



April 25, 2017

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Sustainable Energy Fund's PA SEB 2016 Annual Report
Docket No. M-00031715 F0003**

Dear Secretary Chiavetta:

Enclosed please find a copy of Sustainable Energy Fund's PA SEB 2016 Annual Report for filing at the above-identified docket number. Please contact me if you have any questions concerning this matter.

Sincerely,

Kenneth L. Mickens, Esq.

Attorney for the Sustainable Energy
Fund

SUSTAINABLE ENERGY FUND

(PPL Service Territory)

PA SEB 2016 ANNUAL REPORT

<http://www.theseef.org>

INTRODUCTION

The Sustainable Energy Fund is an independent, nonprofit 501(c) (3) corporation that assists energy users to strive for a future where energy is harvested, converted, distributed and utilized in a manner that allows all to meet their energy needs without compromising the ability of future generations to meet their needs.

SEF was founded in 1999 through a settlement approved by the Pennsylvania Public Utility Commission during the state's electric deregulation proceedings. Since then, SEF has been a leading financer of sustainable energy projects and has expanded its services to include sustainable energy education with the goal of seeking a sustainable energy future.

The organization continues to engage in sustainable energy awareness efforts, provide sustainable energy education and intervene in regulatory proceedings that impact energy conservation, energy efficiency or renewable energy.

SEF works with all types of entities including small businesses, municipalities, school districts, non-profits, farmers, manufacturing facilities, warehouses, and transportation companies to reduce the consumption of energy from non-sustainable resources. SEF works with energy users, educators, consumers and regulators to achieve these reductions by reducing or removing the financial, educational and regulatory barriers that prevent these organizations from generating energy from renewable resources and implementing improvements in efficiency of energy utilization as well as reducing energy consumption through behavioral changes.

SEF remains dedicated to helping energy users make informed decisions and in financially supporting projects that meet specific criteria. SEF is consistent and transparent in its financial reporting and execution of operations.

HIGHLIGHTS AND ACCOMPLISHMENTS

Educational Initiatives

SEF funds a variety of educational initiatives that raise public awareness of sustainable energy as well as provide topic-specific training for energy users, educators and students. Sustainable Energy Fund's educational programs seek to create a passion for and knowledge of sustainable energy in the leaders of

today and tomorrow. Literacy in both energy and sustainability is crucial to the understanding and application of knowledge in making sound sustainable energy related decisions. SEF's educational programs include Energypath, Sustainable Energy Workshops, and public outreach.

Energypath 2016 at Pennsylvania State University, State College, PA

Energypath 2016 was held July 25– July 29, 2016, at the Pennsylvania State University in State College, Pennsylvania. The theme for this year's event was Emerging Technology and Business Models. A total of 144 energy camp scholarships were provided to students and educators, representing 92 schools of higher education. For the conference portion of the event, more than 300 people were in attendance.

The pre-conference energy camps brought the industry's top sustainable energy trainers to lead hands-on educational sessions. Topics for these sessions included Solar Photovoltaic, Wind, Micro Hydro, Biomass, Introduction to Sustainable Energy, Passive House, Energy Storage and Fuels Cells. Each energy camp provided information on the science behind the technology, hands on experience where possible, interaction among participants, and information on the regulatory events affecting the industry.

The Energypath conference included 33 seminars and more than 39 speakers. Notable speakers included Dr. Chris Rhan, Richard Defay, Stefan Bernhard and Dr. Manuf Farhan. The Keynote Dinner speaker was Jack Uldrick author and futurist who spoke on Future in Energy. Concurrent with the conference was an exhibition that included exhibitors from local and regional energy efficiency and renewable energy generation contractors who displayed various types of renewable technologies.

Additionally, on the last day of the conference, SEF hosted a middle school and high school science fair with the generous support of Community Energy. Students from Pennsylvania, New Jersey and Maryland participated in the Science Fair, presenting a poster board and research data to explain their project topic and findings. These projects were evaluated for creativity, scientific thought, clarity, and skill. The winning middle school project was Using Solar Energy to Prevent Corrosion and the winning high school project was The Power of Algae.

