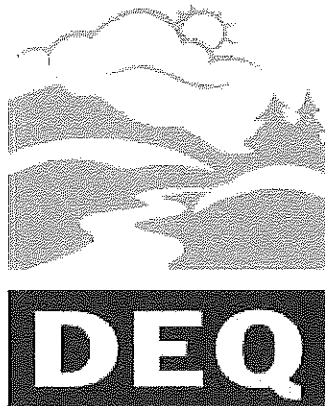


**OREGON  
ENVIRONMENTAL QUALITY  
COMMISSION MEETING  
MATERIALS 12/28/1995**



State of Oregon  
**Department of  
Environmental  
Quality**

# Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

**Agenda Item B**  
December 28, 1995 Meeting

**Title:**

Approval of Tax Credit Applications

**Summary:**

New Applications - Eighteen (18) tax credit applications with a total facility cost of \$3,789,950 are recommended for approval as follows:

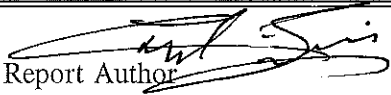
2 Air Quality facilities with a total facility cost of:	\$ 695,539
4 Field Burning related facilities recommended by the Department of Agriculture with a total facility cost of:	\$1,565,390
1 Reclaimed Plastic facility with a cost of:	\$ 6,950
3 Solid Waste Recycling facilities with a facility cost of:	\$ 28,233
6 Water Quality facilities costing:	\$1,306,001
2 Water Quality UST facilities with a total facility cost of:	\$ 187,837

Three applications with claimed facility costs exceeding \$250,000 are included in this report. The external accounting review statements are included with the application reports.

**Department Recommendation:**

Approve tax credit certificates for 18 applications as presented in Attachment A of the staff report.

Revoke tax credit certificates, 3348 and 3360, Franklin Hoekstre, and transfer the remaining value of the facilities that have been purchased to The Quality Trading Company, the new owners.

Report Author 

  
Division Administrator

Director 

December 18, 1995

†Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).

State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: December 28, 1995

To: Environmental Quality Commission  
From: Langdon Marsh, Director  
Subject: Agenda Item B, December 28, 1995 EQC Meeting  
Approval of Tax Credit Applications

**Statement of the Need for Action**

This staff report presents the staff analysis of pollution control facilities tax credit applications and the Department's recommendation for Commission action on these applications. The following is a summary of the applications presented in this report:

**Tax Credit Application Review Reports:**

Application No.	Applicant	Description
TC 4432.	Consolidated Metco, Inc. \$47,635	A Water Pollution Control facility consisting of a natural gas fired Landa wastewater evaporator for the elimination of industrial wastewater.
TC 4478	Sabroso Company \$23,519	A Water Pollution Control facility consisting of a 15hp pump, a 750 gallon storage tank, filters, electrical controls and associated plumbing, which functions to allow the reuse of wastewater and to prevent wastewater discharge to the city sewer.
TC 4480	Sabroso Company \$8,291	A Water Pollution Control facility consisting of three (3) pesticide/fertilizer spill prevention and containment units each consisting of a 10' x 15' concrete pad.

<sup>†</sup>A large print copy of this report is available upon request.

Application No.	Applicant	Description
TC 4487	Arthur and Mary Ann Van Veldhuizen \$168,986	A Water Pollution Control facility consisting of a two-cell 83 ac-ft earthen storage lagoon, a manure pumping system and a tractor to move the liquid manure sprinkler and drainage system and to power the pumping system.
TC 4498	Willamette Industries, Inc. \$177,384	An Air Pollution Control facility consisting of three (3) Donaldson Day 160 HPW-8 dust collector baghouses and associated equipment.
TC 4509	International Paper \$45,570	A Water Pollution Control facility consisting of a 260' long 12" diameter wastewater line from the mill's screen room to the firm's effluent treatment facility.
TC 4535	Prince Seed, Inc. \$114,250/54%	A Field Burning facility consisting of a Hesston 60B Loafer w/ Rear's broom, a Kello Built 18' cover crop disc and a John Deere 4960 200hp tractor.
TC 4539	Don and Laura Christensen \$16,195	A Field Burning facility consisting of a Rear's 15' Fine Flail chopper.
TC 4540	WWDD Partnership \$6,950	A Plastic Recycling facility consisting of a used 1985 Fruehauf 48' dry van trailer used for transporting scrap plastic and processed pellets and chips.
TC 4542	Mr./Mrs. Gary Kropf \$12,796	A Field Burning facility consisting of a John Deere 3700, high clearance, 9 bottom plow.
TC 4544	Migco Northwest, Inc. \$52,114/99%	An Underground Storage Tank (UST) facility consisting of doublewall fiberglass piping, spill containment basins, sumps, automatic shutoff valves and stage I vapor recovery equipment.

