

SUSTAINABLE ENERGY FUND

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Ms. Rosemary Chiavetta
Secretary
PA Public Utilities Commission
400 North Street
Keystone Building
Harrisburg, PA 17105-3265

RE: Docket# M-00031715 F0003 (Previously R-009793954)

Dear Ms. Chivaetta:

In accordance with the requirements of the PUC-PP&L Utilities/Joint Petitioners settlement agreement of the PP&L restructuring plan, and the subsequent PP&L Sustainable Energy Fund bylaws, as approved by the PUC, which established The Sustainable Energy Fund, enclosed please find:

The Annual Report to the PUC and to the Joint Petitioners, for the period of July 1, 2012 to June 30, 2013.

Sincerely,

Jennifer Hopkins
President

Enclosure

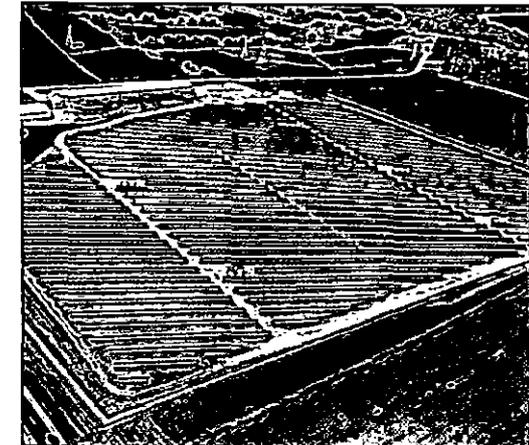
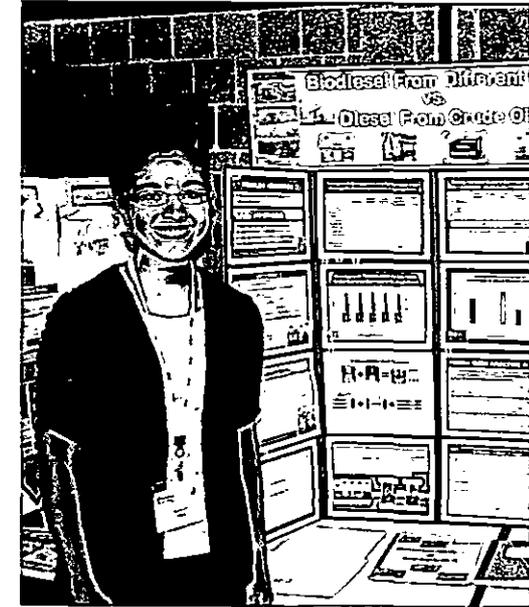
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Sustainable Energy Fund
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**2013
ANNUAL REPORT**

