

The Metropolitan Edison Company/Pennsylvania Electric Company

# SUSTAINABLE ENERGY FUND



September 1, 2016

Rosemary Chiavetta  
Secretary for the PUC  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building P.O. Box 3265  
Harrisburg, PA 17105-3265

M-00031715F0004

Dear Ms. Chiavetta

On behalf of the Metropolitan Edison Sustainable Energy Fund of the Berks County Community Foundation and the Pennsylvania Electric Company Sustainable Fund of the Community Foundation for the Alleghenies, we submit for approval the following changes to the bylaws of the Metropolitan Edison Company and the Pennsylvania Electric Company:

Revising Item II(b)1 to add the following language as follows: **"All projects should directly or indirectly serve the interests of ratepayers of the Metropolitan Edison-Penelec service territories in terms of the operational manner and mission-related goals of the Fund."**

Because the Fund managers adequately fill to requirements of the role of secretary, the Fund requests that the position be dropped from the bylaws and that references to the position of secretary be deleted from the bylaws. The initial reference occurs in III (b) line 11. A subsequent reference of "secretary" to be replaced by "Administrator(s)" occurs in III (f).

The correction of several typographical errors within the current bylaws.

Submitted by,

Michael Kane, President  
Community Foundation for the Alleghenies

Kevin Murphy, President  
Berks County Community Foundation

PA P.U.C.  
SECRETARY'S BUREAU

2016 SEP -9 AM 9:49

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CC: Mr. Scott Gebhardt

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SECRETARY'S BUREAU

**BYLAWS OF THE  
METROPOLITAN EDISON COMPANY AND  
PENNSYLVANIA ELECTRIC COMPANY  
SUSTAINABLE ENERGY FUND**

**I. Introduction**

The Metropolitan Edison Company and Pennsylvania Electric Company Sustainable Energy Fund ("Fund") was created pursuant to the approval by the Pennsylvania Public Utility Commission ("Commission") of the Joint Petition for Full Settlement of the restructuring plans of Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec"), docket numbers R-00974008 and R-00974009 (Final Order entered October 20, 1998). On and after January 1, 2010 matters relating to the Fund are filed at Docket No. M-00031715F0004. The Fund shall consist of two discrete parts, one for Met-Ed and one for Penelec, and the Advisory Board ("Advisory Board" or "Board") shall appoint an Administrator(s) for each part.

**II. Purposes and Approach**

**(a) Purposes**

The purposes of the Fund are those set forth in paragraph H.5. of the Settlement Petition:

[T]o promote (1) the development and use of renewable energy and clean energy technologies, (2) energy conservation and efficiency, (3) sustainable energy businesses, and (4) projects which improve the environment in the companies' service territories, related to the companies' transmission and distribution facilities.

**(b) Approach**

1. The Fund shall be operated in a business-like and entrepreneurial manner, to be a continuing provider of financial assistance for energy conservation, energy efficiency, renewable energy, clean energy, and sustainable energy businesses. All projects should

directly or indirectly serve the interests of ratepayers of the Metropolitan Edison-Penelec service territories.

2. The Fund shall operate cooperatively with other sustainable funds and the statewide oversight board established by the Commission.
3. In fulfilling its mission, the Fund shall utilize the financial tools of grants, loans, equity investments, deposits into interest bearing accounts, payments to a fund and grants. (See Section V. (b))

**Comment [scg1]:** This proposed language seems to be more restrictive, albeit in a subjective manner. Is this what was intended?

**Comment [MK2]:** This would seem to meet the collaboration issue.

**Comment [scg3]:** I agree, this does seem to satisfy the collaboration issue. Is this an addition to the bylaws or are you asking, to verify that the collaboration issue is covered.

### III. Advisory Board

#### (a) Powers and Duties

The Advisory Board shall have the power and duty to:

- (1) Review and act upon specific projects by the Administrator(s) that will receive financial assistance from the Fund, review annual plans and reports prepared by the Administrator(s) and, if determined to be necessary or appropriate, adopt policies, guidelines and strategic plans for the achievement of the Fund's stated purposes.
- (2) Approve the annual management fees under which the Administrator(s) will be compensated for their services. In the event that the Administrator(s) and the Advisory Board cannot reach agreement on the annual management fee for the upcoming year, the approved fee from the immediately preceding year shall remain in effect
- (3) Take other actions required by these bylaws or necessary for the operation of the Fund.

