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April 8, 2010

2010 APR -8 P 4:09

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

AZ CORP COMMISSION
DOCKET CONTROL

RE: Docket NO. E-01345A-09-0338

Dear Commissioners:

Harmon Solar a division of Harmon Electric, Inc. is grateful for the opportunity to address the Arizona Corporation Commission (ACC) regarding ARIZONA PUBLIC SERVICE (APS) COMPANY'S APPLICATION FOR MODIFICATION TO THE RESIDENTIAL DISTRIBUTED ENERGY INCENTIVE (DOCKET NO. E-01345A-09-0338).

I would like to commend the ACC and APS on attaining a level of customer participation in APS's residential solar programs that will lead to 2010 compliance. Since the inception of the Renewable Energy Standard (RES) and its robust Distributed Renewable Energy Requirement, questions have persisted as to whether or not the residential market would support the ever-increasing levels of renewable energy capacity required to meet APS's compliance targets. As indicated in APS's application to the ACC, its customers are responding in dramatic fashion and the 2010 residential compliance target is well within reach. We couldn't be more proud to be a contributor to this success and we look forward to supporting APS and its customers for many years to come.

APS's request for lower residential incentives is a positive step forward for the ACC's RES and Arizona ratepayers. We agree that the time has come for reductions in utility incentive levels for residential solar electric systems in APS service territory and Harmon Solar supports the incentive levels proposed in Staff's recommended order for the balance of APS's 2010 program. This request came as a complete surprise and without warning to Harmon Solar. The impact that this abrupt change will have on our common customers raises concerns that we hope APS will address going forward. Harmon Solar would like to make the following recommendations:

1. Provide a grace period to allow those customers who were in the reservation process the opportunity to secure the current incentive level.
2. Improved communication through weekly program status updates published on the APS web site.
3. Development of mechanisms that will minimize such abrupt changes in APS's programs in future years, including the establishment of compliance-based "trigger" mechanisms that can adjust incentive levels appropriately, transparently and without disruption to the market.

In closing, I would like to emphasize that maintaining continuity in APS's 2010 residential programs is critical to attaining future compliance targets. APS's 2011 compliance target is significant and ACC consideration for stabilizing the program through 2010 will ensure that our company and others will be able to support future year RES objectives.

Sincerely,

William Dan King
Owner
Harmon Solar a div. of Harmon Electric, Inc.

Arizona Corporation Commission
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