Application No.	Applicant	Description
TC 4548	Farrelly & Farrelly LLC  \$135,723/88%	An Underground Storage Tank (UST) facility consisting of three (3) doublewall fiberglass tanks and piping, spill containment basins, a tank gauge system with overfill alarm, turbine leak detectors, sumps, monitoring wells and stage II vapor recovery equipment.
TC 4554	United Disposal Service  \$13,046	A Solid Waste Recycling facility consisting of 16 screen front-load containers with lids (model M78SFL) and 4 screen front-load containers without lids for recycling cardboard and six (6) 3-yard roll-dump containers.
TC 4556	United Disposal Service  \$6,415	A Solid Waste Recycling facility consisting of five (5) 1-yard roll-dump containers with casters (model M210), two (2) 2-yard roll-dump containers with casters (model M220) and one (1) 20 yard drop box for recycling scrap material.
TC 4559	United Disposal Service  \$8,772	A Solid Waste Recycling facility consisting of 8 1.5-yard roll-dump containers with casters (model M215), two (2) 4-yard roll-dump containers with casters (model M240) and four (4) pulltarp systems for covering recycling trucks.

Tax Credit Application Review Reports With Facility Costs Over \$250,000 (Accountant Review Reports Attached).

Application No.	Applicant	Description
TC 4417	Tidewater Barge, Inc.  \$1,012,000/64%	A Water and Air Pollution control facility consisting of the second hull of a double-hulled barge and a vapor recovery system to prevent petroleum and vapor contamination of Oregon waters and air.

Application No.	Applicant	Description
TC 4447	Intel Corporation \$518,155	An Air Pollution Control facility consisting of a wet scrubber tower, delivery systems for processing air and water pollutants and control instrumentation.
TC 4523	Quality Trading Co. \$1,422,149	An Air Pollution Control "field burning" facility consisting of equipment, buildings and land for processing and storing grass straw.

#### Background and Discussion of Issues

In September and November of 1993, the Chevron Corporation completed facilities that are being claimed under tax credit applications 4499, 4500 and 4501. The firm submitted applications for these facilities on August 1st of this year, near the end of the two-year time limit for submitting a tax credit application. The Department reviewed the applications and on August 31st requested additional clarifying information from the firm for all three applications. The information was received by the Department on October 5, 1995 but contained inconsistencies in the cost figures that were provided.

The statutes and rules that govern the Program indicate that an application must be submitted within two years of substantial completion of a pollution control facility that is claimed for tax credit relief. The statutes and rules further indicate that an application shall not be considered filed until all requested information is furnished by the applicant. In past discussions pertaining to time constraint issues, the Attorney General's Office has offered the opinion that the two year timeframe for submitting an application could be interpreted to mean that filing must be completed within that timeframe in order for an applicant to meet the submission requirements. Given this possible interpretation of the statutes and rules, the Department advised the applicant to apply for an extension of time to file it's applications to avoid the possibility of an adverse eligibility ruling.

The Department believes that the program is best served by an interpretation of the statutes that would allow the good-faith submission an application to satisfy the two-year requirement. This interpretation would make it unnecessary for the Commission to take any action on the Chevron request and would allow the Department to continue to process the pending applications without prejudice to the applicant.

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### Tidewater Barge Lines

At the meeting of November 17, 1995, the Environmental Quality Commission deferred taking action on tax credit application 4417, Tidewater Barge Lines, pending a determination by the representative of the Office of the Attorney General on the eligibility of the costs incurred by the applicant for double-hulling a petroleum barge. The double-hulling of all like vessels is required under the Oil Pollution Control Act of 1990.

It is the Department's understanding, based upon conversations with the Attorney General's Office, that there is no provision in the statutes governing the Pollution Control Facilities Tax Credit Program that would preclude a transportation facility of this nature from being granted tax credit relief. Nevertheless, the facility is not eligible under the "principal purpose" criterion because it is not required to be installed under regulations of the EPA, the DEQ or an Oregon regional air authority; therefore, it must qualify as a "sole purpose" facility under the Rules. A sole purpose facility is defined as one having the exclusive purpose of preventing or controlling a significant amount of pollution.

The Department believes that the facility qualifies as a sole purpose facility and that there is no other viable business purpose for the double-hulling of the petroleum barge. It can be argued that the firm may accrue benefits from investing in double-hulling e.g., improved safety for the vessel and crew in case of collision or grounding, lower insurance costs or the potential for avoiding the loss of product as the result of an accident. However, the double-hulling also increases the draft of the vessel, reduces its capacity and perhaps, increases the risk of explosion on board. Based upon the information available, the Department believes that the applicant would not have undertaken to invest in the facility were it not required to do so by law and that the only business function of the facility is to prevent the spill of petroleum product into Oregon inland waterways and adjacent waters.

### Quality Trading Company

The Quality Trading Company, a Limited Liability Corporation (LLC), has applied for a tax credit which includes facilities that were certified for tax relief under a previous owner. The Department is recommending the revocation of the tax credit certificates that cover these facilities. However, the previous owner was in the business of processing straw for resale and the facilities were therefore considered to be integral to the operation of his business. As a result, the costs of these facilities were only partially allocable to pollution control. The new owners are not in the grass seed straw business. We therefore recommend that the certificates to be transferred reflect the value of the previously certified facilities less the amount of tax credit actually taken by the previous certificate holder but that the cost be allocated 100% to pollution control.

