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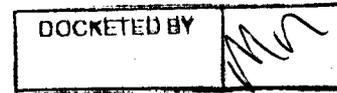
AZ CORP COMMISSION
DOCKET CONTROL
August 11, 2009

Jeffrey T. Murray
Moyes Sellers & Sims LTD.
1850 N. Central Ave., #1100
Phoenix, AZ 85004

Arizona Corporation Commission
DOCKETED

AUG 12 2009

Re: Docket No. E-20690A-09-0346



Dear Mr. Murray:

I have reviewed the motion you filed on behalf of eighteen separate Arizona school districts to intervene in the matter of SolarCity's application for a determination that it is not a public service corporation.¹ As you may know, in a separate matter pending before the Commission,² Arizona Public Service Company (APS) has informed the Commission that it has seen more than 300% increase in expected demand for the installation of distributed solar facilities on commercial buildings in 2009. Moreover, APS has indicated that the demand to install solar systems on school buildings throughout its service territory is particularly heavy. APS is concerned that many of these school projects will not be built do to the heavy competition from other commercial projects. At the same time, APS estimates that it will have between \$20 million to \$25 million in unused funds for residential solar systems by the end of the year. Given the situation, APS has proposed that the Commission classify school projects as "residential," thereby giving schools access to the unused residential money.

The Commission will likely vote on APS's proposal at its next regular open meeting on August 25th and 26th. I am curious whether your clients have a position on APS's proposal. Sunrun, Inc., a retail supplier of residential solar power systems, has moved to intervene and filed comments opposing APS's proposal. I believe the Commission should hear from the school districts, and all other interested stakeholders when deciding this important matter.

Please forward this letter to your clients and let me know if they plan to intervene or file comments regarding APS's proposal in Docket No. E-01345A-09-0263.

Thank you,

Gary Pierce

cc. Chairman Kristin Mayes
Commissioner Bob Stump
Commissioner Sandra Kennedy

Commissioner Paul Newman
Rebecca Wilder
Lyn Farmer

Steve Olea
Janice Alward
Earnest Johnson

¹ Docket No. E-20690A-09-0346

² Docket No. E-01345A-09-0263