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ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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To: All Parties
RE: Application of SolarCity
Docket No. E-20690A-09-0346

Dear Parties:

During the last day of the hearing I questioned Staff witness Steve Irvine regarding the matter of ownership of the facilities being installed by SolarCity. However, because this was the last of the hearing I did not get a chance to pose the same line of questioning to all the other parties in this docket. Therefore, I would like all the parties to this case to address the following questions in the briefs that they will be filing in a few weeks.

1. Currently, the way I read the contract between SolarCity and the schools, the schools have the option of acquiring ownership, at the end of the contract term, of the solar facilities being installed by SolarCity.
 - a. Is my interpretation of the ownership issue correct?
 - b. In order for this matter to achieve the economic results desired by SolarCity, does the acquisition of ownership need to be optional or can it be mandatory? If ownership must be optional, please explain, in detail, why.
 - c. If the economic results desired by SolarCity cannot be achieved if the only change to the contracts is requiring mandatory ownership by the schools at the end of the contract term, how else would the contract need to be modified to achieve the desired economic results (but still have the schools own the solar facilities at the end of the contract term)?
2. If SolarCity were to amend its contract with the schools such that ownership of the solar facilities being installed by SolarCity were no longer optional but was mandatory at the end of the contract term:
 - a. Could the Commission consider the contracts between the schools and SolarCity as merely being a financing tool since the schools would own the solar facilities at the end of the contract term?
 - b. Could the schools be considered as serving themselves with their own solar facilities since they will own those facilities at the end of the contract term?
 - c. What would be the opinion of each of the parties with regard to the status of SolarCity as a public service corporation? If your opinion is different than that expressed during the hearing, please explain.

Thank you for attention to this matter. This information will be helpful in my future full consideration of these matters.

Sincerely,

Paul Newman
Commissioner