

SALT LAKE COUNTY

PETER M. CORROON
Salt Lake County Mayor

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November 16, 2009

Ms. Julie Orchard
Commission Secretary
Public Service Commission of Utah
Heber M. Wells Building, Fourth Floor
160 East 300 South
Salt Lake City, Utah 84118

Dear Ms. Orchard,

Salt Lake County (the "County") is pleased to submit comments in response to the October 12, 2009 Notice of Investigation and Procedural Order issued by the Public Service Commission (the "Commission") requesting comments in regards to third-party arrangements for renewable energy generation (Docket no. 09-999-12). We ask that this cover letter be incorporated by reference in our submission and be considered part of the public record in this docket.

Salt Lake County and Salt Lake City together have been designated as one of only 25 U.S. DOE Solar America Cities, a designation that has raised the profile of the area and resulted in substantial Federal technical and financial support for our solar efforts. We have developed a solar initiative titled Solar Salt Lake, and as part of that initiative, have immediate plans to install 800 kW of solar photovoltaic panels distributed on four County-owned facilities, including the Salt Palace and the Government Center (each of these being a "Project").

Both Federal grants and Federal and state tax benefits are required for the Project to be financially viable, and the County has been preparing to incorporate both tools. The County is tax-exempt and therefore is unable to utilize the Federal and state tax benefits that account for over 50% of the value of a solar project. Accordingly, the County must rely on third-party ownership structures in which an investor who is a taxpayer owns the Project and provides the County with the resulting power.

A recent financing study determined that if the County is unable to benefit from tax benefits through third-party ownership, the additional costs for solar power

rise from \$0.10 / kWh for a tax-advantaged project to \$0.23/kWh for a project financed with tax-exempt debt but with no Federal or state tax benefits accruing to the project.

The County has obtained Federal funds that will allow us to obtain power from a solar installation on the Salt Palace at prices comparable to what we currently pay for electricity, as long as the County is able to use innovative third-party financing that has become the norm across the country.

Additionally, we acknowledge Rocky Mountain Power's efforts to work with Salt Lake County to resolve barriers related to our 800 kW solar project. However, we have been unable to reach a resolution that would meet the needs of both parties and move this project forward.

Because of these issues and concerns, and the financial benefit detailed in the comments below, the County strongly urges the Commission to clearly state that the ownership of renewable power generation systems by third-parties when power from those systems is provided to a single end-use customer does not result in the third-party being treated as a public utility under Utah law.

Thank you for the opportunity to present the concerns of the people of Salt Lake County on this vital issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter", written in a cursive style.

Peter M. Corroon
Salt Lake County Mayor