715	4,259
Social Workers.....	5,343	5,776	6,005
Speech-Language Pathologists and Audiologists	755	712	779
Substance Abuse Counselors.....	423	415	443
Veterinarians and Interns	622	649	670
Vocational Rehab Counselor.....	NA	NA	98
Total	169,093	169,380	169,597



Division of Occupational and Professional Licensing

State Construction Registry

The State Construction Registry provides full disclosure to property owners, contractors, and other interested parties, of people or entities providing goods and services to a construction project. The registry is a standardized statewide system for protecting construction lien rights through preliminary notices, notice of completions and notices of commencements.

	Fiscal Year 2009	Fiscal Year 2010
Notice of Commencement Filings	43,623	44,165
Filed by Municipalities	38,031	39,185
Filed by Users	5,592	4,980
Preliminary Notice Filings	109,198	109,551
Notice of Completion Filings	4,483	4,192

Residence Lien Recovery Fund

The Utah Residence Lien Recovery Fund, in certain circumstances, bans a person from maintaining a lien on a residence and serves as a payment source for contractors, suppliers, and laborers, if a contractor fails to pay costs on a covered project.

	Fiscal Year 2010	Since Program's Inception
Residence Lien Recovery Totals		
Number of Claims Filed	186	2,565
Amount of Claims	\$1,749,566	\$17,991,822
Number of Claims Paid	142	1,721
Amount of Paid Claims	\$1,262,356	\$10,812,306
Number of Claims Denied	35	483
Number of Claims Dismissed	7	215

Prelitigation

The Division's prelitigation program is intended to expedite early evaluation and settlement, or other appropriate disposition, of medical malpractice claims. Parties in a medical malpractice suit are legally required to present their claims prior to filing in District Court. The program's duties and responsibilities are to provide medical malpractice prelitigation hearing panels when properly requested by a party initiating a medical malpractice action.

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Prelitigation Action			
Cases Opened	359	338	295
Requests Denied	42	37	35
Hearings Scheduled	193	196	194
Cases Closed	341	361	312
Outcome of Prelitigation Cases			
No Merit	143	144	162
Meritorious	22	20	13
Stipulated	76	72	50
Dismissed	69	67	61
Split Decision	28	29	18
Jurisdiction	3	29	8

Investigations

One of the Division's most important functions is to investigate violations of Utah's professional licensing laws. Investigative efforts are intended to protect the public from fraud and ensure compliance with the law.

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Complaints			
Complaints Received	3,926	4,549	3,687
Complaints Assigned	3,302	3,995	2,991
Closed Cases	4,243	4,147	3,523
Actions			
Felony Filings	52	47	27
Misdemeanor Filings	58	15	8
Administrative Filings	202	245	334
Letters of Concern	640	501	435
Diversion Referrals	31	32	28
Citations Issued	908	510	715

Utah Recovery Assistance Program (URAP) and Probation

For license holders who commit or are likely to commit unlawful or unprofessional conduct but who are not a serious offenders, the Division offers two types of programs to correct behavior while allowing the individual an opportunity to make a living. URAP currently offers the option of diversion to a licensee who needs rehabilitative assistance and who has not been previously sanctioned by a licensing board. The URAP program is a non-public confidential program designed to assist and guide licensees to full recovery.

Probation may occur when a public disciplinary approach is warranted against a licensee. For both the URAP program and the Probation program when a licensee enters the program they are required to formally agree to the terms and conditions of the program and the consequences of their failure to meet those terms and conditions.

	Fiscal Year 2009	Fiscal Year 2010
Total Number of Active Licensees	169,380	169,597
Total Number of		
Diversionees (URAP)	148	149
Total Number of Probationers	410	489
Percent of Licensees Managed by		
Diversion or Probation Agreement	.329%	.360%

Controlled Substance Database

The Utah Controlled Substance Database Program tracks and collects data on the dispensing of Schedule II-V drugs by all retail, institutional, and outpatient hospital pharmacies, and in-state/out-of-state mail order pharmacies. The data is disseminated to medical and law enforcement professionals and used to identify potential cases of drug over-utilization, misuse, and over-prescribing of controlled substances throughout the state.

	Fiscal Year 2010
Total prescription records since inception	35,517,740
Total prescriptions processed in FY2010	5,128,917
Database Reports	
Online Reports	179,600
In-House Reports	20,788
Total Database Reports	200,388
Reporting Pharmacies	566
Cases vs Non-Reporting Pharmacies	0
Number of doctor shopper letters sent to practitioners	1,381
Cases referred to Insurance Fraud	53
Letters regarding forged prescriptions	13
Denial Letters	11
Active Online Users	
Law Enforcement	457
Pharmacist	638
Medical Practitioners	2,958
Others	44
Total	4,094

Questions specific to the Division of Occupational and Professional Licensing may be directed to:
Mark Steinagel, Director; (801) 530-6626; msteinagel@utah.gov



Division of Public Utilities



Mission

The Division of Public Utilities promotes the public interest in public utility regulation and works to assure that all customers of regulated gas, electric, telephone and water utilities 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.

Division activities include:

- Investigating applications for certificates to provide utility service or to build new utility facilities;
- Auditing, analyzing, and investigating proposed rate increases or changes;
- Investigating and resolving complaints of utility customers;
- Monitoring the safety of natural gas pipelines within the state;
- Reviewing reports of all utilities;
- Auditing the finances and activities of utilities doing business in Utah;
- Assisting in the monitoring and management of the Universal Service Fund (which provides support for telecommunications customers in high-cost areas);

- Monitoring compliance with Utah law and PSC rules and orders;
- Coordination and consultation with other state agencies in developing and implementing utility and other state policies;
- Advising the Governor and Legislature as requested.

