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The PV Installation Specialists

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April 8th, 2010

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

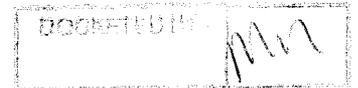
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

APR - 8 2010

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

Dear Commissioners:



American Solar Electric (ASE) appreciates 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).

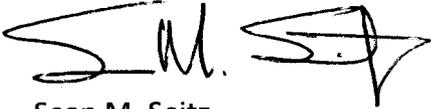
On behalf of the 120 Arizona-based employees of American Solar Electric, I would like commend the ACC and APS on an amazing achievement - a level of customer participation in APS's residential solar programs that will lead to 2010 compliance. Since the inception of the Renewable Energy Standard (RES) 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. APS's application indicates that customers are responding in dramatic fashion and that their 2010 residential compliance target is within reach. ASE is 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 for Arizona ratepayers. The time has come for reductions in utility incentive levels for residential solar electric systems in APS service territory and ASE supports the incentive levels proposed in Staff's recommended order for the balance of APS's 2010 program. However, we must be clear that this application was a complete surprise and that it has raised concerns that we hope APS will address going forward. Specifically, ASE would like to see the following recommendations adopted by APS:

1. Improved communication to stakeholders through weekly program status updates published on the APS web site.
2. Development of mechanisms that will minimize 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 essential to attaining future-year compliance targets at reduced incentive levels. APS's 2011 compliance target is significant and we request that the ACC mechanisms for stabilizing APS's 2010 residential programs. Doing so will ensure that our company and others participating in the APS residential market will be at full strength when the time comes to contribute to APS's 2011 compliance objectives.

Sincerely,

A handwritten signature in black ink, appearing to read 'S.M. Seitz', with a stylized flourish at the end.

Sean M. Seitz

President

American Solar Electric, Inc.