



August 6, 2014

Pennsylvania Public Utility Commission  
Attn: Secretary  
Commonwealth Keystone Building  
400 North Street, P.O. Box 3265  
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

RE: Proposed Net Metering Changes – Docket No. L-2014-2404361

Dear Secretary;

We recently learned of the proposed net metering changes as outlined in the July 5 Pennsylvania Bulletin. Please accept this letter as our written comments to Docket No. L-2014-2404361.

As a company that has relied on already accepted state regulations to develop our 20-acre solar farm that supplies 20% of our business campus' energy needs under a 25-year power purchase agreement, Crayola is deeply concerned.

When we entered into this agreement our goals were to:

- develop a unique sustainable energy alternative and reduce our carbon footprint,
- create a competitive advantage to differentiate our brand,
- set an example for environmental responsibility for other organizations to follow,
- achieve a financial energy benefit,
- create jobs as proposed by former Department of Environmental Protection Secretary John Hangar, and,
- capitalize on the expertise, resources and partnership of our local energy utilities.

We believe the proposed changes to the current rules will undermine these objectives and those found in the state's Alternative Energy Portfolio Standards (AEPS) Act, and minimize progress of environmentally responsible technologies, not just at Crayola, but other businesses and energy companies around the state.

Specifically we have concern over two provisions under Statute 75.13 General provisions. The first is (a) (2) which would not allow an alternative energy system be a utility.

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In our instance, UGI Energy Services, Inc. (UGI) and PPL Renewable Energy, LCC (PPL) provided financing, knowledge, and the ability to market the renewable energy credits. UGI and PPL own the facility. Crayola provided the land and lease it to UGI and PPL. Crayola also agreed to purchase all the power from the facility over its life (25 years). Net metering is important for the financial viability of the project because during any given day electricity may pass to the grid. Rarely in a given month does net metering exceed the monthly demands of our business campus. With that said, without the ability to net meter from time to time, we would affectively be purchasing some of our electrical needs twice. Crayola has a net metering agreement with Met-Ed. The arrangement has worked very well. However, if - as a result of the Proposed Rulemaking - the agreement is null and void, it would create a financial burden to Crayola.

Most businesses do not have the finance resources to develop renewable energy projects. This was our case when we envisioned how we could develop alternate energy sources. It's the reason we partnered with and secured the support and financial backing of Pennsylvania utility companies ~ PPL and UGI, both credible and responsibly green energy companies. Crayola also made a significant investment in time, energy and financial resources to pursue and execute this renewable energy opportunity. We are very pleased with the results of our solar farm and what it has accomplished for the environment, our consumers and our Company. With the energy created by the power of the sun, we make 1 billion Crayola crayons and 500 million markers each year. It has also been great to partner with our in-state utility companies to further "green" the Commonwealth.

The second concern we have under Statute 75.13 General provisions is (a) (3). An alternative energy system must be sized to generate no more than 110% of the customer-generator's annual electric consumption at the interconnection meter location.

Under Crayola's current situation this regulation has no effect on our business. However, the agreements in place to make the Crayola Solar farm financially possible are 25 years in duration. Over this period of time our campus electrical requirements could change drastically. If, for example, we no longer needed to humidity control our manufacturing our electrical load would drop to a level that would negate our ability to net meter creating a significant financial burden.

We believe these proposed modifications will impede additional renewable projects and resources in Pennsylvania and also have an adverse financial effect on Crayola. It seems unfair to our Commonwealth's energy utilities, Crayola and other businesses that have made

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significant investments to further the state's plan to develop alternate energy sources to have the rules suddenly changed.

We are very much in favor of no rule changes. At a minimum, a grandfathering clause should be added if any changes are made. However, we believe, even this provision would undermine the momentum of renewable energy development in the Commonwealth.

For your reference I enclosed a photograph of our campus in Forks Township, Northampton County where approximately 750 people work daily. The solar farm is on the top right corner. I also enclosed a flat box of our 24 count crayons. The back of the box calls out our Eco-Evolution and made in America. We believe that our environmental stewardship and manufacturing location significantly differentiate our products from our foreign competitors. To learn more about our green initiatives please visit us at [www.crayola.com/about-us/company/green-initiatives.aspx](http://www.crayola.com/about-us/company/green-initiatives.aspx).

Please let me know if you would like to further discuss why we believe the proposed rule changes are not beneficial for the environment, and businesses and energy utilities within the state. Thank you for your understanding and support.

A handwritten signature in black ink, appearing to read "Glenn M. Price".