About the Division

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

Fiscal Year 2010 Highlights

Rocky Mountain Power Rate Case

Rocky Mountain Power filed for a general rate increase of \$66.9 million. The PSC ordered an increase in annual rates of \$32.4 million, a 2.2 percent increase.

Questar Rate Case

Questar Gas sought an increase of approximately \$17.2 million in the amount it collects for the distribution of natural gas. The Commission approved a settlement allowing for an increase of \$2.6 million while also establishing a tracking account to allow recovery of costs for replacing high-pressure gas feeder lines.



The Division of Public Utilities works
to assure that all customers of
regulated gas, electric, telephone
and water utilities have access to safe,
reliable service at reasonable rates.

Carbon/Emery Telecom Rate Case

Carbon/Emery Telecom filed a request for an allowed revenue increase of approximately \$990,000 per year, all of which would come from the Utah Universal Service Fund. The Division and Carbon/Emery reached a settlement that calls for an increase in customer rates of \$93,000 per year and an increase in USF payments of \$788,000 per year.

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, one electric service district, and one electric improvement district. Questar Gas Company is the only rate regulated natural gas company in the state. The Division also 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. It also assists in the development and implementation of the state's energy policies.

Electricity

On June 23, 2009, Rocky Mountain Power filed an application for a general rate case with an increase of approximately \$66.9 million. Division staff and auditors reviewed the Company's application, audited the Company's books, and recommended adjustments to the Company's filing totaling over \$58 million, or an increase in rates of only \$8.5 million. Unlike most energy rate cases, this case was fully litigated in all issue areas. The Commission ordered an increase in Rocky Mountain Power's annual revenue requirement of \$32.4 million, a 2.2 percent increase in Rocky Mountain Power's Utah revenue requirement.

In 2009 the Utah Legislature passed into law, and the Governor signed, Senate Bill 75 which enacted Utah Code § 54-7-13.4. This section creates a procedure for alternative cost recovery of major plant additions for gas or electrical corporations. The first case under the new statute was filed on February 1, 2010. The plant additions in this filing included emissions control equipment at the Dave Johnston power plant and a transmission line between the Ben Lomond and Terminal substations. The Company's Application sought an increase in rates of \$33.7 million and requested the rate increase be deferred until approximately January 1, 2011. After reviewing the Application, the Division, in concert with other Utah parties, entered into a settlement with the Company to increase rates by \$30.8 million

with the increase deferred to January 2011. The Commission approved the proposed settlement.

Senate Bill 75 also allowed for the creation of "energy balancing accounts" for electric utilities to better recover actual incurred power generation costs. In May 2009, Rocky Mountain Power filed an application with the Commission to establish such an account. The Division — alone among the non-Company parties — testified that, while it disagreed with the mechanism proposed by the Company, a balancing account design for Rocky Mountain Power that served the public interest was possible. Proceedings on the case are still ongoing.

Natural Gas

On December 3, 2009, Questar Gas Company (Questar) filed an Application with the Commission seeking an order authorizing an increase of \$17.2 million in the amount it collects for the distribution of natural gas. The Commission approved a settlement between Questar, the Division, and other Utah parties increasing Questar's rates by \$2.6 million, effective August 1, 2010. The settlement agreement also established a three-year pilot infrastructure tracker program designed to recover the costs associated with replacing aging high-pressure feeder lines.

Demand-Side Management Programs

In recent years, both utility companies and state regulators have determined that, in many cases, the least expensive unit of energy is the unit that is not used. As a result, demand-side management (or DSM) programs have been implemented to provide incentives for customers to reduce their energy usage. Such programs provide not only direct cost saving to individuals, but also savings to all customers by reducing the need for utility energy purchases or by reducing or slowing a utility's capital investment needs. In recent years, the Division has placed an increasing emphasis on DSM and both Questar Gas and Rocky Mountain Power operate robust and growing programs. In 2009, Questar's program was awarded an award as Energy Star Partner of the Year by the U.S. EPA for its Energy Star New Homes program.

Telecommunications and Water Section

The Telecommunications and Water Section advises the Utah Public Service Commission (PSC) on issues relating to regulated telecommunications and water companies in Utah. Typical issues include:

- Requests for rate changes;
- Rulemakings;
- Applications for Certificates of Public Convenience and Necessity;
- Hearings on disputed issues;
- Compliance and financial audits; and

- Investigation of other issues as requested by the PSC.

Telecommunications Regulation

As the administrator of the Utah Universal Service Fund (USF), the Division conducts regular reviews of the USF support received by the rural telecommunications carriers. These carriers receive support to help defray the expense of servicing high-cost rural areas. USF funds also support the cost of providing service to qualifying Lifeline (low-income) customers. During FY 10, the USF fund balance ranged between \$5.9 and 7.6 million. This level was maintained despite the Commission reducing the customer surcharge rate from 0.45% to 0.25% in November, 2009. The balance in the USF fund has remained high due to increasing revenue from the growth in wireless telephone customers.

Three telecommunications rate cases were investigated in FY10.

In April, 2008, Manti Telephone filed a rate case that included an increase in requested USF support in the amount of \$3.2 million per year. In the summer of 2008, the Division began a review of the financial statements filed by the company. In 2009, the Division and Manti reached an agreement to charge interim rates while the Company changed its accounting practices. The final rate change determination is still pending.

