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TO: Arizona Corporation Commission  
FROM: The Solar Alliance  
DATE: Oct. 22<sup>nd</sup> 2008  
DOCKET NO. E-01345A-08-0331

The Solar Alliance appreciates this chance to respond to Arizona Public Services' (APS) filing under Docket No. E-01345A-08-0331 "Supplemental information to its 2009 Renewable Energy Standard Implementation Plan."

On September 18<sup>th</sup> the Solar Alliance filed a document in this docket expressing concerns related to a change in law provision included as part of the contract language for APS' Performance Based Incentives (PBI).

The Alliance was concerned that the "change in law" provision would essentially allow APS to cease payment of performance based incentives to the owner of a solar system if future rule changes negatively affected APS' ability to recoup costs associated with the non-residential distributed generation portion of the REST program. Some Alliance member companies found that this provision seriously and negatively affected their ability to achieve financing for PBI solar projects.

Since the Alliance filing, APS has been proactive and creative in working with stakeholders to find a solution to this issue. It has proposed what the Alliance believes is an excellent compromise as part of the, above mentioned, supplemental filing to their 2009 RES Plan. Specifically, APS' proposal to request that the Commission approve recovery of PBI payments as part for the annual RES implantation plan is an appropriate and workable solution, and should allow APS to remove the disputed change in law contract language from their PBI contracts.

It is important to remember that the Commission has, in effect, already approved cost recovery for PBI contracts as part of the 2008 REST Implementation Plan. However, we feel that additional language, such as that proposed by APS, and in use in Colorado and Nevada, that gives assurance of long term cost recovery for PBI contracts, regardless of the status of the REST program, is necessary.

We look forward to working with Commission Staff and APS to provide any information that might be required.

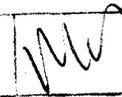
Respectfully submitted on behalf of the Solar Alliance,

**Tom Alston**  
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Arizona Corporation Commission

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