

**THE PENNSYLVANIA ENERGY DEVELOPMENT
AUTHORITY**

ANNUAL REPORT

JULY 1, 2012 – JUNE 30, 2013



pennsylvania
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Pennsylvania Energy Development Authority Board
July 1, 2012 – June 30, 2013

Officers

Chairman

Hon. E. Christopher Abruzzo
Acting Secretary of Environmental
Protection

Treasurer

Ray Bologna (Term expires 4/8/2014)
North Branch Energy, Inc.

Secretary

Hon. Edwin B. Erickson
Pennsylvania Senate

Members

Gibson C. Armstrong (Term expired)
BlueStar Energy Services

Lauren M. Boles (Term expired)
City Of Philadelphia

Virginia L. Brown (Term expired)
AFSCME Philadelphia District Council
Retiree Chapter 47

John F. Coleman Jr.
Vice Chairman
Public Utility Commission

Hon. Thomas C. Creighton
Pennsylvania House of Representatives

Hon. Peter J. Daley, II
Pennsylvania House of Representatives

Romulo L. Diaz, Jr. (Term expires 4/8/2014)
VP, Govt. & External Affairs
PECO Energy Company

Hon. George Greig
Secretary of Agriculture

Sarah Hetznecker (Term expired)
Conergy Projects

Bernie Lynch (Term expired)
Strategic Development Solutions LLC

Consumer Advocate's Designee:
Tanya McCloskey
Office of Consumer Advocate

Hon. Glenn E. Moyer
Secretary of Banking

Hon. C. Alan Walker
Secretary of Community and Economic
Development

Hon. John N. Wozniak
Pennsylvania Senate

Michael Welsh (Term expired)
IBEW Third District

Vacant (Term expired)

Staff

David Althoff Jr.
Acting Executive Director

Sondra Keller
Clerk Typist 3

Geri Krouse
Executive Secretary

Introduction

This annual report covers the operations of the Pennsylvania Energy Development Authority (PEDA) for the period July 1, 2012, to June 30, 2013. This year saw the awarding of one energy project totaling \$114,551.00. PEDA also monitored progress and implementation of existing grant projects. A listing of these projects is provided in Appendix A.

Background

PEDA was created by the Energy Development Authority and Emergency Powers Act of 1982. PEDA is a public corporation governed by a 19-member Board of Directors and managed by an Executive Director and staff. PEDA became active when its first Board of Directors was confirmed on June 26, 1984, and it remained active until 1995. After a period of dormancy, on April 8, 2004, an Executive Order 2004-5 was issued revitalizing PEDA and transferring to the Department of Environmental Protection (DEP), which now provides staffing authority for PEDA.

PEDA's mission is to promote the development and use of Pennsylvania's clean, indigenous energy resources and to stimulate economic development and job creation in Pennsylvania's growing energy sector in an environmentally beneficial manner.

Accomplishments in the 2012-13 Fiscal Year

PEDA received an application from Northumberland County for the repowering of their county courthouse from an oil fired boiler to a natural gas boiler with energy efficiency controls. This project proposed to utilize Growing Greener II funds which were previously awarded to Northumberland County in 2008, for the Intelliwatt Project. The Intelliwatt project was closed in the spring of 2012, due to lack of progress without expending any funds. Northumberland County submitted a request for a re-designation for those funds for the energy efficiency project.

PEDA held a board meeting on June 19, 2013. At this board meeting, PEDA approved the Northumberland County Project for a grant award in the amount of \$114,551.00. PEDA also appointed, via vote, DEP Acting Secretary E. Christopher Abruzzo as Acting Chairman of PEDA replacing the previous Acting Chairman, Secretary Michael Krancer. A new Acting Executive Director of PEDA, David Althoff Jr., was introduced to the PEDA board. The previous Executive Director, Mr. Thomas Bell, had left the employ of DEP and PEDA in June of 2012. The PEDA board ratified having Mr. Althoff serve as the Acting Executive Director of PEDA until further notice.

