

SUSTAINABLE ENERGY FUND

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September 8, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17105

Request for Modification of Bylaws of PP&L
Sustainable Energy Fund

Docket No. M-00031715F0003

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2015 SEP 10 AM 10:35

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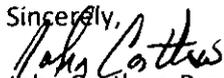
Dear Ms. Chiavetta:

The Board of the Sustainable Energy Fund approved changes to its By-Laws. According to Article XI, these changes are subject to review and approval by the PUC.

The Board of the Sustainable Energy Fund voted 6-0-0 to approve certain changes to Articles III, IX and XII of its bylaws on July 23, 2015. The changes to article IX correct the misspelling of the word "duties". The changes to article XII relate to the phasing out and elimination of stipends, while the changes to article III section 4 align the Bylaws with organizational structure changes at the PUC and section 10 clarifies the process for approval of expenses. Attached to this letter are two copies of the SEF bylaws. One version tracks the changes from previously approved bylaws and the other version is a clean copy incorporating all of the changes into the document.

Please feel free to contact me if you have any questions or require clarification.

Sincerely,


John Costlow, President

Enclosures

cc: Kenneth L. Mickens, Esq., SEF, Chairman of the Board. (via email without attachments)
Scott Gebhardt, PUC, Policy Specialist (via e-mail with attachments)



**BYLAWS OF
PP&L SUSTAINABLE ENERGY FUND

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Bylaws of PP&L Sustainable Energy Fund

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BYLAWS OF PP&L SUSTAINABLE ENERGY FUND
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SUSTAINABLE ENERGY FUND

ARTICLE I. NAME AND LOCATION

Section 1. Name. The name of the corporation shall be PP&L Sustainable Energy Fund (the "Fund" or the "corporation").

Section 2. Location. Offices of the Fund shall be located as directed by the Board of Directors.

ARTICLE II. MISSION STATEMENT

Section 1. Purpose. The corporation is formed and shall exist exclusively for charitable, educational and scientific purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any successor United States Internal Revenue Law). The mission of the corporation 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.

Section 2. Approach. The Fund shall be operated in a professional and entrepreneurial manner as a continuing provider of financial assistance for energy conservation, energy efficiency, renewable energy, clean energy and sustainable energy businesses. The Fund shall operate cooperatively with other sustainable energy funds and the statewide oversight board established by the Commission. In fulfilling its mission, the Fund shall utilize the financial tools of loans, equity investments, deposits into interest bearing accounts, payments to the fund, grants and other sources that are not inconsistent with Section 501(c)(3) status.

Section 3. Policy. The Fund shall not discriminate against any person or institution seeking or receiving services or benefits from the Fund on the basis of race, creed, religion, color, national origin, sex, age, handicap, or sexual preference.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Authority and Responsibility. The governing body of the Fund shall be the Board of Directors. The Board of Directors shall have supervision, control, and direction of affairs of the Fund; shall determine its policies or changes therein; shall actively pursue its objectives and supervise the disbursements of its funds. The Board may announce such rules and regulations for the conduct of its business as shall be deemed advisable, and may, in the execution of the powers granted, delegate

certain of its authority and its responsibility to an appropriate entity, as determined by the Board of Directors.

Section 2. Composition. *The Board of Directors shall consist of seven directors. The Board as a whole should be representative of the interests identified in the final negotiated settlement of August 12, 1998. The initial seven directors have been approved by the Pennsylvania Public Utility Commission ("PUC"). The Board of Directors shall elect all new directors. The term of a new director shall begin upon approval of the director by the Commission.*

The Board of Directors will be representatives of PPL Electric Utilities' 29-county rate base (the territory) and all other stakeholders interested in Pennsylvania's electric utility industry and the advancement of sustainable energy as well as the application of renewable energy technologies in the territory. (The term "stakeholders", as used throughout this document refers to those individuals or groups that are supportive of the Fund's mission and its activities, but not limited to, those that were actively participating in the most recent PPL Electric Utilities tariff proceedings at the PUC.)

The Board can most effectively contribute to the Fund's success by providing high quality support as evidenced by a balance of the following attributes:

The Board should adequately represent all PPL Electric Utilities' 29-county rate base customer classes including industrial, commercial, residential, and institutional.

The Board should complement the planning, operation and monitoring of the organization, including: business management, financial, strategic, electric utility, project management, technology, non-profit, marketing, communications, and environmental. Each of these skills, when applied to the business of the Fund, makes the organization stronger.

The Board should have a willingness to share skills with a dedication of time for participating in Board meetings, committee meetings, planning sessions, and in providing overall support through fund raising, partnerships, marketing, product and business development.