Carbon/Emery Telecom filed in September, 2009. Carbon/Emery requested an annual revenue increase of approximately \$990,000.

The total amount would come from an increased distribution from the Utah Universal Service Fund (USF). The Division reviewed the records of Carbon/Emery and reached a settlement in March, 2010 allowing for an increase in customer rates of \$93,024 and an increase in USF payments of \$788,000 annually.

Direct Communications Cedar Valley, serving Eagle Mountain, also filed last year. Their application called for an increase in annual USF support of \$2,092,638. That request was later reduced to an increase of \$130,151. The Company and the Division eventually agreed to leave Direct's USF distribution unchanged.

A non-rate related case resolved in 2010 involved All-American Telephone, which operated free conference calling and chat lines and was alleged by major telecommunications companies to be improperly billing access charges for such calls. Per the Division's recommendation, the Commission revoked All-American's authority to operate in Utah.

A final, still unresolved, major issue involves prepaid wireless providers requesting Eligible Telecommunications Carrier (ETC) status for the purpose of receiving federal lifeline support. In August, 2009, TracFone, a prepaid wireless carrier, applied to the Commission for ETC status. This issue is currently before the Commission.

Division of Public Utilities

The DPU reviewed 30 interconnection agreements or amendments to agreements and advised the PSC on whether they were in the public interest. Eleven new competitive local carriers were granted certificates to operate in the state. There were also a number of mergers, name changes and transfers of control within the telecomm industry.

Water Regulation

Fiscal Year 2010 was unusually busy with rate cases for water companies. Five companies (Cedar Point, Hidden Creek, WaterPro, Sherwood Water and Pine Valley Irrigation) filed for rate increases and had their cases settled during the year.

During FY09, the Division was involved in development of an automated program to complete desk audits of each company when their annual reports are submitted. This program should be ready for use in the next fiscal year. There were no new water companies issued a certificate to operate, and one company was issued a Letter of Exemption from regulation by the Commission.

In 2010, the Division continued the collaboration with the Division of Drinking Water (DDW) to promote sustainable water systems by participating with DDW in two rural water conferences. This program involves training of county planning agencies on the respective roles of DDW and DPU.

Another issue that surfaced in water regulation during FY10 was the definition of an exempt water company. In two cases, Deepwater Distribution (request for exemption) and Summit Water (Complaint), the Commission found that when a non-profit water company supplies water only to members, it is exempt from regulation.

Customer Service Section

The Customer Service Section helps answer utilities customers' questions and works with customers and utilities to resolve informal complaints. Unresolved disputes are referred to the Public Service Commission for formal action. The Division's goal is to try to help resolve customers' issues as seamlessly as possible.

During Fiscal Year 2009, the Customer Service Section fielded 729 informal complaints from utility customers, a 23% decrease from the previous year. Complaints decreased across all categories of

companies, however there was a noticeable downturn in the number of complaints against telecomm companies regarding bundling packages (e.g. phone with internet service). Most complaints involve billing and service shut off issues.

In all cases, the Division first works with customers and utilities to resolve complaints informally. As shown on the following page, most complaints were resolved by the Division working with the customer and the utility company.

Pipeline Safety

The Pipeline Safety Section operates under federal statutes to investigate safety and other conditions relative to the piping of natural gas within Utah. Pipeline Safety works with leading local natural gas distribution companies such as Questar Gas Company, as well as municipal, intrastate transmission operators and master meters.

Each year the federal Office of Pipeline Safety (OPS) evaluates the performance of state programs. The Utah Pipeline Safety program continues to score high grades in its evaluation, which results in a high percent of Utah's program being funded by OPS.

During fiscal year 2010, Pipeline Safety personnel conducted comprehensive inspections of Questar Gas Company operations,

Five Year History of Utility Complaints

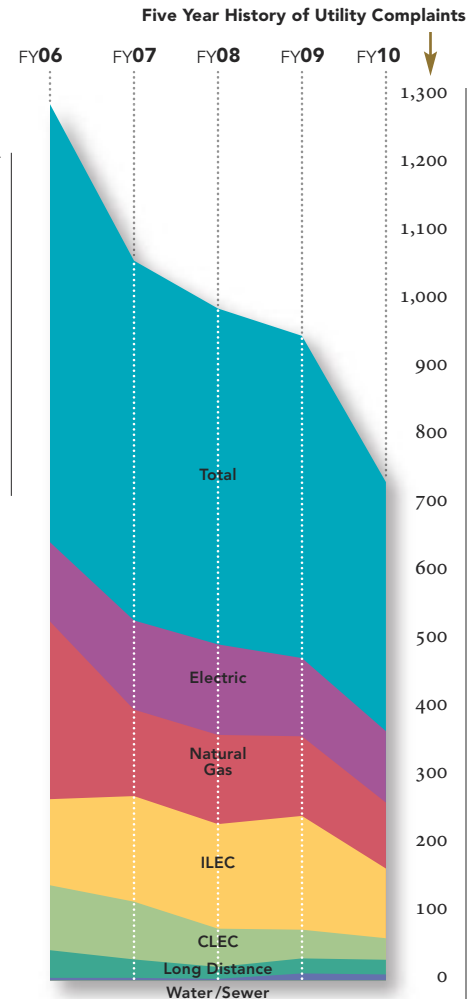
Utilities	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Electric	232	261	265	229	209
Natural Gas	520	253	261	233	193
Telecomm – ILEC* & Qwest	252	309	306	333	204
Telecomm – CLEC**	190	169	112	84	63
Telecomm – Long Distance	81	54	35	44	43
Water/Sewer	7	7	4	20	17
Total	1,282	1,053	983	943	729

