

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

TRF Sustainable Development Fund
(PECO Service Territory)

Docket No. M-00031715F0002

**PETITION TO AMEND THE AUDIT PROVISIONS
OF THE BYLAWS OF THE SUSTAINABLE DEVELOPMENT FUND**

1. The Sustainable Development Fund (“SDF”) was created by an Order of the Pennsylvania Public Utility Commission entered May 3, 1998 in Docket No. R-00973953 for the purposes of promoting renewable energy, energy conservation and sustainable energy enterprises in the PECO Energy service territory,

2. The Reinvestment Fund (“TRF”), a non-profit corporation of the Commonwealth of Pennsylvania, was given the responsibility of managing and administering SDF.

3. SDF has operated under bylaws first approved by the Commission in an Order entered December 17, 1999 in Docket No. R-00973953 and as later amended and approved by an Order entered December 16, 2004 in Docket No. M-00031715F0002.

4. Section V.C of the SDF bylaws currently require TRF to obtain a separate, stand-alone financial audit for SDF. The exact wording of the audit provision in the SDF bylaws is:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted at the same time as The Reinvestment

Fund audit, and will be a separate, stand-alone document. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

5. The stand-alone SDF financial audit for 2013 cost SDF \$15,000. The cost of the stand-alone audit in the prior years has been comparable.

6. TRF has submitted annual stand-alone financial audits of SDF with unqualified opinions to the Commission from June 30, 2001 through December 31, 2013. Every one of these fifteen audits received an unqualified opinion and never has any Commission staff person, SDF board member or stakeholder raised any concern about any issue within any of these audits.

7. TRF believes the public's interest in financial accountability would be protected by ending the requirement for a separate, stand-alone audit and replacing it with a requirement the SDF funds be included as part of the TRF audit prepared by an independent auditor, so long as the SDF funds are disclosed separately within the TRF audit.

8. The SDF Board of Directors have adopted a resolution (**Exhibit 1**) that amends the audit section of the SDF bylaws as follows [deleted text is shown as ~~strike through~~ and new text is underlined]:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted at the same time as part of The Reinvestment Fund audit, and will be a separate, stand-alone document provided the Fund's finances are reported separately within the audit. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

9. The clean version of the amended Section V.C approved by the SDF Board is:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted as part of The Reinvestment Fund audit, provided the Fund's finances are reported separately within the audit. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

10. This proposed change for auditing SDF is consistent with the auditing practices of the two regional sustainable energy funds whose structure is most like SDF and TRF:

a. The Met Ed Sustainable Energy Fund does not submit a stand-alone financial audit, but instead submits the financial audit of its parent organization - the Berks County Community Foundation – which reports on the financials for the Met Ed Sustainable Energy Fund.

b. The Penelec Sustainable Energy Fund does not submit a stand-alone financial audit, but instead submits the financial audit of its parent organization - the Community Foundation for the Alleghenies – which reports on the financials for the Penelec Sustainable Energy Fund.

11. The two regional sustainable energy funds which submit stand-alone audits have special circumstances which do not apply to SDF:

a. The West Penn Power Sustainable Energy Fund submits a stand-alone financial audit, but that is appropriate given the very large size and wide diversity of its parent organization (Pennsylvania State University).

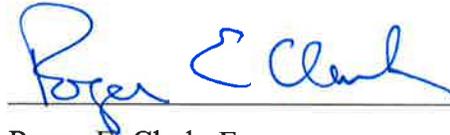
b. The Sustainable Energy Fund for the PPL service territory submits a stand-alone financial audit, but that is because they are a stand-alone entity not managed by a parent organization.

12. TRF hereby requests the Commission to approve the bylaw change adopted by the SDF Board of Directors that amends Paragraph V.C of the SDF Bylaws and permits SDF to fulfill its audit requirements by auditing SDF within the TRF financial audit, provided the TRF audit reports on SDF's financials separately within the TRF audit.

Respectfully Submitted,

The Reinvestment Fund, Inc.

By:



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October 22, 2014

Attachments

1. Resolution of the Board of Directors of the Sustainable Development Fund, October 16, 2014
2. Draft Order
3. Certificate of Service



**Resolution of the Board of Directors
to Amend the Bylaws of the
Sustainable Development Fund**

WHEREAS the Sustainable Development Fund (“SDF”) was created by an Order of the Pennsylvania Public Utility Commission entered May 3, 1998 in Docket No. R-00973953 for the purposes of promoting renewable energy, energy conservation and sustainable energy enterprises in the PECO Energy service territory; and,

WHEREAS The Reinvestment Fund (“TRF”), a non-profit corporation of the Commonwealth of Pennsylvania, was given the responsibility of managing and administering SDF; and,