Section 3. Term of Office. *The normal term of office for directors shall be three (3) years. However, a director's term of office shall continue until his or her successor has been elected and seated pursuant to these bylaws. Nominations for shorter terms may be made at the discretion of the Board of Directors in order to fill vacancies or to stagger term expirations among years. Directors shall be eligible to serve for two (2) consecutive full terms or until their respective successors are elected and have taken office pursuant to these bylaws, whichever is longer. Retiring directors shall be eligible for reappointment after a one-year absence from the Board of Directors. The terms of the directors shall be arranged so that approximately one-third of the terms end each year .*

Section 4. Election of Directors. The Fund will utilize the Nominations Committee (as defined in subsection 9 below) to seek and evaluate potential Board candidates. The Nominations Committee may elect, with Board approval, to utilize an outside human resources consultant to perform the majority of front-end solicitation and evaluation functions. The responsibilities of the Nominations Committee (*performed directly or indirectly*) are: (i) to establish selection objectives and criteria that indicate which skills, experience and perspectives are needed by the Board and to propose weights for each criteria's importance; (ii) to obtain the Board's approval of the criteria, weights and process before proceeding; (iii) to provide notice to the Fund's stakeholders of the vacancy and to request nominations; (iv) to receive nominations for new Directors; (v) to review the qualifications of the candidates and compare them against the selection objectives and criteria; (vi) to present the results of the evaluation in a tabulated format for Board review and for historical documentation; and (vii) to recommend a candidate to the Board for the vacancy.

Whenever there is a vacancy on the Board, whether by expiration of a second term, resignation or removal, the Nominations Committee will review the set of skills, experience and perspectives that are already on the Board and will identify the Board's selection objectives and criteria for adding new skills, experience and perspectives. The selection objectives and criteria must be approved by the full Board prior to their adoption and public release. These selection objectives and criteria will be described in a written statement from the Nominations Committee that will be included in the call for nominations that gets mailed to the Fund's stakeholders. Upon the completion of a Director's first term, the Human Resources Committee chair will ask the Director if he/she wishes to continue into a second term. If so, the Human Resources Committee will evaluate the Director's performance and will make a recommendation to the Board for the Board's consideration - either to allow or reject continued participation.

When there is a vacancy on the Board the Nominations Committee will provide notice to the Fund's stakeholders of the vacancy and a call for nominations by the following means: (i) a written notice to the PUC; (ii) an electronic mail notice to the Fund's e-mailing stakeholder list; and, (iii) a notice on the Fund's website.

The notice of the vacancy will include the Nomination Committee's statement of selection objectives and criteria and will invite interested persons to submit nominations to the Fund Nominations Committee or its designated (human resources consultant) representative.

Nominations may be submitted by any person interested and supportive of the Fund's mission to benefit the economy within PPL Electric Utilities' 29-county rate base or in promoting the advancement of sustainable and renewable energy technologies.

Nominations will be accepted for a period of at least four weeks following the required notice.

Nominees must notify the Nominations Committee in writing if they have any felony convictions, or if they are the subject of any current investigations or involved in litigations, active or pending, which may be applicable or pertinent to the Fund.

The Nominations Committee will review the nominations, review the qualifications of the candidates and conduct interviews as necessary.

The Nominations Committee will provide a nominations report to the Board. The nominations report will provide sufficient information about the process including key dates and events, the selection criteria used, the evaluation results, the recommended candidate, and verification that an appropriate background check was completed.

New Directors will be elected at a meeting of the Board.

The quorum for the election of Directors will be at least two-thirds of the current Board.

The Board has the responsibility to review the recommendation of the Nominations Committee and to elect the candidate they believe best able to satisfy the needs of the Fund and fulfill its mission, represent its various ratepayer and other constituencies, and to comply with the spirit of the original settlement agreement and the Fund bylaws. An individual is elected to the Board upon the affirmative vote of a majority of the Directors attending the Board meeting, followed by the approval of the PUC .

Following the election of a new Director by the Board, the Fund will prepare and submit a letter to the Fund's stakeholder list and the PUC Secretary's Bureau at the appropriate docket number, with copies to ~~the Bureau of Conservation~~ the Bureau of Technical Utility Services, ~~Energy and Economic Planning~~ and the Law Bureau, requesting approval of the elected Director.

This request will include a summary of the nominations process that the Board followed and a biographical statement of the elected Director.

The PUC will review the qualifications of the elected Director. The PUC will approve or disapprove the candidate and set forth the reasons for its decision.

Upon approval of the elected Director, the Fund will publicize the approval as follows: (i) an electronic mail notice to the Fund's stakeholder e-mailing list; (ii) a written notice to those who nominated someone for the Fund Director position; and, (iii) a notice on the Fund website.

Section 5. Quorum of the Board. The quorum for a meeting of the Board of Directors shall be a least five (5) members of the Board, and any business transacted

shall be valid providing it is affirmatively passed on by the majority of the directors present, except as otherwise provided in the bylaws. Attendance can include presence at the meeting via verifiable means, including videoconferencing and teleconferencing. There shall be no proxy voting.

Section 6. Meetings of the Board. Regular meetings of the Board of Directors shall be held as determined by the Board of Directors. Special meetings of the Board of Directors shall be called by the Chairman whenever he/she shall deem necessary, or upon written request, signed by three (3) members of the Board of Directors. The Board shall keep written minutes of each meeting. The minutes shall include a record of votes on all motions. Minutes of the previous meeting shall be distributed to all members before the next meeting. Notice of all meetings shall be given to the directors at least five (5) business days before the meeting is held, unless waived in writing by Board Members. Notices shall be given in writing and sent through the United States mail, postage prepaid, or by other means approved from time to time in advance by the Board of Directors, such as fax or e-mail, to each person entitled to notice, at his or her latest address recorded on the books of the Fund. A notice of meeting shall specify the place, day, hour, and agenda of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted.

