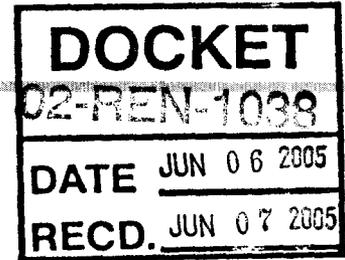


Docket Optical System - Docket No. 02-REN-1038

From: "Doby Fleeman" <d.fleeman@davisace.com>
To: <docket@energy.state.ca.us>
Date: 6/6/2005 5:31 PM
Subject: Docket No. 02-REN-1038
CC: <ttutt@energy.state.ca.us>

If we are reading them correctly, the proposed guideline revisions would appear to advantage those applications received early in a new Rebate Cycle while disadvantaging applications received later in that same cycle. Not only does this seem unfair, but inevitably it would lead to a massive number of application submittals at the beginning of every 6 month cycle and virtually none during the 2nd half of the cycle.

It is important to keep in mind that the only criteria for completing a system is not the receipt of a confirmed reservation. There are other factors, as well, that influence the ultimate completion date for a new system. In recent history, the issue of module availability has played a significant role in determining when a contractor could actually commence installation. Other factors may include the schedule of a re-roofing contractor or even the weather.

From the standpoint of the transactional/economic impact, who should take the "hit" if the rebate level is lowered prior to expiration of the current rebate cycle - even though there may be 6 months remaining on the reservation? Was the problem caused by the extended processing time of the CEC itself (resulting in perhaps a 2 month window remaining at the original rebate level when approved), or was the problem caused by unavailability of modules by the time the reservation was issued (or does the CEC want the customer to be required to take delivery of modules at the time of signing the contract and prior to confirmation of an approved reservation?), or was the problem caused by the customer "dithering" or "wanting to think it over a little longer" after being notified of their reservation confirmation, or was the problem caused by the contractor who had taken on too much work and couldn't start until later than originally planned, or was the problem caused by a long, wet winter (in which case, maybe reservations issued in October, November and December should automatically be given 3 month extensions).

When you get down to it, what should be the controlling contract value if the contract is valid for 9 months but the window of opportunity for the higher rebate value is only 4 months, or 2 months?

We're sure there must be some good reasons for this proposed change. At the moment, however, we are having some difficulty with understanding how we would implement the process and still protect ourselves and our customers from the potential decline in rebate value.

In summary, the proposed change seems unfair and counterproductive to the entire process and all parties involved.

Sincerely,
Davis ACE Hardware

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