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The applicant has also included 5 acres of land in their claim for tax credit relief. The potential for a return on investment for the land was calculated using the methodology that has been applied in the recent past to calculate the percentage of the cost of a land facility that is allocable to pollution control. In this case it was determined that 95% of the cost of the land is allocable to pollution control and the eligible cost of the facility was adjusted accordingly.

#### Authority to Address the Issue

ORS 468.150 through 468.190 and OAR 340-16-005 through 340-16-050 (Pollution Control Facilities Tax Credit).

ORS 468.925 through 468.965 and OAR 340-17-010 through 340-17-055 (Reclaimed Plastic Product Tax Credit).

#### Alternatives and Evaluation

None.

#### Summary of Any Prior Public Input Opportunity

The Department does not solicit public comment on individual tax credit applications during the staff application review process. Opportunity for public comment exists during the Commission meeting when the applications are considered for action.

#### Conclusions

- o The recommendations for action on the attached applications are consistent with statutory provisions and administrative rules related to the pollution control facilities and reclaimed plastic product tax credit programs.



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o Proposed December 28, 1995 Pollution Control Tax Credit Totals:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>Certified Allocable Costs**</u>	<u>No.</u>
Air Quality	\$ 695,539	\$695,539	2
CFC	0	0	0
Field Burning	1,565,390	1,512,835	4
Noise	0	0	0
Hazardous Waste	0	0	0
Plastics	6,950	6,950	1
SW - Recycling	28,233	28,233	3
SW - Landfill	0	0	0
Water Quality	1,306,001	941,681	6
UST	<u>187,837</u>	<u>171,029</u>	<u>2</u>
	\$3,789,950	\$3,356,267	18

o Calendar Year Totals Through November 17, 1995:

<u>Certificates</u>	<u>Certified Costs*</u>	<u>Certified Allocable Costs**</u>	<u>No.</u>
Air Quality	\$ 4,229,823	\$ 4,229,823	15
CFC	11,980	9,186	6
Field Burning	2,598,189	2,315,973	32
Noise	388,234	372,565	2
Hazardous Waste	77,083	77,083	1
Plastics	300,581	234,891	7
SW - Recycling	478,962	478,962	4
SW - Landfill	290,496	290,496	2
Water Quality	86,235,600	86,075,539	41
UST	<u>3,484,629</u>	<u>3,239,750</u>	<u>41</u>
	\$98,095,577	\$97,306,268	151

\*These amounts represent the total facility costs. The actual dollars that can be applied as credit is calculated by multiplying the total facility cost by the determined percent allocable and dividing by 2. \*\*These amounts represent the total eligible facility costs that are allocable to pollution control. To calculate the actual dollars that can be applied as credit, the certifiable allocable cost is multiplied by 50 percent.

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**Recommendation for Commission Action**

A) The Department recommends that the Commission approve certification for the tax credit applications as presented in Attachment A of the Department Staff Report.

B) The Department recommends that the Commission take no action on the request for an extension to file by the Chevron Corporation for tax credit applications 4499, 4500 and 4501. An interpretation of the statutes and rules governing the program to allow for the good-faith submission of an application to meet the two-year submission/filing requirement will allow the Department to continue to process these applications without prejudice to the applicant.

C) The Department recommends revocation of tax credit certificates 3348 and 3360, Franklin Hoekstre, and the transfer of the remaining value of facilities purchased by the new owners to the Quality Trading Company.

**Intended Follow-up Actions**

Notify applicants of Environmental Quality Commission actions.

**Attachments**

- A. Pollution Control Tax Credit Application Review Reports.

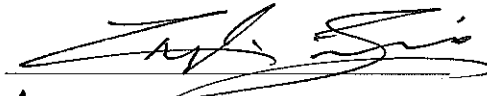
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**Reference Documents (available upon request)**

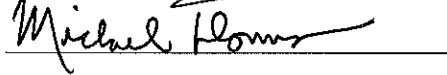
1. ORS 468.150 through 468.190.
2. OAR 340-16-005 through 340-16-050.
3. ORS 468.925 through 468.965.
4. OAR 340-17-010 through 340-17-055.

Approved:

Section:



Division:



Report Prepared By: Charles Bianchi

Phone: 229-6149

Date Prepared: December 14, 1995

Charles Bianchi  
DECEQC

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Consolidated Metco, Inc.  
13940 N. Rivergate Blvd  
Portland OR 97203

The applicant owns and operates an aluminum casting manufacturing facility at 10448 Highway 212 in Clackamas, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The facility consists of a natural gas fired Landa Wastewater Evaporator, Serial No. WO395-5087, Model #WB-50, rated at fifty gallons per hour and associated plumbing system.

Claimed Facility Cost: \$47,635  
(Accountant's Certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed April 1, 1995 and the application for certification was found to be complete on June 8, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by Clackamas County Service District #1 to reduce water pollution. This reduction is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.

