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ORIGINAL

GALLAGHER & KENNEL

P.A.

ATTORNEYS AT LAW

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AZ CORP COMMISSION
DOCUMENT CONTROL

April 15, 2002

VIA HAND DELIVERY

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: *Citizens / PPFAC;*
Docket No. ~~E-01032C-0751~~ E-01032C-00-0751

Dear Sir/Madam:

Pursuant to the Procedural Order dated April 9, 2002 in this matter, enclosed are the original and ten (10) copies of the Affidavits of Ms. Nancy C. Loftin, Vice President and General Counsel of Pinnacle West Capital Corporation and L. Russell Mitten, Vice President-General Counsel and Secretary of Citizens Communications Company.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:
Michael M. Grant

MMG:bo
Enclosures

ORIGINAL and **TEN** copies filed this
15th day of April, 2002, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

APR 15 2002

DOCKETED BY

Docket Control
April 15, 2002
Page 2

COPY of the foregoing hand-delivered
this 15th day of April, 2002 to:

Dwight Nodes
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

COPIES of the foregoing mailed this
15th day of April, 2002, to:

Daniel W. Pozefsky
RUCO
Suite 1200
2828 North Central Avenue
Phoenix, AZ 85004

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Arizona Utility Investors Association
2100 North Central Ave., Suite 210
Phoenix, Arizona 85004

Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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Deputy County Attorney
Santa Cruz County Attorney's Office
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Nogales, Arizona 85621

Jose L. Machado
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April 15, 2002
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By: *Beth Oakley*

3099-0039/1009229v1

AFFIDAVIT OF NANCY C. LOFTIN

State of Arizona)
)
County of Maricopa) ss.

I, Nancy C. Loftin, being duly sworn upon my oath, state as follows:

1. I am Vice President and General Counsel for Arizona Public Service Company (“APS”) and Pinnacle West Capital Corporation (“PWCC”).

2. I am providing this affidavit in response to the Administrative Law Judge’s April 9, 2002 Procedural Order in Arizona Corporation Commission Docket No. E-01032C-00-0751 (the “PPFAC Docket”).

3. In my capacity as Vice President and General Counsel for APS and PWCC, I am responsible for overseeing and managing the legal affairs of APS and PWCC. My duties include resolving and addressing issues related to representation by outside legal counsel and potential conflicts of interest.

4. With respect to Gallagher & Kennedy’s representation of Citizens Communications Company (“Citizens”) in the PPFAC Docket, Gallagher & Kennedy consulted with me in my capacity as General Counsel of both APS and PWCC, concerning the proposed representation of Citizens and potential conflicts of interest involving Gallagher & Kennedy, APS/PWCC and Citizens.

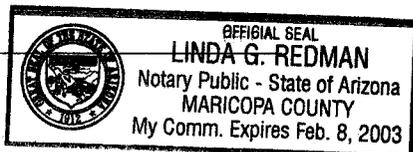
5. After due consideration, I executed the December 14, 2000 letter on behalf of APS and PWCC in which APS and PWCC consented to Gallagher & Kennedy’s representation of Citizens. I was fully authorized by virtue of my position to execute that letter on behalf of APS and PWCC. It was not necessary to and I did not present that issue to either the APS or PWCC Boards, nor did I need to seek or obtain their written authorization.


NANCY C. LOFTIN
VICE PRESIDENT AND
GENERAL COUNSEL

Subscribed and sworn to before me this 12th day of April, 2002.


Notary Public

My Commission Expires:



APS' parent company. I told Mr. Grant that because the PPFAC proceeding would not involve the adjudication of any issues that were directly in controversy between Citizens, on the one hand, and APS and Pinnacle West, on the other, and because Citizens would receive legal representation from others concerning those disputes, it was my opinion that his representation of Citizens would not create a conflict of interest. I further told him that if he or his firm believed an actual or potential conflict of interest existed that Citizens waived that conflict, as allowed by and in accordance with the Code of Professional Responsibility.