MISSION STATEMENT

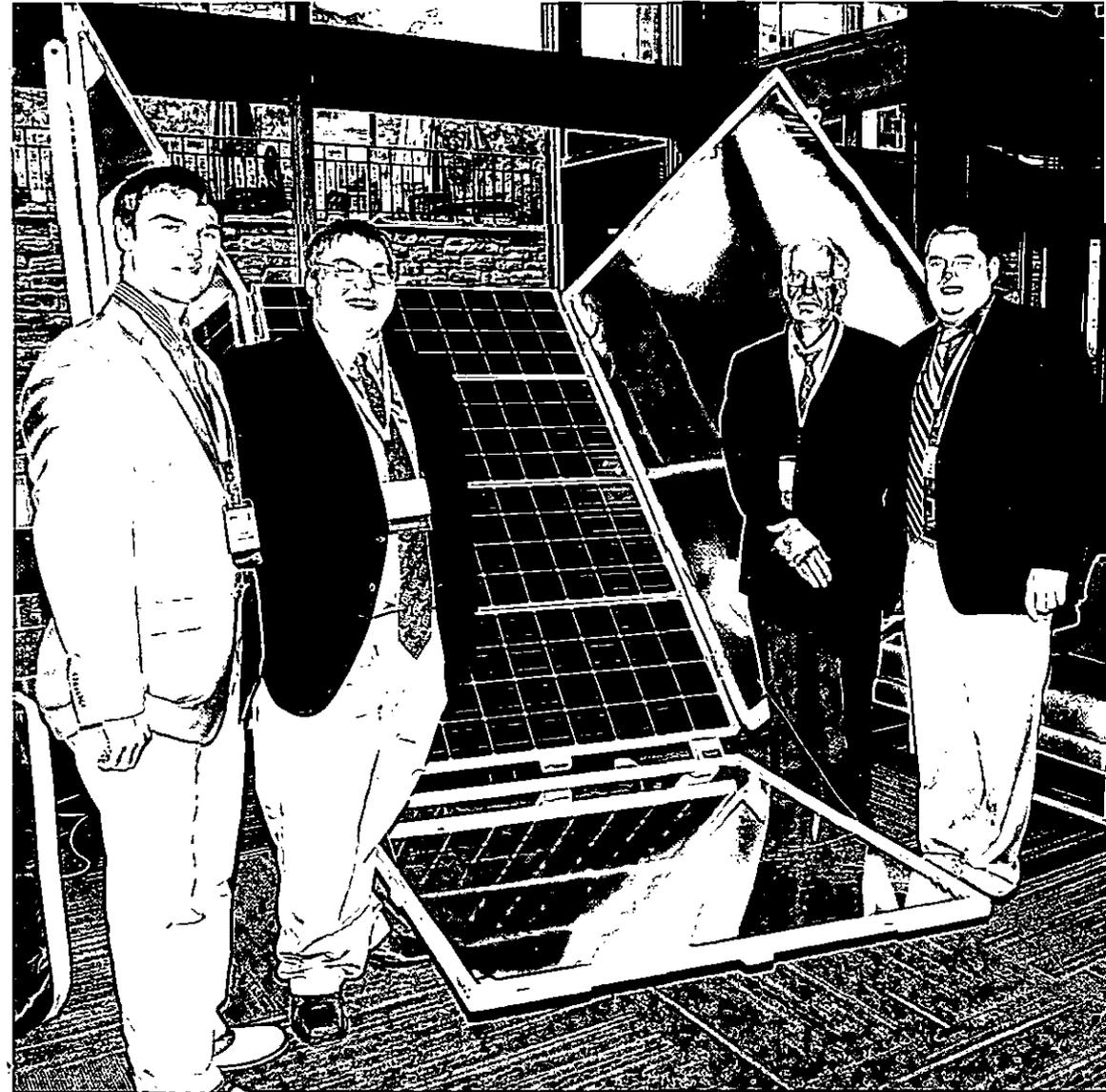
The mission of Sustainable Energy Fund is to promote, research, and invest in clean and renewable energy technologies, energy conservation, energy efficiency and sustainable energy enterprises that provide opportunities and benefits for PPL Electric ratepayers.

HOW WE ACHIEVE OUR MISSION

We achieve our mission by assisting energy users in overcoming financial, educational and regulatory barriers to a sustainable energy future.

COVER: Left: Solar PV Energy Camp participants
Top Right: Harleen Suri, Energypath 2013 Middle School Science Fair first prize winner
Bottom Right: Community Energy Keystone Solar Project financed by Sustainable Energy Fund

REFLECTIVE SOLAR TRACKER



The reflective solar tracker was developed by the University of Scranton to decrease the cost of solar installations. Three prototype systems were built and tested in cooperation with Shippensburg University and Pennsylvania State University. The project was funded in part by a grant from Sustainable Energy Fund.

BOARD OF DIRECTORS

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Michael Hamann, Business Development Specialist

Sally Kratz, Accountant

Kelly McCartney, Program Leader, Education

Elizabeth Smurda, Administrative Assistant

Celeste Voyer, Marketing Manager

Right: from left to right, Frank Pallien, Nathan Williams, James Loven, Nicholas Truncale

Letter to Stakeholders

As I write this letter, energy users across Pennsylvania are engaged in energy conservation, energy efficiency, and renewable energy projects that move the Commonwealth towards a sustainable energy future. Admittedly, this is a future that is difficult to envision, but necessary for the success of our children and grandchildren. It is this necessity that drives our mission, our entrepreneurial spirit, and our success.



In fiscal year 2013, Sustainable Energy Fund committed more than \$1.9 million to sustainable energy projects to businesses, provided more than 1,600 hours of educational content, and granted more than 160 Energypath scholarships. The \$1.9 million in commitments for 946 projects to businesses resulted in \$2.2 million in disbursements for 946 projects. The projects ranged from a \$227 instant rebate to a \$1.25 million line of credit.

