

Final

Report to Legislative  
Assembly on Public Purpose  
Expenditures  
for the period March 1-  
December 31, 2002

**Prepared for:**  
The Oregon Public Utility Commission  
The Oregon Office of Energy

**Prepared by:**  
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# Executive Summary

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In 1999, the Oregon Legislature enacted Senate Bill 1149 to introduce competition into the retail electricity markets of Oregon's two largest utilities – Portland General Electric (PGE) and PacifiCorp. In 2001, the Legislature revised the law to delay implementation until March 2002.

Starting March 2002, PGE and PacifiCorp began collecting a three percent public purpose charge from customers as required by SB 1149. These public purpose funds are used to finance programs that save electricity, develop renewable energy resources, and weatherize the homes of low-income households.

The money collected by the utilities is divided into five programs, each administered separately.

- 56 percent of the funds collected go for energy conservation in homes and businesses. The Energy Trust of Oregon, a new non-profit organization, administers these funds.
- 17 percent of the funds collected go for the building of new renewable resource power plants and other renewable resource projects. The Energy Trust of Oregon also administers these funds.
- 10 percent of the funds collected go for energy conservation in schools. Education Service Districts administer these funds.
- 12 percent of the funds collected go for the weatherization of homes of low-income households. Oregon Housing and Community Services Department administers these funds.
- 5 percent of the funds collected go for the construction and rehabilitation of low-income housing. Oregon Housing and Community Services Department also administers these funds.

In addition, large customers can use part of their public purpose charge for their own investments in conservation and renewable resources. The Office of Energy reviews and certifies large customer projects and tracks expenditures.

From March through December 2002, PGE and PacifiCorp disbursed \$41.7 million for the five public purpose programs.

Over the ten-month period, the fund managers spent more than \$22 million on projects and administration. The largest expenditures have been for energy conservation programs. Additional funds have been committed, but not yet spent, for low-income weatherization, low-income housing, energy conservation projects and school projects.

For the ten-month period through December 2002, the programs achieved the following results:

- Completed projects that will save 211 million kiloWatt hours (kWh) annually, providing enough electricity to meet the average usage of 17,600 homes. Those electricity savings will reduce the energy bills for Oregon homes and businesses by \$12 million each year.
  - o Over 12,000 homes and rental units received services ranging from audits to weatherization through the residential programs, including the weatherization of 656 low-income homes.
  - o Retrofitted more than 650 commercial buildings.
  - o Installed nearly 3,000 energy-efficient traffic lights.
  - o Self-directing customers completed 30 conservation projects at industrial facilities saving 98 million kWh and \$5.6 million in energy costs annually.
- About 45 percent of the 857 eligible schools have met the energy audit requirement as set forth in SB 1149.
  - o 194 schools have conducted audits.
  - o 148 schools met the audit requirement because their Energy Use Index was within the target range.
  - o 49 schools have been granted audit waivers because their facilities are either new schools with no established energy use, have been or are in the process of a renovation or are destined for closure.
- Committed funding for the development of a 4.1-megaWatt power plant that converts manure into electricity, funded the installation of a commercial building photovoltaic (solar electric) system, funded solar-water-heating systems for a Habitat for Humanity project in Bend, committed funds for a community housing solar thermal project in Roseburg.
- Committed funds for a 41-megaWatt wind power project in Umatilla County.