Section 7. Emergency Meetings. If the Chairman determines that an urgent matter has arisen, and that a meeting of the Board of Directors cannot be convened in time to take action on the matter or that convening the Board for a single issue would be impracticable or otherwise not cost-effective, then the Chairman may direct that a telephone, fax or e-mail poll of the Board of Directors be taken. Any such business shall be valid, providing it is affirmatively passed on by a majority of the Board of Directors.

Section 8. Annual Meeting. The Fund shall hold an annual meeting which is open to the public in the second quarter of each fiscal year. The annual report shall be distributed to all in attendance. At this meeting, the Board of Directors shall transact only those items of business deemed essential. The rest of the meeting shall be reserved for matters of general public interest and concern. The Fund will make best efforts to notify the PPL Electric ratepayers of the Annual Meeting.

Section 9. Vacancies and Removal. Directors may resign from the Board by submitting a written letter of resignation to the Chairman of the Board, with copies to the PUC and to the Fund staff.

Upon receipt of a resignation letter, the Fund Chairman will notify the Fund Human Resources Committee (serving as a Nominations Committee) and direct them to begin the nominations process for a new Director. The Nominations Committee will be supplemented with additional Board members as appropriate to ensure sufficient Board participation.

The PUC may remove a Director for cause on its own motion or upon a motion from the Fund that is subsequently approved by the PUC.

The causes for removal of a Director include: (i) a violation of the Fund's Code of Conduct or of PUC Orders, regulations, or rules; (ii) the failure of the Director to attend or participate in three consecutive Board meetings and/or committee meetings, absent extenuating circumstances satisfactory to the Board; (iii) appropriately documented proof of failure to provide sufficient Representation, Skills or Contribution, as defined in subsection 2, above; and (iv) any other action or inaction warranting removal to protect the public interest.

The Fund motion for removal of a Director must clearly identify the cause for the request for removal and must be approved at a Board meeting with a quorum of at least two-thirds of the sitting disinterested Board and the affirmative vote of at least two-thirds of the Directors attending the Board meeting. (The Director being removed shall not be included in the computation of the two-thirds.)

Upon receipt of the PUC Order approving the removal of a Director, the Fund Chairman will notify the Human Resources Committee and direct them to begin the nominations process for a new Director.

Section 10. Compensation. Directors shall be entitled to reimbursement for reasonable expenses for food, lodging, transportation, and similar items incurred within Pennsylvania in pursuit of the Fund's business. The amount will be determined by the Board. Expenses for directors must be requested by the director and approved by the Chairman. Expenses for the Chairman must be approved by the Vice-Chairman.

Section 11. Limitation of Liability. A director shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless both (i) the director has breached or failed to perform the duties of his/her office under subchapter B of chapter 57 of the Pennsylvania Nonprofit Corporation Law, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This limitation of liability shall not apply to (i) the responsibility or liability of a director pursuant to any criminal statute or (ii) the liability of director for the payment of taxes pursuant to local, state or federal law. Any repeal or modification of this limitation of liability shall be prospective only, and shall not affect, to the detriment of any director, any limitation of the personal liability of a director existing at the time of such repeal or modification.

ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the Fund shall consist of a Chairman, a Vice Chairman, a Secretary, a Treasurer and such other officers as the Board of Directors may determine.

Section 2. Election of Officers. *The Board of Directors shall nominate candidates for the required offices of the Fund as provided in the Bylaws. At its discretion, the Board of Directors may nominate one (1) or more qualified candidate(s) for each office at the meeting prior to the annual meeting. The Board of Directors shall act on all nominations until a full slate of officers has been elected. An individual may serve both as an officer and as a director, and one individual may hold more than one office.*

Section 3. Term of Office. *The officers shall be elected and seated at the Annual Meeting of the Board of Directors. Each shall hold office for a term of one (1) year commencing immediately upon their election and continuing until a successor is duly elected.*

Section 4. Re-election. *Officers may serve consecutive terms.*

Section 5. Vacancies - Removal. *Vacancies in any office must be filled for the balance of the term by the Board of Directors. The Board of Directors may, at its discretion, remove any officer at any time, but only upon the vote of five (5) directors.*

ARTICLE V. DUTIES OF OFFICERS

Section 1. Chairman. *The Chairman shall be the chief officer of the Fund. The Chairman shall preside at all meetings of the Directors. The Chairman shall exercise such duties as customarily pertain to the office of Chairman and shall have general and active supervision over the property, business, and affairs of the Fund and over its several officers. The Chairman shall serve as a member ex-officio on all committees with the right to vote if necessary to create a quorum or break a tie. The Chairman shall make all required appointments of committees with the approval of the Board of Directors. The Chairman shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws.*

Section 2. Vice Chairman. *The Vice Chairman shall have such powers and perform such duties as may be assigned by the Board of Directors or the Chairman. In the absence or disability of the Chairman, the Vice Chairman shall perform the duties and exercise the powers of the Chairman.*

Section 3. Secretary. *The Secretary shall give or cause to be given notices of all Directors' meetings, and shall attend and keep or cause to be kept the minutes of the same; shall keep or cause to be kept all books, records, and papers; shall have custody of the seal of the Fund; and shall perform or cause to be performed all other duties as are incident to this office which may be assigned by the Chairman and the Vice Chairman. In the absence or disability of the Chairman and the Vice Chairman, the Secretary shall perform the duties and exercise the powers of the Chairman.*

Section 4. Treasurer. *The treasurer shall have charge and custody of all funds of the corporation, shall maintain an accurate accounting system and shall present*

financial reports to the Board of Directors in such manner as the Board may from time to time determine.