Glenn M. Price  
Vice President, Global Sourcing & Sustainability  
Crayola LLC  
610-253-6271  
1100 Church Lane  
Easton, PA 18042

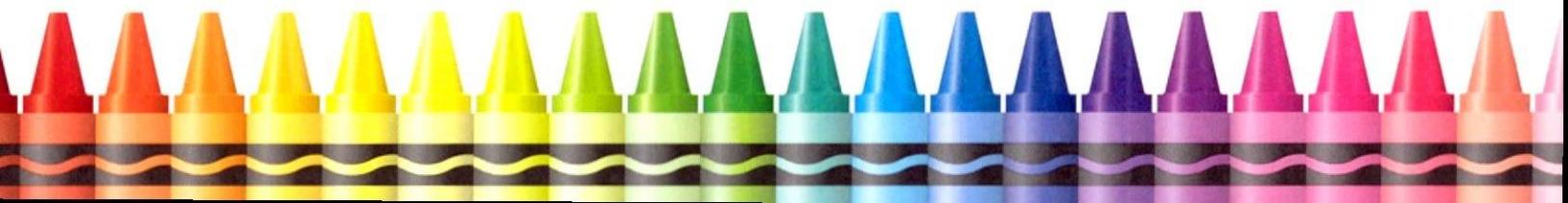
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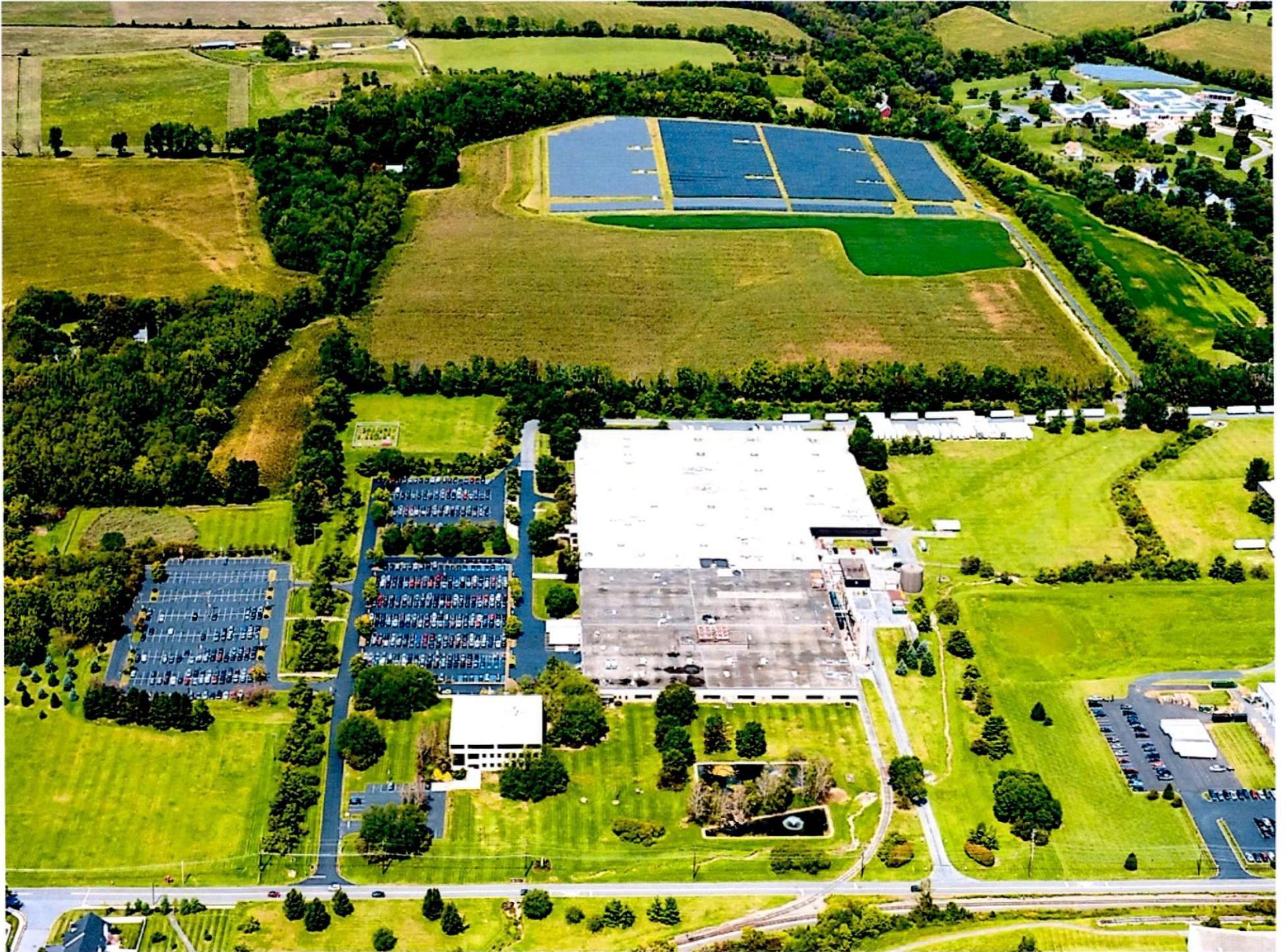
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Solar panels provide energy to produce one billion crayons and half a billion markers each year in the U.S.A.



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