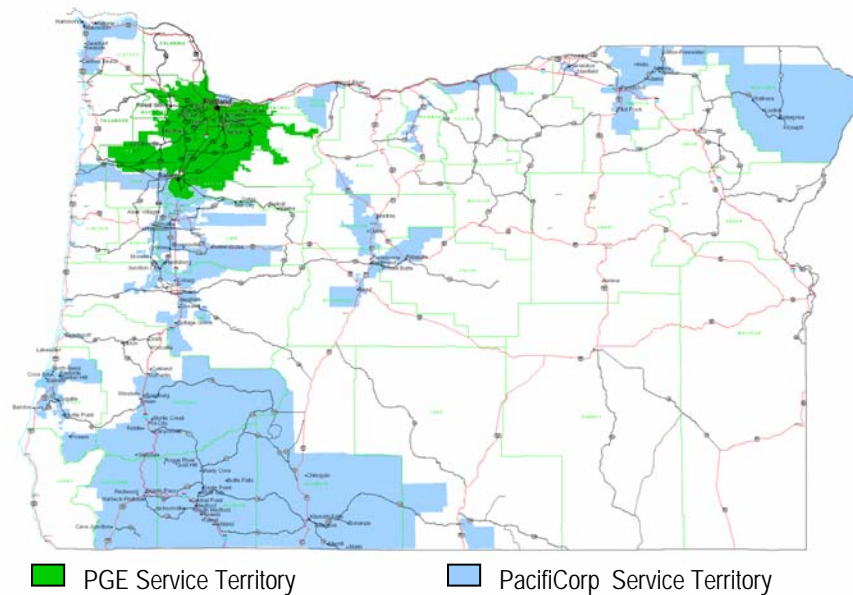
# I. Introduction

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## Background and Legislative History

In 1999, the Oregon Legislature enacted Senate Bill 1149 to introduce competition into the retail electricity markets of Oregon's two largest utilities – Portland General Electric (PGE) and PacifiCorp, Figure I.1. In 2001, the Legislature revised the law to delay implementation until March 2002. The Oregon Public Utility Commission and the Office of Energy adopted Administrative Rules to implement the legislation.

**Figure I.1**  
**Service Territory**



Starting March 2002, PGE and PacifiCorp began collecting a 3 percent charge from their customers. These public purpose funds are used to finance programs that save electricity, develop renewable energy resources, and weatherize the homes of low-income households within the utilities' service territories.

The money collected by the utilities is divided into five programs, each administered separately.

- 56 percent of the funds collected go for energy conservation in homes and businesses. The Energy Trust of Oregon, a new non-profit organization, administers these funds.

- 17 percent of the funds collected go for the building of new renewable resource power plants and other renewable resource projects. The Energy Trust of Oregon also administers these funds.
- 10 percent of the funds collected go for energy conservation in schools. Education Service Districts administer these funds.
- 12 percent of the funds collected go for the weatherization of homes of low-income households. Oregon Housing and Community Services Department administers these funds.
- 5 percent of the funds collected go for the construction and rehabilitation of low-income housing. Oregon Housing and Community Services Department also administers these funds.

In addition, large customers can use part of their public purpose charge for their own investments in conservation and renewable resources. The Office of Energy reviews and certifies large customer projects and tracks expenditures.

### **Report Purpose and Structure**

SB 1149 directs the Oregon Office of Energy and Oregon Public Utility Commission to select an independent non-governmental entity to prepare this biennial report. Quantec, LLC, was selected through a competitive bid in July of 2002 to conduct data collection and to prepare this report. The report describes spending and results for public purpose requirements undertaken pursuant to SB 1149. This updated biennial report presents program statistics for the initial ten-month period through December 2002.

The report is organized to provide results and spending by each of the five public purpose charge categories (conservation, renewable resources, schools, low-income weatherization, low-income housing) for each service territory as established in the legislation. The first four chapters include the following information:

- Introduction
- Results
- Disbursement of collections to fund managers
- Spending of public purpose funds on projects
- Spending on administrative costs

### **Disbursements of Public Purpose Charges**

PacifiCorp and PGE collect public purpose charges from each of the customers in their service territories on a monthly basis. As shown in Table I.1, \$41.7 million was disbursed during 2002. The utilities deduct both



their administration costs and the administration costs of the Oregon Public Utility Commission before disbursing funds to program administrators.

**Table I.1  
Public Purpose Charge Disbursements and Administration Expenses**

Source	Disbursements	Administrative Expenses
PacifiCorp	\$16,220,107	\$12,634
Portland General Electric	\$25,512,108	\$15,858
Oregon Public Utility Commission	- - -	\$30,657
<i>Total Disbursements</i>	<i>\$41,732,215</i>	<i>\$59,149</i>

**Disbursement of Collections to Fund Managers**

Table I.2 shows the public purpose charge disbursements and expenditures during 2002.