3. Because there was a dispute pending between the AED and APS/Pinnacle West regarding the interpretation of the parties' power supply agreement and because that dispute had been disclosed by the AED in its application initiating the PPFAC proceeding, Mr. Grant stated that he could not accept the assignment I had offered him until all possible conflict of interest issues had been fully addressed within his law firm and until any waivers required by the Code of Professional Responsibility had been obtained from APS and its affiliates. At that point, all discussions regarding Mr. Grant's representation of the AED in the PPFAC proceeding ceased pending resolution of the conflict of interest issues.

4. During the next few weeks Mr. Grant or other attorneys in his firm reviewed the conflict of interests issues, both within his law firm and with representatives of APS and its affiliates. Following that review, APS concluded

that it would waive any conflicts necessary to allow Mr. Grant and his law firm to represent the AED in the PPFAC proceeding. Initially, this waiver was given orally. Later, however, Pinnacle West, on behalf of itself and its affiliates, produced a written waiver that allowed Mr. Grant and Gallagher & Kennedy to represent Citizens and its affiliates, including the AED, both generally and with respect to matters where Citizens' interests may be adverse to those of APS and its affiliates; provided, that neither Mr. Grant nor Gallagher & Kennedy would be allowed to act as counsel for Citizens or its affiliates (i) in any legal action directly adverse to APS or its affiliates or (ii) in any negotiation between Citizens and APS with respect to the power supply agreement or any similar long-term power agreement. A copy of the December 14, 2000, letter from Pinnacle West's Vice President and General Counsel memorializing the waiver is attached to this affidavit as "Exhibit A."

5. On January 10, 2001 Mr. Grant's partner, Terence W. Thompson, provided me a copy of the written waiver that Gallagher & Kennedy had obtained from Pinnacle West and requested that I confirm in writing, on behalf of Citizens, my acceptance of certain limitations imposed by the penultimate paragraph of that waiver. Although I had already orally consented to these limitations, I complied with Mr. Thompson's request and provided him written confirmation of Citizens' consent. A copy of that confirmation is attached to this affidavit as "Exhibit B." I also intended that this confirmation affirm my earlier oral waiver of

any actual or potential conflict of interest on Citizens' behalf as to the PPFAC representation.

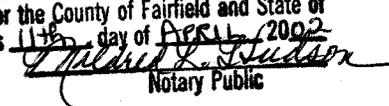
6. The Citizens Board of Directors was not informed that this waiver was granted and therefore no written Board authorization exists. As the chief legal officer for Citizens and its affiliates, including the AED, I am empowered to provide conflict of interest waivers when I deem them to be in the best interests of the company. Citizens' Board of Directors is aware that during my tenure I have granted or denied numerous waiver requests. At no time during that period has the Board required me to obtain its approval prior to granting or denying a waiver request or to seek ratification of my decisions after the fact. Moreover, based upon my twelve years experience as Citizens' corporate secretary, and five years additional experience in the same position with a subsidiary of GTE, conflicts waivers are not the types of issues that come before Boards of Directors either for approval or ratification.



L. RUSSELL MITTEN
VICE PRESIDENT – GENERAL COUNSEL
& SECRETARY

1008642v1

Subscribed and Sworn to before me, a Notary
Public, in and for the County of Fairfield and State of
Connecticut, this 11th day of APRIL, 2002


Notary Public

MILDRED L. HUDSON
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31, 2004

EXHIBIT "A"



PINNACLE WEST
CAPITAL CORPORATION

Nancy C. Loffin
Vice President and
General Counsel

SENT VIA FACSIMILE

December 14, 2000

Michael Kennedy, Esq.
Gallagher and Kennedy
2575 East Camelback Road
Phoenix, AZ 85016

Dear Mike:

This letter concerns our recent conversations about Gallagher & Kennedy's representation of Citizens Utilities in matters that are or may become adverse to Pinnacle West Capital Corporation ("PWC") and Arizona Public Service Company ("APS"). Gallagher & Kennedy ("G&K") has requested that PWC and APS waive these conflicts and consent to G&K's representation of Citizens. PWC and APS will waive the conflicts to the extent and on the terms set forth in this letter.