Prior to the construction of the claimed facility Consolidated Metco, Inc. (ConMetCo) had a Wastewater Discharge Permit (permit) issued by the Clackamas County Service District #1 to discharge industrial wastewater to the sanitary sewer. Clackamas County Service District #1 is required by the Department to

implement a pretreatment program for industrial dischargers to its sewer system. The permit specified limits for the wastewater discharge which include phenol, zinc, and oil and grease. However, ConMetCo had problems meeting its permit limits.

ConMetCo decided to install a closed loop system to treat their wastewater and discontinue their discharge to the sanitary sewer. Industrial wastewater is eliminated by evaporation. This facility is Phase II of the applicant's wastewater treatment system. It doubles the site capacity for treating industrial wastewater and eliminates the need for offsite treatment/disposal of current and projected wastewater generated on site.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no return on investment for this facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Alternative methods evaluated were chemical treatment and ultrafiltration. Both processes were labor intensive and not cost effective. The cost of chemical treatment is estimated at \$75,000 to \$100,000. The cost of the ultrafiltration system is estimated at \$90,000.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$3,600 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Clackamas County Service District #1 to reduce water pollution. Clackamas County Service District #1 is required by the Department to implement a pretreatment program for industrial users of the sanitary sewer. The reduction of water pollution is accomplish by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$47,635 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4432.

Elliot J. Zais  
(503) 229-5292  
November 29, 1995

CMI4432A

State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sabroso Company  
690 S. Grape Street  
Medford, OR 97501

The applicant owns and operates a fruit processing plant in Medford, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The facility consists of a 15 Hp pump, a 750 gallon storage tank, filters, electrical controls and associated plumbing system.

Claimed Facility Cost: \$23,519  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on June 29, 1995 and the application for certification was found to be complete on July 13, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the sole purpose of the facility is to reduce a substantial quantity of water pollution. This reduction is accomplished by the use of treatment works for industrial waste as defined in ORS 468B.005.

One of the processes of fruit concentrate manufacturing is the removal of water by heat and vacuum. Air ejectors are used to create this vacuum. Air ejectors create a vacuum by placing steam into a vessel and

aspirating fresh water into the vessel. The vacuum is created by a combination of the aspiration effect and the condensing steam. The water and condensed steam had previously been discharged into the city sewer.

The collection and filtration system allows the reuse of the wastewater and condensed water as fruit washwater. This reduces the amount of wastewater discharged to the city sewer by about 100,000 gallons per day.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

Wastewater generated from the ejectors are collected and reuse as fruit washwater. This resulted in a decrease of fresh water usage of 100,000 gallons per day. This is equivalent to an operational cost savings of \$95 per day or \$15,865 per year.

- 2) The estimated annual percent return on the investment in the facility

The percent return on investment for this facility is 0.50%, which would result in a percentage factor that is allocable to pollution control of 89%. However, under the revised statutes facility claims that do not exceed \$50,000 are exempt from the customary return on investment methodology if they are used 100% of the time for pollution control purposes.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not consider other alternatives; however, this is an acceptable cost-effective approach to wastewater pollution control.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.



The installation of the facility resulted in a savings of fresh water usage of about 100,000 gallons per day and also a decrease of wastewater discharge to the City of Medford sanitary sewer.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to reduce a substantial quantity of water pollution and accomplishes this purpose by use of treatment works for industrial waste as defined in ORS 468B.005.
- c. The facility complies with DEQ statutes and rules.
- d. Then portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$23,519 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4478.

Jonathan Gasik:  
(503) 776-6010 x 230  
October 17, 1995

WQTCSR-1/95

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sabroso Company  
P.O. Box 129  
Medford, OR 97501

The applicant leases and operates three pear orchards in Medford, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The claimed facilities are three pesticide and fertilizer loading and mixing spill prevention and containment facilities, one at each pear orchard. The containment facilities consist of 10' x 15' concrete pads which are sloped to a containment sump in the center.

Claimed Facility Cost: \$8,291  
(Accountant's Certification was provided).

3. Procedural Requirements

The facilities are governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facilities meet the statutory deadline in that construction of the facilities were substantially completed on June 30, 1995 and the application for certification was found to be complete on July 13, 1995, within 2 years of substantial completion of the facilities.

4. Evaluation of Application

- a. The facilities are eligible because the sole purpose of the claimed facilities are to control substantial quantities of water pollution. This control is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.

Prior to the installation of the claimed facility pesticides were being mixed on bare ground with extreme precaution of not spilling any of the material.

With the installation of the facility any accidentally spilled material will be collected in the sump and disposed of properly. Spills would be contained in the sump until the materials could be pumped to a container for proper disposal.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facilities are used to recover and convert waste products into a salable or usable commodity.

The facilities do not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facilities.

There is no return on this investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facilities.

There are no savings or increases in operational costs as a result of the facilities modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facilities were constructed in accordance with all regulatory deadlines.
- b. The facilities are eligible for tax credit certification because the sole purpose of the facilities are to prevent water pollution and the prevention is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facilities comply with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$8,291 with 100% allocated to pollution control, be issued for the facilities claimed in Tax Credit Application No. T-4480.