#### (b) Number, Appointment, Terms

Initially, the Advisory Board shall consist of the seven members approved by the order of the Commission entered on June 4, 1999 at, *inter alia*, dockets numbers R-00974008 and R-00974009. On and after November 1, 2010, the Advisory Board shall consist of not fewer than seven (7) or more than nine (9) members. The composition of the Advisory Board shall at all times include one member from each of the following groups or entities: independent power

producers, weatherization providers, electricity suppliers, industrial customers, commercial customers, environmental groups, and Met-Ed/Penelec or an entity affiliated with Met-Ed/Penelec. The balance of the members of the Advisory Board shall be representatives of Pennsylvania ratepayers and stakeholders interested in Pennsylvania's electric utility industry. The term of an Advisory Board member shall be two (2) years and the terms of the members shall be staggered so that the terms of an approximately equal number of members end each year. A member may serve a total of six terms. Unless inconsistent with the express terms of these Bylaws, all actions which cause or fill vacancies on the Advisory Board shall be governed by the Pennsylvania Sustainable Energy Board Best Practices for Regional Sustainable Energy Funds: Guidelines for the Nomination Election and Approval of Directors approved by the Commission by Order entered March 6, 2007, as may be amended from time to time by order of the commission. (A copy of the currently Approved Guidelines is included in Appendix A to these Bylaws.)

**Comment [scg4]:** The word "bylaws" is capitalized in some places and not capitalized in other places. It should be consistent through-out.

**(c) Quorum and Vote**

Unless expressly specified otherwise in these Bylaws, the acts of a simple majority of the members taken in accordance with the provisions of this Section III © shall be the acts of the Advisory Board.

(1) Unless expressly provided otherwise for certain actions of the Advisory Board (e.g. the election of members to the Advisory Board pursuant to Section III (of these Bylaws) a simple majority of the sitting members, present at a duly convened meeting of the Advisory Board shall constitute a quorum. For

purposes of determining a quorum, a member is "present" if the member attends the meeting in person, or by telephone or by other forms of communication equipment by means of which all persons participating in the meeting can hear each other.

(2) Each member of the Advisory Board shall have one vote.

(3) Voting on any action (other than the election of members to the Advisory Board) which may be taken by the members at a duly convened meeting of the Advisory Board may be conducted without an in-person meeting in accordance with such terms and conditions approved by unanimous written consent(s) of all sitting members. Such written consent(s) shall be received by the Administrator(s) of the Fund and the Chair of the Advisory Board at least three (3) business days in advance of the proposed voting period. The Administrator(s) of the Fund and the Chair of the Advisory Board shall provide written confirmation of the receipt of the requisite written consents to all sitting members of the Advisory Board and notice of the outcome of the vote within three (3) business days following the close of the voting period. The requisite written consents, confirmations and notices may be submitted via U.S. Mail, private delivery service or electronic mail. The provisions of this Paragraph shall not apply to the Annual Meeting.

**(d) Meetings**

The Advisory Board shall hold an Annual Meeting in the fourth quarter of each calendar year. The agenda for the Annual Meeting shall include, without limitation: (i) a review by the Administrator(s) of the past year's activity; (ii) the

Administrator(s) proposed annual work schedule; (iii) a proposed annual management fee structure; review of the audited financial statements of the Fund Administrator(s); a review of the proposed annual report to the Pennsylvania Sustainable Energy Advisory Board (PASAB) and the Commission and (iv) election of the Chair, Vice Chair and Secretary for the upcoming calendar year. The Advisory Board shall hold at least three (3) meeting per year in addition to the annual meeting for the purpose of reviewing and acting upon projects that meet the mission of the Fund.

**Comment [MK5]:** Is this an acceptable motion: "Because this role is adequately filled by the fund managers, the board is recommended that position of Secretary be dropped from its by-laws."

**Comment [scg6]:** Makes sense to me, I checked with 'legal' and Patti believes this is acceptable as long as doing so does not reduce the number of board members.