Utility Complaints Resolved Fiscal Year 2010

Utilities	Informal/Resolved Without Hearing	Resolved by Hearing Officer
Electric	209	0
Natural Gas	186	7
Telecomm – ILEC* & Qwest	197	7
Telecomm – CLEC*	63	0
Telecomm – Long Distance	43	0
Water/Sewer	16	1
Total	714	15

*Incumbent Local Exchange Carriers, e.g. Qwest, All West, Frontier, Beehive

**Competitive Local Exchange Carrier, e.g. AT&T, McLeod USA, Integra



municipal gas distribution operators, and intrastate transmission operators. The Pipeline Safety Section also inspects pipeline construction projects and investigates incidents on pipelines. These inspections assure that operator procedures and operations are consistent with federal regulations for safe functioning of natural gas systems.

Pipeline Safety Inspections
Fiscal Year 2010

Questar Gas Company Regions	8
Municipal Gas	
Distribution Operators	6
Intrastate Transmission	
Operators	6
Small Gas System	
Operators (Master Meters)	337
Construction	66
Incident	53

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

Philip Powlick, Director; (801) 530-7622; philippowlick@utah.gov



Division of Real Estate



Mission

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

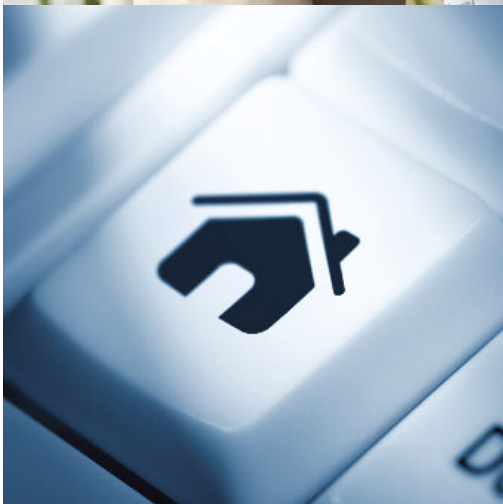
2010 Fiscal Year Highlights

The Division's major achievements during Fiscal Year 2010:

- Significantly revised §61-2-1, et. seq. to comply with the federal S.A.F.E. Act, re-organize sub-parts, modernize statutory language, and increase penalties for bad actors.
- Implemented provisions of the Appraisal Management Company Registration and Regulation Act.
- Registered 86 appraisal management companies by the end of FY2010.
- Worked with administrators and technical support for the National Mortgage Licensing System ("NMLS") to transition mortgage licensees from the Utah system to the NMLS as required by the federal S.A.F.E. Act.
- Educated licensees directly by:
 - visiting and training licensees in Layton, Logan, Moab, Park City, Richfield, and St. George;
 - running a half-day seminar for Salt Lake Valley licensees;
 - speaking at industry sponsored events; and
 - conducting a 2-day instructor development workshop for licensee educators.
- Implemented a Division goal to improve communications with licensees and the public by:
 - creating an on-line version of Division Newsletter with web-links;
 - placing all orders and stipulations on the Division's website;
 - creating an on-line complaint system which is being used by approximately 50% of complainants;
 - implementing a user-friendly continuing education search engine on the Division's website for licensees; and
 - posting the Division's fee schedule on-line.



The Division of Real Estate implemented a goal to improve communications with licensees and the public by creating an on-line complaint system which is being used by approximately 50% of complainants.



Division of Real Estate

Internal Efficiencies

Division licensing staff accomplished the Division goal of being helpful and responsive to licensee questions. This goal was particularly challenging because of the volume of licensee questions regarding transition onto the NMLS system and changes to education requirements for real estate licensees, but calls were addressed, on an average, within 24 hours of the message.

During FY 2010, staff devoted over 6,200 hours to NMLS-related issues and handled 10,739 mortgage licensee telephone calls. Real estate licensing staff received 11,783 calls from licensees to help them with licensing issues.

Customer Service

We serve our customers in three main areas:

- Education
- Licensure
- Enforcement

Education

The Division has three education coordinators for the mortgage, real estate and appraisal industries. Coordinators certify courses and providers for both pre-licensing and continuing education. A contracted third-party testing service administers pre-licensing examinations. With the input of its commissions, the Division approves the test curriculum and prepares test questions.

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

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Certifications				
Educational Programs	16	32	53	31
Real Estate Pre-Licensing Instructors	54	68	129	47
Real Estate CE Courses	815	1,202	1,111	9701
Real Estate CE Instructors	486	467	503	383
Mortgage Pre-Licensing Instructors	62	47	40	36
Mortgage CE Courses	395	733	503	371
Mortgage CE Instructors	156	153	159	122
Appraisal CE Courses	—	—	—	412
Appraisal Instructors	28	25	94	107
Pre-Licensing Examinations				
Real Estate Agent Exams	4,235	3,357	1,536	1,865
Real Estate Broker Exams	394	389	304	275
Mortgage Originator Exams	2,522	2,177	1,152	713
Mortgage PLM Exams	429	395	163	98
Appraiser Exams	101	299	189	202

The federal S.A.F.E. Act requires mortgage pre-licensing and continuing education courses to be approved by the National Mortgage Licensing System. Beginning in 2011, the Division will no longer certify courses and providers for mortgage pre-licensing and continuing education requirements, except as relating to the 40 hours of state-required pre-licensing education that exceed S.A.F.E. Act requirements.