This year's Epstein Lifetime Achievement Award was given to Ron Celentano for a lifetime of work in moving society towards a sustainable energy future.

Educational Outreach

As part of the educational outreach initiative for 2016, SEF provided expert speakers to community organizations for participation in panel and conference breakout sessions. SEF also exhibited at 21 events and conferences such as the Pennsylvania Farm Show, Greater Lehigh Valley Chamber of Commerce Energy and Environment Conference, USGBC GreenCon, National Passive House Conference and many more. Lastly, SEF provided training to elementary and middle school students by working with the Girl Scouts Get Moving Program and Seven Generations Charter School.

Sustainable Energy Workshops

The Sustainable Energy Workshops part of SEF's educational outreach initiative seek to provide a deeper knowledge level than can be achieved by a 45 minute presentation. Each Sustainable Energy Workshop is approximately four hours long and includes a combination of seminar style and hands-on training where appropriate. In 2016, four Sustainable Energy Workshops were held with the following topics: Anaerobic Digestion, Measurement and Verification, Passive House Tour and Waste to Energy Tour.

Regulatory Monitoring

In addition to engaging in sustainable energy awareness efforts providing sustainable energy education, SEF intervenes in regulatory proceedings that impact energy conservation, energy efficiency or renewable energy. SEF continues to represent ratepayers' interests in sustainable energy proceedings before the Public Utility Commission.

Program Related Investments

SEF's financial programs seek to aid energy users in overcoming financial barriers through a variety of self-sustaining financial tools such as loans, leases, energy savings agreements, power purchase agreements and equity investments. Each investment must fit SEF's mission and meet minimum financial requirements.

Through the Non Profit Energy Savings Agreement program, SEF provides nonprofits with a no cost introductory energy audit. For larger facilities, these audits are performed at no cost through SEF by a qualified professional engineering firm. For calendar year 2016 SEF conducted more than 20 energy audits for nonprofit organizations.

Over the past year, SEF committed to fund projects totaling \$2,961,928.00. Funding of \$1,277,163.00 was disbursed on projects committed to in 2016.

Energy Sprout Competition

The objective of Energy Sprout Competition was to create a statewide competition designed to foster new or innovative products and business models in sustainable energy as well as foster the concept of community scale sustainable energy improvements. Sustainable energy encompasses energy conservation, energy efficiency and renewable energy.

The competition was a collaborative effort between the West Penn Power Sustainable Energy Fund and Sustainable Energy Fund. The competition awarded \$161,000 in grants including a \$100,000 for the first place finisher in the business category. The grant recipients and amounts awarded are listed in the disbursement table below.

Financial Approvals

Project Title	Amount of Funding	Comments
Jewish Family Services of the Lehigh Valley	\$39,262.00	LED lighting & HVAC project
Londonderry School	\$286,805.00	Refinance existing loan
Pennsylvania Leadership Charter School	\$134,000.00	LED lighting upgrade
Community Bikeworks	\$26,250.00	Solar PV PPA
Allentown Central Catholic High School	\$265,000.00	LED lighting, boiler upgrade, kitchen fuel switching project
1952 Bryn Mawr Avenue RH, LLC	\$150,000.00	Passive House apartment new construction
State Theater Center for the Arts, Inc.	\$43,865.00	LED lighting project
Palmyra Housing Limited Partnership	\$169,912.00	HVAC upgrade, fuel switching DHW
Sixth and Willow Streets Limited Partnership	\$147,100.00	HVAC upgrade, fuel switching DHW
Christ Episcopal Church	\$138,972.00	Solar PV PPA
Pleasant Valley Manor	\$979,533.00	LED lighting upgrade, VAV, chiller replacement, BAS, variable speed pumps
Pocono Services for Families and Children	\$36,507.00	LED lighting upgrade
Pocono Services for Families and Children	62,500.00	HVAC upgrade
Energy Sprout Competition	\$161,000	Statewide competition