**(e) Conflict of Interest And Confidentiality Policy**

The Pennsylvania Sustainable Energy Board Best Practices for Regional Sustainable Energy Funds: Guidelines for the Code of Conduct, Conflict of Interest and Confidentiality Policy approved by the Commission by Order entered March 6, 2007, as may be amended from time to time by order of the Commission are incorporated into these Bylaws by reference. (A Copy of the currently Approved Guidelines is included in Appendix A to these Bylaws)

**(f) Organization and Structure**

The Advisory Board shall appoint a chairman, and vice-chairman. The chairman shall preside over the meetings of the Advisory Board. The vice-chairman shall perform the duties of the chairman when the latter is unavailable or absent. The Administrator(s) shall keep the minutes of Advisory Board meetings.

**Comment [scg7]:** For consistency, I believe this should be Administrator(s)

**(g) Expenses**

Members of the Advisory Board shall be entitled to reimbursement from the Fund for reasonable expenses for food, lodging, transportation, and similar items incurred to attend meetings of the Advisory Board.

**IV. Fund Administrators**

**(a) Powers and duties**

(1) The Fund Administrator(s) shall prepare and propose, for Advisory Board review and advice, specific projects that are potentially eligible to receive financial assistance from the Fund. The determination of eligibility of any proposed project for financial assistance shall be made in accordance with the criteria set forth in Section II of these Bylaws and the Pennsylvania Sustainable Energy Board Best Practices for Regional Sustainable Energy Funds: Guidelines for Inquiries and Applications for Grants, Loans and Equity Investments and, if necessary the Pennsylvania Sustainable Energy Board Best Practices for Regional Sustainable Energy Funds: Guidelines for Reconsideration and Appeal approved by the Commission by Order entered March 6, 2007, as may be amended from time to time by Order of the Commission. ( A copy of the currently Approved Guidelines is included in Appendix A to these Bylaws.) No funds may be distributed except through a project approved by the Advisory Board. The Administrator(s) shall prepare an annual business review for Advisory Board approval. The annual business

review shall be filled with the Pennsylvania Sustainable Energy Advisory Board and the Commission. The Fund Administrator(s) shall monitor and manage all financial assistance provided by the Fund, to ensure that the Fund's assistance is properly and efficiently spent.

(2) The Fund Administrator(s) shall prepare semi-annually a public report regarding the operations of the Fund, and shall distribute copies of this report to the Advisory Board.

(3) The Fund Administrator(s) will be required to provide the Board with an annual audit of its financial statements, opined on by a Certified Public Accounting firm, and will include the management letter. This audit shall be a public document and shall be served on the Commission. In addition, the Board may, in its discretion, seek an attestation as to the fund itself from an independent Certified Public Accounting Firm based on an audit, review or some other type of agreed-upon procedures. The cost of any such attestation shall be borne by the Fund.

**(b) Compensation**

The Fund Administrator(s) shall receive an annual management fee to cover the costs for performance of their duties. This management fee shall be negotiated and approved by the Advisory Board annually; and shall be charged against the Fund's revenues.

**(c) Replacement**

If the Advisory Board determines that the Administrator(s) has breached its fiduciary responsibility, the Board shall inform and cooperate with the Commission and the Attorney General of Pennsylvania, and the Board may initiate an action in Orphans Court to replace the Administrator.

**V. Fund Revenues and Disbursements**

**(a) Fund Revenues**

All Fund revenues shall be maintained in separate temporarily restricted funds established by the Fund Administrator(s). Revenue deposited in the restricted funds will include, but not be limited to, the lump sum payments of \$5.7 million (Met-Ed) and \$6.4 million (Penelec) provided for in the GPU Energy Settlement Petitions, money paid to the Fund as payment of principle and interest on loans provided by the Fund, money collected as a return on equity investments made by the Fund, money collected as interest on deposits in interest bearing accounts, and money received by the Administrator(s) in the form of grants from government, foundations, and others.

**(b) Fund Disbursements**

Disbursements from the Fund shall be for financial assistance to specific projects, equity investments meeting the purposes of the Fund and administrative costs reviewed and approved by the Advisory Board.

**VI. Amendment of Bylaws**

The bylaws may be amended by a majority vote of the members of the Advisory Board. Notice that amendments to the bylaws will be considered must be provided to all members two weeks before the meeting at which the

amendments will be considered. The Commission must approve all amendments to these bylaws.

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237 COURT STREET, READING, PA 19601-3924



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COMMUNITY FOUNDATION

Rosemary Chiavetta  
Secretary for the PUC  
Pennsylvania Public Utility Commission  
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