Licensure

The economy has had a significant impact on the number of Division licensees. The total dropped from 2007 numbers (highest in 5-year period) by 18% and the number of mortgage licensees decreased over

20%. Appraiser licensee numbers remain fairly steady and only took a slight dip from the previous year. Of note is the decrease from FY 2009 of subdivision/ timeshare registrations, down 38%. The Division expects licensee numbers to climb as the real estate market in Utah improves.

The licensing staff consists of licensing specialists for each of the three industries (appraisal, mortgage and real estate), as well as administrative staff support for scanning/filing, license updates and reception.

Total Number of Licenses / Registrations

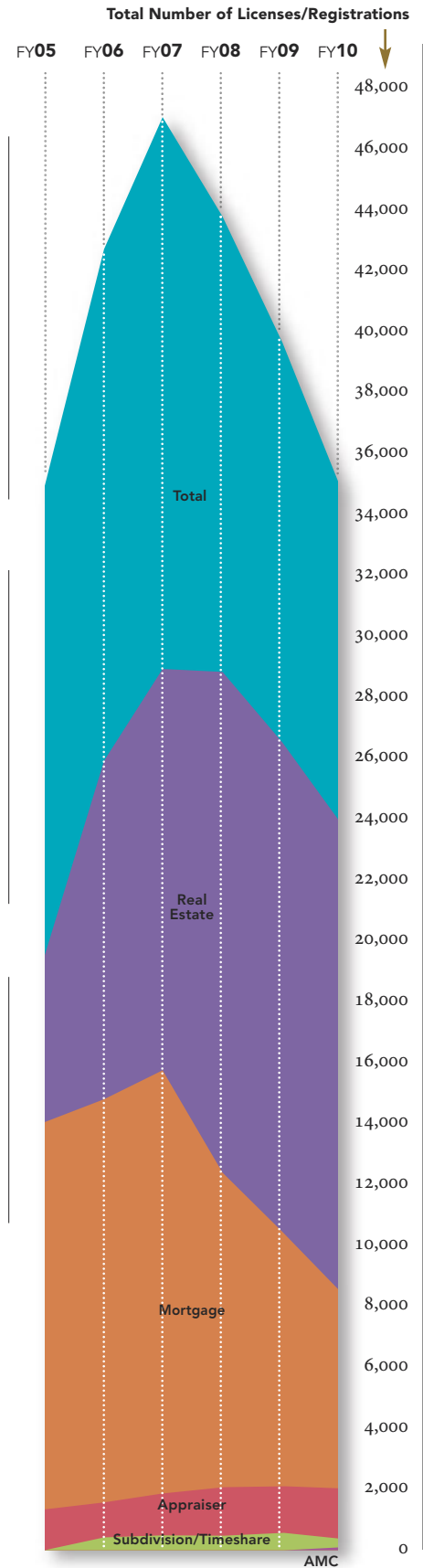
	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Real Estate	19,405	25,829	28,833	28,735	26,425	23,655
Mortgage	14,001	14,756	15,702	12,354	10,416	8,385
Appraiser	1,336	1,561	1,859	2,064	2,094	2,021
Appraisal Management Co. (AMC)	—	—	—	—	—	88
Subdivision/ Timeshare	—	422	489	477	571	352
Total	34,742	42,568	46,883	43,630	39,506	34,501

New Licenses / Registrations Issued

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Real Estate	3,609	4,666	5,697	3,591	2,209	2,050
Mortgage	2,944	3,669	3,649	2,032	1,028	1,113
Appraiser	99	160	481	531	307	347
Appraisal Management Co. (AMC)	—	—	—	—	—	88
Timeshare	194	156	199	216	173	115
Total	6,846	8,651	10,026	6,370	3,717	3,713

Licenses / Registrations Renewed

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Real Estate	6,863	7,601	8,071	9,340	9,550	9,049
Mortgage	3,296	1,998	3,065	3,367	3,086	1,283
Appraiser	539	390	544	463	586	511
Timeshare	69	122	135	185	140	88
Total	10,767	10,111	11,815	13,355	13,362	10,931



Division of Real Estate

Enforcement Statistics

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Complaints Received						
Real Estate	328	429	559	675	440	539
Appraiser	91	85	89	142	145	146
Mortgage	313	251	345	401	278	319
Cases Opened						
Real Estate	337	329	289	215	189	127
Appraiser	80	61	47	85	118	93
Mortgage	162	110	71	104	53	93
Cases Closed						
Real Estate	208	657	329	220	153	170
Appraiser	34	34	26	106	12	937
Mortgage	60	104	91	136	71	98
Total Open Cases						
Real Estate	281	191	179	175	112	69
Appraiser	80	103	121	100	91	91
Mortgage	111	127	99	68	49	44

FY2010 Sanctions

	Appraisal	Mortgage	Real Estate	Total
Remedial Education	5	0	3	8
Fines	7	36	39	82
Probation	1	61	138	200
Suspension	1	12	24	37
Revocation/Surrender	4	35	16	55
Cease and Desist Orders	0	10	2	12
Total	18	154	222	394

Enforcement

The Division has seen a marked up-tick in the number of complaints, driven primarily by short sale, foreclosure-rescue, and mortgage origination issues that are now coming to light.

The Division works through its caseload of complaints from the screening process through the conclusion of cases. FY 2010 data reflects that the Division received and screened more total complaints than the previous year. The number of mortgage complaints investigators opened in 2010 increased 57% over 2009, but investigators opened fewer real estate and appraiser cases than FY 2009. With current economic conditions and information sharing by states as a result of the NMLS, the Division expects an even greater increase in opened mortgage complaints for FY 2011.

