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AZ CORP COMMISSION
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THE TAKEOVER OF OUR PUBLIC UTILITIES BY

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ARIZONA'S LARGE LAW FIRMS

Over a long period of time in the past, two of Arizona's largest law firms, Snell & Wilmer, and Jennings, Strouss & Salmon, have gradually taken over control of our state's two largest public utilities, APS and SRP. They have done this by placing their firm members, former firm members and relatives on their governing boards and executive offices, while at the same time serving as the attorneys and legal counsel for their respective public utility clients. During the time that these law firms were taking control of their public utility clients, two members of the Jennings, Strouss & Salmon law firm, Clarence J. Duncan and Gary L. Stuart, served consecutively as the State Bar's Chief Ethics Counsel.

When a law firm controls a public utility's governing board and executive offices, this results in the creation of a "captive client" who is powerless to make independent decisions concerning what law firm should represent them, what legal services they require and, most importantly for the utilities ratepayers, the size of the law firm's legal bills. Not only is this an egregious ethical violation, but there is concern that excessive legal fees paid to these two law firms over the many years that these arrangements have existed may have

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amounted to billions of dollars. These payments have been largely buried in the utilities financial statements by the placement of these payments in the large multi-million construction and maintenance projects undertaken by the utilities.

Because of the potential control that the large law firms have as a voting bloc over the election of members to the State Bar's Board of Governors, who oversee the State Bar's staff, the Board of Governors and the State Bar staff have been reluctant to take action against the egregious ethical violations of these two large law firms in taking away their public utility clients' essential right to control their legal affairs and how much they're required to pay for legal services.

The Arizona Corporation Commission is the only hope that Arizona ratepayers have for protection against the predatory practices of these large law firms, whose excessive legal bills are causing a significant increase in our electric and water bills. Due to the past overpayments to APS by Arizona ratepayers because of their law firm's excessive fees, this Commission should deny APS's requested rate increase and instead require APS to either refund the excessive fees charged by their law firm, or provide a credit to ratepayers against their future bills. APS can then obtain reimbursement from their law firm because of the excessive fees it was charged.

Submitted this 22nd day of March, 2017 by:

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