

Note: The Oregon Department of Energy provides the following guidance for CPAs:

- **A sample letter for a certified public accountant (CPA) who is not an employee of the applicant’s business.**
- **The Oregon Department of Energy discussion of *Proof of Paid Project Costs for a Business Energy Tax Credit*; and**
- **A copy of the Oregon Administrative Rule OAR 330-090-0110 Section 19 (a) through (m) as it relates to Business Energy Tax Credit Eligible “Costs.”**

Sample CPA Letter

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. 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	\$
Total	\$

[Signature of C.P.A.]

[Date]

[Typed or printed]



OREGON
DEPARTMENT OF
ENERGY

November 2008

Proof of Paid Project Costs for a Business Energy Tax Credit

The Business Energy Tax Credit Program (BETC) managed by the Oregon Department of Energy requires a project owner provide an account of facility costs. The Oregon Administrative Rules (OARs) 330-090-0130 (9) (c) (B) (i), (ii), and (iii) state:

(B) An account of the facility costs, including prorated costs.

(i) If facility costs are less than \$50,000, the account may be records of facility costs paid based on canceled checks, invoices, receipts, a binding contract or agreement, or other documentation as may be required by OAR 330-090-0110 (17) unless required by the Director to supply verification from a certified public accountant, who is not otherwise employed by the facility owner or pass-through partner; or

(ii) If the facility costs are \$50,000 or more, a certified public accountant, who is not otherwise employed by the facility owner or pass-through partner, must complete a written review and summary of costs paid based on canceled checks, invoices, or receipts, a binding contract or agreement, or other documentation as may be required by OAR 330-090-0110 (19); or

(iii) For a sustainable building facility, a copy of the facility U.S. Green Building Council (USGBC) Rating Certificate, USGBC Final LEED™ Review, Energy Performance Documentation, Narrative for Energy and Atmosphere Credit 1, Annual Solar Income as described in the BETC Technical Requirements and method of calculation will be accepted in lieu of facility cost receipts.

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Pass-through payment

Under no circumstances can a pass-through payment be considered as proof of project payment. Vendor or contractor statements, receipts or paid invoices that show a pass-through payment made are considered **fraudulent**. Pass-through payments must be authorized by the Oregon Department of Energy and do not take place until **after** the final application has been approved.

Donated material and volunteer labor

Donated materials and volunteer labor are **not** considered incurred costs and are not eligible costs. Receipts or proof of payments that are produced to show otherwise would be considered fraudulent.

Total costs

There may be some energy projects that receive more financial incentives than incurred in costs. This could occur, for example, for a renewable project that is eligible for a 50 percent Business Energy Tax Credit, a 30 percent federal tax credit, and an Energy Trust cash incentive. In such cases, the Business Energy Tax Credit would be pro-rated so that the total of incentives would not exceed eligible project costs. You should call us at the time of your final application or write on your final application if you receive other funding, the amount, and who it was from.

Further information

More specific information on eligible project costs, please refer to OAR330-090-0110 (19) at www.oregon.gov/ENERGY/CONS/BUS/docs/OAR_BETC_final.pdf For more information or to request application forms, call the Oregon Department of Energy at 1-800-221-8035 or (503) 378-4040 in Salem.

Example of proof of payment for project under \$50,000

Lighting Company
555 SW Robin Lane
Tigard, OR 97223

BILL TO:	XYZ Company 4000 Beaverton-Hillsdale Hwy. Portland, OR 97225	DATE	9/30/2008	INVOICE	454569
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DESCRIPTION	AMOUNT
Lighting installed at 4000 SW Beaverton-Hillsdale Hwy. Portland on 9-10-2008	
34 each T-8 lamps w electronic ballasts	\$1,575.00
Labor for lighting replacement project	\$1,405.00
Total project costs:	\$2,980.00
Paid 10-12-08 Utility payment	<\$500.00>
Paid 10-21-08 XYZ Company check #445	<\$2,480.00>
Total payments:	<\$2,980.00>
Balance Due:	\$0.00

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Example of itemized paid invoice to show CPA for project of \$50,000 or more

Solar System Company

123 Commercial St.
Salem, OR 97302

Invoice #: 882

Date: 10/24/2008

Bill to:		Ship to:	
ABC Company 200 Main St. Silverton, OR 97381		ABC Company 200 Main St. Silverton, OR 97381	
Item	Amount	Balance	
Solar PV system installed at 200 Main St. Silverton on 9-10-2008			
Equipment:			
42 - 200 Watts DEC at STC modules			
1 SMA 2-S15048U inverter			
Total Equipment:	\$66,544.00	\$66,544.00	
Labor: Total electrical and solar installation	\$11,340.00	\$77,884.00	
Engineering for structure and mounting:	\$2,345.00	\$80,229.00	
Paid 10-12-2008 Utility or ETO payment	<\$12,500.00>	\$67,729.00	
Paid 10-22-2008 Bank loan paid by First Bank	<\$50,000.00>	\$17,729.00	
Paid 10-24-2008 Project owner check	<\$17,729.00>	\$0.00	
Total Charges		\$80,229.00	
Total Payments		<\$80,229.00>	
Balance		\$0.00	

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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.

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