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AZ CORP COMMISSION
DOCKET CONTROL
November 14, 2011

Arizona Corporation Commission
DOCKETED

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Commissioner Sandra D. Kennedy
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

DOCKETED BY

Re: Response to Commissioner Kennedy's Questions on APS and TEP REST Plans
Dockets: ~~E-01345A-11-0264~~/E-01933A-11-0269

Commissioner Kennedy,

This letter is in response to the questions you asked of SolarCity Corporation ("SolarCity") at the Commission's Open Meeting held on November 8th and 9th. Below we restate the questions and then provide a response. We appreciate the opportunity to offer a written response to these important questions.

1) Are residential solar leases "over-subsidized?"

No, Companies who lease solar systems to homeowners are able to claim a number of incentives that are used to lower the overall cost of the lease to homeowners and therefore allow the homeowner to recognize savings on their electricity bill from the first day their system is installed. It is often homeowners who are younger, less educated and less wealthy who decide to lease systems because they find the upfront cost of a purchased system prohibitive. The available incentives go toward lowering the cost of solar acquisition for these customers and therefore equalize access to solar for all. The solar lease truly brings solar to those individuals who otherwise could never afford to purchase a system. Please refer to the FAQ that SolarCity, SunRun, Sungevity and Mainstream Energy docketed on October 26, 2011 for an overview of the incentives available to homeowners who purchase and lease their systems.

2) Does SolarCity's lease include monitoring, a production guarantee, maintenance, warranty, and replacement parts at no additional charge?

Yes, SolarCity's lease customers get monitoring, maintenance, free replacement of any system part that breaks or is defective, a production guarantee and warranties all included in the price of the lease. All of these features are automatically included at no additional cost in every lease agreement that SolarCity provides. Each of these items is included and the customer is still able to recognize a savings on their electricity bill from the first day the system is installed.

Commissioner Kennedy
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Please let us know if you have additional questions on these or other subjects.

Sincerely,

Court S. Rich

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