

Case Study: Williams Oil Settlement Funds

Oregon Department of Energy helps rural schools

With a population of 15,000, Hermiston, Oregon is in the sparsely populated north-eastern corner of the state approximately 230 miles from the largest city, Portland.

It could have been easy to overlook the small rural farming community when analyzing and funding school energy projects, but the Oregon Department of Energy didn't. The state agency's energy analysts on the Schools Team saw a real need to help the district replace outdated lighting fixtures and install energy-efficient lighting in two of the district's five elementary schools. They identified the two schools as having excellent potential for energy savings.

At both Hermiston elementary schools, T12 lamps and magnetic ballasts and incandescent lamps were replaced with more energy-efficient T8 lamps and electronic ballasts, and incandescent exit lights were replaced with long-lasting energy-efficient LED (light emitting diode) exit lights.

Students and staff alike can not believe the improvement the new lighting has made.

“One of my students told me ‘I can finally see!’”

*-Teacher
Sunset Elementary School*



The gym at Sunset Height Elementary is much brighter now that energy-efficient lighting has been installed.

Much improvement

“I love it,” said a teacher in a portable classroom at Sunset Elementary School. “One of my students told me ‘I can finally see!’ It was dim and spotty before, and now it’s not.”

The principal of Rocky Heights Elementary School said “There is uniform lighting now (no dark corners) and it’s not yellow anymore.”

A gym teacher at Rocky Heights



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commented that “You can see everything and it’s bright enough now that you can turn off some of the lights in the daytime.”

While saving energy is important, care was taken to ensure that the appropriate level of lighting was installed so students and staff could perform better, according to Oregon Department of Energy Analyst Greg Churchill, a member of the Department’s Schools Team.

“We reduced light levels in certain rooms, for example in the quads at Rocky Heights, to save energy while providing adequate light levels,” Churchill said. “And, we made an effort to increase light levels in certain rooms such as the music and computer rooms at Rocky Heights while still saving energy.”

Hermiston School District Facility Director Brian Romeike confirmed, “The results are fantastic,” he said. “The staff is overwhelmingly satisfied and the light is so much better distributed. It is a more soothing light, as well.”



BEFORE - The library at Sunset Elementary School in Hermiston before the lighting update project is dark and had 73 fixtures. The district installed 80 new energy-efficient fixtures in the library and expects to save energy.

Funding

The lighting project cost \$78,000 at Rocky Heights Elementary School and \$63,000 at Sunset Elementary School, a large amount for a small school district. The Oregon Department of Energy, a state agency, assisted the district in accessing funding from several sources so the new lighting projects could be implemented.

The primary funding source was the \$1 million Williams Oil Settlement that the Oregon Department of Energy administers. The Williams Oil Settlement was the result of a coordinated investigation into allegations of price manipulation and antitrust violations in the Western power market during the energy crisis of 2000-01 by the attorneys general of Oregon, California and Washington.

The Oregon Department of Energy identified then distributed the funds to school facilities with high energy use. Rocky Heights and Sunset Elementary Schools in the Hermiston School District had high energy use when compared to similar size school buildings.

Other funding

In addition to the Williams Oil Settlement Funds, Hermiston School District received additional funding. The District’s municipal utility, Hermiston Energy Services, provided a substantial incentive: \$23,000 for Rocky Heights and \$17,000 for Sunset Elementary through the Bonneville Power Administration’s Expanded Commercial and Industrial Lighting Conservation Program. Hermiston Energy Services conservation program is administered by Umatilla Electric Cooperative, located in Hermiston, under a contractual agreement.

The lighting project also qualified for the Oregon Department of Energy’s Business Energy Tax Credit Program. The School District, unable to use a 35 percent tax credit, partnered with the Hermiston branch of Banner Bank to serve as the school’s “pass-through” partner. Banner Bank accepted the School District’s tax credit eligibility and paid the Hermiston School District a total of \$38,000. The bank will take the tax credit of \$52,500 over a five-year period (10 percent the first two years and 5 percent the last three years).



AFTER: The library at Sunset Elementary School after the new lighting was installed is brighter and and evenly distributed. The schools expects to save 47 percent of its energy use.

Savings to continue

To qualify for the Oregon Department of Energy’s Business Energy Tax Credit Program, a lighting project must save 25 percent energy. It is estimated that the projects will save 47 percent in energy use at Sunset Elementary and 62 percent at Rocky Heights.

“This amounts to estimated energy savings worth \$11,232 that Hermiston School District will save each year at these two schools alone,” said Churchill. “It’s money that can be used for future educational needs and not to pay utility bills.”

“This was a great project,” said Facilities Director Romeike. “We will do more lighting projects in other schools, especially with assistance from the Business Energy Tax Credit and our local utility.”

Funding Sources for Lighting Projects

	Rocky Heights Elementary	Sunset Elementary
Williams Oil Settlement Funds	\$42,000	\$30,000
Business Energy Tax Credit Pass-through	\$22,000	\$16,000
Utility Incentive	\$23,000	\$17,000
Total funding	\$87,000	\$63,000
Total cost of projects	\$87,000	\$63,000

Business Energy Tax Credit Pass-through Program

The Business Energy Tax Credit Pass-through Option is available to schools, non-profits organizations and others without tax liability. It can also be used by for-profit businesses that choose to use it. The Oregon Department of Energy reviews the application for the energy project before the project begins and issues a pre-certification just as it does for a regular energy tax credit project.

When a qualifying pass-through project is completed, the project owner turns in the necessary paperwork. Project owners are responsible for finding a pass-through partner (a business with state tax liability that is willing to accept the 35 percent tax credit in exchange for a 25.5 percent cash payment to the project owner).

The Department of Energy is available to assist in finding a pass-through partner once the project owner completes the project and submits the paperwork if no partner has been identified. Interested project owners and/or partners who would like to participate should contact Barbara Bonnem, Pass-through Option Developer, by e-mail at barbara.bonnem@state.or.us for more information.