The table to the left reflects the types of disciplinary sanctions obtained by the Division, either through stipulation or by disciplinary action in an administrative hearing.



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

Deanna D. Sabey, Director; (801) 530-6436; dsabey@utah.gov



During FY 2010, the Division
of Real Estate educated licensees
directly by visiting and training them
in Layton, Logan, Moab, Park City,
Richfield, and St. George.

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 fostering opportunities for capital formation.

Focus on Investor Protection

With the support and cooperation of the Governor's Office, and our federal partners at the local offices of the Federal Bureau of Investigation (FBI), the U.S. Securities and Exchange Commission (SEC), and the U.S. Attorney's Office, the Utah Division of Securities has placed increased emphasis this year on increasing investor awareness of the need to do adequate research before making an

investment decision. Throughout the year the Division continued its full schedule of in-person investor education seminars through out the state and participated in multiple media interviews, all to convey a simple message: "take control of your savings and investments and let us help you recognize and avoid investment fraud."

This investor education campaign culminated in June 2010, with the Governor's press conference on June 3, where Governor Herbert announced that the Division of Securities would be launching a wide-reaching public service announcement campaign to increase public awareness of the problem of investment fraud and enable investors with the tools and resources they need to thoroughly research investment offers before committing their money. Since that time, the Division has been running TV spots on local news broadcasts, as well as public radio announcements and billboards, all based on the "I'm a Con Man" theme.



2010 Division of Securities' "I'm a Con Man" Billboards



The Utah Division of Securities
has placed increased emphasis this
year on increasing investor awareness
of the need to do adequate research
before making an investment decision.



Office of Securities

Securities Licensing

License	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Broker – Dealers	1,704	1,733	1,766	1,815	1,819	1,775	1,641
Broker – Dealer Agents	77,594	83,797	89,516	97,506	103,174	100,677	88,947
Investment Advisers	132	143	157	176	148	183	156
Federal Covered Advisers	643	701	1,398	877	945	985	926
I.A. Representatives	2,451	3,088	3,445	3,711	4,445	4,189	3,577
Certified Broker – Dealers	18	25	23	20	21	15	10
Certified Investment Advisors	—	—	—	—	—	4	3
Certified Broker – Dealer Agents	78	85	90	97	72	63	73
Issuer Agents	83	87	83	117	109	102	85
Total	82,625	89,574	96,478	104,319	110,908	107,993	95,418

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 Division works closely with the U.S. Securities and Exchange Commission (SEC) and securities regulators from other states to streamline the licensing process and to ensure consistency.

Corporate Finance/
Securities Registration

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 meet 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.

Compliance and
Enforcement

The Compliance Section of the Division of Securities conducts routine and "for cause" examinations pertaining to the operations of licensed broker-dealers, investment advisers, and their agents. If misconduct is found, the Division will work with the licensed individual or firm to bring them into compliance with the applicable laws or initiate

Securities Filings

Filing	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Registrations							
Coordination	136	146	128	123	116	102	92
Qualification	1	2	1	1	0	0	1
Exemptions	63	36	41	40	50	27	31
Opinion / No Actions Letters	3	7	4	4	3	4	1
Mutual Funds	3,998	4,252	4,514	4,911	5,150	5,541	5,330
Rule 506	531	659	808	1,032	1,076	712	588
Total	4,732	5,102	5,496	6,111	6,395	6,386	6,043

Compliance and Enforcement

Activity	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010*
New Investigations/Audits					
Complaints Received	85	115	162	283	191
Audit Files Opened	54	23	34	41	34
Investigation Files Opened	61	77	149	66	40
Administrative Cases					
New Cases Filed	87	108	123	78	65
Stipulations & Consent Orders	—	—	—	—	34
Adjudicated Orders	—	—	—	—	4
Civil Cases					
Lawsuits Filed	7	2	1	0	0
Judgements	1	0	0	0	0
Criminal Cases					
Criminal Charges Filed	19	24	34	31	16
Convictions	9	12	9	19	18
Pleas in Abeyance	9	4	3	2	6
Fines & Restitution					
Fines Assessed	\$864,230	\$3,698,905	\$4,409,235	\$1,736,378	\$5,363,698
Fines Paid	\$450,393	\$690,066	\$210,090	\$56,460	\$2,676,796
Restitution Ordered	\$2,480,666	\$25,026,659	\$31,036,757	\$31,906,009	\$21,484,942

* Disclaimer: In 2010, the Utah Division of Securities adopted a new database "progress" to track enforcement, licensing and statistics.

disciplinary proceedings against the licensee depending upon the nature of the violation or misconduct.

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 U.S. Attorney's Office, the Utah Attorney General's Office and multiple counties to obtain criminal convictions against the most egregious violators.

The chart above summarizes some of the Division's compliance and enforcement activities.