ARTICLE VI. COMMITTEES

Section 1. Committees. There shall be committees as determined by the Board of Directors, including, but not limited to the standing committees which shall be the Finance Committee, the Human Resources Committee and the PRI Committee. A Nominating Committee, as well as other committees, shall serve as ad hoc committees of the Board from time to time on an as needed basis as determined by the Board.

Section 2. Committee Membership. All appointments to committees shall be made by the Chairman and approved by the Board of Directors. Individuals who are neither officers nor directors may serve on committees with the approval of the Board of Directors, except for the Nominating Committee. The Nominating Committee shall be comprised of the Board of Directors serving on the Human Resource Committee. Except for the Nominating Committee being solely comprised of members of the Board of Directors, the policies and procedures shall be the same for each committee.

Section 3. Duties and Responsibilities of Committees. The duties and responsibilities of committees shall be as determined by the Board of Directors.

Section 4. Committee Meeting Quorum. The quorum for the purpose of holding any duly called committee meeting shall be two members of the committee, who are members of the Board.

ARTICLE VII. PRESIDENT AND STAFF

Section 1. Selection. The Board of Directors may, at its discretion, appoint a President(s). The President(s) will be paid by the Fund. The President may be an individual or a corporation.

Section 2. Authority and Responsibility. The President shall be responsible for management functions of the Fund and shall serve as a member ex-officio with no right to vote on committee matters. The President shall manage and direct activities of the Fund as prescribed by the Board of Directors and shall be responsible to the Board. The President shall employ and may terminate the employment of members of the staff necessary to carry on the work of the Fund and fix their compensation in a manner consistent with the Fund's Personnel Policies. The President shall define the duties of the staff, supervise their performance, establish their titles, and delegate those responsibilities of management as shall, in the President's judgment, be in the best interest of the Fund and in a manner consistent with the Fund's Personnel Policies.

Section 3. Removal. The President may be dismissed with or without cause by the Board of Directors provided that notice of such proposed action is given to the directors in accordance with these bylaws prior to the meeting of the Board of Directors at which the President is removed. The President may be suspended immediately by the Chairman, provided that such suspension, in order to continue in effect, must be ratified by the Board at its next scheduled meeting.

ARTICLE VIII. CONFLICT OF INTEREST

No director, or any business in which a director or his or her immediate family serves as staff, officer, owner or director, shall transact any business of any kind with the Fund unless the following two conditions have occurred:

- (a) The director has notified the other directors in writing, or at a meeting of the Board of Directors, of his or her potential business or personal interest in the transaction; and,
- (b) The director abstains from any Board discussion and/or vote regarding such transaction.

ARTICLE IX. INDEMNIFICATION AND INSURANCE

Section 1. Right to Indemnification. The Fund shall indemnify any Director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Fund or for actions taken consistent with the Director's duties related to the Fund. This indemnification shall include all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Fund, to the extent that such person is not otherwise indemnified and to the extent that such indemnification is not prohibited by applicable law. This indemnification shall apply to former Directors. The Fund does not indemnify criminal actions or actions performed outside the scope of the ~~duties~~duties of the Director or Officer.

Section 2. Advance of Expenses. Expenses incurred (in accordance with these bylaws) by a director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Fund.

Section 3. Procedure for Effecting Indemnification. To determine whether any indemnification or advance of expenses under this Article is permissible, the

Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceeding may, and on request of any person seeking indemnification or advance or expenses shall be required to determine in each case whether the applicable standards in these bylaws for indemnification and in any applicable statute have been met, or such determination shall be made by independent legal counsel if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs. The reasonable expenses of any director or officer in prosecuting a successful claim for indemnification, and the fees and expenses of any special legal counsel engaged to determine permissibility of indemnification or advance of expenses shall be borne by the Fund.

Section 4. Modification or Repeal. No modification or repeal of any provision of this Article shall affect, to the detriment of the director or officer, the obligation of the Fund to indemnify or to advance expenses to a director or officer in connection with a claim based on any act or failure to act occurring before such modification or repeal.

Section 5. Indemnification Not Exclusive; Inuring of Benefit. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other right to which one indemnified may be entitled under any agreement, vote of directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs, executors and administrators of any such person.

Section 6. Insurance, Security and Other Indemnification. The Board of Directors shall have the power to (i) authorize the corporation to purchase and maintain, at the Fund's expense, insurance on behalf of any person who is or was a director, officer, employee or agent of the Fund or was serving at the request of the Fund as a representative of another entity, to the extent that power to do so has not been prohibited by applicable law, (ii) create any fund of any nature, whether or not under the control of a trustee, or otherwise secure any of its indemnification obligations and (iii) give other indemnification to the extent not prohibited by statute.

ARTICLE X. FINANCE

Section 1. Fiscal Year. The fiscal year shall begin on July 1.

Section 2. Bonding of Employees or Officers. The Board of Directors may require all or some officers or employees to be bonded, as it shall deem necessary.

