



April 4, 2018

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: 2017 PA SEB Annual Report -
Docket No. M-00031715 F0003 - Sustainable Energy Fund**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Sustainable Energy Fund's 2017 PA SEB Annual Report. Please contact me if you have any questions.

Sincerely,

Kenneth L. Mickens
Kenneth L. Mickens, Esquire
Attorney for the Sustainable
Energy Fund

KLM/bls
Enclosures

SUSTAINABLE ENERGY FUND

(PPL Service Territory)

PA SEB 2017 ANNUAL REPORT

<http://www.theseef.org>

INTRODUCTION

The Sustainable Energy Fund is an independent, nonprofit 501(c)(3) corporation that assists energy users to strive for a future where energy is harvested, converted, distributed and utilized in a manner that allows all to meet their energy needs without compromising the ability of future generations to meet their needs.

SEF was founded in 1999 through a settlement approved by the Pennsylvania Public Utility Commission during the state's electric deregulation proceedings. Since then, SEF has been a leading financier of sustainable energy projects and has expanded its services to include sustainable energy education with the goal of seeking a sustainable energy future.

The organization continues to engage in sustainable energy awareness efforts, provide sustainable energy education and intervene in regulatory proceedings that impact energy conservation, energy efficiency or renewable energy.

SEF works with all types of entities including small businesses, municipalities, school districts, non-profits, farmers, manufacturing facilities, warehouses, and transportation companies to reduce the consumption of energy from non-sustainable resources. SEF works with energy users, educators, consumers and regulators to achieve these reductions by reducing or removing the financial, educational and regulatory barriers that prevent these organizations from generating energy from renewable resources and implementing improvements in efficiency of energy utilization as well as reducing energy consumption through behavioral changes.

SEF remains dedicated to helping energy users make informed decisions and in financially supporting projects that meet specific criteria. SEF is consistent and transparent in its financial reporting and execution of operations.

HIGHLIGHTS AND ACCOMPLISHMENTS

Educational Initiatives

SEF funds a variety of educational initiatives that raise public awareness of sustainable energy as well as provide topic-specific training for energy users, educators and students. Sustainable Energy Fund's educational programs seek to create a passion for and knowledge of sustainable energy in the leaders of

today and tomorrow. Literacy in both energy and sustainability is crucial to the understanding and application of knowledge in making sound sustainable energy related decisions. SEF's educational programs include Energypath, Sustainable Energy Workshops, and public outreach.

Energypath 2017 at DeSales University, Center Valley, PA

Energypath 2017 was held July 24– July 27, 2016, at the DeSales University in Center Valley, Pennsylvania. The theme for this year's event was For Our Future: Carbon Reduction. A total of 77 energy camp scholarships were provided to students and educators, representing 75 schools of higher education. For the conference portion of the event, more than 250 people were in attendance.

The pre-conference energy camps brought the industry's top sustainable energy trainers to lead hands-on educational sessions. Topics for these sessions included Micro Hydro, Introduction to Sustainable Energy, How to Live a Zero Carbon Life. Each energy camp provided information on the science behind the technology, hands on experience where possible, interaction among participants, and information on the regulatory events affecting the industry.

The Energypath conference included a variety of speakers including Neil Donahue from Carnegie Mellon University opening the conference with a presentation on the impact of greenhouse gases on Pennsylvania's climate. The lunch panel discussed both sides of the issue of zero emission credits and included panelists from Exelon, Lehigh University, Natural Resources Defense Council, Three Mile Island Alert and Sustainable Futures Communication. Closing the conference Eric Woodruff, PhD. discussed 2017 climate data and market trends.

Additionally, on the last day of the conference, SEF hosted a middle school and high school science fair with the generous support of Community Energy. Students from Pennsylvania and surrounding states participated in the Sustainable Energy Science Fair, presenting a poster board and research data to explain their project topic and findings. These projects were evaluated for creativity, scientific thought, clarity, and skill. The winning middle school project was Using Acoustic Signatures to Reduce Waste in the Aging Water System and the winning high school project was Enhanced Electricity Distribution via Interconnected Nodes.

This year's Epstein Lifetime Achievement Award was given to Vera Cole, PhD for a lifetime of work in moving society towards a sustainable energy future.

Educational Outreach

As part of the educational outreach initiative for 2017, SEF provided expert speakers to community organizations for participation in panel and conference breakout sessions. SEF also exhibited at 15 events and conferences such as the Pennsylvania Farm Show, Greater Lehigh Valley Chamber of Commerce Energy and Environment Conference, USGBC GreenCon, MABEX and PANO. Lastly, SEF provided training to students by working with the Girl Scouts Get Moving Program.

