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September 5, 2006

AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

SEP 06 2006

DOCKETED BY 

**Re: Project Classification for Photovoltaic Power System
Docket No. RE-00000C-00-0377**

Dear Commissioners:

My name is John Ragan, CEO of Independent Energy Group of Arizona, LLC (IEG). Our Phoenix-based company is a developer of renewable energy projects. We are currently assisting the Gila River Indian Community Utility Authority (GRICUA) with development of a photovoltaic power system.

GRICUA Project Details

The system will be located on Gila River Indian Community (GRIC) property just south of the Wild Horse Pass Development Area. IEG will own and operate approximately 670 kW-STC of nameplate PV capacity at this site. An additional 411 kW-STC will be owned by GRICUA.

IEG plans to sell the majority of the energy generated by its system to GRICUA. The system will be connected to the GRICUA distribution system, which operates at 12.47 kV, and will power GRIC loads in the Wild Horse Pass Development Area. The majority of the Renewable Energy Credits (RECs) generated by IEG's system will be retained by IEG for sale to a third party. We are currently negotiating the sale of these RECs to Arizona Public Service Company (APS).

Project Classification

The RECs that APS would procure from IEG's system would count toward their solar electric requirement under the current Environmental Portfolio Standard. Upon adoption of the proposed Renewable Energy Standard and Tariff (Docket

RE-00000C-05-0030), it is our interpretation that RECs purchased by APS from IEG would apply to the Distributed Renewable Energy Requirement (DRER) and would be attributed to the non-residential component of the DRER. It is not our intention to sell energy to APS under this arrangement and therefore, the project would not count toward the "non-residential, wholesale" component of the DRER as detailed in R14-2-1805 (F).

We seek your confirmation on this last point in order to complete negotiations with APS. We appreciate your attention to this request. Please contact me at 602-910-3600 if you require additional information or have questions regarding this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Ragan', with a long horizontal flourish extending to the right.

John Ragan
Chief Executive Officer
Independent Energy Group of Arizona, LLC