Section 3. Authorized Signatures. All checks, drafts, and orders for payment of money shall be signed in the name of the Fund and shall be countersigned by such officers or agents as the Board of Directors shall designate for that purpose.

Section 4. Annual Audit. The Fund shall prepare annual audited financial statements, and shall make semi-annual unaudited reports to the PUC. The Fund shall make its semi-annual reports and audited financial statements available to the public and shall deliver such reports to additional parties as the PUC may from time to time direct.

ARTICLE XI. ADOPTION OF BYLAWS AND AMENDMENTS

Section 1. Adoption. These Bylaws shall be adopted by a two-thirds (2/3) vote of the Directors present and voting at the time of its proposal to the Directors for ratification. Upon adoption, the Bylaws shall be delivered in writing to the PUC for review and approval.

Section 2. Effective Date. These Bylaws shall be in full force and effect immediately upon adoption, subject to an initial review and approval by the PUC.

Section 3. Amendments. The Board of Directors may, by a vote of 5 directors present, alter, amend, suspend, or annul these Bylaws at any regular meeting or special meeting duly convened after 30 days notice to the directors, provided that any such changes to these bylaws will be delivered to the PUC and are subject to review and approval by the PUC.

ARTICLE XII. STIPENDS

Section 1. Stipends and Expenses. Effective upon the approval of these amendments to the By-Laws by the PUC, no Board member approved by the PUC after January 1, 2015 will be eligible for a stipend. Board members approved by the PUC prior to January 1, 2015 and currently approved to receive a stipend, will be eligible to continue to do so until the expiration of their current term. Any Board member who had not received a stipend prior to January 1, 2015 is ineligible to receive a stipend. ~~January 8, 2000, the Fund may pay reasonable stipends for directors' services. A director's stipend must be requested by the director and approved by the Board annually. The Board shall establish an operating practice regarding eligibility for and the computation of stipends. The Chairman must approve each stipend payment. In addition, directors shall upon request be reimbursed for normal and reasonable expenses.~~

Commented [JC1]: Covered by Article III Section 10

Section 2. Stipends. Effective January 1, 2018 Article XII Section 1 is deleted from the By-Laws.

**BYLAWS OF
PP&L SUSTAINABLE ENERGY FUND**

DBA

SUSTAINABLE ENERGY FUND

Bylaws of PP&L Sustainable Energy Fund

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The Board should complement the planning, operation and monitoring of the organization, including: business management, financial, strategic, electric utility, project management, technology, non-profit, marketing, communications, and environmental. Each of these skills, when applied to the business of the Fund, makes the organization stronger.

The Board should have a willingness to share skills with a dedication of time for participating in Board meetings, committee meetings, planning sessions, and in providing overall support through fund raising, partnerships, marketing, product and business development.

Section 3. Term of Office. The normal term of office for directors shall be three (3) years. However, a director's term of office shall continue until his or her successor has been elected and seated pursuant to these bylaws. Nominations for shorter terms may be made at the discretion of the Board of Directors in order to fill vacancies or to stagger term expirations among years. Directors shall be eligible to serve for two (2) consecutive full terms or until their respective successors are elected and have taken office pursuant to these bylaws, whichever is longer. Retiring directors shall be eligible for reappointment after a one-year absence from the Board of Directors. The terms of the directors shall be arranged so that approximately one-third of the terms end each year.

Section 4. Election of Directors. The Fund will utilize the Nominations Committee (as defined in subsection 9 below) to seek and evaluate potential Board candidates. The Nominations Committee may elect, with Board approval, to utilize an outside human resources consultant to perform the majority of front-end solicitation and evaluation functions. The responsibilities of the Nominations Committee (performed directly or indirectly) are: (i) to establish selection objectives and criteria that indicate which skills, experience and perspectives are needed by the Board and to propose weights for each criteria's importance; (ii) to obtain the Board's approval of the criteria, weights and process before proceeding; (iii) to provide notice to the Fund's stakeholders of the vacancy and to request nominations; (iv) to receive nominations for new Directors; (v) to review the qualifications of the candidates and compare them against the selection objectives and criteria; (vi) to present the results of the evaluation in a tabulated format for Board review and for historical documentation; and (vii) to recommend a candidate to the Board for the vacancy.

Whenever there is a vacancy on the Board, whether by expiration of a second term, resignation or removal, the Nominations Committee will review the set of skills, experience and perspectives that are already on the Board and will identify the Board's selection objectives and criteria for adding new skills, experience and perspectives. The selection objectives and criteria must be approved by the full Board prior to their adoption and public release. These selection objectives and criteria will be described in a written statement from the Nominations Committee that will be included in the call for nominations that gets mailed to the Fund's stakeholders. Upon the completion of a Director's first term, the Human Resources Committee chair will ask the Director if he/she wishes to continue into a second term. If so, the Human Resources Committee will evaluate the Director's performance and will make a recommendation to the Board for the Board's consideration - either to allow or reject continued participation.

When there is a vacancy on the Board the Nominations Committee will provide notice to the Fund's stakeholders of the vacancy and a call for nominations by the following means: (i) a written notice to the PUC; (ii) an electronic mail notice to the Fund's e-mailing stakeholder list; and, (iii) a notice on the Fund's website.

