

**Note: The following is a sample letter for a certified public accountant (CPA) who is not an employee of the applicant's business. Attached is a copy of the Oregon Administrative Rule OAR 330-090-0110 Section 19 (a) through (m) as it relates to "Cost."**

**FROM:** [Office (s) of Certified Public Accountant]

**TO:** [Applicant's Company]  
[Applicant's Address]  
[City, State Zip]

**DATE:** [Date]

I have performed the procedures enumerated below, which were agreed to by [Applicant Company Name], solely to assist the users in evaluating the final costs for the Business Energy Tax Credit Program (BETC). The subject of this work [Brief Project Description] concluded on [Date Completed]. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below for any other purpose.

1) I have read and reviewed the following documents:

- Preliminary Certificate issued by the Oregon Department of Energy
- Written documentation (e.g. invoices, checks, receipts, etc.) showing proof of payment for project work completed

2) I have compared cost documentation provided, with the allowed eligible costs in the Preliminary Certification, and found them to agree. The results are shown below:

Engineering	\$
Materials	\$
Labor	\$
Other	\$
<b>Total</b>	\$

\_\_\_\_\_  
[Signature of C.P.A.]

\_\_\_\_\_  
[Date]

\_\_\_\_\_  
[Typed or printed]

**OREGON ADMINISTRATIVE RULES**

**DIVISION 90**

**BUSINESS ENERGY TAX CREDITS (BETC)**

**330-090-0110**

**Definitions**

**(19) "Cost":** The actual capital costs and expenses the Director finds are needed to acquire, erect, build, modify, or install a facility under these rules. Ancillary costs that otherwise would be incurred (such as replacing wiring to meet current building code) are not eligible. Costs financed with federal funds, subject to specific restrictions, terms and conditions, other than costs financed by grants excluded by ORS 315.356(1) that are not subject to specific restrictions, terms and conditions, may be eligible expenses, including but not limited to costs incurred by federal agencies directly for capital, operating, or other expenses.

(a) Cost can include payments for:

(A) Fees to finance, design or engineer the facility;

(B) Title searches, escrow fees, government fees, excluding fees required by OAR 330-090-0150(2), and shipping;

(C) All materials and supplies needed for the facility; and

(D) Work performed by employees of the applicant based on the following conditions:

(i) Employees must be certified, accredited, licensed, or otherwise qualified to do the work; and

(ii) Costs for employee's work on the energy facility must be detailed and documented as to specific tasks, hours worked, and compensation costs.

(E) Costs for legal counsel that is directly related to the development of a qualifying facility (non-litigation related); and

(F) Facilities or equipment required for vehicles to provide transportation services to serve riders (such as a wheelchair lift system).

(b) Cost may not include:

(A) Interest and warranty charges;

(B) Litigation-related legal fees and court costs;

(C) Patent searches, application and filing payments;

(D) Costs to maintain, operate, or repair a facility; or

(E) Administrative costs to apply for a tax credit for a facility including, but not limited to, the Business Energy Tax Credit review charge and the cost paid to secure a pass-through partner for the facility.

(F) Other costs the Director excludes.

(c) If a facility is built under a lease, lease-option or lease-purchase contract, the lessee's cost to acquire the facility is the value paid for the facility. If that amount is not known, the cost is the sum of:

- (A) Tax credits passed through by the lessor to the lessee;
- (B) The amount paid when the facility is transferred; and
- (C) The lease payments not including taxes, insurance, interest, and operating costs.
- (D) Payments to be made in the future must be discounted to present value.

(d) If a facility serves more than one purpose, cost includes only items needed to save energy and/or use renewable energy resources. This includes new or replacement equipment that costs more because of its energy saving features. ODOE may do inspections to verify eligible costs.

(e) Incremental cost is the cost above a reasonable minimum expected to construct a similar facility without energy efficient features.

- (A) In commercial new construction, it is the difference between building to code and building to meet or exceed the standards for substantial energy savings.
- (B) In other facilities, it is the difference between prevailing practices for that business or industry and a more energy efficient method.

(f) Eligible facility costs are limited by the following:

(A) Facilities must have a one to 15-year simple payback period unless specified below. If the simple payback period exceeds those limits, eligible costs will be prorated down to the highest amount that would result in a qualifying payback; and

(B) Facilities must have a simple payback of more than one year and less than the service life of the facility.

(C) Rental weatherization facilities are limited to a 30-year simple payback.

(D) Solar photovoltaic eligible facility costs will be limited on a dollar-per-watt basis as described in the BETC Technical Requirements. The Oregon Department of Energy will set maximum eligible cost for solar facilities periodically.

- (i) The precertified eligible costs will be effective for 36 months for public facilities and 12 months for all other facilities from the date the facility is precertified, after which time the eligible costs will be recalculated based on the maximum eligible cost in effect at that time.

(E) For solar thermal systems, the maximum eligible cost shall be limited on a capacity basis as described in the BETC Technical Requirements. The Oregon Department of Energy will set maximum eligible cost for solar facilities periodically.

- (i) The precertified eligible costs will be effective for 12 months from the date the facility is precertified, after which time the eligible costs will be recalculated

based on the maximum eligible cost in effect at that time.

(F) Sustainable Building, recycling market development, high performance homes, homebuilder installed renewable energy facilities and transportation facilities are exempt from simple payback requirements.

(g) Costs for space conditioning or individual metering a facility(s) are limited to incremental costs, except when existing equipment is within its Service Life when costs will be the total eligible facility costs. Incremental costs are limited to 40 percent of the cost to install a replacement space or hot water heating system in rental dwellings, except as defined in (j) below.

(h) Costs for space and water heating equipment as defined in OAR 330-090-0110(20)(d) include the total cost of individually metered systems that replace a central system in a rental dwelling.

(i) Eligible costs for transportation facilities include, but are not limited to, telework, commuter pool vehicles, bicycles, Transportation Management Association fees, incentive programs, transit passes, car sharing, parking cash out, carpool/vanpool, individualized behavior change program, Research, Development and Demonstration (RD&D) rideshare matching service, transportation services and transportation services for K-12 students. Except for RD&D facilities, bicycle purchases, and commuter pool vehicles with special equipment, the maximum eligible cost for transportation facilities is the result of the cost-per-vehicle mile calculated by a formula adopted by the Oregon Department of Energy multiplied by the estimated vehicle miles reduced (VMR) by the facility.

(j) Costs for premium efficient appliances as defined in this rule are limited to incremental costs. When incremental cost values are not available the incremental cost will be deemed a portion of the facility cost based on similar facilities, but not exceeding 40 percent of the purchase cost.

(k) In implementing the utility pass-through in OAR 330-090-0140(2), utilities may set a minimum eligible cost to participate. The following requirements apply:

(A) The utility must submit exact specifications of the limit to and receive approval by ODOE prior to implementation of the limit.

(B) The utility must provide notification to the customer that there is no minimum when applying directly to ODOE, however, payments in OAR 330-090-0150(2) do apply.

(l) Sustainable Building Facilities are exempt from the previous requirements of this definition, as the eligible cost for these facilities is calculated using the table in the Business Energy Tax Credit Technical Requirements for Sustainable Building facilities OAR 330-090-0135.

(m) The sum of any rebates or cash payments under ORS 469.631 to 469.645, 469.649 to 469.659, 469.673 to 469.683, or 757.612(5)(a), or from a public purpose organization and the business energy tax credit may not exceed eligible costs.