Financial Report

As of June 30, 2013, the Energy Development Fund maintained a balance of \$4,741,968.31. The funds include designated administrative funds, revenue from interest on securities, Duquesne Light settlement funds and the repayment of loan principal and interest from one remaining loan to Community Energy, Inc. The loan is due to be paid in full by February 2016. Financial information for the Energy Development Fund is

described in the Fund Balance sheet, attached as Appendix B, the Unreserved Fund Balance Sheet, attached as Appendix C, and the Duquesne Light Settlement funds as described in Appendix D.

Growing Greener II had provided PEDDA with up to \$10 million annually for five years ending in FY 2009-10. Those funds are a part of the Commonwealth's general obligation bond issuances. As such, the funds are not deposited directly into the Energy Development Fund, but are maintained by the Governor's Office of Budget as a part of the larger fund containing other general obligation bond proceeds. PEDDA grantees utilizing Growing Greener II monies are paid from this larger fund. A statement of commitments and expenditures for PEDDA's allocation of Growing Greener II funding is attached as Appendix E. An uncommitted balance exists in this fund of \$7,725,332.48. This fund has increased by over \$3 million during this reporting year due to the claw back of funding from projects that did not fully expend the awarded grant amount or projects which returned funding to PEDDA due to non-performance.

Activities Going Forward

PEDDA will continue to manage existing grants and returned funding from unspent grant funds in anticipation of a future funding solicitation. With the expiration of many of the appointed PEDDA board members, the goal of the Board will be to have the full board in place, nominated by the Governor, confirmed by the Senate and a Governor appointed Chair Person in the upcoming year.

The Board will be planning to utilize a newly developed 2013 Pennsylvania State Energy Plan as a foundation to updating the 2008 PEDDA Energy Development Plan. The Energy Development plan would be a new starting point for any policies and program that the board would take forward to utilize the funds available to PEDDA.

Conclusion

PEDDA continues to work with Governor Tom Corbett, the legislature and the private sector to help finance innovative clean energy projects and companies and to promote clean energy in Pennsylvania. In the coming year, PEDDA's board and staff look forward to continuing work to foster growth in this exciting area of the economy.

Appendix A Closed Projects 2012-13

GRANT PROGRAM	PROJECT NAME	FUNDING RECIPIENT or VENDOR	COUNTY	PROJECT STATUS	TOTAL PROJECT COST	TOTAL PEDA FUNDING	TOTAL AMT INVOICED	ACTUAL COMPL DATE
PEDA 2010 - GGII	Durabuilt Homes - Energy Efficient Renovations	Durabuilt Homes, LLC dba MSI Plus	Snyder	Terminated	\$863,185	\$638,185	\$0	7/10/2012
PEDA 2010 - GGII	The Rise of Solar Energy at Phoenixville Area School District	Phoenixville Area School District	Chester	Complete	\$3,297,800	\$554,500	\$554,500	7/27/2012
PEDA 2011- GGII	Evangelical Community Hospital Biomass Boiler System	Evangelical Community Hospital	Union	Complete	\$1,235,000	\$250,000	\$218,556	8/13/2012
PEDA 2010 - GGII	Hamilton Heath Center Expansion Project	Hamilton Health Center, Inc.	Dauphin	Complete	\$420,100	\$242,672	\$242,672	8/22/2012
PEDA 2010 - Duquesne Light	Pittsburgh Public Schools Solar Thermal Initiative	School District of Pittsburgh	Allegheny	Complete	\$142,500	\$71,000	\$71,000	8/23/2012
PEDA 2010 - GGII	Solar Photovoltaic & Induction Lighting Project: An Energy Conservation & Cost Reduction Strategy for Youth Program Expansion & Job Creation	UGI Performance Solutions	Philadelphia	Complete	\$1,594,844	\$393,400	\$393,400	8/24/2012
PEDA 2010 - GGII	Haverford Community Center Geothermal Project	Haverford Township	Delaware	Complete	\$1,200,000	\$300,000	\$300,000	9/12/2012
PEDA 2010 - Duquesne Light	Energy Efficient Streetlight Conversion - Phase I	City of Pittsburgh	Allegheny	Complete	\$2,831,673	\$816,105	\$816,105	9/14/2012

