

Brown will 'encourage' investigation of tax credits

By PETER WONG
Capital Bureau

SALEM — Gov. Kate Brown says she will encourage a state investigation into potential fraudulent use of almost \$12 million in energy tax credits in connection with the installation of solar panels at Oregon State University and Oregon Institute of Technology.

According to an account in The Oregonian, \$11.8 million in the questioned business energy tax credits was about half the \$23.5 million cost of the solar installations, which are owned by limited liability companies set up by SolarCity of San Mateo, Calif. The developer took over in 2012 for Renewable Energy Development Corp., a Utah business that went bankrupt in December 2011.

The documents used to qualify an extension for completion of the

projects — and the tax credits — purport to show that the arrays were under construction before a deadline of April 15, 2011.

Tax credits are subtracted directly from what a business owes in corporate taxes.

Any investigation would be conducted by the Oregon Department of Justice, whose spokeswoman, Kristina Edmunson, said Wednesday: "We are reviewing the matter."

Attorney General Ellen Rosenblum, who leads the agency, does not usually discuss publicly whether an investigation is in progress — although she confirmed one was underway a few days before John Kitzhaber announced his resignation as governor amid influence-peddling allegations against him and fiancée Cylvia Hayes.

The attorney general is a separately elected official.

The matter came up during a

briefing last week by Michael Kaplan, director of the Oregon Department of Energy, with the governor's staff.

Kristen Grainger, Gov. Brown's chief spokeswoman, said in a statement:

"As part of their regular briefings with the Governor's Office, Department of Energy staff shared this situation and their plan to talk with the Department of Justice about pursuing an investigation, which the Governor's Office agreed was appropriate to do and encouraged them to go ahead."

Rachel Wray, a spokeswoman for the Department of Energy, confirmed that Kaplan had approached the Department of Justice last week about an investigation into the credits.

— *The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.*

Storm could be last big one, some want more

PHILADELPHIA (AP) — A storm stretching from northern Texas to southern New England threatened to bring icy rains, sleet, and snow overnight Wednesday but also hopes it would be the last significant snowfall for the East Coast this winter.

Governors in Alabama, Mississippi, West Virginia and New Jersey declared states of emergency in advance of the storm, and Congress hurried to finish business amid a snow emergency declaration in Washington. Mississippi counties were advised to open shelters powered by generators to give residents an option beyond cold, dark homes in the event of power outages.

West Virginia, Kentucky and southeastern Ohio were expected to get hit the hardest overnight Wednesday and into Thursday with 8 to 10 inches, while Baltimore and Washington were looking at 6 to 8 inches of snow, said National Weather Service forecaster Bruce Terry.

Philadelphia, where a snow emergency was in effect Wednesday, could get 6 inches and New York could see more than 4.

Temperatures plummeted as the storm pushed east: The mercury fell from 71 degrees to 52 degrees in Monticello, Arkansas, and from 74

to 48 in Greenville, Mississippi — both within an hour. By Wednesday afternoon, readings were in the mid-20s across Arkansas.

Boston is a little more than 2 inches shy of its all-time snowfall record, and meteorologists predicted 1 to 2 inches would fall by storm's end Thursday evening.

Schools from Texas to West Virginia closed early Wednesday and Penn State University canceled classes due to weather for the first time in eight years. About 1,200 flights were canceled, including 600 in and out of Dallas-Fort Worth.

Residents of Kentucky and West Virginia contended with flooded roads and mudslides. And by Wednesday night, a sheet of ice coated the roads in Memphis, Tennessee, making driving especially hazardous. In Arkansas, high school basketball playoff games were postponed until Thursday.

Light at the end of the tunnel?

Mike Halpert, deputy director of the National Weather Service's Climate Prediction Center, said the storm "might be winter's last hurrah." Likewise, AccuWeather senior meteorologist Alex Sosnowski said

the storm could be winter's "ca-boose."

After the storm and possibly some cold days into the weekend, the next couple of weeks should be considerably warmer than normal for a large chunk of the country, Halpert said. The Climate Prediction Center predicted, however, colder-than-normal temperatures for New England.

2 more inches, please!

Some Bostonians were clamoring for a little more snow so they can break a record.

So far this winter, the city has received 105.5 inches of snow — more than 8 1/2 feet, the National Weather Service said. The record is 107.6 inches recorded during the 1995-96 season. Records date to 1872.