Jonathan Gasik  
(503) 776-6010 x 230  
10/12/95

WQTCSR-1/95

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Arthur and Mary Ann Van Veldhuizen  
Double V Dairy  
4481 Hennies Rd. S.E.  
Turner, OR 97392

The applicants owns and operates an dairy located at 4481 Hennies Rd. S.E., Turner, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The water pollution control facility consists of a two-cell 83 ac-ft earthen storage lagoon, an appurtenant liquid manure pumping system and a 1979 John Deere Model 4440 130 hp tractor costing \$25,950, which is used exclusively to move a travelling liquid manure sprinkler and related drainage system equipment and as the power source for the wastewater irrigation pump and agitator.

Claimed Facility Cost: \$168,986  
(Accountant's certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on June 1, 1995, and the application for certification was found to be complete on August 7, 1995, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution. The requirement is to comply with a Department order. This prevention is accomplished by the use of treatment works for industrial waste as defined in ORS 468B.005.

Prior to the construction of the claimed facility, liquid manure was stored in a 100,000 gallon underground tank. Due to inadequate capacity the storage had to be pumped on a daily basis regardless of weather conditions. Liquid manure and contaminated runoff would discharge to nearby creeks.

Under a Stipulated and Final Order (SFO) No. WQAW-WVR-93-089A, the applicant was required to install a water control facility and implement a waste management plan.

Since the installation of the facility uncontrolled discharges to the creeks has been eliminated. Stored liquid manure is disposed of only during dry weather conditions. The tractor is not used for other purposes than powering the pump and moving the sprinkler system in as much as during the rest of the year no farming activities are conducted.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated.

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on investment in the facility.

There is no income from this facility and therefore no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$18,740 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control and reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with the regulatory deadline.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution and accomplishes this purpose by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with Commission orders.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$168,986 with 100% allocated to pollution control be issued for the facility claimed in Tax Credit Application No. T-4487.

Tom Fisher  
(503) 378-8240, ext. 236  
November 16, 1995

dvd4487a

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Willamette Industries, Inc.  
1300 SW Fifth Avenue  
3800 First Interstate Tower  
Portland, OR 97201

The applicant owns and operates a plant that produces various dimensions and grades of lumber and plywood.

Application was made for tax credit for an air pollution control facility installed at the applicant's plant located in Dallas, Polk County, Oregon. The Dallas division processes raw logs into a variety of building materials. Processes include debarking, sawing, lumber drying, planing, veneer lathing and drying, plywood layup and finishing, and steam generation.

2. Description of Facility

The claimed facility removes particulate matter from the veneer dry end of the Dallas division. The claimed facility cost in this application consists of cost of three Donaldson Day 160 HPW-8 dust collector baghouses, and the costs for associated equipment consisting of fans, motors, ducting, structural supports, and foundations.

Claimed Facility Cost: \$177,384.00

Accountant's Certification was provided.

The useful life of the facility is ten years.



3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on December 31, 1992 and placed into operation on December 31, 1992. On December 27, 1994, within two years of substantial completion of construction of the facility, the applicant submitted a request for an extension for submitting the tax credit application which the Commission granted. The application for final certification was received by the Department on July 28, 1995 and was found to be complete on October 19, 1995.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air Contaminant Discharge Permit for this source, Permit No. 27-0177, condition 2 and 3 require the applicant to limit the emissions of particulate matter to the atmosphere. This is in accordance with Oregon Administrative Rules Chapter 340, Division 21, rule 15 and 30. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility consists of three Donaldson Day 160 HPW-8 dust collector baghouses, ductwork, foundation, fire protection equipment, and support equipment. The facility controls the emissions to the atmosphere of particulate from the applicants pneumatic wood waste transport equipment.

Prior to the installation of the baghouses, a series of seven older model cyclones were utilized as to collect particulate from the applicants pneumatic transport system. The cyclones vented exhaust uncontrolled to the atmosphere. Presently, a series of three high efficiency cyclones are utilized for collection using a draw through type air movement. Exhaust air from the primary fans for each cyclone is vented through the baghouses. The exhaust then passes through the filter material of the baghouse, which removes the particulate, and then emitted to the atmosphere.. Waste wood recovered from the baghouses is burned in the applicants hogged fuel boilers.

b. Eligible Cost Findings

In determining the percentage of the certified facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The material recovered in the baghouse is used for fuel in the applicants hogged fuel boiler..

- 2) The estimated annual percent return on the investment in the facility.

Although the applicant did not estimate the value of the recovered wood waste collected in the baghouse it would not be physically possible for it to exceed the operating costs., so there is no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Baghouses are recognized to be a technically acceptable method for controlling the emissions of particulate to the atmosphere.

- 4) Related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant estimated the annual operating expenses for the baghouses are \$41,120

- 5) Other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to reduction of air pollution. The principal purpose of the claimed facility is to prevent air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The portion of the facility cost that is properly allocable to pollution control is 100%.
- c. The facility complies with the Department statutes and rules, and permit conditions.
- d. The facility was eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Department to control air pollution.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$177,384 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4498.

