

ORDER NO. 11 380

ENTERED SEP 27 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1538

In the Matter of

CITY OF KLAMATH FALLS,

Request for Waiver of 12-Month
Installation Requirement
(OAR 860-084-0210 (1))

ORDER

DISPOSITION: APPLICATION APPROVED

On August 9, 2011, City of Klamath Falls filed an application with the Public Utility Commission of Oregon (Commission) under OAR 860-084-0210 (1) requesting a waiver of the 12 month installation requirement.

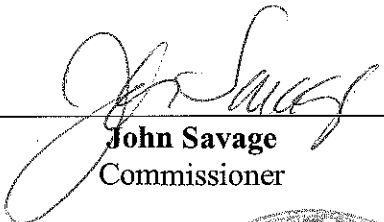
A full description of the filing, its procedural history, and Staff's recommendation are contained in the Staff Report, attached as Appendix A and incorporated by reference.

At its Public Meeting on September 20, 2011, the Commission adopted Staff's recommendation to grant an extension to December 30, 2011.

ORDER

IT IS ORDERED that the City of Klamath Falls' request for waiver of the 12-month installation requirement for the proposed Solar Photovoltaic system is approved, and the deadline is extended to December 30, 2011.

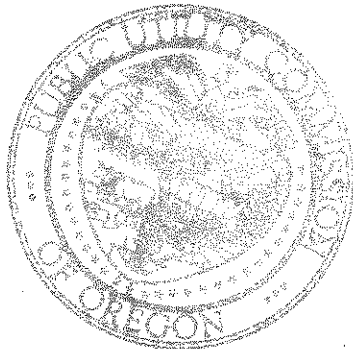
Made, entered, and effective SEP 27 2011



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. 4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: September 20, 2011

REGULAR X CONSENT _____ EFFECTIVE DATE September 20, 2011

DATE: September 12, 2011

TO: Public Utility Commission

FROM: Moshrek Sobhy *MS*

THROUGH: *MLG* Lee Sparling, *MS* Maury Galbraith, and *LK* Lori Koho

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No.UM 1538)
Request by the City of Klamath Falls for a waiver of the 12-month solar system installation requirement pursuant to OAR 860-084-0210 (1).

STAFF RECOMMENDATION:

Staff recommends the Commission grant the waiver request to City of Klamath Falls and extend the installation deadline to December 30, 2011.

DISCUSSION:

On August 9, 2011, the City of Klamath Falls (City) filed a waiver and a three-month extension request for the installation of a 15 kW Solar Photovoltaic (SPV) system at the City's police station building. In October 2010, Pacific Power awarded the City 72 kW capacity reservation for the installation of three SPV systems. Due to unsuccessful attempts to obtain third-party financing, the City will not be able to move forward with installation of the proposed SPV systems at the three locations. Rather than losing all the initial capacity awarded, the City would like to move forward with only one 15 kW SPV system at the police station building location and will let the balance of the initial capacity reservation expire (57 kW).

Upon discovering issues in the remodeled roof of the police station during last winter (moisture trapped in the roof membrane), the City decided to complete an assessment of the roof and to take appropriate remedies before installing the SPV system. The contractor recommended the installation of aeration vents to dry out the trapped moisture during the summer months before patching the roof. The drying vents interfere with the installation of the SPV system. In addition, the City is a public entity, and consequently it is required to solicit and award contracts for the installation of the

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proposed SPV system in a formal process that requires a significant lead time. Therefore, the City requests a waiver and a three-month extension to install the proposed SPV.

OAR 860-084-0000(3) provides:

“The Commission may waive any of the rules contained in Division 084 for good cause.”

Since the beginning of processing the Pilot waiver applications in May 2011, Staff has observed that a significant number of applicants who demonstrated commitment to install their SPV systems were unable to meet the installation requirement due to following a single task approach in their projects. For example, in some cases applicants focus entirely on securing a financing source before working on the system design. In other cases, applicants do not inquire about the specific permitting requirements from the regulating authorities until two or three months before the installation deadline.

This approach significantly increases the chances of not completing the installation within the required 12-month period as specified by the administrative rules. In this case, the City was unable to have adequate financing to install the original 72 kW project. Each project has its unique conditions and may have specific requirements that are different than other projects that could be similar in size and/or located in the same County.

Therefore, Staff recommends applicants under the Pilot seek specific information about their projects and begin the development of their execution plan with a multitasking approach for the different aspects involved in such projects such as financing, design, construction schedule and permitting. This process should begin when applicants choose to participate in the Pilot and execution should begin no later than when an interconnection agreement is approved by the utility.

Notwithstanding Staff's recommendation regarding the multitasking approach in executing the installation of the SPV projects, Staff agrees that the City has demonstrated good cause for a waiver. Despite the City's failure to obtain financing for the original 72 kW project, the roof defect issue is clearly not under the City's control.

Staff agrees that rather than incurring the cost of installing, removing and reinstalling the 15 kW SPV system at the police station, it is more efficient and cost-effective to install

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the SPV system after remedying the moisture trapped in the roof. Therefore, Staff recommends extending the installation deadline to December 30, 2011.

PROPOSED COMMISSION MOTION:

The City of Klamath Falls' request for waiver of the 12-month installation requirement for the proposed SPV system be granted and the deadline be extended to December 30, 2011.

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