GRANT PROGRAM	PROJECT NAME	FUNDING RECIPIENT or VENDOR	COUNTY	PROJECT STATUS	TOTAL PROJECT COST	TOTAL PEDA FUNDING	TOTAL AMT INVOICED	ACTUAL COMPL DATE
PEDA 2009 - Duquesne Light	Pittsburgh Int'l Airport (PIT) Parking Lot & Terminal Complex Energy Efficient Lighting Upgrade Project	Allegheny County Airport Authority	Allegheny	Complete	\$1,634,601	\$800,000	\$800,000	9/24/2012
PEDA 2010 - GGII	SEPTA Recycled Energy & Optimization Project	Viridity Energy, Inc.	Philadelphia	Complete	\$2,022,800	\$900,000	\$900,000	10/4/2012
PEDA 2008 - GGII	Flow Battery System for Energy Storage	EOS Energy Storage LLC	Northampton	Complete	\$1,148,000	\$500,000	\$450,000	10/19/2012
PEDA 2009 - GGII	Biomass Fuel Stocks of PA, Inc.	Biomass Fuels Stocks of PA, Inc.	Union	Complete	\$302,000	\$150,000	\$107,002	10/25/2012
PEDA 2008 - GGII	Tobyhanna Army Depot 600 kW PV	Ameresco, Inc.	Monroe	Terminated	\$572,573	\$20,394	\$0	10/30/2012
PEDA 2010 - GGII	Phase II: Methane Digester Electrical Generation	Kline's Services, Inc.	Lancaster	Complete	\$2,996,113	\$250,000	\$250,000	11/8/2012
PEDA 2010 - GGII	The Temple Solar II Project (formerly The Dow Solar Project)	UGI Development Company	Bucks	Complete	\$7,151,000	\$900,000	\$900,000	11/15/2012
PEDA 2009 - GGII	Chester County Public Safety Training PEDA	Chester County Public Safety Training Foundation c/o CCEDC	Chester	Terminated	\$1,188,100	\$850,000	\$0	11/28/2012
PEDA 2010 - GGII	Power Generation from Waste Methane	CONSOL Energy, Inc	Washington	Complete	\$1,120,687	\$529,157	\$529,157	02/05/2013
PEDA 2010 - GGII	Energy Saving Elevator Vestibules	Harrisburg University of Science & Technology	Dauphin	Complete	\$160,814	\$80,407	\$80,407	2/11/2013
PEDA 2010 - GGII	Warnaco Project (Solar)	Solar Development Group LLC	Blair	Complete	\$5,000,000	\$737,139	\$0	2/11/2013