**Table I.2  
Disbursement and Expenditures of Public Purpose Collections<sup>1</sup>**

Fund Administrator/ Program	Disbursement			Expenditure
	PGE	PacifiCorp	Total	Total
<b>Energy Trust of Oregon</b>				
Conservation	\$14,209,833	\$9,141,544	\$23,351,377	\$19,085,118
Renewables	\$4,368,524	\$2,793,777	\$7,162,302	\$499,701
Education Service Districts <sup>2</sup>	\$2,647,107	\$1,634,639	\$4,281,746	\$1,059,121
<b>Oregon Housing and Community Services</b>				
Low-income Weatherization	\$3,097,115	\$1,913,970	\$5,011,086	\$1,326,335
Low-income Housing	\$1,189,529	\$736,176	\$1,925,705	\$110,564
<i>Total</i>	<i>\$25,512,108</i>	<i>\$16,220,107</i>	<i>\$41,732,215</i>	<i>\$22,080,839</i>

Expenditures lagged collections during the initial ten months of the programs. This was due largely to the effort required to build the necessary infrastructure (process and organizational structure) to deliver the new programs and the lag between expenditures for low-income weatherization and when those expenditures are billed to the Oregon Housing and Community Services Department. Funding from the utilities was disbursed to fund managers beginning in April 2002.

<sup>1</sup> Expenses of \$208,261 associated with the Oregon Office of Energy's administration of the Large Electricity Consumer Self Direction program are funded through fees and are not included in the expenditure total.

<sup>2</sup> Education Service District expenditures include audit costs and the cost of administrative services performed by the Oregon Office of Energy.



## **II. Energy Trust of Oregon**

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### **Overview**

The Energy Trust of Oregon was created to administer SB 1149 public purpose funds relating to energy conservation and renewable energy generation. Their mission is to reduce Oregon's need for non-renewable electric power. They invest in programs that increase energy efficiency or generate energy using renewable resources. Energy conservation and renewable resource projects are designed to leverage each other where possible.

### **Key Activities**

- Hired staff to achieve Energy Trust goals.
- Developed organizational policies and procedures to guide investments.
- Completed a six-month action plan to achieve immediate savings.
- Conducted outreach to solicit ideas for Energy Trust programs, including monthly public meetings of two advisory councils and public workshops in 12 communities around the state.
- Created website ([www.energytrust.org](http://www.energytrust.org)) to facilitate information sharing.
- Developed a five-year strategic plan and corresponding two-year action plan.
- Developed an evaluation, monitoring and verification plan.
- Preserved service to customers while transitioning from utility programs to Energy Trust programs.

### **Energy Conservation**

The Energy Trust began delivering energy conservation programs on March 1, 2002. Energy conservation is achieved through measure installations such as efficient lighting and appliances, new equipment and controls. The Energy Trust funds only those conservation measures that are determined to be cost-effective.

Projects were completed in residential, commercial, and industrial market segments. The majority of projects and measures installed were in the residential sector, with the commercial and industrial sectors having larger projects with greater costs and savings.

## Results

In the first 10 months, the Energy Trust spent over \$19 million for energy conservation programs run by utilities and others. These expenses include costs incurred prior to March 1, 2002, associated with the start up of the organization.<sup>3</sup>

- ***Quick Savings Programs.*** The Energy Trust launched four programs designed to produce immediate energy savings. Programs included manufactured home duct sealing, light-emitting diode (LED) traffic lights, restaurant energy management systems, and an agreement with the Office of Energy's small-scale energy loan program to buy down the interest rate for electricity saving projects for state and local government agencies.
  - o Projects completed through December 2002 will result in annual energy savings of 2.7 million kWh.
  - o \$519,344 was spent on the Quick Savings Programs.
- ***Transition Programs.*** To ensure momentum is sustained while the Energy Trust develops and implements their own programs, the Energy Trust contracted with PGE and PacifiCorp to continue to make their conservation programs available in their service territories.
  - o Projects completed through December 2002 will result in annual energy savings of over 79 million kWh.
  - o \$13.7 million was spent on the transition programs.
  - o 11,600 residential and 1,564 commercial projects were completed, with more than 47,000 energy conservation measures installed.
- ***Northwest Energy Efficiency Alliance.*** The Energy Trust provided funding for the Alliance, a regional group that incorporates efficient purchasing and design practices into businesses, government agencies, and residences. Savings are achieved through various projects including appliance promotions, trainings, technical assistance, control systems and more.