Having endured weeks of misery, residents like Erin O'Brien insist they deserve bragging rights. Otherwise what was the point of repeatedly digging out?

"I want the record. We earned the record," said O'Brien, a professor of political science at the University of Massachusetts-Boston.

Others don't care about the record. Amy Ouellette, a marketing associate in Salem, north of Boston, just wants spring and sun to come and melt it all away.

PENDLETON: Last year's overall attendance totaled 13,744

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fans. Tourism provided a \$9.6 billion boost for Oregon in 2013 and Umatilla County received about \$134 million of that. After the Pendleton Round-Up in September, the State Athletic Association 2A Championship Basketball Tournament is likely Pendleton's second biggest event.

"Easily," said Pendleton Convention Center Director Pat Kennedy. "This is a big-league event for Pendleton."

Kennedy didn't know the economic impact, but Pat Beard, of the Pendleton Chamber of Commerce, quoted numbers from Dean Runyan Associates, who did a study for Travel Oregon about the average expenditures by out-of-town visitors.

"Everyone that comes here spends a minimum of \$185 per day," Beard said of hotel guests.

Visitors to the basketball tour-

namment, Round-Up, Cattle Barons or other events generally spend that money on lodging, shopping and meals.

"With the teams come the rooters — moms, dads, grandparents," Beard said of the tourney. "Boosters watch their games, then they leave and go downtown to shop."

The hotels and motels also get a financial boost from the tournament as rooms fill with players and fans.

"This has always been the second biggest event for Pendleton," said Red Lion Director of Sales Cheryl Montgomery.

Montgomery said Red Lion will provide lodging for half of the 16 teams and is the host hotel for the OSAA. The teams arrive Wednesday and Thursday. Most of the hotel's 170 rooms were booked through the weekend, save a few singles.

At the convention center, Kenne-

dy savored his last moments of solitude before gearing up to dispense hometown hospitality to the visitors.

"It's quiet now," he said. "The large crowds will hit on Friday and Saturday. There'll be 3,000 people in here on Saturday night."

Kyle Stanfield, assistant executive director for OSAA, said last year's overall attendance totaled 13,744, with 15,612 in 2013 and 12,727 in 2012.

Stanfield said Pendleton provides an ideal spot for 2A tournament play, which features schools with enrollment between 100 and 200.

"This venue has been fantastic for us for a number of years," he said about the hospitality and the facility. "It's the perfect size for 2A. We can get it rocking and fill the stands."

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DISASTER: Will take part in a joint training exercise in June

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Geological Survey has warned the megaquake is a matter of when, not if.

The last quake was Jan. 26, 1700 and geologists determined it was a magnitude 9.0. The next quake could equal that.

Umatilla County Commissioner George Murdock said the "sister community partnership" is a way to help a county in need. A disaster can make victims of the very people who serve as emergency responders, he said. Under the partnership, Umatilla County would send its public works director and perhaps another key public works employee to Tillamook County for up to 14 days to help deal with the initial situation.

The counties will also take part in a joint training exercise in June, according to Murdock.

Murdock said Tillamook County took an interest in Umatilla County because of the eastern county's strategic plan. Umatilla County laid that out in a slick, magazine-size booklet that Murdock said was inexpensive to produce, and Tillamook County commissioners and managers want-

ed to understand how that happened. Murdock said he met with them Monday to discuss that, but they also were keen on forming the deeper partnership.

Murdock said the next step is to broaden the mutual-aid relationship beyond emergency management and public works. He said any number of areas, from public health to law enforcement, could benefit from the arrangement.

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BMCC: Wording on ballot is clearer yet more detailed

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would finance updates in campus security and technology and three workforce development programs — the Agricultural Center (renovation) in Pendleton, a precision irrigated agriculture program in Hermiston and a Workforce Training & Early Learning Center in Boardman. About \$1 million of the bond proceeds would buy equipment for existing nursing, dental and diesel programs.

BMCC President Camille Preus is ready to make the case for the bond. The two-foot-by-two-foot calendar in her office is jammed with appearances written in red marker. Preus and Vice-President of Public Relations Casey White-Zollman will travel hundreds of miles in Umatilla and Morrow Counties to speaking engagements before Election Day.

Their message is one of contriteness and clarity. Some voters had reproached the college for not spending enough time talking to the community and of being overconfident, if not arrogant, before the last election. This ground, things are different.

"We have been attentive to the feedback we got," Preus said. "The citizens have told us what's important to them."