Through monthly Power Lunches and experiential exhibit booths, Sustainable Energy Fund provided more than 1,600 educational hours. Additionally, Sustainable Energy Fund co-hosted a symposium on translating local success to global success with the United Nations Industrial Development Organization.

This year, Sustainable Energy Fund participated in the Pennsylvania Public Utility Commission's working group on On-Bill Financing. Sustainable Energy Fund collaborated with stakeholders to develop a model specifically for Pennsylvania.

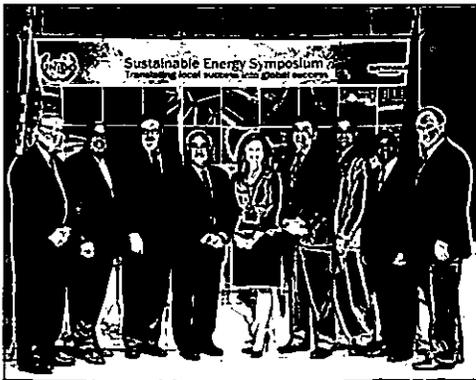
We are proud of the results and international recognition we achieved during the past year, but know that continued success will take great effort. We also recognize that our success is a reflection of the commitment and leadership of our Board of Directors.

On behalf of Sustainable Energy Fund and those that we serve, thank you for your support.

Jennifer A. Hopkins
President, Sustainable Energy Fund

OVERCOMING EDUCATIONAL BARRIERS

Sustainable Energy Fund assists in overcoming educational barriers by providing opportunities for energy users to increase their knowledge of energy conservation, energy efficiency, and renewable energy. This increase in knowledge is accomplished through experiential displays at public expositions, speakers, and hands-on and classroom training. Sustainable Energy Fund's educational training is branded, Energypath.



Last year, Sustainable Energy Fund participated in numerous public expositions including the Pennsylvania Farm Show, Globalcon, PA Science Teachers Convention, PBEA Conference, PV America and others. At each of these events, Sustainable Energy Fund brought demonstration units that allowed all participants to see and touch the latest renewable energy technologies.

The United Nations Industrial Development Organization and Sustainable Energy Fund hosted the Sustainable Energy Symposium. The symposium focused on the challenges of implementing sustainable energy at the local and global level.

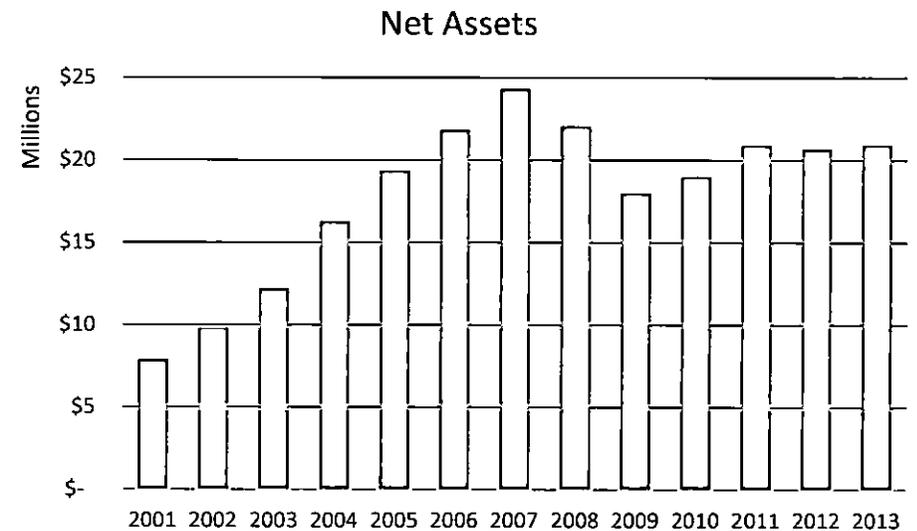
Sustainable Energy Fund provides speakers for community organizations and events. During the last year, Sustainable Energy Fund speakers participated in a variety of events including Globalcon, PV America and the KEEA Energy Efficiency Conference among others.

Hands-on and classroom training are provided through the Energypath Power Lunch and annual Energypath event. Power Lunch is a one-hour lunch-and-learn held monthly on a sustainable energy topic. They are held in Harrisburg and Allentown.

In 2005, Sustainable Energy Fund launched the award-winning Solar Scholars™ program. Since then, this program has grown into the region's largest sustainable energy conference attracting almost 500 participants annually. Today, the event, known as Energypath, features a two-day conference, three-day preconference hands-on energy camps, sustainable energy exposition and science fair for both middle school and high school students.