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<sup>3</sup> For the year February 2000-February 2001, the Energy Trust expended a total of \$123,216 for an interim executive director, to activate its board of directors, and preparation of articles of incorporation and by-laws. During this time, public input was also obtained regarding the governance structure for the new non-profit that became the Energy Trust of Oregon. For the period March-September 2001, the Energy Trust expended an additional \$520,926 in funds provided by an advance netted against future public purpose revenues from PacifiCorp and PGE. Activities for this period included regular monthly board meetings, formation of two advisory councils and corresponding regular meetings, interim strategic plan completion, financial controls and systems established, permanent executive director hiring and PUC grant agreement negotiations.

- o Projects completed through December 2002 will result in annual energy savings of 30.4 million kWh in PacifiCorp's and PGE's service territories.
- o \$2.8 million in public purpose funds were contributed to the Alliance.

### **Key Activities**

- Created a conservation advisory council that meets monthly to review Energy Trust initiatives.
- Conducted a review of best practices nationally and internationally to assist with initiative planning.
- Created plans for five long-term conservation programs serving residential, commercial and industrial electricity users.
- Negotiated a contract to implement a conservation program serving existing businesses and institutions.
- Issued a request for proposals (RFP) to implement a program serving existing homes.
- Additional programs in the following areas are ongoing or in development:
  - o Commercial and industrial process improvements with respect to manufacturing, operation and maintenance
  - o New construction conservation improvements in commercial, industrial and residential facilities
  - o Alliance program support, including efficient home appliance promotions
  - o Training and education to encourage conservation
  - o Community-based programs to coordinate delivery of conservation and renewable energy products and services

### **Program Receipts and Expenditures**

Table II.1 illustrates the Public Purpose Charge receipts and expenditures for the Energy Trust's energy conservation programs.

**Table II.1  
Energy Trust of Oregon Conservation Program  
Public Purpose Charge Transactions by Service Territory<sup>4</sup>**

Transaction	PGE	PacifiCorp	Total
Receipts <sup>5</sup>	\$14,016,755	\$8,948,577	\$22,965,332
Expenditures	\$11,221,821	\$6,992,860	\$18,214,681
Administrative Expenses <sup>6</sup>	\$533,144	\$337,293	\$870,437

## Renewable Resources

Renewable resource projects use wind, solar, biomass, and geothermal energy to generate electric power. The Energy Trust funds only the above-market costs<sup>7</sup> of developing electricity from renewable resources.

## Results

Public purpose charges totaling \$7.0 million were received to fund the above-market cost of renewable projects. Several small projects have been funded. Funding for a large-scale wind farm has been committed. For most renewable resource projects, the Energy Trust pays for power when it is delivered. This can create a lag between approval of a project and payment of funds. Initiated projects include:

- A 4.1 MW biogas project
- Installation of over 22.4 kW of photovoltaics
- Eight solar hot water systems on low-income Habitat for Humanity houses in Bend

<sup>4</sup> SB 1149 requires that 80% of the conservation expenditures be within the utilities' service territory. Currently, \$14.1 million out of \$18.2 million or 77% has been spent directly on non-Alliance programs within the utilities' service territories. In addition, the Energy Trust provided \$2.8 million in funding for Northwest Energy Efficiency Alliance programs that serve PGE and PacifiCorp's service territories. This percentage is expected to increase as the Energy Trust initiates its programs.

<sup>5</sup> Receipts during the March through December 2002 reporting period were less than reported disbursements due to the repayment of funding provided by PGE and PacifiCorp for start-up activities that occurred prior to March.

<sup>6</sup> Includes expenses from October 2001 through December 2002. Excludes \$644,142 associated with start-up administration prior to October 2001 described previously in Footnote 4. Administrative expenses are allocated on total expense for the programs. Communications and outreach expenses are allocated based upon Public Purpose revenue distribution to each program area.

