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**Dissent letter on Re-Hearing on
APS REST 2011 Implementation Plan**

Dear Interested Parties:

This dissent letter is to explain my "No" vote on February 2, 2011 on the re-hearing of Decision No. 72022.

I did not support the 40-252 motion to reopen the APS 2011 REST Implementation plan. I did not believe it was a prudent or efficient use of our valuable and strained staff resources, especially since it had only been a mere five weeks from the original decision.

In my opinion, the issues that were the subject of the re-hearing could have been addressed as our staff suggested, during the review of the 2012 implementation plan, beginning in June 2011.

I am concerned for the ratepayers who are not able to take advantage of installing Photovoltaic systems onto their residences because they do not own their dwellings. I am speaking of the number of APS ratepayers who rent an apartment or lease a home. They too pay the rest surcharge. I am a little apprehensive that the Commission's REST policy may be moving in the direction of favoring those residential ratepayers who own their homes. My goal and preference is that we continue to maintain a balance in our energy policies to *benefit all the ratepayers*.

In the past, I have been supportive of moving REST funds from other programs to help fund the backlog in the residential program. However, funding the backlog at the Rapid Reservation reduced incentive level of \$1.00 causes me concern. I agree with the representatives of the solar industry who testified that the Rapid Reservation program might send confusing cost signals to the ratepayers. I believe that ratepayers should receive an equitable incentive so that they can benefit from what they have paid into the REST surcharge.

I did not support the voluntary Rapid Reservation program that APS requested in its original application, and I supported the provision that removed the \$1.00 Rapid Reservation incentive. This allowed me to vote for the original decision in December, on behalf of the ratepayers.

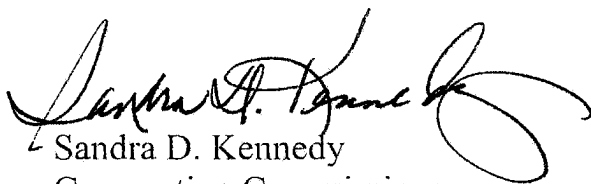
I know throughout the proceedings that we heard comments regarding how Salt River Project ("SRP") handles renewable energy programs and surcharges. I cannot tell you how many times I have been contacted or had conversations with SRP customers, who have expressed concerns that SRP does not offer comparable programs or incentives as the utility companies that we regulate. Therefore, comparing APS or the other utility companies we regulate to SRP is somewhat like comparing apples to oranges.

Finally, I would be remiss if I did not address the issue of the Commission's authority when it comes to A.R.S. §§ 40-252 and -253. It is no secret that I did not support the 40-252 motion. My opposition was based on policy direction and the burden placed on our limited staff resources. I believed it would be a better use of our staff resources to address the issues in the 2012 REST plan filings.

Having said that, I do believe that our use of the 40-252 is well within our authority. While I believe and will always support our authority, I hope we use that authority in a judicious and equitable manner.

No one has a monopoly in protecting the ratepayers; while we may disagree on energy policy; I know we all take very seriously the impact that any action or policy we take here at the Commission will have on the ratepayers.

However, due to the amendments adopted, and for the reasons I have already stated, I could not support the Commission's actions in this matter and voted no.


Sandra D. Kennedy
Corporation Commissioner