SOURCES OF SUPPORT

Sustainable Energy Fund's operating funds come from two main funding sources: revenue from program-related investments and investment income. Total Sustainable Energy Fund operating revenues and gains for fiscal year 2013 were \$1,299,87. Total expenses were \$1,037,490.

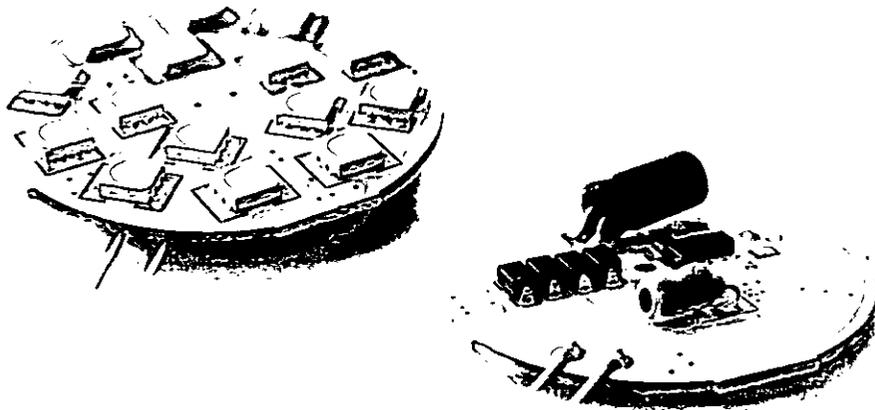


To learn more about Sustainable Energy Fund, its educational or financial programs, or to make a donation, please visit <http://www.theseef.org> or call 610-264-4440.

OVERCOMING FINANCIAL BARRIERS

In fiscal year 2013, Sustainable Energy Fund assisted energy users in overcoming financial barriers through financial education and lending programs. Energy Service Providers learned how to evaluate financial instruments and sell financing for energy projects. Project financing was facilitated through both direct and indirect lending programs. Indirect lending programs included the Instant Rebate Program marketed by AllFacilities Energy Group and a line of credit for AFC First Financial to use in the Keystone Help loan program.

By working with AllFacilities Energy Group and AFC First Financial, Sustainable Energy Fund was able to reach more than 900 ratepayers who included homeowners, school districts, manufacturers and others. In total, Sustainable Energy Fund committed \$1.9 million and disbursed almost \$2.3 million impacting 946 projects.