Anurag Gupta : PRC Environmental Management, Inc.  
November 2, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

International Paper  
Gardiner Paper Mill  
P.O. Box 854  
Gardiner, Oregon 97441

The applicant owns and operates a linerboard mill in Gardiner, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

Facility consists of a 260 foot, 12 inch diameter wastewater line from the Screen Room to the mill effluent treatment facility.

Claimed Facility Cost: \$45,570  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on October 23, 1993 and the application for certification was found to be complete on August 7, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the sole purpose of the facility is to prevent a substantial quantity of water pollution. This prevention is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.

Plant operations cause numerous small releases of wood chips, wood pulp, and wood liquor. These releases contaminate the rainwater and the runoff can cause surface water pollution if released. A new sewer line was installed south of the Screen Room which diverts

this contaminated surface water into the mill effluent treatment system and prevents the unauthorized release of contaminated surface water.

The facility has generally been in compliance with permit conditions and state regulations. There are no outstanding enforcement actions with regard to this mill.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no return on the investment in the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The company investigated two other alternatives. The first was repaving the area to slope it to the existing drain. This alternative was not further considered because the area would have to be elevated and this would have negatively impacted the drainage of a much larger area.

The second alternative was installation of a sump and a pump. This option was discarded due to the continued problems the mill has encountered with the other sumps at the mill, such as high maintenance cost and tendency toward failure.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings or increases in costs as a result of the facility modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to prevent a substantial quantity of water pollution and accomplishes this purpose by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with permit conditions and DEQ statues and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$45,570 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4509.

Jonathan Gasik  
(503) 776-6010 x 230  
10/12/95

WQTCSR-1/95

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Prince Seed, Inc.  
Ron DeConinck, President  
6381 DeConinck Road NE  
Woodburn, Oregon 97071

The applicant owns and operates a grass seed farm operation in Marion County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is located at 6381 DeConinck Road NE, Woodburn, Oregon. The equipment is owned by the applicant.

Hesston 60B Loafer w/ Rears broom	\$13,000
Kello Built 18' cover crop disc	23,300
John Deere 4960 200hp tractor	77,950

Claimed equipment cost: \$114,250  
(Accountant's Certification was provided.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

The applicant has approximately 700 acres of perennial grass seed under cultivation. Prior to experimenting with alternatives to thermal sanitation, the applicant open field burned or propane flamed as many acres as the smoke management program and weather permitted.

Before purchasing this pollution control equipment, the applicant dealt with straw removal as an alternative by obtaining outside baling services but found that to be unreliable in timely removal and storage of the straw.

The applicant now sweeps/vacuums straw off approximately 180 acres annually, bales off 260 acres annually, while working straw into the ground on the remaining 260 acres each year. The applicant's expressed intent is to eliminate open field burning, propane flaming and stack/pile burning on the 700 acres.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on August 15, 1995. The application was submitted on October 10, 1995; and the application for final certification was found to be complete on October 20, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application

- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.  

The equipment does not recover or convert waste products into a salable or usable commodity.
2. The estimated annual percent return on the investment in the equipment.  

There is no annual percent return on the investment as applicant claims no gross annual income.
3. The alternative methods, equipment and costs for achieving the same pollution control objective.  

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.
4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.  

There is an increase in operating costs of \$1,833 to annually maintain and operate the equipment. These costs were considered in the return on investment calculation.



5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

The established average annual operating hours for tractors is set at 450 hours. To obtain a total percent allocable, the annual operating hours per implement used in reducing acreage open field burned is as follows:

<u>Implement</u>	<u>Acres Worked</u>	<u>Machinery Capacity</u>	<u>Annual Operating Hours</u>
Cover Crop Disc	780 (260x3)	7 acs/hr	111
Loafer w/broom	180	5 acs/hr	<u>36</u>
Total Annual Operating Hours			147

The total annual operating hours of 147 divided by the average annual operating hours of 450 produces a percent allocable of 33%.

<u>Equipment</u>	<u>Claimed Cost</u>	<u>Percent Allocable</u>	<u>Cost Allocable</u>
Hesston Loafer	\$ 13,000	100%	\$13,000
Kello Built disc	\$ 23,300	100%	\$23,300
John Deere Tractor	<u>\$ 77,950</u>	<u>33%</u>	<u>\$25,724</u>
Total	\$114,250	54%	\$62,024

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 54%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 54%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$114,250, with 54% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4535.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB:rc  
November 29, 1995

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Don and Laura Christensen  
17215 SW Christensen Road  
McMinnville, Oregon 97128

The applicant owns and operates a grass seed farm operation in Yamhill County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is a Rear's 15' Fine Flail Chopper, located at 17215 SW Chistensen Road, McMinnville, Oregon. The equipment is owned by the applicant.

Claimed equipment cost: \$16,195  
(The applicant provided copies of the invoice and cancelled check.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

In any given year, the applicants have 1,300 to 1,500 acres of perennial grass seed under cultivation. As an alternative to open field burning the applicants have engaged custom balers to remove the straw from the fields and have provided the storage facilities to protect the straw from inclement weather.

The applicants have found custom balers are unreliable in removing straw from all their acreage in weak straw market years or when the straw is weather damaged while in the field in windrows. The applicants immediate remedy was round baling the unwanted straw and stack burning.