Disbursements

Project Name	Type of Funding	Amount	Approval Date	Comments
Jewish Family Services of the Lehigh Valley	NESA	\$36,544.53	2/25/2016	LED lighting & HVAC project
Londonderry School	Loan	\$286,805.00	4/20/2016	Refinance existing loan
Pennsylvania Leadership Charter School	Loan	\$134,000.00	4/20/2016	LED lighting upgrade
Allentown Central Catholic High School	NESA	\$216,022.71	6/7/2016	LED lighting, boiler upgrade, kitchen fuel switching project
Pleasant Valley Manor	NESA	\$350,000.00	10/26/2016	LED lighting upgrade, VAV, chiller replacement, BAS, variable speed pumps

Pocono Services for Families and Children	NESA	\$18,253.10	11/1/2016	LED lighting upgrade
C.E.W.A. Technologies	Energy Sprout Grant	\$100,000.00	7/25/2017	Improved manufacturing process for solar dish
Ethosgen	Energy Sprout Grant	\$25,000.00	7/25/2017	Low temperature heat engine and nano metal framework development
Renewable Homes	Energy Sprout Grant	\$3,000.00	7/25/2017	Passive House apartment building
Energy Coordinating Agency	Energy Sprout Grant	\$25,500.00	7/25/2017	Weatherization Plus Health Pilot
Serenity Soular	Energy Sprout Grant	\$5,000.00	7/25/2017	Community solar garden
St. Francis University	Energy Sprout Grant	\$3,000.00	7/25/2017	Adding building regulations to mapping system

Energy Service Provider Network. In order to locate and develop projects, SEF has created a network of service providers who work in the renewable energy/energy efficiency field. Communication via the network allows SEF to develop financial tools and products to assist the project owner in meeting their funding needs. During 2016, held a two-day mini conference focused on improving the operations of these sustainable energy businesses and familiarity with SEF's services.

GREEN CONNEXIONS

Green Connexions, Inc. is a for-profit C corporation owned by SEF. The mission of Green Connexions is to provide products and services through renewable energy and energy efficiency ventures. Profits from Green Connexions are used in support of SEF to help sustain its mission. In 2016, Green Connexions through its subsidiary Sustainable Energy Systems maintained a limited solar thermal leasing program.

BOARD ACTIVITIES

At SEF's 2016 Annual Meeting in October 2016, Mr. Kenneth Mickens was elected as SEF's Chairman of the Board. Additionally, Mr. Robert Thomson was elected as Vice Chairman and Daniel Griffiths was elected Secretary/Treasurer. The Board had one open seat during 2016.

The SEF Board reviews governance, policy and structure. There are three standing committees: Finance, Human Resources, and Program Related Investments. The Finance Committee also functions as the Board Audit Committee and the Board Investment Committee. During 2016, the Board had nine meetings. As of December 31, 2016, the SEF Board of Directors consisted of:

- Kenneth Mickens, Chairman
- Robert Thomson, Vice Chairman
- Daniel Griffiths, Secretary/Treasurer
- Linda Evers, Director
- Jean Black, Director
- William DeFalco, Director

FINANCIAL REPORT

As of December 31, 2006, SEF no longer receives funding from the PPL ratepayers. SEF is funded via the program-related investments and the endowment fund.

For the year ending December 31, 2016, SEF's internal financial statements showed a total income of \$467,920 and a total expense of \$1,259,591. Taking into account dividends, interest, unrealized gains (losses), bad debt expense and loan loss allowance resulted in a net income of \$385,755. The 2016 Balance Sheet reports total assets at \$21,259,968, which includes program loans of \$2,585,685, and

total liabilities at \$67,428. Audited financial statements for the year ending June 30, 2016 are available upon request by contacting Sally Kratz, Accountant, Sustainable Energy Fund, 1005 Brookside Road Suite 210, Allentown, PA 18106.

ADDITIONAL INFORMATION

Sustainable Energy Fund is an independent, self-governing organization that does not pay an annual fee for management services. The Fund tracks expenses in three categories- Operations, Financial Services and Educational Services. Financial Services and Educational Services represent the majority of program related expenses. Operational expenses include administrative costs, information technology, facility costs, dues and memberships, as well as a portion of marketing and labor expenses. Operational expenses for 2016 totaled \$368,724.

During the 2016 calendar year, Sustainable Energy Fund approved \$161,000 in grants and 144 attendance scholarships to the Energypath conference, which are recorded as a program expense.