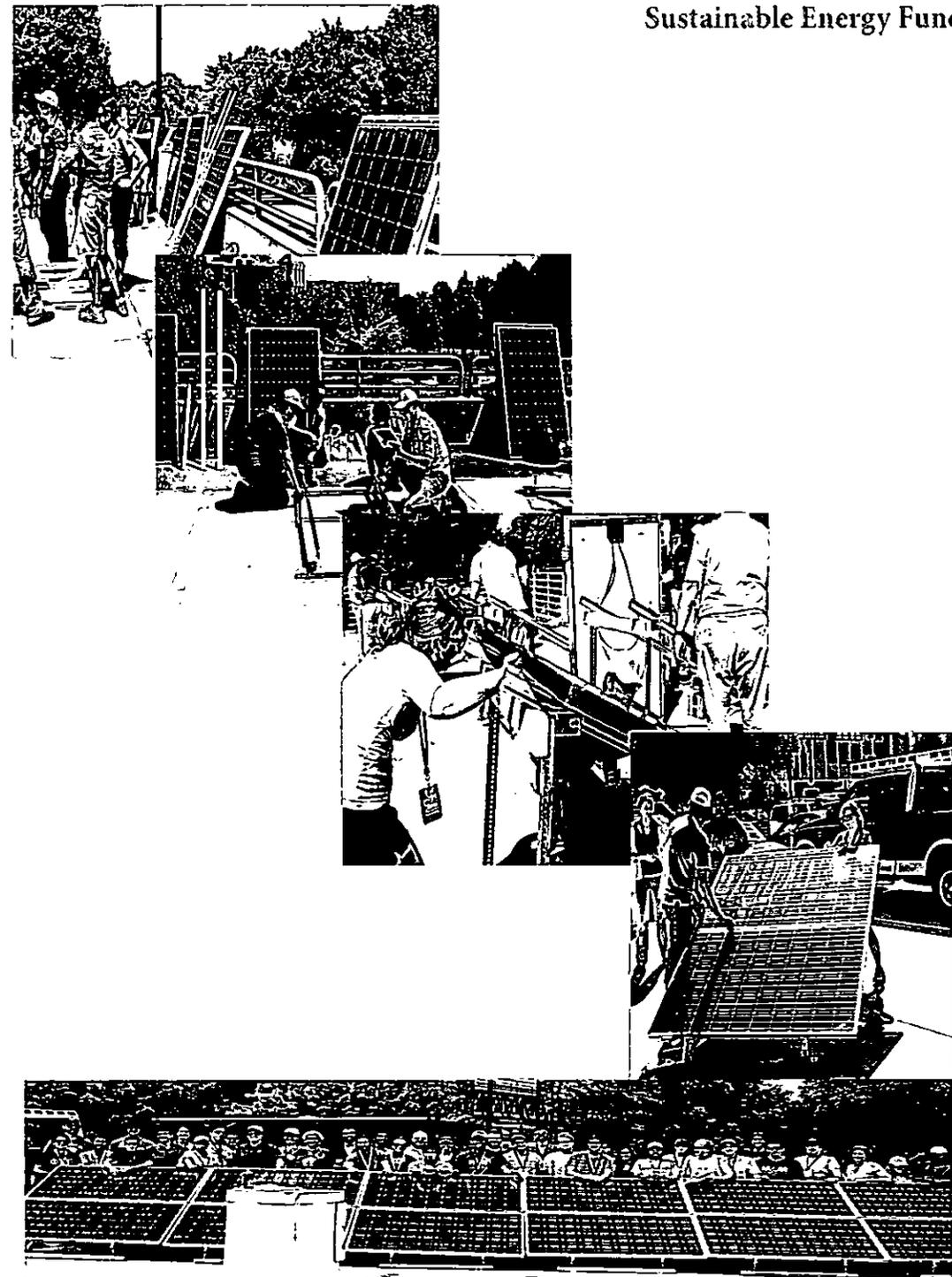
DISBURSEMENTS

Instant Rebate Program	\$ 955,208
AFC First Financial	\$1,250,000
Daystar Lighting	\$ 24,963

Instant Rebate Participants	
Bakery Barn	DBC Alcoma Limited Partnership
Nalco	Concordia Lutheran Ministries
AllFacilities Energy Group	Cardello Associates
Corporate Air, LLC	Alife's Inc.
A Touch of Style	Citizens Library
Hope for Hyndman Charter School	Community Products, LLC
G.R. Smalley	Anchor Hocking Corp
Cannon McMillian School District	Westmoreland Conservation Dist
Walmart	Manor Legion Home Association
Armstrong Cement Supply	JLG Industries
Evergreen Fire Department	JV Manufacturing
Siemens Power Generation	Community United Presbyterian
Peters Township School District	PNC Bank
ABC Supply Company, Inc.	All-Phase Electric
E.H. Schwab	V Systems Inc
Ligonier Country Club	Harpster of Phillipsburg
Body Revolution	Myco Import/Export Tire Co
Progress Workshop of Armstrong	New Stanton United Methodist
Bedford Reinforced Plastics	St. Catherine of Siena Church
Henry Clay Villa	AGR International
Monroe Muffler	Chatham Village
Amcel Center	Blanksville Express Printing
Christian Layman Corps	Kuhn's Market
PWC	Allegheny Valley YMCA
LOOM 236	Breavco, LLC
Dauphin County Library System	Leighty's Rugged Outdoor
Airport Office Park 5	Harrisburg Parking Authority
Friendship Village of South Hills	South Western School District
C&F Partnership	Greentree Foster Plaza Associates
Kreider Farms	

SUPPORTERS

Each supporter has made an outstanding investment in Sustainable Energy Fund. These individuals and companies help Sustainable Energy Fund assist Pennsylvania in working towards a sustainable energy future. Thank you for your support.



Above: Energypath 2013, Solar PV Energy Camp at Villanova University
 Opposite: Sustainable Energy Symposium, from left to right Dr. Robert Ichord Jr., Commissioner Gardner, Ambassador Carsten Staur, Dr. George Assaf, Jennifer Hopkins, Andrew Stein, Vatsal Bhatt, Dr. Stephen Gitonga and Dr. Mark Alan Hughes



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