

To: The Public Utility Commission
From: Mike Carpenter, Director, Energy Recovery Group, LLC
Regarding: Lake County and the City of Lakeview, Oregon FIT programs
Date: September 18, 2011

Identify the Problem:

A solar development Contract has been signed between the developer, ERG and the Lake County Commission for two projects. The first is located at the Lake County Fairgrounds and the second at the County Road Department Shops. The Fairgrounds property is located inside the city limits of Lakeview.

The Town Manager assured the County Commissioners and ERG that any planning issues would be handled administratively. Upon application for the building permit to place the trackers at the Fairgrounds, the Town Planning Official determined the project required a formal "Site review" in front of the Town Planning Commission, which cannot hear the application until November 14, 2011.

The Town of Lakeview (through the Town Manager) has indicated they are interested in accepting the two FIT awards they received if the development could be structured like the proposal ERG gave the County, which the County accepted. But the Town does not have time to meet statutory bid notification regulations and have a project completed at this late date.

Consequence:

This will result in the loss of the Lake County Fairgrounds FIT Award and cause ERG to forfeit money paid for groundwork and equipment already purchased for the Fairgrounds project.

Second, The Town will lose the two FIT awards they received.

Solution:

Request a waiver extending the time allowed for the completion of the work.

The Town of Lakeview has requested a waiver.

Lake County Commissioners have given ERG authority to ask for a waiver for their projects presently awarded given both the tight time line we are under and the unexpected requirement by the Town of Lakeview Planning Director requiring a hearing in November.

Consequence of A WAIVER:

The work will be completed and the FIT contract will be honored, for Lake County.

The Town will have the necessary time to advertise for bids. Ultimately, the County and the City will have a combined 39.6 kilowatts of clean, renewable solar power, installed at public-owned facilities as anticipated in the FIT Program.

History

In October 2010, Lake County, Oregon and the City of Lakeview, Oregon received a total of five (5) Feed-In-Tariff awards for the development of five separate solar projects, each intended with a designed nameplate of 9.9 kilowatts DC. The company directly involved in obtaining the FIT made an offer to construct the solar systems, which required substantial cash outlays, and therefore was ultimately rejected by the County and the Town of Lakeview.

In April 2011, Mike Carpenter, representing Energy Recovery Group, LLC, proposed a simple lease-to-own program, allowing the County to utilize the FIT and ultimately own the systems and reap the intended benefits. Through a series of circumstances the information never reached the Lake County Commissioners.

In late August, a second presentation of the April offer was made directly to the Lake County Commissioners and specific concerns of the Lake County Commissioners were addressed. At that time, the Commission decided to authorize a "request for offers" with responses due by close of business on Friday September 2nd, to be acted upon September 6th. ERG was the only company to submit an offer, in spite of a mass-emailing request to more than 30 known solar contractors.

On Monday, September 12, in a special meeting, the Commission agreed to move forward, voting unanimously to offer a contract to ERG for two locations, namely the County Road Maintenance Yard and the County Fairgrounds. The Commissioners tabled the Courthouse project due to the condition of the fifty-year-old roof.

At the close of business on Tuesday, the required funding was on deposit and ERG began to issue purchase orders for the major steel components, the panels, inverters and trackers.

One of the conditions of the County Contract was the realistic potential of the project being completed by the October 6th deadline. Calls were made and delivery confirmed on the major components, i.e., the panels, the trackers, the inverters, and the major steel construction components. We drove to Seattle to retrieve the steel poles for the tracker assembly on Thursday, the 15th. Utility location was completed on the 15th. Engineering was ordered the 13th and completed on Friday the 16th. Test holes were dug at the Fairgrounds. Culvert to be used for cement forms was delivered the 16th. Building permits were applied for on the 16th. Lakeview Sand and Gravel was standing by for a Saturday the 17th delivery of cement to set the tracker polls.

Friday, mid-morning, we went to the city offices to receive our building permits but were refused, with the planner declaring we had until October 14 to submit an application for a mid-November review. When we were refused a building permit for the Fairgrounds, we contacted everyone concerned to make them aware of the dire consequences of the Planning Director's actions.

As of this writing, we are committed to more than \$7,500 in hardware purchases for the Fairgrounds Project.

The Town Manager, Ray Simms, in telephone conversations as well as a face-to-face meeting, indicated the City permit process would not be problematic for the County Fairgrounds project. It obviously was and he is working with the Mayor to try to resolve the problem. All interested parties, the County Commissioners, the City Manager, the Planning Department, the Mayor, are trying to resolve the bureaucracy slow-down over the weekend but frankly, little hope is offered by the planner, standing firm by the rules in spite of the reality that the project was cleared by the Town Manager and there is no requirement for public input or public hearings.

TOWN OF LAKEVIEW

It is our understanding that Mr. Simms has requested a waiver for his projects,

The Town, like the County was unable to accept the original proposal given them, which required substantial cash outlay from the Town.

ERG met with the Town Manager, and explained the proposal made to Lake County,

The Town Manager believes the Town is prepared to accept an offer, subject to following all necessary statutes regulating their bidding process. ERG may or may not receive that bid award, however the Town Manager now understands the FIT award and realizes how important it could be to the community.

CONCLUSION

The attached schedule reflects our ability to complete the work on time, but the potential for disruption is painfully, expensively real. No one, not the Commission, not the Town Manager, the Banker, the Fairgrounds Manager, the Fairgrounds Board saw the site review coming.

With this letter, we are respectfully requesting a waiver, extending the October 6th time line for the two Lake County projects and the two Lakeview projects. The completion of these four projects will result in nearly 40 kilowatts of clean solar power and nearly \$180,000 in FIT revenue for the County and a similar amount for the Town of Lakeview.

Best Regards,

Mike Carpenter, Director
Energy Recovery Group, LLC
800-979-6453
mikecgroup@comcast.net

Sept 16, Friday, 20 days to go

As of this date, the panels are ordered, the inverters are ordered, the trackers are ordered, the sites are approved, the building permits are scheduled, the steel is on-site for the tracker foundation and racking main-frame. Financing is in place; major draws have not been executed however expenses have been incurred.

Sept 17, Saturday, 19 days to go

Pour concrete, set the tracker polls.

Sept 18, Sunday, 18 days to go

Sept 19, Monday, 17 days to go

Submit the one-line drawing to the utility, request meter base for installation on Monday the 3rd of October.

Sept 20, Tuesday, 16 days to go

Sept 21, Wednesday, 15 days to go

Sept 22, Thursday, 14 days to go

Panels and inverters scheduled for delivery

Sept 23, Friday, 13 days to go

Trackers scheduled for delivery

Sept 24, Saturday, 12 days to go

Assemble the four framing sub-assemblies

Sept 25, Sunday, 11 days to go

Assemble the remaining sub-assemblies

Sept 26, Monday, 10 days to go

Concrete has sufficiently cured; install the Tracker equipment on the eight units

Sept 27, Tuesday, 9 days to go
Install the panels and mount the assemblies on four trackers

Sept 28, Wednesday, 8 days to go
Install the panels and mount the assemblies on the remaining four trackers

Sept 29, Thursday, 7 days to go
Electrical installations initiated and completed by Friday

Sept 30, Friday, 6 days to go

October 1, Saturday, 5 days to go

October 2, Sunday, 4 days to go

October 3, Monday, 3 days to go
Schedule the arrival of the utility

October 4, Tuesday, 2 days to go

October 5, Wednesday, 1 day to go

October 6, Thursday