The notice of the vacancy will include the Nomination Committee's statement of selection objectives and criteria and will invite interested persons to submit nominations to the Fund Nominations Committee or its designated (human resources consultant) representative.

Nominations may be submitted by any person interested and supportive of the Fund's mission to benefit the economy within PPL Electric Utilities' 29-county rate base or in promoting the advancement of sustainable and renewable energy technologies.

Nominations will be accepted for a period of at least four weeks following the required notice.

Nominees must notify the Nominations Committee in writing if they have any *felony convictions, or if they are the subject of any current investigations or involved in litigations, active or pending, which may be applicable or pertinent to the Fund.*

The Nominations Committee will review the nominations, review the qualifications of the candidates and conduct interviews as necessary.

The Nominations Committee will provide a nominations report to the Board. The nominations report will provide sufficient information about the process including key dates and events, the selection criteria used, the evaluation results, the recommended candidate, and verification that an appropriate background check was completed.

New Directors will be elected at a meeting of the Board.

The quorum for the election of Directors will be at least two-thirds of the current Board.

The Board has the responsibility to review the recommendation of the Nominations Committee and to elect the candidate they believe best able to satisfy the needs of the Fund and fulfill its mission, represent its various ratepayer and other constituencies, and to comply with the spirit of the original settlement agreement and the Fund bylaws. An individual is elected to the Board upon the affirmative vote of a majority of the Directors attending the Board meeting, followed by the approval of the PUC .

Following the election of a new Director by the Board, the Fund will prepare and submit a letter to the Fund's stakeholder list and the PUC Secretary's Bureau at the appropriate docket number, with copies to the Bureau of Technical Utility Services and the Law Bureau, requesting approval of the elected Director.

This request will include a summary of the nominations process that the Board followed and a biographical statement of the elected Director.

The PUC will review the qualifications of the elected Director. The PUC will approve or disapprove the candidate and set forth the reasons for its decision.

Upon approval of the elected Director, the Fund will publicize the approval as follows: (i) an electronic mail notice to the Fund's stakeholder e-mailing list; (ii) a written notice to those who nominated someone for the Fund Director position; and, (iii) a notice on the Fund website.

Section 5. Quorum of the Board. *The quorum for a meeting of the Board of Directors shall be a least five (5) members of the Board, and any business transacted shall be valid providing it is affirmatively passed on by the majority of the directors*

present, except as otherwise provided in the bylaws. Attendance can include presence at the meeting via verifiable means, including videoconferencing and teleconferencing. There shall be no proxy voting.

Section 6. Meetings of the Board. Regular meetings of the Board of Directors shall be held as determined by the Board of Directors. Special meetings of the Board of Directors shall be called by the Chairman whenever he/she shall deem necessary, or upon written request, signed by three (3) members of the Board of Directors. The Board shall keep written minutes of each meeting. The minutes shall include a record of votes on all motions. Minutes of the previous meeting shall be distributed to all members before the next meeting. Notice of all meetings shall be given to the directors at least five (5) business days before the meeting is held, unless waived in writing by Board Members. Notices shall be given in writing and sent through the United States mail, postage prepaid, or by other means approved from time to time in advance by the Board of Directors, such as fax or e-mail, to each person entitled to notice, at his or her latest address recorded on the books of the Fund. A notice of meeting shall specify the place, day, hour, and agenda of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted.

Section 7. Emergency Meetings. If the Chairman determines that an urgent matter has arisen, and that a meeting of the Board of Directors cannot be convened in time to take action on the matter or that convening the Board for a single issue would be impracticable or otherwise not cost-effective, then the Chairman may direct that a telephone, fax or e-mail poll of the Board of Directors be taken. Any such business shall be valid, providing it is affirmatively passed on by a majority of the Board of Directors.

Section 8. Annual Meeting. The Fund shall hold an annual meeting which is open to the public in the second quarter of each fiscal year. The annual report shall be distributed to all in attendance. At this meeting, the Board of Directors shall transact only those items of business deemed essential. The rest of the meeting shall be reserved for matters of general public interest and concern. The Fund will make best efforts to notify the PPL Electric ratepayers of the Annual Meeting.

Section 9. Vacancies and Removal. Directors may resign from the Board by submitting a written letter of resignation to the Chairman of the Board, with copies to the PUC and to the Fund staff.

Upon receipt of a resignation letter, the Fund Chairman will notify the Fund Human Resources Committee (serving as a Nominations Committee) and direct them to begin the nominations process for a new Director. The Nominations Committee will be supplemented with additional Board members as appropriate to ensure sufficient Board participation.

The PUC may remove a Director for cause on its own motion or upon a motion from the Fund that is subsequently approved by the PUC.

The causes for removal of a Director include: (i) a violation of the Fund's Code of Conduct or of PUC Orders, regulations, or rules; (ii) the failure of the Director to attend or participate in three consecutive Board meetings and/or committee meetings, absent extenuating circumstances satisfactory to the Board; (iii) appropriately documented proof of failure to provide sufficient Representation, Skills or Contribution, as defined in subsection 2, above; and (iv) any other action or inaction warranting removal to protect the public interest.

