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August 24, 2010

AZ CORP COMMISSION  
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Mr. Jeff Guldner  
Vice President for Regulatory Affairs  
Arizona Public Service Company  
400 North Fifth Street  
M.S. 8995  
Phoenix, AZ 85004

Arizona Corporation Commission  
**DOCKETED**  
AUG 24 2010

DOCKETED BY

Mr. Ray Heyman  
Vice President for Regulatory Affairs  
Tucson Electric Power Company  
One South First Street, Ste. 1820  
Tucson, AZ 85701

MAILED VIA EMAIL

**Re: Battery storage research and development for use in conjunction with energy efficiency and renewable energy technology; 2011 REST and Energy Efficiency Implementation Plans; adding Sacramento Municipal Utility District battery storage pilot to requested analysis in July 31, 2010 letter; Docket Nos. E-01933A-10-0278.**

Dear Mr. Guldner and Mr. Heyman:

Last month, I wrote to you requesting that your Companies undertake an examination of the benefits associated with battery storage, with a particular eye toward a new pilot program being conducted by the Center for Sustainable Energy California and San Diego Gas and Electric. Under that program, San Diego Gas and Electric ("SDG&E") is deploying a battery storage testing program, in which the Company will test three different lithium batteries for their home energy storage capabilities.<sup>1</sup>

Since issuing that letter, it has come to my attention that there is at least one additional battery storage pilot program under way, at the Sacramento Municipal Utility District ("SMUD") in California. It is my understanding that the SMUD battery program has as its focus the efficacy of battery technology in delivering demand response, emergency back-up and renewable energy integration services for utilities. I would like to request that Arizona Public Service Company ("APS") and Tucson Electric Power Company ("TEP") examine the SMUD battery storage

<sup>1</sup> See press release issued by the Center for Sustainable Energy California, "Study looks at repurposing batteries for household energy storage," June 10, 2010.

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efforts, in addition to those at SDG&E, and present your analysis of both programs to the Commission, as outlined in my July 31 letter.

Thank you for your attention to this matter and I look forward to reviewing your responses.

Sincerely,



Kris Mayes  
Chairman

Cc: Commissioner Gary Pierce  
Commissioner Sandra Kennedy  
Commissioner Paul Newman  
Commissioner Bob Stump  
Ernest Johnson  
Steve Olea  
Janice Alward  
Lyn Farmer  
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