To avoid stack burning, the applicant purchased the fine point flail chopper to fragment the straw in the fields to accommodate faster decomposition.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on June 30, 1995. The application was submitted on October 12, 1995; and the application for final certification was found to be complete on October 20, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application

- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

- b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

- 3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

- 4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is an increase in operating costs of \$10,000 to annually maintain and operate the equipment. These costs were considered in the return on investment calculation.

- 5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the equipment properly allocable to prevention, control or reduction of air pollution.

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 100%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 100%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$16,195, with 100% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4539.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB/rc  
October 20, 1995

Application No. TC-4540  
State of Oregon  
Department of Environmental Quality

RECLAIMED PLASTIC TAX CREDIT  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

WWDD Partnership  
230 N.W. 10th  
Portland, OR 97209

The applicant is a company that specializes in recycling scrap plastic and processing discarded, obsolete, or other scrap plastic into pellets or chips that can be used by plastic manufacturers to make new items from the recycled plastic.

Application was made for Reclaimed Plastic Tax Credit.

2. Description of Equipment, Machinery or Personal Property

The claimed equipment consisting of a used 1985 Fruehauf 48' dry van trailer, VIN 1H4V04823FJ021705, to be used to transport scrap plastic and processed pellets and chips.

The claimed facility investment costs:                      \$6,950

Copies of a purchase order and cancelled checks were provided to document the cost of the investment.

3. Procedural Requirements

The investment is governed by ORS 468.451 through 468.491, and by OAR Chapter 340, Division 17.

The investment met all statutory deadlines in that:

- a. The request for preliminary certification was received on October 13, 1995. The request for preliminary certification was approved and the 30 day waiting period was waived on October 24, 1995
- b. The investment was made on October 24, 1995.
- d. The request for final certification was submitted on November 3, 1995 and was filed complete on December 8, 1995.

4. Evaluation of Application

- a. The investment is eligible because the equipment is necessary to process reclaimed plastic.

b. Allocable Cost Findings

In determining the portion of the investment costs properly allocable to reclaiming and recycling plastic material, the following factors from ORS 468.486 have been considered and analyzed as indicated:

- 1) The extent to which the claimed collection, transportation, processing or manufacturing process is used to convert reclaimed plastic into a salable or usable commodity.

The claimed facility is used 100% of the time to transport scrap plastic for processing or to transport processed plastic to manufacturers that reclaim the plastic to make salable and usable commodities.

- 2) Any other factors which are relevant in establishing the portion of the actual cost of the investment properly allocable to the collection, transportation or processing of reclaimed plastic or to the manufacture of a reclaimed plastic product.

No other factors were considered relevant.

The actual cost of the investment properly allocable to processing reclaimed plastic as determined by using these factors is 100%.

5. Summation

- a. The investment was made in accordance with all regulatory deadlines.
- b. The investment is eligible for final tax credit certification in that the equipment is necessary to manufacture a reclaimed plastic product.
- c. The qualifying business complies with DEQ statutes and rules.
- d. The portion of the investment cost that is properly allocable to reclaiming and recycling plastic is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Reclaimed Plastic Tax Credit Certificate bearing the cost of \$6,950 with 100% allocated to reclaiming plastic material, be issued for the investment claimed in Tax Credit Application No. TC-4540.

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Mr. And Mrs. Gary J. Kropf  
30650 Wyatt Drive  
Harrisburg, Oregon 97446

The applicant owns and operates a grass seed farm operation in Linn County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is a John Deere 3700, high clearance, 9 bottom plow, located at 30650 Wyatt Drive, Harrisburg, Oregon. The equipment is owned by the applicant.

Claimed equipment cost: \$12,796  
(The applicant provided copies of the invoices.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

The applicant has 249 perennial acres and 786 annual acres of grass seed under cultivation. Until recent years, the applicant open field burned as many acres as the smoke management program and weather permitted. The applicant has been experimenting with alternatives to open field burning such as propane flaming, baling, plowing, flail chopping and composting.

The plow was purchased to elevate full straw load plow-down as an alternative to open field burning and propane flaming from the experimental level to an annual farm practice. The high clearance is required on acreage with two tons or more of straw per acre and to expand the plow-down program.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on September 21, 1995. The application was submitted on October 16, 1995; and the application for final certification was found to be complete on October 25, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application



- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is no savings or increase in costs as a result of the equipment.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the equipment properly allocable to prevention, control or reduction of air pollution.

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 100%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 100%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$12,796, with 100% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4542.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB/rc  
October 23, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Migco Northwest, Inc.  
52023 Columbia River Highway  
Scappoose, OR 97056

The applicant owns and operates a retail gas station and convenience store at 52023 Columbia River Hwy, Scappoose, OR 97056, Facility ID No. 9092.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included air quality Stage I vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of doublewall fiberglass piping, spill containment basins, sumps, automatic shutoff valves and stage I vapor recovery equipment.

