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January 31, 2013

The Honorable Bob Stump, Chairman  
Arizona Corporation Commission  
Commissioners Wing  
1200 W. Washington - 2nd Floor  
Phoenix, Arizona 85007

Arizona Corporation Commission

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Dear Chairman Stump:

I write to express concern and dismay regarding the Commission's decisions made on January 23<sup>rd</sup>, 2013 during consideration of 2013 REST Implementation Plans. The termination of APS and TEP commercial solar programs - with no prior notice and on the last day of a seven-month regulatory process - will have real consequences for our business. We wish to make you aware of those consequences.

Mainstream Energy Corp. is the parent company of REC Solar, a national installer of grid-tied residential, commercial, government, and utility solar installations, and AEE Solar, one of the country's largest distributors of renewable energy equipment. Our companies have facilities in Phoenix and Tucson and employ more than 800 people nationwide.

During consideration of the 2013 REST Implementation Plans, little opposition was posed to these commercial solar programs. Accordingly, our company worked with clients to develop over \$10 million in such projects in 2012, with the expectation they may be built in 2013 assuming we were successful in securing incentive. Even the night before January 23<sup>rd</sup>, we had reason to expect continuation of these programs, as both you and Commissioner Bitter-Smith introduced amendments which only sought to modify timing of incentive availability for projects of certain sizes. Yet the next morning Commissioner Pierce's amendments to terminate these programs was considered and approved with virtually no discussion, dissent, or public input. The Commission's hasty decision-making on matters of such weighty importance halts these projects, undermines our confidence in Arizona's business environment and jeopardizes our future presence in the state.

As Commissioner Pierce is fond of pointing out, the Commission is not responsible for economic development. Yet hundreds of businesses - small and large - and thousands of Arizonans are directly impacted by the Commission's actions. Some of these men and women will lose their jobs as a consequence of your decisions on January 23<sup>rd</sup>.

We are not asking the Commission to provide financial incentives for solar in perpetuity. Indeed, we welcome a robust discussion regarding these matters. We do ask however, that the Commission provide industry with a modicum of regulatory certainty, transparency, and predictability in its decision-making. Additionally, we encourage the Commission to explore opportunity to restore APS and TEP commercial solar programs in a budget-neutral manner.

Thank you for your attention to these matters.

Sincerely,

*Benjamin L. Higgins*

Benjamin L. Higgins  
Director of Government Affairs

cc: Commissioner Susan Bitter-Smith  
Commissioner Bob Burns  
Commissioner Brenda Burns  
Commissioner Gary Pierce  
Jodi Jerich, Executive Director  
Steven Olea, Utilities Division Director