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ARIZONA CORPORATION COMMISSION

August 20, 2009

Barbara Lockwood
Arizona Public Service
Manager, Renewable Energy
400 North Fifth Street
Phoenix, AZ 85004

Re: Classification of School Solar as Residential; Docket No. E-01345A-09-0263

Dear Ms. Lockwood:

In an article today in the Arizona Republic about APS's proposal to classify schools as residential, Tom Alston, whose company only installs residential solar systems, not school or other business systems, explains that he opposes APS's proposal because he believes it is important for homeowners (who collectively as a class pay a little more than half of the amount that APS collects via its renewable surcharge) to produce half the total amount of distributed energy from panels physically attached to residential rooftops, which naturally would be installed by companies like his own.

Mr. Alston is then quoted as follows: "We've got a situation where everybody paid into this program, including low-income residents, but the schools we are talking about [funding] are in Scottsdale."

His statement is remarkable. While I certainly concur that low-income residents participate in funding the REST program, I wonder how many systems Mr. Alston's company has installed on low-income housetops. In fact, in a study prepared for APS by R.W. Beck regarding the value of distributed renewable energy, RW Beck found that while the number of residential installations are geographically diverse across APS's territory, they are clearly biased towards higher income areas in Phoenix, Scottsdale and Sun City. I've attached a copy of the relevant pages from the R.W. Beck study.

Please provide to the Commission in this docket an update to the numbers included in the RW Beck study, and please display on a map the general location of these residential DG systems in APS's service territory. In addition to the foregoing, it may be helpful for APS to sort these systems by zip code.

Sincerely,

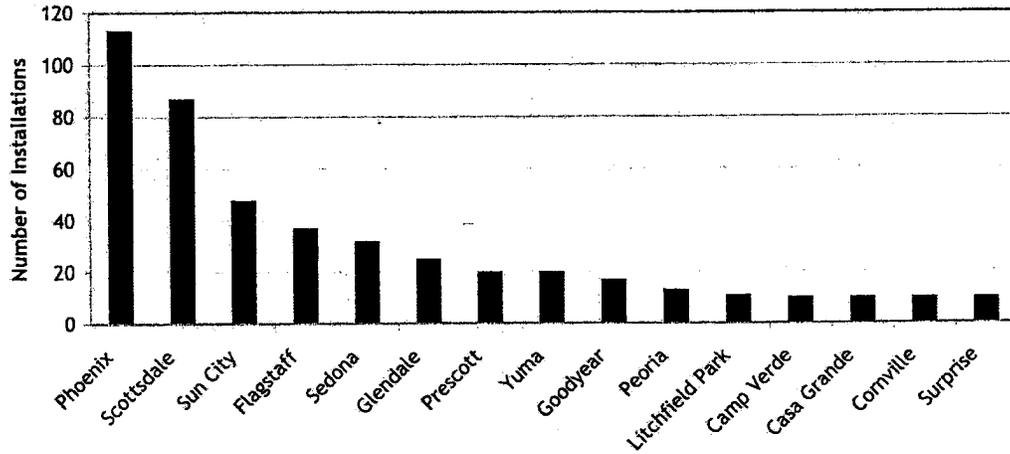
A handwritten signature in black ink that reads "Gary Pierce".

Commissioner Gary Pierce

cc: Chairman Kristin Mayes
Commissioner Sandra Kennedy
Commissioner Bob Stump
Commissioner Paul Newman
Ernest Johnson
Steve Olea
Rebecca Wilder
Janice Alward

The number of installations by city/community is shown in Figure 1-3. Although the geographic dispersion of residential PV installations is broad, it remains geographically centered in North Phoenix, Scottsdale, and Sun City, reflecting a clear bias toward higher income customers.

Figure 1-3: Number of Residential PV Installations by Community



Source: APS Data

Commercial PV:

The annual installation of commercial PV systems is shown in Figure 1-4. Similar to the trend shown for residential PV installation, 2008 shows significant increase over preceding years, based on an annualized forecast. Nevertheless, for the purposes of this Study, R. W. Beck found that a cumulative total of only 53 systems have been installed in the APS service territory (based on an expected value for 2008), which is insufficient to characterize the typical commercial PV system installation for the APS service territory. Accordingly, to properly characterize commercial PV applications for this Study, R. W. Beck drew upon additional data and results from other sources, particularly jurisdictions in California and New Jersey (see Appendices B and C).