Non-Profit Energy Management Workshops

The Non-Profit Energy Management workshops targeted the executive and maintenance directors of non-profits. The half-day seminars were free to non-profits and focused on how these organizations used energy and ways to reduce energy use. The seminars also covered available efficiency measures and funding sources. SEF put on seven seminars in various geographic locations including Allentown, Harrisburg, Hazleton, Honesdale, Lancaster, Scranton and Williamsport.

Regulatory Monitoring

In addition to engaging in sustainable energy awareness efforts providing sustainable energy education, SEF intervenes in regulatory proceedings that impact energy conservation, energy efficiency or renewable energy. SEF continues to represent ratepayers' interests in sustainable energy proceedings before the Public Utility Commission. In 2017, SEF was an active participant in PPL Electric's Time of Use Rate proceeding.

Program Related Investments

SEF's financial programs seek to aid energy users in overcoming financial barriers through a variety of self-sustaining financial tools such as loans, leases, energy savings agreements, power purchase agreements and equity investments. Each investment must fit SEF's mission and meet minimum financial requirements.

Through the Non Profit Energy Savings Agreement program, SEF provides nonprofits with a no cost introductory energy audit. For larger facilities, these audits are performed at no cost through SEF by a qualified professional engineering firm. For calendar year 2017 SEF conducted more than 40 energy audits for nonprofit organizations.

Over the past year, SEF committed to fund projects totaling \$10,306,173. During 2017 \$8,806,183.67 was disbursed on projects committed to in 2016 and 2017.

Non-Profit Energy Makeover

The Non-Profit Energy Makeover was a contest hosted by SEF to provide a non-profit with an energy makeover. The contest started in January and the winners were chosen in July 2017 by the Board of Directors. The Board was so impressed by the participants that it granted two energy makeovers instead of the planned single makeover. The winning participants were New Bethany Ministries and Lehigh County Humane Society. The makeover for New Bethany Ministries kicked off in October of 2017 and was completed in 2017 while the makeover for the Lehigh County Humane Society kicked off in January 2018 and is still in process. New Bethany Ministries operates the area's only public showers for the homeless, a soup kitchen and transient housing units. SEF performed an energy audit of the facilities and worked with volunteers, local companies and sponsors to reduce air leaks, replace electric strip heat with heat pumps, installed a more efficient commercial washer and dryer, replaced the facilities lighting

with LEDs and reduce water consumption. Due to the number of volunteers' other activities included painting of a mural welcoming residents to the transient housing unit, striping and painting outside trim and working the garden. SEF also provided education to facility residents on how behavior can impact energy consumption.

Financial Approvals

Project Title	Amount of Funding	Comments
Evergreen Road Associates	\$81,368	Solar PV
Phalanx Associates	\$236,577	Solar PV
TBJ, Inc.	\$37,100	Energy Efficiency
Portion of Ecosave TRF Portfolio		
TRF/Katz Jewish Community Center	\$581,379	Energy Efficiency
TRF/Chandler Hall	\$218,755	Energy Efficiency
TRF/Pitcairn Building	\$56,789	Energy Efficiency
TRF/Maplewood	\$200,714	Energy Efficiency
TRF/Racquet Club Philadelphia	\$128,664	Energy Efficiency
TRF/Leading Age	\$75,475	Energy Efficiency
TRF/JCC Metrowest	\$139,660	Energy Efficiency
TRF/Cast Iron Building	\$77,022	Energy Efficiency
TRF/Koernick Anchin	\$489,218	Energy Efficiency
WPPSEF Solar Sense PA II PSU	\$1,000,000	Solar PV
PA Family Institute	\$6,140	Energy Efficiency
Atkins Deck Treatment	\$49,140	Solar PV
Holy Guardian Angles School	\$157,150	Energy Efficiency
CES Community Energy Solar Garden	\$4,890,000	Solar PV
Bird-in-Hand Window and Door	\$313,400	Solar PV
Forest Hills PPA	\$270,900	Solar PV
Ursinus College	\$1,296,722	Energy Efficiency

