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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

2002 APR -9 P 1:43

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
THE ARIZONA ELECTRIC DIVISION OF
CITIZENS COMMUNICATIONS COMPANY TO
CHANGE THE CURRENT PURCHASED POWER
AND FUEL ADJUSTMENT CLAUSE RATE, TO
ESTABLISH A NEW PURCHASED POWER AND
FUEL ADJUSTMENT CLAUSE BANK, AND TO
REQUEST APPROVED GUIDELINES FOR THE
RECOVERY OF COSTS INCURRED IN
CONNECTION WITH ENERGY RISK
MANAGEMENT INITIATIVES.

DOCKET NO. E-01032C-00-0751

PROCEDURAL ORDER
Arizona Corporation Commission
DOCKETED

APR 09 2002

DOCKETED BY

BY THE COMMISSION:

On September 28, 2000, the Arizona Electric Division ("AED") of Citizens Communications Company ("Citizens") filed with the Arizona Corporation Commission ("Commission") an application to change the current purchased power and fuel adjustment clause rate ("PPFAC"), to establish a new PPFAC bank, and to begin accruing carrying charges and to request approved guidelines for the recovery of costs incurred in connection with energy risk management initiatives ("Application").

On April 1, 2002, oral arguments were conducted regarding a Motion requesting disqualification of the law firm of Gallagher & Kennedy due to a conflict of interest. At the direction of the Administrative Law Judge, Citizens filed on April 3, 2002, letters signed by counsel for Arizona Public Service Company ("APS") and Pinnacle West Capital Corporation ("PWC") and Citizens' counsel regarding the conflict issue. In the letter from APS/PWC, dated December 14, 2000, counsel consented to Gallagher & Kennedy's representation of Citizens, subject to the condition that Gallagher & Kennedy not represent Citizens in any matter adverse to APS, PWC, or any other PWC entity. The APS/PWC consent was also conditioned on Gallagher & Kennedy obtaining Citizens' consent that it would not seek to disqualify Gallagher & Kennedy from representing APS/PWC in any matter that is not directly adverse to Citizens. Citizens' counsel

1 consented to the condition imposed by APS/PWC counsel by letter dated January 10, 2001.
2 However, no consent was filed by Gallagher & Kennedy with respect to Citizens' agreement to waive
3 the conflict of interest.

4 On April 5, 2002, Mohave and Santa Cruz Counties ("Counties") filed a Motion for Findings
5 of Fact or, in the Alternative, a Stay of the Proceedings. The Counties request that the Commission
6 make findings that: Citizens has not established that purchase power costs charged by APS/PWC
7 from May 2000 to May 2001 were prudently incurred; Citizens' decision to waive the attorney-client
8 and work product privilege in connection with disputed costs charged by APS is imprudent; and,
9 because Citizens' failed to establish the prudence of those purchase power costs, the disputed charges
10 should not be charged to Citizens' ratepayers. In the alternative, the Counties request that this
11 proceeding be stayed until Citizens resolves the purchase power dispute with APS and Citizens is
12 then in a position to present evidence regarding the prudence of the disputed purchase power costs.

13 IT IS THEREFORE ORDERED that responses to the Counties' Motion should be filed by no
14 later than April 11, 2002.

15 IT IS FURTHER ORDERED that Citizens shall file, by no later than April 11, 2002:
16 Citizens' consent agreement to waive Gallagher & Kennedy's conflict of interest in this proceeding;
17 affidavits attesting to whether the Boards of APS, PWC, and Citizens were informed that waivers of
18 the conflict of interest were being granted; and copies of written authorizations by the Boards of APS,
19 PWC, and Citizens to their respective counsel authorizing the waiver of Gallagher & Kennedy's
20 conflict of interest.

21 DATED this 9th day of April, 2002.

22
23 

24 DWIGHT D. NODES
25 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE
26
27
28

1 Copies of the foregoing mailed/delivered
this 27th day of April, 2002 to:

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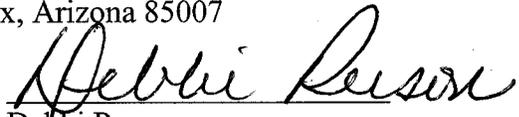
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