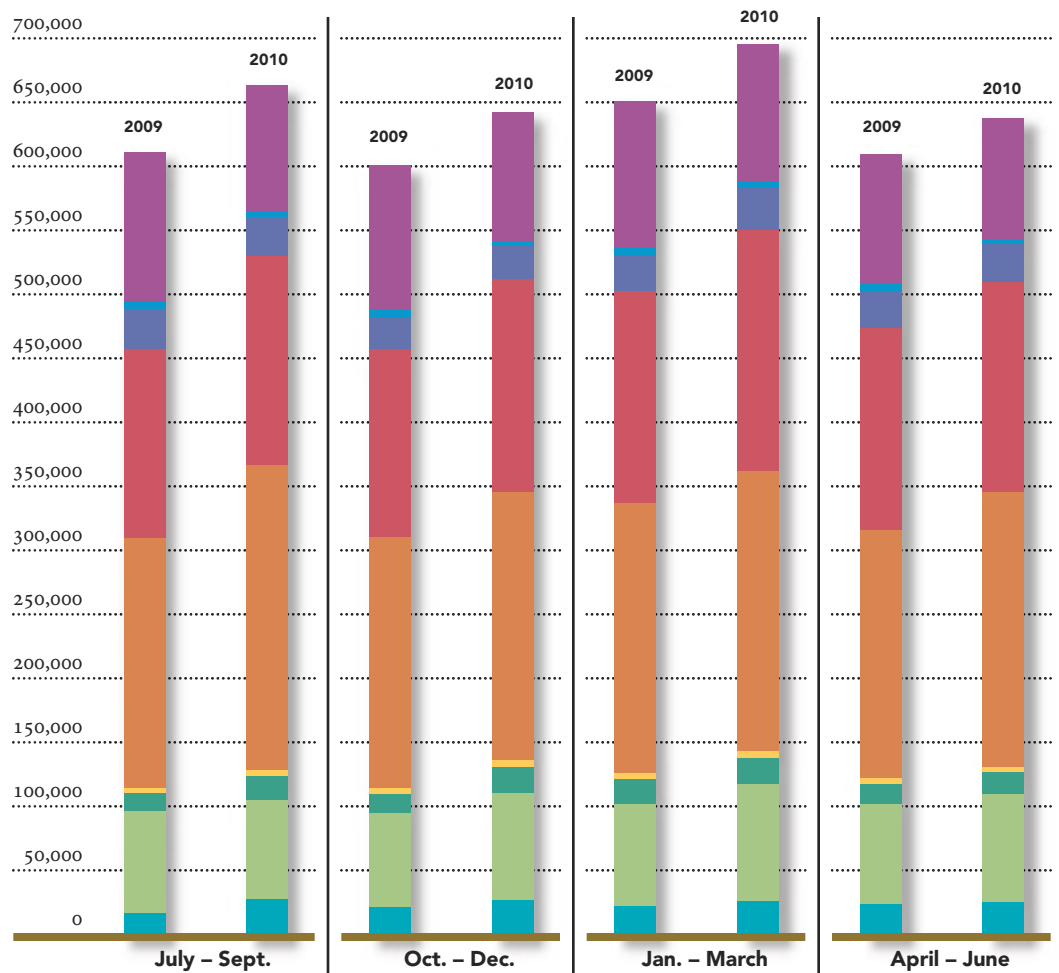
Questions specific to the Division of Securities may be directed to:

Keith Woodwell, Director; (801) 530-6600; kwoodwell@utah.gov

Web Trends

Between Fiscal Years 2009 and 2010, the State changed the application used to generate reports of agency web site activity. The previous fiscal year results are presented here using the new application, and are comparable to the current fiscal year activity. The new application eliminates automated, or 'bot,' inquiries and counts the actual access by individuals. This is a more accurate representation of actual web site activity.

Quarterly Website Visits by Division (Fiscal Year 2009 & Fiscal Year 2010)



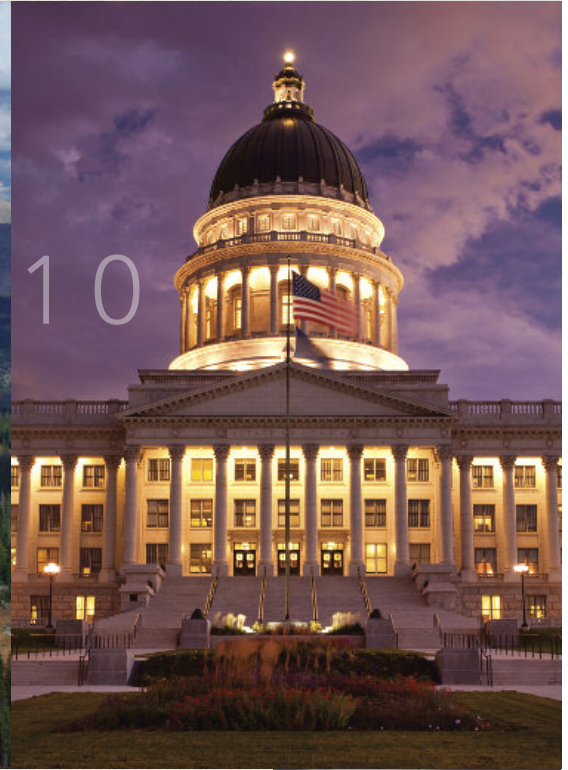
	July – Sept.		Oct. – Dec.		Jan. – March		April – June	
	2009	2010	2009	2010	2009	2010	2009	2010
Commerce Main Site	116,562	98,587	112,639	100,518	113,290	108,169	101,576	95,033
Consumer Services (CCS)	5,956	4,368	6,558	4,246	6,612	4,441	5,306	3,428
Consumer Protection (DCP)	31,152	30,588	23,921	25,781	27,670	32,493	28,964	28,833
Corporations (CORP)	147,238	162,154	146,353	165,151	165,111	187,642	156,933	163,439
Occupational & Professional Licensing (DOPL)	194,495	237,356	195,630	208,649	210,187	218,331	193,003	213,624
Property Rights	4,230	5,378	4,786	5,419	5,072	5,395	4,560	5,014
Public Utilities (DPU)	14,263	18,159	14,758	20,774	19,573	19,963	15,852	17,459
Real Estate (DRE)	78,863	77,450	73,139	82,879	78,780	91,656	77,673	83,341
Securities (DS)	17,639	28,259	22,174	27,948	23,260	26,571	24,754	26,392
Total	610,398	662,299	599,958	641,365	649,555	694,661	608,621	636,563

