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Sheila Stoeller

From: Giancarlo Estrada  
Sent: Thursday, August 27, 2009 9:06 AM  
To: Sheila Stoeller  
Subject: Fw: Ironco comments on item 24 - SolarCity Corporation (E-20690A-09-0346)

**ORIGINAL**

Can we docket

----- Original Message -----

From: Todd Landfried <todd.landfried@ironco.net>  
To: Giancarlo Estrada  
Sent: Wed Aug 26 23:11:55 2009  
Subject: Ironco comments on item 24 - SolarCity Corporation (E-20690A-09-0346)

Mr. Estrada:

Thank you for taking my comments via email. I was unable to wait until the end of the Wednesday meeting and I wanted to make sure to get our comments on the SolarCity docket item on the record. I will be there in the morning in case the Commission picks up the SolarCity agenda item and will deliver them in person at that point. But just in case that doesn't happen, here they are.

I appreciate you assistance.

Best regards,

Todd Landfried

Arizona Corporation Commission

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**AUG 27 2009**

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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Chairman Mayes and members of the Commission:

I am Todd Landfried, Government Relations and Marketing Director for Ironco Enterprises, LLC. We are a steel fabrication and renewable energy construction firm based in Phoenix. I believe you are aware of our work: we built the two solar-covered parking garage projects at ASU (PS-1 and PS-5) and the recently completed U of A Second Street Parking Garage solar project. Those projects total approximately 2MW.

About two years ago our ownership saw that the commercial heavy steel construction market was about to peak and began looking at other markets to pursue in order to continue to grow and create as much of a hedge as possible against any economic downturn. After examining several markets, Ironco decided to get into the commercial renewable energy market and started a new division called Renewable Energy Contracting. We were quite successful early, landing the two ASU garage projects and we felt confident that we would be able to get through the recession in better shape than most. Many of our projects are PPA-funded and at the end of last year, the outlook was quite promising for 2009.

That was until the AZCC was asked to rule on whether PPA providers were really utilities under Article 15 of the Arizona State Constitution. At that point, PPA investors for several jobs that were ready to begin construction decided to hold off releasing construction funds until the matter was settled. At first we hoped this would be cleared up quickly, but we soon learned that it could be as long as 18- months before a decision is reached. It was then that Ironco decided to begin making its case for an expeditious ruling with the hope of getting these now stalled projects off the ground.

Ironco submitted a Letter of Concern to the CC on May 12, 2009, which expressed our concern that any unnecessary delay in resolving the issue of whether PPA providers would be regulated under Article 15 would have an adverse effect on the construction of solar energy projects in Arizona. We stated in the letter that there were several projects (which happen to be educational) that were stalled as a result of any clear determination by the Commission. These projects had a total dollar value of \$40M, \$9M of which would be earned by Ironco, and would employ approximately 75 full-time workers.

Although one of those projects did proceed and was recently completed, the others have not. We estimate an additional \$30M in stalled Ironco contracts that would generate several Megawatts of energy are currently held up because of uncertainty on the regulatory issues. In practical terms, that's over 100,000 hours of work that would employ about 200 electricians, steel workers, engineers, fabricators, painters and laborers.

At a time when Ironco should be booming and bringing back laid-off workers and hiring new people, we are in a state of suspended animation. At a time when we should all be thrilled to be putting Arizonans back to work, we are cutting hours, reducing salaries and unfortunately sending some very skilled employees back to the unemployment line. At a time when PPA investors should be freeing capital to fund these projects, they are withholding funding authorizations and as a result, important projects are being delayed.

This uncertainty is having a dramatic, negative impact on the construction of solar PV projects in Arizona and it having a real and negative impact on jobs and many company's bottom lines. Therefore, we encourage the Commission to send a clear and unequivocal message that any PPA agreement written prior to the issuance of new regulations would be grandfathered and protected from said regulations.

We believe the problem will not go away unless and until you act.

Thank you

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