<sup>7</sup> Above-market cost is the additional cost to produce energy from a renewable energy resource over the cost to purchase or produce the same amount of energy from a traditional resource.

- A 3.5-kW photovoltaic system on a low-income community housing project in Roseburg
- A 41-megawatt wind farm in Umatilla County

### **Key Activities**

- Created a renewable energy advisory council that meets monthly to review Energy Trust initiatives.
- Conducted a review of innovative practices nationally and internationally to assist with program design.
- Established an anemometer (wind-measuring device) loan program to help farmers and landowners understand the wind potential on their property by enabling them to properly collect wind data for credible analysis.
- Developing a statewide program to buy down the costs of photovoltaic systems. Outreach efforts engaged the public and solar industry experts in identifying critical issues and reviewing program design features. The program is expected to launch in May 2003.
- Discussions are underway with BPA to license their Brightway solar thermal program statewide. The program is expected to launch in August 2003.
- The Energy Trust plans to establish ongoing programs to support development of biomass and geothermal generation in Oregon. The Open Solicitation Program helps identify initial promising efforts using these resources while a long-term program is developed. The Energy Trust expects to focus on developing a program for biomass electric generation by the summer of 2003, followed by efforts for small wind and geothermal in 2004.

### **Program Receipts and Expenditures**

Table II.2 illustrates the Public Purpose Charge receipts and expenditures for the Energy Trust's renewable resource programs.

**Table II.2**  
**Energy Trust of Oregon Renewable Resource Program**  
**Public Purpose Charge Transactions by Service Territory**

Transaction	PGE	PacifiCorp	Total
Receipts <sup>8</sup>	\$4,310,020	\$2,735,325	\$7,045,345
Program Expenditures	\$306,558	\$147,751	\$454,309
Administrative Expenses & Gen'l Communication/Outreach <sup>9</sup>	\$28,511	\$16,881	\$45,392

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<sup>8</sup> Receipts during the March through December 2002 reporting period were less than reported disbursements due to the repayment of funding provided by PGE and PacifiCorp for start-up activities that occurred prior to March.

<sup>9</sup> Includes expenses from October 2001 through December 2002. Administrative expenses are allocated on total expense for the programs. Communications and outreach expenses are allocated based upon Public Purpose revenue distribution to each program area.



# **III. Conservation and Renewable Resources Large Electricity Consumer Self-Direction**

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## **Overview**

Large electricity consumers may spend at their own site the conservation (56.7 percent) and the renewable resource (17.1 percent) portions of their public purpose charges. To be eligible, a large electricity consumer must have a contiguous or single metered site that uses over 1 average megawatt or 8,760,000 kilowatt-hours a year. There are between 150 and 200 potentially eligible large electricity consumers in Portland General Electric and PacifiCorp service territories.

The Oregon Office of Energy is directed to review and certify applications by large electric consumers. Electric energy conservation projects and the above-market cost of renewable energy resources must be pre-certified. Once qualified expenditures on complete projects are certified, large electricity consumers claim a credit against public purpose charges owed. The credit is claimed each month from the appropriate portion of the public purpose charge, up to the amount they invested.

From March 1, 2002, through December 31, 2002, fifteen large electricity consumers claimed credits against public purpose charges they owe in some or all of those months. They report having claimed a sum of \$1,775,499. The claimed amount includes \$1,559,232 for completed energy conservation projects and \$216,267 for the above-market cost of electricity purchased from new renewable resources. Consumers in PacifiCorp service territory claimed a total of \$142,345. In PGE service territory, consumers claimed \$1,633,154.

## **Electric Energy Conservation Projects**

Energy conservation projects reduce electricity use per unit of production or reduce the total amount of electricity consumption at an eligible site. Eligible projects must be complete, paid for and have a simple payback between one and ten years. Eligible projects must have started after July 23, 1999, and cannot have received PGE or PacifiCorp incentives.