Disbursements

Project Name	Type of Funding	Amount	Approval Date	Comments
1952 Bryn Mawr Aveue RH	Loan	\$150,000.00	8/4/2016	Passive House
Atkins Deck Treatment	Loan	\$49,140.00	6/9/2017	Solar PV
CES Community Solar Gardens	Loan	\$4,890,000.00	7/20/2017	Bulk purchase solar panels
Evergreen Road Associates	Loan	\$81,368.14	1/17/2017	Refinance solar pv
Forest Hills PPA	Loan	\$270,900.00	11/10/2017	Solar PV
Laura Blau & Paul Thompson	Loan	\$293,947.00	11/1/2016	Passive House
Phalanx Associates	Loan	\$236,576.69	1/17/2017	Refinance solar PV
TBJ, Inc.	Loan	\$37,100.00	4/6/2017	Energy Efficiency

TRF/Katz Jewish Community Center	Loan	\$581,379.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Chandler Hall	Loan	\$218,755.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Pitcairn Building	Loan	\$56,789.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Maplewood	Loan	\$200,714.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Racquet Club Philadelphia	Loan	\$128,664.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Leading Age	Loan	\$75,475.00	5/2/2017	Energy Efficiency Performance Contract
TRF/JCC Metrowest	Loan	\$139,660.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Cast Iron Building	Loan	\$77,022.00	5/2/2017	Energy Efficiency Performance Contract
TRF/Kobernick Anchin	Loan	\$489,218.45	5/2/2017	Energy Efficiency Performance Contract
Allentown Central Catholic HS	NESA	\$71,538.31	6/7/2016	Energy Efficiency Performance Contract
Holy Guardian Angles School	NESA	\$104,030.98	6/9/2017	Energy Efficiency Performance Contract
Pleasant Valley Manor	NESA	\$629,533.00	10/26/2016	Energy Efficiency Performance Contract
Pocono Services for Family and Children	NESA	\$18,253.10	11/1/2016	Energy Efficiency Performance Contract

Energy Service Provider Network. In order to locate and develop projects, SEF has created a network of service providers who work in the renewable energy/energy efficiency field. Communication via the network allows SEF to develop financial tools and products to assist the project owner in meeting their funding needs. During 2017, held a two-day mini conference focused on improving the operations of these sustainable energy businesses and familiarity with SEF's services.

GREEN CONNEXIONS

Green Connexions, Inc. is a for-profit C corporation owned by SEF. The mission of Green Connexions is to provide products and services through renewable energy and energy efficiency ventures. Profits from Green Connexions are used in support of SEF to help sustain its mission. In 2017, Green Connexions through its subsidiary Sustainable Energy Systems maintained a limited solar thermal leasing program.

BOARD ACTIVITIES

At SEF's 2017 Annual Meeting in October 2017, Mr. Robert Thomson was elected as SEF's Chairman of the Board. Additionally, Ms. Linda Evers was elected as Vice Chairman and William DeFalco was elected Secretary/Treasurer.

The SEF Board reviews governance, policy and structure. There are three standing committees: Finance, Human Resources, and Program Related Investments. The Finance Committee also functions as the Board Audit Committee and the Board Investment Committee. During 2017, the Board had eight meetings as well as various meetings of the Finance, HR and PRI committees. As of December 31, 2017, the SEF Board of Directors consisted of:

- Robert Thomson, Chairman
- Linda Evers, Vice Chairman
- William DeFalco, Secretary/Treasurer
- Daniel Griffiths, Director
- Jocelyn Cramer, Director

FINANCIAL REPORT

As of December 31, 2006, SEF no longer receives funding from the PPL ratepayers. SEF is funded via the program-related investments and the endowment fund.

For the year ending December 31, 2017, SEF's internal financial statements showed a total income of \$422,757 and a total expense of \$1,316,046. Taking into account dividends, interest, unrealized gains (losses), bad debt expense and loan loss allowance resulted in a net income of \$254,673. The 2017 Balance Sheet reports total assets at \$21,915,259, which includes program loans of \$9,474,177, equity

investment of \$417,000 and Energy Savings Agreements of \$1,444,175, and total liabilities at \$492,196. Audited financial statements for the year ending June 30, 2017 and December 31, 2017 are available upon request by contacting Sally Kratz, Accountant, Sustainable Energy Fund, 4110 Independence Dr. Ste 100, Schnecksville, PA 18078.

ADDITIONAL INFORMATION

Sustainable Energy Fund is an independent, self-governing organization that does not pay an annual fee for management services. The Fund tracks expenses in three categories- Operations, Financial Services and Educational Services. Financial Services and Educational Services represent the majority of program related expenses. Operational expenses include administrative costs, information technology, facility costs, dues and memberships, as well as a portion of marketing and labor expenses. Operational expenses for 2017 totaled \$406,952.

During the 2017 calendar year, Sustainable Energy Fund approved 77 attendance scholarships to the Energypath conference, which are recorded as a program expense.