PWC and APS consent to G&K's representation of Citizens generally, including in matters where Citizens' interests may be adverse to those of PWC and APS. PWC and APS do not consent, however, to G&K acting as counsel for Citizens in any legal action directly adverse to PWC, APS, or any other PWC entity, nor do PWC and APS consent to G&K representing Citizens in negotiations with APS concerning the long term contract between Citizens and APS. If G&K is asked to represent Citizens in negotiations concerning the long term contract or similar agreements between Citizens and APS, PWC and APS will consider waiving this conflict after further consultation, provided we determine after such consultation that a waiver would not be adverse to the interests of PWC and APS.

In granting the consent set forth in this letter, PWC and APS are relying on the fact that G&K has constructed and will maintain internal ethical screens to ensure that information relating to G&K's representation of PWC, APS, or any other PWC entity will not be disclosed in any manner, directly or indirectly, to G&K lawyers or staff working on the representation of Citizens. PWC and APS understand that these ethical screens also apply to any information obtained by Mike Gallagher in his capacity as a director of PWC and APS.

If G&K concludes during the course of its representation of Citizens that the Citizens representation may adversely affect G&K's relationship with PWC, APS, or any other PWC entity, or that G&K's representation of Citizens might otherwise impair G&K's ability effectively to represent PWC, APS, or any other PWC entity, we understand that G&K promptly will consult with PWC and APS. In addition, this consent is conditioned upon G&K's obtaining Citizens' written agreement that Citizens will not seek to disqualify G&K from representing PWC, APS, or any other PWC entity in any matter, now or in the future, that is not directly adverse to Citizens.

I would appreciate your confirming that the terms of this consent are acceptable to G&K, and that the Citizens' agreement referred to in the foregoing paragraph has been obtained by G&K.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Kennedy", written in dark ink.

EXHIBIT "B"

GALLAGHER & KENNEDY

P.A.

ATTORNEYS AT LAW

TERENCE W. THOMPSON
DIRECT DIAL: (602) 530-8515
E-MAIL: TWT@GKNET.COM

2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

January 10, 2001

VIA FACSIMILE

L. Russell Mitten, Esq.
Vice President, General Counsel and Secretary
Citizens Communications Company
3 High Ridge Park
Stamford, Connecticut 06905

Re: Representation by Gallagher & Kennedy (G&K) of Citizens Communications Company ("Citizens"), Pinnacle West Capital Corporation ("PWC") and Arizona Public Service Company ("APS")

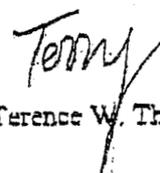
Dear Russ:

Following up on our conversation and with reference to the penultimate paragraph of the attached letter from PWC's general counsel, this will confirm that Citizens will not seek to disqualify G&K from representing PWC, APS, or any other PWC entity in any matter, now or in the future, that is not directly adverse to Citizens.

Your signing and returning to me the enclosed copy of this letter for our files will be greatly appreciated.

Sincerely,

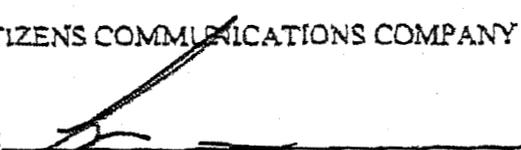
GALLAGHER & KENNEDY, P.A.

By: 
Terence W. Thompson

TWT:jaf
Enclosure

AGREED:

CITIZENS COMMUNICATIONS COMPANY

By: 
L. Russell Mitten
Vice President, General Counsel and Secretary

895133/3099.0005



PINNACLE WEST
CAPITAL CORPORATION

Nancy C. Loftin
Vice President and
General Counsel

SENT VIA FACSIMILE

December 14, 2000

Michael Kennedy, Esq.
Gallagher and Kennedy
2575 East Camelback Road
Phoenix, AZ 85016

Dear Mike:

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I would appreciate your confirming that the terms of this consent are acceptable to G&K, and that the Citizens' agreement referred to in the foregoing paragraph has been obtained by G&K.

Sincerely,

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