GRANT PROGRAM	PROJECT NAME	FUNDING RECIPIENT or VENDOR	COUNTY	PROJECT STATUS	TOTAL PROJECT COST	TOTAL PEDA FUNDING	TOTAL AMT INVOICED	ACTUAL COMPL DATE
PEDA 2010 - GGII	Keystone Solar Farm Project	Keystone Solar, LLC	Lancaster	Complete	\$18,120,158	\$1,000,000	\$1,000,000	3/12/2013
PEDA 2010 - GGII	Roaring Spring BioFuel	Roaring Spring Blank Book Company	Blair	Complete	\$1,476,803	\$450,000	\$450,000	4/8/2013
PEDA 2008 - GGII	Geothermal in Main Fulton County Courthouse Facilities	Fulton County Commissioners	Fulton	Complete	\$809,725	\$563,200	\$563,200	4/18/2013
PEDA 2010 - GGII	Hyndman Health Bedford Rehab Project	Hyndman Area Health Center, Inc.	Bedford	Complete	\$1,494,000	\$250,000	\$165,099	5/28/2013
PEDA 2011- GGII	Ursinus Campus Outdoor Lighting LED Retrofit Project	Ursinus College	Montgomery	Complete	\$162,159	\$120,645	\$120,645	5/30/2013
PEDA 2010 - GGII	Recreation Lighting Efficiency	Philadelphia City Treasurer, Dept of Recreation	Philadelphia	Complete	\$926,895	\$412,482	\$412,482	6/5/2013
PEDA 2010 - Duquesne Light	Integrated Water Management at Phipps, Phase II; Powering Water and Energy Self-Reliance	Phipps Conservatory and Botanical Gardens, Inc.	Allegheny	Complete	\$530,000	\$250,000	\$250,000	6/13/2013
PEDA 2010 - GGII	Misericordia University's Energy Efficiency Program	Misericordia University	Luzerne	Complete	\$501,440	\$273,841	\$273,841	7/1/2013

Active Projects 2013

GRANT PROGRAM	PROJECT NAME	FUNDING RECIPIENT or VENDOR	COUNTY	PROJECT STATUS	TOTAL PROJECT COST	TOTAL PEDA FUNDING	TOTAL AMT INVOICED	EXPECTED COMPL DATE
PEDA 2010 - GGII	Franklin Advanced Materials PV Metallization Paste Production Facility	American Refining and Biochemical, Inc.	Montgomery	Financial Closeout	\$700,000	\$315,000	\$273,779	04/02/2013
PEDA 2011- GGII	Whitaker Center Energy use Reduction Program	Whitaker Center for Science & the Arts	Dauphin	Sending Closeout letter	\$205,626	\$102,813	\$102,813	06/01/2013
PEDA 2011- GGII	Landfill Control Device for Total Methane Recovery	ARC Technologies Corporation	Allegheny	Healthy	\$247,000	\$120,000	\$120,000	07/30/2013
PEDA 2008 - GGII	ARB Torrefaction Project (Terra Green Energy)	American Refining & Biochemical, Inc.	McKean	Healthy	\$1,600,000	\$400,000	\$0	10/19/2013
PEDA 2010 - GGII	Gasification of Plastics to Alternative Energy Project	Ultra-Poly Corporation	Northampton	Healthy	\$3,100,000	\$750,000	\$675,000	09/15/2013
PEDA 2007 - GGII	Stable Flats; Stable Flats, LLC	Stable Flats, LLC	Philadelphia	Healthy	\$1,779,975	\$700,000	\$32,169	10/14/2013
PEDA 2010 - Duquesne Light	Installation of a Geoexchange System - Phase I of Eden Hall Campus Development	Chatham University	Allegheny	Healthy	\$756,658	\$250,000	\$0	05/31/2014
PEDA 2011- GGII	Waste to Energy Using Hydrothermal Decomposition	Allentown Commercial and Industry Development Authority	Lehigh	Healthy	\$42,000,000	\$500,000	\$145,357	10/04/2014

Appendix B

ENERGY DEVELOPMENT FUND BALANCE SHEET June 30, 2013

ASSETS

Temporary Investments	\$ (887,208.92)
Long-term Investments	\$ 5,328,756.67
Loans Receivable	<u>300,420.56</u>
Total Assets	<u><u>\$ 4,741,968.31</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Total Liabilities	<u>0.00</u>
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FUND BALANCE

Reserved for Loans Receivable	\$ 300,420.56
Reserved for Encumbrances - Restricted Revenue	250,000.00
Reserved Non-Lapsable Balance	6,179.41
Reserved - Restricted Revenue	259,694.91
Unreserved/Undesignated	<u>3,925,673.43</u>
Total Fund Balance	<u>4,741,968.31</u>
Total Liabilities and Fund Balance	<u><u>\$ 4,741,968.31</u></u>

