

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 12, 2013

REGULAR _____ CONSENT X EFFECTIVE DATE February 12, 2013

DATE: February 5, 2013

TO: Public Utility Commission

FROM: Robert J. Procter *RP*

THROUGH: Jason Eisdorfer *E* and Maury Galbraith *MG*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1538) Request by Rick Post of Energy Wise Lighting on behalf of PGPV LLC for a waiver of the 12 -month solar photovoltaic system installation requirement pursuant to OAR 860-084-0210(1).

STAFF RECOMMENDATION:

Staff recommends the Commission grant the waiver request to PGPV, LLC and extend the installation deadline by six months from December 31, 2012 until June 30, 2013.

DISCUSSION:

Energy Wise Lighting (Applicant) was awarded a number of capacity reservations under the Solar Photovoltaic Pilot Program (Pilot) in October 2011. Of the various awards to the Applicant, they previously received a three-month extension that expired on December 31, 2012. They are now requesting a six-month extension from December 31, 2012 until June 30, 2013 for the eight projects listed below.

1. Cascade Christian School, 100 kw
2. Evangelical Free Church, 10 kw
3. First Baptist Church, 100 kw
4. First United Methodist Church, 10 kw
5. Life Path Church of Nazarene, 10 kw
6. Medford Congregational UCC, 10 kw
7. St. Mary's Elementary, 10 kw
8. Travis Sheffield, 10 kW

Applicant has continued to encounter delays and unanticipated reductions in their 1603 grant awards from the U.S. Treasury. Applicant relies heavily upon those funds to finance projects, and the result has been a slow-down in their rigorous installation schedule.

Staff is concerned about whether or not these projects will ever be installed. Considering that this proposed extension is on top of (a) the initial 12-month period for installation, and (b) a three-month extension to that 12-month install period, Staff's view is that the resulting 21-month installation period (includes this 6-month extension) is extraordinary and no further extension should be requested. In addition, due to the extraordinarily unique circumstances involved in this particular case, Staff recommends this extension not set any precedent for future extension requests by any party.

In response to Staff's concern about getting these projects installed, Staff requested that the Applicant address the concern about receiving U.S. Treasury funding and then receive sufficient private funding to complete the installations. The Applicant has indicated the following:

The appraisal came back at \$4/watt. Having Treasury honor this cost basis, which we deem to be very likely after talking with multiple lawyers and accountants that specialize in the 1603 Grant Program, will give us a debt service coverage ratio that both meets and exceeds the Bank's requirement for a loan. The Bank we have been in talks with is eager to move forward as long as we can meet this ratio. Our past experience of obtaining financing for and constructing solar PV projects under this program, combined with the declining cost of materials, makes our prognosis for obtaining a loan very good.

Staff has also requested a timeline of expected project completion. In reply, the Applicant has provided the following installation schedule.

Install Customer	Serving Utility	Install Date Deadline
Cascade Christian School	PPL	April 24, 2013
Evangelical Free Church	PPL	May 2, 2013
First Baptist Church	PPL	April 10, 2013
First United Methodist Church	PPL	May 15, 2013
Life Path Church of Nazarene	PPL	May 7, 2013
Medford Congregational UCC	PPL	April 29, 2013
St. Mary's Elementary	PGE	May 10, 2013
Travis Sheffield	PGE	May 17, 2013

UM 1538 (PGPV Solar Installation Waiver)
February 5, 2013
Page 3

PROPOSED COMMISSION MOTION:

Applicant's request for a waiver of the 12-month installation requirement be granted and the installation deadline is extended by 6-months from December 31, 2012 to June 30, 2013.

P/Utility/UM1538/PGPV Extension Request