"We asked for brutal honesty, we received it and we took it to heart," White-Zollman said. "We

would be a good steward of their tax dollars."

Also different this time is the wording on the ballot, which is clearer yet more detailed about what the public will get in return for their support. Helping get the message out is a contingent of students, alumni and other supporters.

Preus said the listening sessions made clear that the public wants affordable education, training for local family wage jobs and a high-quality transfer program.

Bond proceeds would also help upgrade deteriorating heating and cooling systems and replace natural gas lines.

"We have an aging infrastructure," said Steve Platt, supervisor of buildings and grounds. "Most everything is original from the mid-to-upper (19)60s."

Platt said the college has slowly been chipping away at the to-do list, working with the Energy Trust of Oregon to raise energy efficiency and reduce utility bills. Passage of the bond would allow the school to put the projects on the fast track.

"Taxpayers have supported and invested in BMCC for the last 51 years," White-Zollman said. "We are trying to protect that investment."

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FUEL: Senate passed the bill last month with a vote of 17-13

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us to move closer to both those goals," said Vega Pederson, the floor manager for the bill.

Lawmakers spent approximately five hours Wednesday debating the bill, as Republicans tried various maneuvers to sidetrack it. House Republican Leader Rep. Mike McLane, R-Powell Butte, attempted unsuccessfully to get the House to indefinitely postpone a vote on the bill until investigations of former Gov. John Kitzhaber and first lady Cylvia Hayes are complete.

The U.S. Department of Justice launched a criminal investigation of the couple, after news reports showed Hayes' green energy consulting business overlapped her role as an unpaid energy and environmental policy adviser to the governor.

"We need to know who influenced who, and was that influence improper or illegal," McLane said. "Why does this vote need to be postponed? Because we have a criminal investigation ongoing in Oregon."

McLane also questioned why Democrats were pressing ahead with the low-carbon fuel standard, after the federal and state investigations of Hayes and Kitzhaber prompted House Speaker Tina Kotek, D-Portland, and Sen. President Peter Courtney, D-Salem, to ask the governor to resign.

"If it was drastic enough to have (Kitzhaber) resign, should we not pause?" McLane said.

That argument did not sway most House Democrats who have a 35-25 majority in the House, although four members of the caucus crossed over to join Republicans in voting against the bill.

The Democrats who voted "no" were Rep. Jeff Barker, D-Aloha, Rep. Caddy McKeown, D-Coos Bay, Rep. Deborah Boone of Cannon Beach and Rep. Brad Witt, D-Clatskanie. Witt said many bills unite Democrats and Republicans.

"A notable few are so discordant that they give rise to the two Oregons, one urban and one rural," Witt said. "Senate Bill 324 is one such divisive bill."

Witt and other lawmakers from rural areas said they were concerned the fuel standard will

make gas more expensive and prove costly for their constituents who have long commutes. The Oregon Department of Environmental Quality has projected the fuel standard could raise gas prices by 4 to 19 cents per gallon by the end of the 10-year implementation period.

The Oregon Environmental Quality Commission voted in January to adopt regulations based on the 2009 bill that will require fuel importers and producers to reduce the carbon content of transportation fuels by 10 percent over the next decade, starting in January 2016.

Fuel importers and producers have at least two options to meet the standard: blend more low-carbon ethanol and biodiesel into transportation fuels, or by purchase carbon credits. The Oregon Department of Environmental Quality plans to set up a system for entities such as electric vehicle charging stations to generate carbon credits.

The DEQ expects the fuel standard will reduce greenhouse gas emissions in Oregon by a total of 7.3 million tons over the next decade. In 2010, the latest year for which DEQ has data, vehicles in Oregon emitted 22.6 million tons of carbon dioxide. That means the average emissions decrease anticipated from the low-carbon fuels program would have translated to a 3 percent reduction in 2010.

The state Senate passed SB 324 last month on a nearly party line vote of 17-13. Sen. Betsy Johnson, D-Scappoose, was the lone Democrat to vote "no." Republicans in the Senate had asked Democrats to put the bill on hold indefinitely or refer it to voters, and they also attempted to tie it to Kitzhaber and Hayes. Kitzhaber resigned Feb. 18. Hayes was a paid consultant for groups that worked to organize support for the fuel standard, and a federal subpoena the U.S. Justice Department served on the state last month ordered agencies to provide a long list of records related to Hayes' consulting, including any that deal with the low-carbon fuel standard.

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