Appendix C
ENERGY DEVELOPMENT FUND
UNRESERVED FUND BALANCE STATEMENT
June 30, 2013

Unreserved Fund Balance, July 1, 2012	\$3,645,147.73
Reserved for Encumbrances - Restricted Revenue, July 1, 2012	1,969,471.97
Reserved for Restricted Revenue, July 1, 2012	243,548.71
Reserve for Transfer to General Fund, July 1, 2012	1,016,698.82
Revenue:	
PEDA Application Fees	0.00
Loan Repayment	105,876.94
Interest Payments	12,084.74
Late Fees	0.00
Miscellaneous Revenue	
Interest on Securities	218,486.23
Duquesne Light Settlement	0.00
Total Revenue	336,447.91
Pending Prior Year Lapses	1,878.51
Total Funds Available	\$7,213,193.65
Deductions:	
Expenditures - Current	51,621.31
Reserved for Non-Lapsable Balance	6,179.41
Expenditures - Restricted Revenue	1,703,325.77
Commitments - Current	0.00
Commitments - Restricted Revenue	250,000.00
Reserved for Restricted Revenue	259,694.91
General Fund Lapse	1,016,698.82
Reserved for Loans Receivables	
Total Deductions	3,287,520.22
Unreserved Fund Balance, June 30, 2013	\$3,925,673.43

Appendix D

ENERGY DEVELOPMENT FUND
DUQUESNE LIGHT SETTLEMENT
June 30, 2013

BALANCE JULY 1, 2007	\$	-
FY 2007-08 REVENUE	\$	3,000,000.00
FY 2008-09 REVENUE	\$	-
FY 2009-10 REVENUE	\$	1,500,000.00
FY 2010-11 REVENUE	\$	1,500,000.00
FY 2011-12 REVENUE	\$	-
FY 2012-13 REVENUE	\$	-
TOTAL REVENUE	\$	6,000,000.00
COMMITMENTS	\$	250,000.00
EXPENDITURES		
FY 2009-10	\$	729,166.16
FY 2010-11	\$	1,101,352.84
FY 2011-12	\$	1,956,460.32
FY 2012-13	\$	1,703,325.77
TOTAL EXPENDITURES	\$	5,490,305.09
TOTAL COMMITMENTS AND EXPENDITURES	\$	5,740,305.09
BALANCE JUNE 30, 2013	\$	259,694.91

Appendix E

GROWING GREENER II BOND FUND
EXECUTIVE AUTHORIZATION STATEMENT
June 30, 2013

BALANCE JULY 1, 2005	\$	-
FY 2005-06 EXECUTIVE AUTHORIZATION	\$	10,000,000.00
FY 2006-07 EXECUTIVE AUTHORIZATION	\$	10,000,000.00
FY 2007-08 EXECUTIVE AUTHORIZATION	\$	10,000,000.00
FY 2008-09 EXECUTIVE AUTHORIZATION	\$	10,000,000.00
FY 2009-10 EXECUTIVE AUTHORIZATION	\$	<u>10,000,000.00</u>
TOTAL EXECUTIVE AUTHORIZATIONS	\$	50,000,000.00
COMMITMENTS	\$	1,658,694.75
EXPENDITURES		
FY 2005-06	\$	323,562.07
FY 2006-07	\$	2,925,987.35
FY 2007-08	\$	3,596,835.59
FY 2008-09	\$	4,967,237.88
FY 2009-10	\$	7,389,308.92
FY 2010-11	\$	10,734,584.94
FY 2011-12	\$	6,887,968.37
FY 2012-13	\$	<u>3,790,487.65</u>
TOTAL EXPENDITURES	\$	40,615,972.77
TOTAL COMMITMENTS AND EXPENDITURES	\$	<u>42,274,667.52</u>
BALANCE JUNE 30, 2013	\$	<u><u>7,725,332.48</u></u>