

August 27, 2014

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INDEPENDENT REGULATORY
REVIEW COMMISSION

ACUITY
ADVISORS AND CPAS

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
PO Box 3265
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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RE: Docket L-2014-2404361
Proposed Net Metering Changes

Dear Commissioners:

This letter is in response to Pennsylvania Public Utility Commission (PUC) proposed rulemaking order (L-2014-2404361 7-5-2014) and outlines our concerns regarding the proposed regulations.

Acuity Advisors and CPAs, LLP provides accounting, tax and business consulting services to farming operations. In the last decade, several of our clients have installed anaerobic methane digester systems on their farms to address several challenges. The on-farm digesters were installed to help comply with Chesapeake Bay Watershed environmental regulations, improve neighborhood air quality, produce a renewable source of electricity, manure solids for livestock bedding and to process food waste that cannot be fed to animals.

Digesters are a significant financial investment, and require net metering income to make the on-farm digesters financially viable. Under the proposed rules, it is our understanding that alternative energy projects such as digesters will have a design requirement limiting production capacity to 110% of a farm's overall annual electric consumption. A key financial repayment driver with digester systems is the farm's ability to produce electricity beyond its own consumption needs that can be sold via a net metering arrangement with a utility such as PP&L. Based on our cash flow analysis, limiting digester electric generation to 110% of annual farm electric consumption will impair the financial viability of on-farm digesters.

Farmers are not in the energy business; they are in the food production business and use tools such as on-farm digesters to help overcome environmental and nutrient management regulatory challenges. Removing the financial incentive to build on-farm digester systems will have consequences contrary to what I believe the proposed regulations intend.

Per our verbal conversations with PUC representatives, we have been told all existing on-farm generation of alternative energy will be grand-fathered and will not be subject to the proposed rules. We request that the PUC clarify in writing that existing operations will indeed be grandfathered.

On behalf of our many farm clients, we request you amend the proposed rules to exempt all on-farm generation of alternative energy from any limitations related to net metering.

Thank you for your consideration of these comments.

Sincerely,



Michael P. Peachey, CPA
Partner, Ag and Agri-Business Services

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