## **Results**

- 34 large electricity consumer sites certified eligible to participate
- 24 sites are in PGE and 9 in PacifiCorp service territories

- 30 energy conservation projects completed
- Projects completed through 2002 will result in annual energy savings of nearly 98 million kWh
- \$11.5 million dollars invested by consumers in completed projects
- \$5.6 million in energy cost savings per year from completed projects

Energy efficiency technologies employed for energy conservation projects include lighting, motor and pump upgrades and controls. Table III.1 details large electricity consumer participation and completed projects by electric service territory.

**Table III.1  
Completed Self-Direct Conservation Projects by Utility**

Utility	Certified Sites	Certified Completed Projects	Sites with Certified Projects	Project Cost	KWh Saved	Energy Cost Savings
PGE	24	19	11	\$11,099,929	95,607,779	\$5,548,331
PacifiCorp	9	11	4	\$394,318	2,231,198	\$91,690
<b>Total</b>	<b>34</b>	<b>30</b>	<b>15</b>	<b>\$11,494,247</b>	<b>97,838,977</b>	<b>\$5,640,021</b>

In addition to completed projects, the Oregon Office of Energy has pre-certified projects pending completion. The expected savings shown in Table III.2 will be added to those in Table III.1 upon completion.

**Table III.2  
Pre-Certified Self-Direct Conservation Projects**

Utility	Pre-Certified Projects	Pre-Certified Eligible Cost	Potential kWh Saved	Energy Cost Savings
PGE	8	\$387,645	2,449,195	\$157,732
PacifiCorp	10	\$835,480	3,418,110	\$132,606
<b>Total</b>	<b>18</b>	<b>\$1,223,125</b>	<b>5,867,305</b>	<b>\$290,338</b>

## Renewable Resources

Self-directing customers may receive credit against 17.1 percent of their monthly public purpose charges for the above-market cost of renewable resource purchases. Eligible costs include:

- Purchase of electricity on contract from a specific new renewable resource

- Purchase of tradable certificates (green tags) equal to the above-market cost of 1,000 kWh of new renewable resource
- A new renewable resource built to generate electricity for the customer's own use

**Results**

- Three consumer sites certified to purchase renewable resources through tradable certificates.
  - \$207,826 committed for purchase of electricity from new renewable resources through tradable certificate purchases over 12 months
  - 13 million kilowatt hours purchased from new renewable resources
- One new renewable resource self-directing customer project is complete.
  - \$200,000 certified for renewable resource project
  - 4 million kilowatt hours per year produced by the new renewable resource

To claim the credit they must receive certification from the Oregon Office of Energy. All new renewable resources to date are certified purchases of the above-market cost from wind power facilities. Table III.3 shows the renewable resource purchases by qualified consumers to date.

**Table III.3  
Certified Self-Direct Renewable Resource Contracts**

Utility	Certified Projects	Certified Eligible Cost	KWh Generated
PGE	4	\$192,436	12,829,000
PacifiCorp	1	\$15,390	522,000
<i>Total</i>	<i>5</i>	<i>\$207,826</i>	<i>13,351,000</i>

Table III.4 describes the above market cost of the electricity produced by the new renewable resource project built at a large electricity consumers' site. These above market costs are eligible as a credit against renewable resource public purpose charges owed.

**Table III.4  
Certified Self-Direct Renewable Resource Projects**

Utility	Certified Projects	Certified Eligible Cost	KWh Generated
PacifiCorp	1	\$200,000	4,000,000
<i>Total</i>	<i>1</i>	<i>\$200,000</i>	<i>4,000,000</i>

**Key Activities**

- Performed site qualifications and project certifications and pre-certifications.
- Conducted public information sessions.
- Developed interactive database and website.
- Determining methodology for above-market cost calculation for renewable energy projects.
- Certified auditors through a request for qualifications process.

The Oregon Office of Energy is required to recover the actual cost of the services from participating large electricity consumers. Costs for these services are \$208,261 through December 2002. Large electricity consumers submit deposits to cover these costs. The expenses and deposits for the large customer program cover the cost of services for both conservation and renewable resources implementation.

