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November 15, 2011

Arizona Corporation Commission

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The Honorable Gary Pierce
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, AZ 85007-2927

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 AZ CORP COMMISSION
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RE: Docket No. E-01345A-11-0264

Dear Chairman Pierce:

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Thank you for the opportunity to provide public comments on TEP and APS' 2012 RES plans during the Commission's November 8th Open Meeting. As I mentioned in my remarks, SunRun has been steadily selling residential solar leases in TEP and APS territories since 2009. SunRun works with local installers and currently serves hundreds of Arizona solar lease customers.

During the November 8th Open Meeting, the following questions about residential leases arose and SunRun wishes to offer these responses for the Commissioners' consideration.

1. **How do warranties and performance guarantees work for leased systems?**
 In general, when a customer purchases a solar facility, the customer receives warranties from equipment manufacturers and from the installer on the solar facility and the installation work. SunRun leased systems are covered by these same warranties. When a customer leases a system with SunRun, the customer receives a guarantee from SunRun that the system will produce a specified amount of electricity each year for the duration of the lease agreement. If the system produces less than the guaranteed amount, SunRun issues its customers a cash refund to compensate them for the delta between expected and actual production. This performance guarantee applies both to customers who prepay for a lease and to customers who pay monthly for a solar lease.
2. **What happens to leased systems if a leasing company goes bankrupt?**
 SunRun's leased systems are owned by a special purpose vehicle that is sometimes referred to as a bankruptcy-remote entity. Within that entity, funds are set aside to maintain and manage the systems. The special purpose vehicle contracts with SunRun to maintain the systems. If SunRun were to go bankrupt, the special purpose vehicle would find another company to contract with for system maintenance. This structure has been used previously in other industries and has the ultimate effect of protecting consumers from risk in the event that SunRun goes bankrupt.

We hope that you find this perspective valuable as you prepare for the upcoming voting meeting on TEP and APS' 2012 RES plans.

Thank you,

Sarah Bertram
 Manager, Policy & New Markets