WHEREAS SDF has operated under bylaws first approved by the Commission in an Order entered December 17, 1999 in Docket No. R-00973953 and as later amended and approved by an Order entered December 16, 2004 in Docket No. M-00031715F0002;

WHEREAS, the audit provision of the SDF bylaws (Section V.C) now require TRF to obtain a stand-alone financial audit of SDF, a requirement for a stand-alone audit costs SDF approximately \$15,000 per year;

WHEREAS, TRF has submitted fifteen SDF financial audits to the Commission (from June 30, 2000 through December 31, 2013) and every one of these audits received an unqualified opinion;

WHEREAS the two regional sustainable energy funds most similar to SDF in that they are managed by an existing financial institution – the Metropolitan Edison Company Sustainable Energy Fund (managed by the Berks County Community Foundation) and the Penelec Sustainable Energy Fund (managed by the Community Foundation for the Alleghenies) - do not submit a stand-alone financial audit, but rather submit an audit of their parent organization that includes the financials of their sustainable energy fund;

NOW THEREFORE, the Board of Directors of the Sustainable Development Fund finds as follows:

1. The Board finds that the public's need for financial accountability can be satisfied by reporting on SDF's financials within the annual financial audit of TRF and that the stand-alone financial audit for SDF is an unnecessary and a poor use of SDF's resources.
2. The Board finds that the SDF bylaws should be amended to delete the stand-alone audit provision and instead allow TRF to fulfill the audit requirement by submitting to the Commission and the Board the TRF annual financial audit so long as the SDF financials are reported separately within the TRF financial audit.
3. Specifically, the Board approves the following changes to Section V.C of the SDF bylaws [deleted text is in ~~strike through~~ and new text is underlined]:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted ~~at the same time as part of The Reinvestment Fund audit, and will be a separate, stand-alone document~~ provided the Fund's finances are reported separately within the audit. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

4. The clean version of the amended Section V.C is:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted as part of The Reinvestment Fund audit, provided the Fund's finances are reported separately within the audit. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

5. The Board requests TRF staff to file the necessary petition with the Pennsylvania Public Utility Commission for approval this change to the SDF bylaws.

Approved by the Board of Directors of the Sustainable Development Fund, October 16, 2014.

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held _____

Commissioners Present:

Robert F. Powelson, Chairman
John F. Coleman, Jr, Vice Chairman
James H. Cawley, Commissioner
Pamela A. Witmer, Commissioner
Gladys M. Brown, Commissioner

Re: TRF Sustainable Development Fund
(PECO Service Territory)

Docket No. M-00031715F0002

ORDER

BY THE COMMISSION:

Before the Commission is a Petition filed on October 22, 2014 by The Reinvestment Fund (“TRF”), the manager of the Sustainable Development Fund for the PECO Service Territory (“SDF”). TRF and the SDF Board of Directors seek Commission approval for an amendment to the financial audit provisions of the SDF bylaws that were approved by the Commission in an Order entered December 17, 1999 (Docket No. R-00973953) and amended by an Order entered December 16, 2004 (Docket No. M-00031715F0002).

Section V.C of SDF’s bylaws currently requires a stand-alone financial audit. The SDF Board has approved an amendment of the SDF bylaws that ends the requirement of a stand-alone financial audit and instead permits the SDF financial audit to be part of the TRF financial audit, provided the SDF finances are reported separately within the TRF audit.

IT IS ORDERED:

1. That the Petition of The Reinvestment Fund is approved.

2. That the Bylaws of the Sustainable Development Fund approved by the Commission in Order entered December 17, 1999 (Docket No. R-00973953) and amended by Order entered December 16, 2004 (Docket No. M-00031715F0002) are amended by deleting the audit section of the bylaws, Section V.C, and replacing it with the following:

C. Audit

The Reinvestment Fund shall obtain the services of an independent auditor to perform an annual audit on all Fund operations. This audit may be conducted as part of The Reinvestment Fund audit, provided the Fund's finances are reported separately within the audit. This audit shall be a public document and shall be shared with the members of the Board and the Commission.

BY THE COMMISSION,

Rosemary Chiavetta,
Secretary

(SEAL)

ORDER ADOPTED:

ORDER ENTERED:

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

TRF Sustainable Development Fund
(PECO Service Territory)

Docket No. M-00031715F0002

CERTIFICATE OF SERVICE

I hereby certify that I have this day posted the *Petition to Amend the Audit Provisions of the Bylaws of the Sustainable Development Fund* on the Commission's eFiling system and I have also sent a copy by U.S. First Class mail to the following persons:

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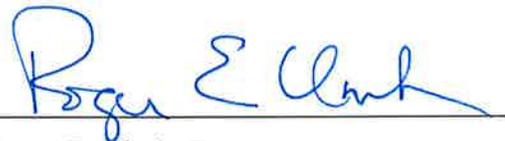
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October 22, 2014