Utah Department of Commerce Web Usage

(Fiscal Year July 2009 to June 2010)

Division	Application	Online	Paper	Total	Percent
Division of Corporations and Commercial Codes	OSBR — New Business Reg	20,329	29,126	49,455	41%
	ABR — Business Renewals	836,486	88,145	924,631	90%
	ABR — Business Updates	39,058	4,036	43,094	91%
	BES — Business Search	465,656	—	465,656	100%
	Business Image Search	45,237	4,492	49,729	91%
	Certificate of Existence	10,766	408	11,174	96%
	Business Search — View Principals	194,010	—	194,010	100%
	Principal Search — View Businesses	22,922	—	22,922	100%
	Uniform Commercial Code Searches	193,847	—	193,847	100%
	Uniform Commercial Code Certified Search	1,240	—	1,240	100%
	Uniform Commercial Code Image Search	30,792	—	30,792	100%
	Uniform Commercial Code Filings				
	UCC Initial Filings	12,543	2,371	14,914	84%
	UCC Continuations	4,220	642	4,862	87%
	UCC Terminations	6,576	1,044	7,620	86%
	Trademarks	294	283	577	51%
Division of Occupational and Professional Licensing	DOPL Verifications	1,972	3,715	5,687	35%
	DOPL Renewals	82,061	8,238	90,299	91%
	DOPL Search — Pageviews	2,922,030	—	2,922,030	100%
	State Construction Registry Total Filings	137,860	—	137,860	100%
	SCR Commencements	3,972	—	3,972	100%
	Preliminary	109,551	—	109,551	100%
	Completion	4,192	—	4,192	100%
	Commencements — Cities	20,145	—	20,145	100%
Division of Real Estate	Real Estate Renewal	15,082	7,432	22,514	67%
	Real Estate License Management System	3,213	1,657	4,870	66%
	Real Estate Search	616,424	—	616,424	100%
All Divisions	Totals	5,800,478	151,589	5,952,067	97%

FY 2010 Expenditure Summary



Department of Commerce Expenditures Fiscal Year 2010

July 1, 2009, through June 30, 2010

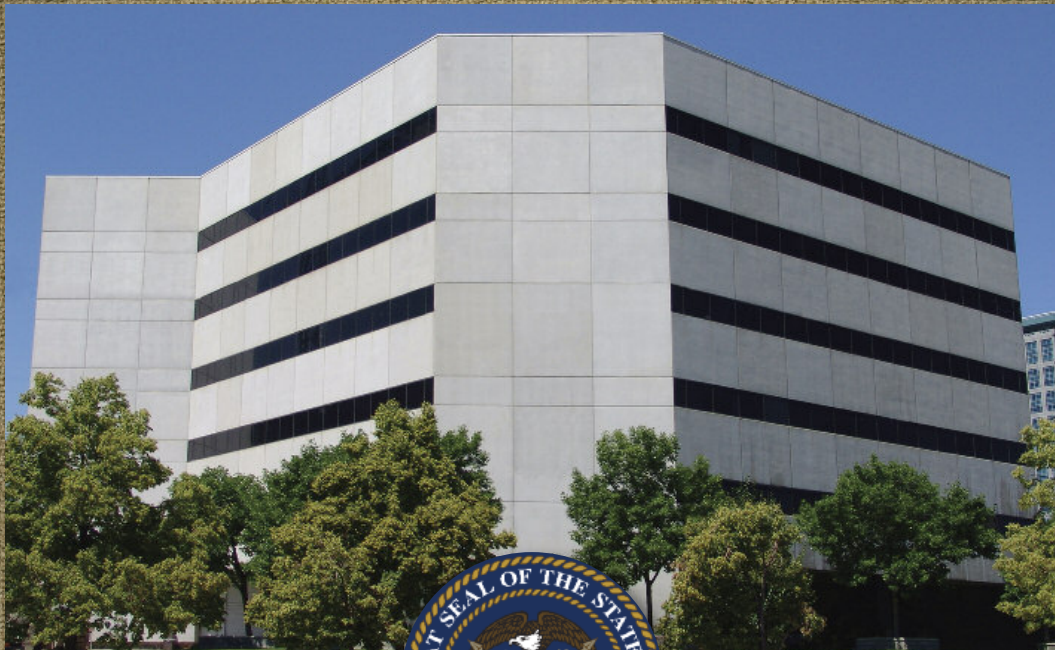
Expenditures by Division:	(in dollars)
Administration	\$ 3,990,000
Occupational and Professional Licensing (DOPL)	7,354,000
Securities (DS)	1,565,000
Consumer Protection (DCP)	1,537,000
Corporations and Commercial Code (CORP)	1,920,000
Real Estate (DRE)	1,706,000
Public Utilities (DPU)	3,414,000
Office of Consumer Services (OCS)	1,148,000
Building Rent	272,000
Total	\$22,906,000



"The regulatory climate is also pro-business, with the Pacific Research Institute rating Utah second-best in the regulatory component of its U.S. Economic Freedom Index."

— Kurt Badenhausen, *The Best States for Business and Careers*, *Forbes Magazine*, October 13, 2010.





Utah Department of Commerce

Heber M. Wells Building

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