



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR  
HARRISBURG

THE GOVERNOR

March 23, 2009

Chairman James H. Cawley  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

RE: State Energy Program Funding

Dear Chairman Cawley:

Pennsylvania has taken a number of active steps to promote energy efficiency that assists home owners and businesses in reducing energy costs. Special Session Act 1 of 2008 provides \$92.5 million over eight years for residential and small business energy efficiency programs that are now in operation. In addition, energy efficiency projects for local governments, schools and non-profit businesses are funded under the existing Energy Harvest grants program that is administered by DEP. Also in 2008, Act 129 was passed requiring a 3% reduction in electricity consumption and a 4½% reduction in peak load by 2013. These programs will go into operation in the last quarter of 2009 with funding levels that can exceed \$200 million annually.

Under the authority of Act 129 and your leadership, the Pennsylvania Public Utility Commission can set energy efficiency requirements that exceed the initial goals set forth in the Act. Finally, up to 25,000 low-income customers annually receive conservation services from electric and gas utilities under programs mandated by the Pennsylvania Public Utility Commission. These programs will make home energy more affordable and reduce the cost of doing business in Pennsylvania.

I am attaching the relevant section of the recently passed American Recovery and Reinvestment Act of 2009 (H.R. 1)(ARRA), which directs Governors to make certain assurances regarding energy efficiency programs as a condition of the State receiving our share of \$3.1 billion from the Federal State Energy Program (SEP).

In full recognition of the Public Utility Commission's independent status, I ask that you to consider additional steps the Commonwealth can take to establish appropriate incentives in electric and natural gas utility rates for energy efficiency programs, consistent with State law, the attached statute and relevant PURPA requirements. These include policies to align interests of utilities to support conservation without raising the cost of conservation and increasing the cost to ratepayers of measurable, verifiable efficiency savings. I am asking our Secretary of Environmental Protection, who administers our energy office functions, to work with you and answer any questions you might have. Such coordination can benefit the public.

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As the Commonwealth embarks on this effort together, please keep me apprised of your actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Edward G. Rendell". The signature is written in a cursive, slightly slanted style.

Edward G. Rendell  
Governor

Enclosure