# IV. Schools – Education Service Districts

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## Overview

Ten percent of public purpose charges collected annually by PGE and PacifiCorp are distributed to the seventeen (17) educational service districts (ESDs), located in their service territories. The funds are used to pay for cost-effective energy conservation in the existing schools comprising each ESD. The funds may go to 857 eligible schools, serving 388,000 students.

SB 1149 directs the funds to be spent according to priorities. Money first goes to energy audits. Once all eligible schools within a school district have met the audit requirement<sup>10</sup>, public purpose funds may then be used to implement measures. When all the schools within an ESD have completed installation of all measures recommended in the audits, then they may use the funds for other energy measures, energy conservation education, and renewable resources.

ESDs receive funds directly from utilities. They provide support services to their school districts. Funds are used for coordination, planning and implementation of audits and venues for program training. By interagency agreement with the ESDs, the Oregon Office of Energy provides oversight and program tracking to ensure adherence to the Office of Energy guidelines and program consistency statewide.

## Results

- 391 schools have met their audit requirements.
  - o 194 schools have conducted audits
  - o 148 schools met the audit requirement because their Energy Use Index was within the target range
  - o 49 schools have been granted audit waivers because their facilities are either new schools with no established energy use, have been or are in the process of a renovation or are destined for closure
- 90 audits are in the process of being completed.
- One project has been completed, at a cost of \$479,910, with expected annual energy savings of 426 MWh and 13,826 therms.

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<sup>10</sup> SB 1149 requires that all schools within a school district conduct an energy audit before any funds can be spent on energy conservation measures within that district.

- 28 energy auditors were qualified according to their experience and assigned an audit ranking (Level I, Level II or Level III) based on their expertise.
- 150 audits were reviewed by Oregon Office of Energy and Willamette ESD.

**Key Activities**

- Established the process for determining school eligibility to receive public purpose funding.
- Prepared RFPs for commissioning services, database development, and qualified energy auditing services.
- Established interagency agreements between Oregon Office of Energy and 17 ESDs.
- Developed the Schools Interactive Database.
- Created SB 1149 ESD web site with supporting materials.
- Conducted two workshops for educating energy auditors.
- Negotiated \$1 million to fund additional energy improvements to schools through a partnership with NIKE.

**Program Receipts and Expenditures**

Table IV.1 illustrates the receipts and expenditures for the ESD program through December 2002. The single project completed to date was in PacifiCorp’s service territory resulting in substantially higher spending.

**Table IV.1  
Schools Program Public Purpose Charge Transactions by Utility<sup>11</sup>**

Transaction	PGE	PacifiCorp	Shared	Total
Receipts from Collections	\$2,647,107	\$1,634,639	\$0	\$4,281,746
Spending for Audits and Projects	\$198,321	\$623,947	\$0	\$822,268
Office of Energy Services	\$0	\$0	\$236,853	\$236,853

<sup>11</sup> Receipts reported are utility revenues March 2002 – November 2002 and received by ESDs April 2002 – December 2002. Office of Energy Services are for the period March 2002 through December 2002. Additional start-up expenses totaling \$172,338 were funded by a Federal grant.

# ***V. Low-Income Weatherization and Housing – Oregon Department of Housing and Community Services***

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## **Overview**

The Oregon Department of Housing and Community Services was designated as the state agency responsible for administering the low-income weatherization program that provides residential weatherization services to low-income participants and the low-income housing program that provides subsidies to developers of low-income housing. 12% of the public purpose charge fund is dedicated to the low-income weatherization program. 5% of the fund is dedicated for low-income housing.

## **Low-Income Weatherization**

The low-income weatherization program operates at the local level through a network of service-provider agencies. Agreements are in place with Community Action Agencies active within the service territories of PGE and PacifiCorp<sup>12</sup> to deliver the program services.

The program's objective is to provide weatherization assistance to lower-income households. Typical service includes new insulation, appliances and furnace repair. Priority may be given to the elderly, those with disabilities and households with children under six years of age. The public purpose funds may only be used for services to customers of PGE and PacifiCorp. Oregon Department of Housing and Community Services utilizes two avenues to distribute low-income weatherization funds. Most of the funds received, 85%, is allocated to the existing low-income energy conservation service provider network. The Community Action Agencies conduct local community planning meetings that assist in the development, design and implementation of agency resources.

