

Case Study: Pass-through Option

Church lights shine on financial opportunity

How does a church and parochial school get \$20,000 in new lighting and pay just a quarter of that amount? Some might call it a miracle. But that's exactly what the parishioners of St. John the Baptist Catholic church and school in Milwaukie did with the help of the Oregon Office of Energy, Portland General Electric, the Ecumenical Ministries of Oregon and Norm Thompson Outfitters, Inc.



The white spire of St. John the Baptist Catholic Church is a landmark in Milwaukie, Oregon.

“We replaced 461 lights in December 2001,” said St. John Business Manager Barbara Downey. “With the help we received and the savings the project is generating, it really was an easy decision to make.”

Like many churches, private schools and non-profit agencies, St. John the Baptist has experienced some tight budgets in recent years. They also saw their electricity bills increasing.

Lanny Mathieu, head maintenance person, joined the church staff in 2000. He had seen how a lighting improvement project had helped his former employer, and he knew

that the aging church facilities could benefit, too. The church school serving 207 kindergarten through 8th grade students was built in the 1950s. The church and rectory were added in 1962. The parish center was constructed during the 1970s.



The library at St. John the Baptist parochial school was dark because of limited natural light and outdated artificial lights. The new energy-efficient lights make the area much brighter.

At about the same time, Downey received informa-



OREGON OF
OF ENERGY

625 Marion St. NE
Suite 1
Salem, OR 97301-3742

(503) 378-4040

Toll-free
1-800-221-8035

Fax
(503) 373-7806

Web site
www.energy.state.or.us

tion from the Oregon Interfaith Power and Light Project of the Ecumenical Ministries of Oregon about a pilot lighting project and from PGE about rebates for lighting projects. She asked two lighting vendors to conduct an initial energy audit and contacted Ecumenical Ministries about their pilot program.

Ecumenical Ministries of Oregon is a statewide association of 17 Christian denominations working with church congregations to improve the quality of life for all Oregonians. Part of this work is to encourage churches to be good stewards of the environment and to conserve energy. They initiated the Oregon Interfaith Power and Light project to work with congregations to improve energy efficiency and to purchase renewable energy.

When the 2001 Legislature approved the expansion of the Business Energy Tax Credit Program to non-profit organizations, the Ecumenical Ministries of Oregon saw an opportunity to help congregations expand their investments in conservation projects.

The Ecumenical Ministries asked Norm Thompson Outfitters, Inc., an Oregon store and catalog retailer of apparel, gifts and home items, to be a partner in the pilot project. Norm Thompson's stated goal to work cooperatively to create environmental solutions that make business sense made them a good choice.

A church congregation could proceed with a lighting project and transfer their 35 percent tax credit issued by the Oregon Office of Energy to Norm Thompson. In turn, Norm Thompson would make a 33.5 percent cash payment to the church (the payment would be 27 percent if the eligible cost of the project was over \$20,000).



The hallways at St. John the Baptist school use to be dark. With more energy-efficient lighting, they are brighter.



The gymnasium was noticeably dim before St. John the Baptist's lighting project.

The Oregon Interfaith Power and Light Project recruited 11 congregations within the PGE service area for the project and had a tight timeline. The expanded Energy Tax Credit Program became effective October 8, 2001. PGE had a special rebate for lighting projects that expired on December 31, 2001.

The first step for the churches was to get an energy audit from PGE and/or a lighting vendor. The next step was to get bids from lighting vendors. They needed to decide what they were going to do and get approval from their financial decision-maker. The final step was to apply for the Business Energy Tax Credit prior to beginning their project.

Pacific Lamp Wholesale of Beaverton won the bid for the St. John the Baptist conversion and Advance Lighting NW of Tigard installed the lights. They replaced the T12 fluorescent lights with energy efficient T-8s and electronic ballasts. They also replaced the 40-watt incandescent exit signs with 5-watt LEDs (light emitting diodes). The total eligible project cost was \$19,887.

Once the St. John project was completed, the Oregon Interfaith Power and Light Project staff stepped in and completed the necessary paperwork with Norm Thompson to transfer the tax credit.

“The Oregon Interfaith Power and Light Project staff handled most of the paperwork for us,” said Downey. “I was totally distracted with our new daycare program, and really appreciated their help.”

Norm Thompson received the tax credit for \$6,960. In turn, they made a payment to St. John the Baptist for \$6,662. PGE provided the church/school with a rebate for \$7,525. PGE projected that the project would save the church/school 45 percent of their energy usage. Since the new lights were installed in December, St. John the Baptist is seeing savings on their monthly utility bills that should amount to \$2,310 for the year.

The bottom line: St. John the Baptist paid \$5,612 for the lighting project that will be paid off in two and a half years if their current electricity usage rate continues.



St. John Business Manager Barbara Downey and Head Maintenance Person Lanny Mathieu in the kitchen of the church/school complex. New lighting was possible in part because of the new pass-through option for the Business Energy Tax Credit Program.



Kids and staff alike at the pre-school program at St. John the Baptist school appreciate the new lights in the classroom area.

“And, it’s not just the cost savings that are important,” said Downey. “We have brighter lights using less energy. Our gym especially was very dim and now it’s not. And, good lighting is an important safety issue, too.”

Lanny Mathieu appreciates that the new lights will last longer and he’ll spend less time replacing fixtures.

While St. John the Baptist’s lighting improvement project might not qualify as a true miracle, it was certainly a winning situation for all concerned.

Non-profits see energy 'profits'

The Business Energy Tax Credit is an incentive offered by the Oregon Office of Energy for businesses to invest in energy conservation projects (such as lighting improvement), recycling, renewable energy resources and less-polluting transportation fuels.

Non-profit organizations can now benefit from the Business Energy Tax Credit Program by using the new pass-through option. This option, approved by the 2001 Legislature, allows non-profits, public entities, and private businesses with insufficient tax liability to transfer an energy tax credit to a business or individual with an Oregon tax liability.

In exchange, the tax credit recipient (the "pass-through partner") makes a payment to the project owner. Currently, the value of the payment is set at 27 percent of the eligible project costs for projects with eligible costs over \$20,000 and 33.5 percent for those with eligible costs of \$20,000 or less.

The Ecumenical Ministries pilot project involving Norm Thompson Outfitters, Inc. has ended, but Oregon Interfaith Power and Light Project continues to provide consultation services on a case-by-case basis. Churches and other organizations using the pass-through option must find their own pass-through partner and should apply directly to the Oregon Office of Energy for their tax credit.

"We are seeing a number of non-profits, churches, schools and some private businesses, too, apply for the pass-through option," said Evan Elias, manager for the Business Energy Tax Credit Program with the Oregon Office of Energy. "They are finding board members, vendors and others interested in the organization or firm who are willing to serve as a pass-through partner so the organization can take advantage of the incentive."

For more information on the Business Energy Tax Credit or pass-through option, visit the Office of Energy Web site at www.energy.state.or.us or call toll-free 1-800-221-8035 or (503) 378-4040 from Salem.



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