The Fund motion for removal of a Director must clearly identify the cause for the request for removal and must be approved at a Board meeting with a quorum of at least two-thirds of the sitting disinterested Board and the affirmative vote of at least two-thirds of the Directors attending the Board meeting. (The Director being removed shall not be included in the computation of the two-thirds.)

Upon receipt of the PUC Order approving the removal of a Director, the Fund Chairman will notify the Human Resources Committee and direct them to begin the nominations process for a new Director.

Section 10. Compensation. Directors shall be entitled to reimbursement for reasonable expenses for food, lodging, transportation, and similar items incurred within Pennsylvania in pursuit of the Fund's business. The amount will be determined by the Board. Expenses for directors must be requested by the director and approved by the Chairman. Expenses for the Chairman must be approved by the Vice-Chairman.

Section 11. Limitation of Liability. A director shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless both (i) the director has breached or failed to perform the duties of his/her office under subchapter B of chapter 57 of the Pennsylvania Nonprofit Corporation Law, and (II) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This limitation of liability shall not apply to (i) the responsibility or liability of a director pursuant to any criminal statute or (ii) the liability of director for the payment of taxes pursuant to local, state or federal law. Any repeal or modification of this limitation of liability shall be prospective only, and shall not affect, to the detriment of any director, any limitation of the personal liability of a director existing at the time of such repeal or modification.

ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the Fund shall consist of a Chairman, a Vice Chairman, a Secretary, a Treasurer and such other officers as the Board of Directors may determine.

Section 2. Election of Officers. The Board of Directors shall nominate candidates for the required offices of the Fund as provided in the Bylaws. At its

discretion, the Board of Directors may nominate one (1) or more qualified candidate(s) for each office at the meeting prior to the annual meeting. The Board of Directors shall act on all nominations until a full slate of officers has been elected. An individual may serve both as an officer and as a director, and one individual may hold more than one office.

Section 3. Term of Office. The officers shall be elected and seated at the Annual Meeting of the Board of Directors. Each shall hold office for a term of one (1) year commencing immediately upon their election and continuing until a successor is duly elected.

Section 4. Re-election. Officers may serve consecutive terms.

Section 5. Vacancies - Removal. Vacancies in any office must be filled for the balance of the term by the Board of Directors. The Board of Directors may, at its discretion, remove any officer at any time, but only upon the vote of five (5) directors.

ARTICLE V. DUTIES OF OFFICERS

Section 1. Chairman. The Chairman shall be the chief officer of the Fund. The Chairman shall preside at all meetings of the Directors. The Chairman shall exercise such duties as customarily pertain to the office of Chairman and shall have general and active supervision over the property, business, and affairs of the Fund and over its several officers. The Chairman shall serve as a member ex-officio on all committees with the right to vote if necessary to create a quorum or break a tie. The Chairman shall make all required appointments of committees with the approval of the Board of Directors. The Chairman shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws.

Section 2. Vice Chairman. The Vice Chairman shall have such powers and perform such duties as may be assigned by the Board of Directors or the Chairman. In the absence or disability of the Chairman, the Vice Chairman shall perform the duties and exercise the powers of the Chairman.

Section 3. Secretary. The Secretary shall give or cause to be given notices of all Directors' meetings, and shall attend and keep or cause to be kept the minutes of the same; shall keep or cause to be kept all books, records, and papers; shall have custody of the seal of the Fund; and shall perform or cause to be performed all other duties as are incident to this office which may be assigned by the Chairman and the Vice Chairman. In the absence or disability of the Chairman and the Vice Chairman, the Secretary shall perform the duties and exercise the powers of the Chairman.

Section 4. Treasurer. The treasurer shall have charge and custody of all funds of the corporation, shall maintain an accurate accounting system and shall present financial reports to the Board of Directors in such manner as the Board may from time to time determine.

ARTICLE VI. COMMITTEES

Section 1. Committees. There shall be committees as determined by the Board of Directors, including, but not limited to the standing committees which shall be the Finance Committee, the Human Resources Committee and the PRI Committee. A Nominating Committee, as well as other committees, shall serve as ad hoc committees of the Board from time to time on an as needed basis as determined by the Board.

Section 2. Committee Membership. All appointments to committees shall be made by the Chairman and approved by the Board of Directors. Individuals who are neither officers nor directors may serve on committees with the approval of the Board of Directors, except for the Nominating Committee. The Nominating Committee shall be comprised of the Board of Directors serving on the Human Resource Committee. Except for the Nominating Committee being solely comprised of members of the Board of Directors, the policies and procedures shall be the same for each committee.

Section 3. Duties and Responsibilities of Committees. The duties and responsibilities of committees shall be as determined by the Board of Directors.

Section 4. Committee Meeting Quorum. The quorum for the purpose of holding any duly called committee meeting shall be two members of the committee, who are members of the Board.

ARTICLE VII. PRESIDENT AND STAFF

Section 1. Selection. The Board of Directors may, at its discretion, appoint a President(s). The President(s) will be paid by the Fund. The President may be an individual or a corporation.

Section 2. Authority and Responsibility. The President shall be responsible for management functions of the Fund and shall serve as a member ex-officio with no right to vote on committee matters. The President shall manage and direct activities of the Fund as prescribed by the Board of Directors and shall be responsible to the Board. The President shall employ and may terminate the employment of members of the staff necessary to carry on the work of the Fund and fix their compensation in a manner consistent with the Fund's Personnel Policies. The President shall define the duties of the staff, supervise their performance, establish their titles, and delegate those responsibilities of management as shall, in the President's judgment, be in the best interest of the Fund and in a manner consistent with the Fund's Personnel Policies.