The remaining 15% of the funds is used in Oregon Department of Housing and Community Services low-income housing development division. Twice a year, sponsors apply for a variety of affordable housing funding. Low-income weatherization funds may be used for low-income housing projects if they include energy conservation measures and are located within PGE or PacifiCorp territory.

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<sup>12</sup> Other agencies that act as subgrantees include Limited Purpose Organizations, Area Agencies on Aging, and Special Purpose Agencies.

Public Purpose Charge funds are allocated to local weatherization providers based on the number of electric meters, for each utility, within their service area. Of the 18 weatherization subgrantees, two are outside both PGE's and PacifiCorp's service territories and do not receive any Public Purpose Charge funds. All but nine of the 36 counties in Oregon have some electric services through PGE and or PacifiCorp.

### Results

- 656 homes have been weatherized.
- 1,370 individuals received services.

### Program Receipts and Expenditures

Table V.1 illustrates the Public Purpose Charge receipts and expenditures for the low-income weatherization programs.

**Table V.1  
Oregon Department of Housing and Community Services  
Low-Income Weatherization Program  
Public Purpose Charge Transactions by Service Territory**

Transaction	PGE	PacifiCorp	Shared	Total
Receipts	\$3,097,115	\$1,913,970	\$0	\$5,011,086
Expenditures	\$612,761	\$592,032	\$0	\$1,204,793
Administrative Expenses	\$0	\$0	\$121,542	\$121,542

Table V.2 illustrates the agency billings through December 2002. Some agencies have yet to bill Oregon Department of Housing and Community Services for any of their allocated funds. It is anticipated that actual expenditures are much higher than billed expenditures due to the lag between the time of expenditure and the time at which the agency submits a bill for reimbursement from Oregon Department of Housing and Community Services.

**Table V.2  
Amount of Funds Allocated and Spent by Utility Service Territory  
as of 12/31/2002**

Service Territory	Administrative Allocation	Total Allocation	Total Billed to OHCS by Agencies
PGE	\$235,212	\$2,116,904	\$612,761
PacifiCorp	\$145,357	\$1,308,214	\$592,032
<i>Total</i>	<i>\$380,568</i>	<i>\$3,425,118</i>	<i>\$1,204,793</i>



## Low-Income Housing

The Housing Development and Loan Guarantee Program was established by the 1991 Legislature to provide grants and guarantees to lenders to assist in the financing of new housing construction or for the acquisition and/or rehabilitation of existing housing for low and very low-income families. Guarantees may be up to 25% of the original principal amount of a loan.

The program receives funding from several sources. In addition to the Public Purpose Charge funds, the program receives state General Funds, interest from a \$15.5 million corpus, and interest on undistributed funds. The Public Purpose Charge funds are combined with the other funds to make up the Housing Development and Guarantee Account from which awards are made for low-income housing projects. Oregon Department of Housing and Community Services awards these funds in the spring and fall of each year. Oregon Department of Housing and Community Services also distributes these funds to preservation projects and through RFPs.

Table V.3 shows Low Income Housing Public Purpose Charge receipts from March 1, 2002, through December 31, 2002. Oregon Department of Housing and Community Services has awarded approximately \$840,000 of Public Purpose Charge revenue for low-income housing projects through December 2002. No disbursements were made during 2002. Oregon Department of Housing and Community Services expects to award 100 percent of the Public Purpose Charge Housing funds to aid low-income housing projects by the end of the fiscal year.

### Program Receipts and Expenditures

Table V.3 illustrates the Public Purpose Charge receipts and expenditures for the Oregon Department of Housing and Community Services low-income housing program.

**Table V.3**  
**Oregon Department of Housing and Community Services**  
**Low-Income Housing Program**  
**Public Purpose Charge Transactions by Service Territory**

Transaction	PGE	PacifiCorp	Shared	Total
Receipts	\$1,189,529	\$736,176	\$0	\$1,925,705
Expenditures	\$0	\$0	\$0	\$0
Administrative Expenses	\$0	\$0	\$110,564	\$110,564