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BEFORE THE ARIZONA CORPORATION COMMISSION

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7  
8 IN THE MATTER OF THE APPLICATION OF  
9 SOLARCITY FOR A DETERMINATION  
10 THAT WHEN IT PROVIDES SOLAR  
11 SERVICE TO ARIZONA SCHOOLS,  
12 GOVERNMENTS, AND NON-PROFIT  
ENTITIES IT IS NOT ACTING AS A PUBLIC  
SERVICE CORPORATION PURSUANT TO  
ART. 15, SECTION 2 OF THE ARIZONA  
CONSTITUTION.

Docket No. E-20690A-09-0346

NOTICE OF FILING

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14  
15 The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing  
16 the Testimony Summary of Jodi A. Jerich, Director, in the above-referenced matter.

17  
18 RESPECTFULLY SUBMITTED this 14th day of October, 2009.

19  
20 Arizona Corporation Commission

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24  
  
Daniel W. Pozefsky  
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 14th day  
2 of October, 2009 with:

3 Docket Control  
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5 COPIES of the foregoing hand delivered/  
6 mailed this 14th day of October, 2009 to:

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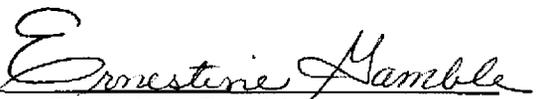
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Ernestine Gamble  
Secretary to Daniel Pozefsky

## **Summary of Direct Testimony of Jodi A. Jerich**

### **SolarCity Corporation**

**Docket No. E-20690A-09-0346**

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Currently, the Commission does not assert jurisdiction over a solar installer, like SolarCity, when a customer purchases the equipment. The question presented in this docket is whether jurisdiction is triggered when the customer opts to finance the solar installation over a period of time by entering into a Solar Service Agreement (SSA) with the solar installer.

RUCO finds that the SSA agreement as described in the SolarCity Application should not result in Commission jurisdiction. Pursuant to the terms of the SSA, SolarCity does not own the electricity, does not sell the electricity to the school, non-profit or government institution and, therefore, does not "furnish" the electricity to the customer as required by the Arizona Constitution.

The Solar Service Agreement is a financing mechanism and not the provision of a commodity.

The regulatory obligations of the solar installer should not be predicated upon which type of sales transaction a customer selects.

Additionally, the customer can choose from several different installers and can shop for the best deal. A variety of vendors provides negotiating power to the consumer. This is contrary to the situation of a monopolistic environment that ratepayers encounter with traditional electric utilities that serve defined service territories.

RUCO recognizes that the public's health and safety is a preeminent concern of the Commission. However, RUCO cannot identify any public safety hazard that would exist with an SSA that would not already exist if the customer chose to purchase the solar installation (which is not subject to Commission regulation). Furthermore, to RUCO's knowledge, the Commission does not have any expertise to conduct site inspections to determine whether the equipment is properly installed. RUCO notes that there are other governmental entities that do have this expertise. Municipal governments issue building permits. And for at least the past two decades, Arizona state law has required solar energy devices to be warranted and the installers of these devices to be licensed solar contractors with the Registrar of Contractors. These government entities sit in

## **Summary of Direct Testimony of Jodi A. Jerich (continued)**

the best position to establish and enforce standards to preserve the structural integrity of rooftops and to ensure the safe and efficient installation of photovoltaic panels. Most notably, there is a financial incentive for solar installers, like SolarCity, to properly construct and maintain these installations because the repayment schedule is based upon the output of the equipment. If the equipment fails or does not perform efficiently, the longer it will take for the installer to be fully compensated. This self-policing aspect of SSAs is absent when a customer purchases the installation and the installer has no financial incentive in the efficient and safe operation of that device.

Last, RUCO supports the expansion of clean, green energy in Arizona. We have listened carefully to arguments that regulation – even light regulation – will negatively impact the Commission's goal to get as much renewable energy on to the grid as fast and as cheaply as possible. At present, no other state regulates SSAs.