Section 3. Removal. The President may be dismissed with or without cause by the Board of Directors provided that notice of such proposed action is given to the directors in accordance with these bylaws prior to the meeting of the Board of Directors

at which the President is removed. The President may be suspended immediately by the Chairman, provided that such suspension, in order to continue in effect, must be ratified by the Board at its next scheduled meeting.

ARTICLE VIII. CONFLICT OF INTEREST

No director, or any business in which a director or his or her immediate family serves as staff, officer, owner or director, shall transact any business of any kind with the Fund unless the following two conditions have occurred:

- (a) The director has notified the other directors in writing, or at a meeting of the Board of Directors, of his or her potential business or personal interest in the transaction; and,
- (b) The director abstains from any Board discussion and/or vote regarding such transaction.

ARTICLE IX. INDEMNIFICATION AND INSURANCE

Section 1. Right to Indemnification. The Fund shall indemnify any Director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Fund or for actions taken consistent with the Director's duties related to the Fund. This indemnification shall include all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Fund, to the extent that such person is not otherwise indemnified and to the extent that such indemnification is not prohibited by applicable law. This indemnification shall apply to former Directors. The Fund does not indemnify criminal actions or actions performed outside the scope of the duties of the Director or Officer.

Section 2. Advance of Expenses. Expenses incurred (in accordance with these bylaws) by a director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Fund.

Section 3. Procedure for Effecting Indemnification. To determine whether any indemnification or advance of expenses under this Article is permissible, the Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceeding may, and on request of any person seeking indemnification or advance of expenses shall be required to determine in each case whether the applicable standards in these bylaws for indemnification and in any

applicable statute have been met, or such determination shall be made by independent legal counsel if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs. The reasonable expenses of any director or officer in prosecuting a successful claim for indemnification, and the fees and expenses of any special legal counsel engaged to determine permissibility of indemnification or advance of expenses shall be borne by the Fund.

Section 4. Modification or Repeal. No modification or repeal of any provision of this Article shall affect, to the detriment of the director or officer, the obligation of the Fund to indemnify or to advance expenses to a director or officer in connection with a claim based on any act or failure to act occurring before such modification or repeal.

Section 5. Indemnification Not Exclusive; Inuring of Benefit. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other right to which one indemnified may be entitled under any agreement, vote of directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs, executors and administrators of any such person.

Section 6. Insurance, Security and Other Indemnification. The Board of Directors shall have the power to (i) authorize the corporation to purchase and maintain, at the Fund's expense, insurance on behalf of any person who is or was a director, officer, employee or agent of the Fund or was serving at the request of the Fund as a representative of another entity, to the extent that power to do so has not been prohibited by applicable law, (ii) create any fund of any nature, whether or not under the control of a trustee, or otherwise secure any of its indemnification obligations and (iii) give other indemnification to the extent not prohibited by statute.

ARTICLE X. FINANCE

Section 1. Fiscal Year. The fiscal year shall begin on July 1.

Section 2. Bonding of Employees or Officers. The Board of Directors may require all or some officers or employees to be bonded, as it shall deem necessary.

Section 3. Authorized Signatures. All checks, drafts, and orders for payment of money shall be signed in the name of the Fund and shall be countersigned by such officers or agents as the Board of Directors shall designate for that purpose.

Section 4. Annual Audit. The Fund shall prepare annual audited financial statements, and shall make semi-annual unaudited reports to the PUC. The Fund shall make its semi-annual reports and audited financial statements available to the public and shall deliver such reports to additional parties as the PUC may from time to time direct.

ARTICLE XI. ADOPTION OF BYLAWS AND AMENDMENTS

Section 1. Adoption. These Bylaws shall be adopted by a two-thirds (2/3) vote of the Directors present and voting at the time of its proposal to the Directors for ratification. Upon adoption, the Bylaws shall be delivered in writing to the PUC for review and approval.

Section 2. Effective Date. These Bylaws shall be in full force and effect immediately upon adoption, subject to an initial review and approval by the PUC.

Section 3. Amendments. The Board of Directors may, by a vote of 5 directors present, alter, amend, suspend, or annul these Bylaws at any regular meeting or special meeting duly convened after 30 days notice to the directors, provided that any such changes to these bylaws will be delivered to the PUC and are subject to review and approval by the PUC.

ARTICLE XII. STIPENDS

Section 1. Stipends and Expenses. Effective upon the approval of these amendments to the By-Laws by the PUC, no Board member approved by the PUC after January 1, 2015 will be eligible for a stipend. Board members approved by the PUC prior to January 1, 2015 and currently approved to receive a stipend, will be eligible to continue to do so until the expiration of their current term. Any Board member who had not received a stipend prior to January 1, 2015 is ineligible to receive a stipend. A director's stipend must be requested by the director and approved by the Board annually. The Board shall establish an operating practice regarding the computation of stipends. The Chairman must approve each stipend payment.

Section 2. Stipends. Effective January 1, 2018 Article XII Section 1 is deleted from the By-Laws.



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