Claimed facility cost \$52,114  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 14, 1994 and placed into operation on December 14, 1994. The application for certification was submitted to the Department on October 25, 1995, and was considered to be complete and filed on November 13, 1995, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility had no corrosion protection on its product piping, and only partial spill and overflow prevention. To comply with Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass piping.
- 2) For spill and overflow prevention - Spill containment basins, sumps, and automatic shutoff valves.

In addition, the following was installed to reduce air quality emissions.

- 1) For VOC reduction - Stage I vapor recovery equipment.

Based on information currently available, the applicant is in compliance with DEQ permitting requirements in that the tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$52,114) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Doublewall fiberglass product piping	\$7,050	92% (1)	\$6,486
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	6,081	100	6,081
Sumps	2,789	100	2,789
Automatic shutoff valves	1,155	100	1,155
<u>VOC Reduction:</u>			
Stage I vapor recovery	330	100	330
Labor and materials	34,709	100	34,709
	_____	_____	_____
Total	\$52,114	99%	\$51,550

- (1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$7,050 and the bare steel system is \$571, the resulting portion of the eligible piping cost allocable to pollution control is 92%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements according to signed statements made by the installation service provider and/or owner.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This

is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules in that the appropriate compliance documents relating to the project have been submitted.
- d. The portion of the facility cost that is properly allocable to pollution control is 99%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$52,114 with 99% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4544.

Barbara J. Anderson  
(503) 229-5870  
November 13, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Farrelly & Farrelly LLC  
Donald J. & Douglas B. Farrelly  
7220 SE Alder  
Portland, OR 97215

The applicant owns and operates a retail gas station at 9085 SW Beaverton-Hillsdale Hwy, Portland, OR 97225, Facility ID No. 7543.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included air quality Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of three doublewall fiberglass tanks and piping, spill containment basins, tank gauge system with overflow alarm, turbine leak detectors, sumps, monitoring wells and stage II vapor recovery equipment.

Claimed facility cost \$135,723  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on November 22, 1994 and placed into operation on November 22, 1994. The application for certification was submitted to the Department on October 31, 1995, and was considered to be complete and filed on November 13, 1995, within two years of the completion date of the project.



4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overflow prevention or leak detection equipment.

To comply with Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass tanks piping.
- 2) For spill and overflow prevention - Spill containment basins, sumps, and an overflow alarm.
- 3) For leak detection - Tank gauge system, turbine leak detectors and monitoring wells.

In addition, the following was installed to reduce air quality emissions.

- 1) For VOC reduction - Stage II vapor recovery equipment.

Based on information currently available, the applicant is in compliance with DEQ permitting requirements in that the tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$135,723) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$35,598	57% (1)	\$20,291
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,204	100	1,204
Sumps	3,343	100	3,343
<u>Leak Detection:</u>			
Tank gauge system w/alarm	6,707	90 (2)	6,036
Turbine leak detectors	1,966	100	1,966
Monitoring wells	552	100	552
<u>VOC Reduction:</u>			
Stage II vapor recovery (incl. 10 hoses and nozzles on 5 dispensers)	4,517	100	4,517
Labor and materials	81,836	100	81,836
Total	\$135,723	88%	\$119,745

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$35,598 and the bare steel system is \$15,356, the resulting portion of the eligible tank and piping cost allocable to pollution control is 57%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements according to signed statements made by the installation service provider and/or owner.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules in that the appropriate compliance documents relating to the project have been submitted.
- d. The portion of the facility cost that is properly allocable to pollution control is 88%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$135,723 with 88% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4548.

Barbara J. Anderson  
(503) 229-5870  
November 13, 1995

**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

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1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

16 screen front-load containers with lids (model M78SFL) for recycling cardboard.  
4 screen front-load containers without lids (model M78SFL) for recycling cardboard.  
6 3-yard roll-dump containers.

These containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as cardboard and scrap metal. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$13,046.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 11/30/1993.
- b. The facility was placed into operation on 12/10/1993.
- c. The application for tax credit was filed with the Department on 11/17/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

- a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The screen front-load containers are used to collect cardboard and other recyclable material from United Disposal's customers, and to load the material on a collection truck. The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. In both cases, United Disposal then transports the recyclable material to other recyclers, and the material is eventually turned into new products such as cardboard boxes or steel fence posts.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The containers and roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The containers and roll-dumps are used 100% of the time for the collection and storage of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$13,046 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4554.

**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

---

1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

5 1-yard roll-dump containers for recycling with casters (model M210)  
2 2-yard roll-dump containers for recycling with casters (model M220)  
1 20-yard drop box, serial #6930, with 16-foot one-piece domed crank up lid for recycling

These containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as scrap metal. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$6,415.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 3/1/1994.
- b. The facility was placed into operation on 4/10 (part) and 4/30/1994.
- c. The application for tax credit was filed with the Department on 11/24/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. The drop box is used to transport recyclable material from the customer to United Disposal's facilities or to a commercial recycling operation. The material is eventually turned into new products such as steel fence posts.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities. The drop box is used to collect, store, and transport the same type of material for the same purpose.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The roll-dumps and drop box are used 100% of the time for the collection, storage, and transportation of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$6,415 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4556.



**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

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1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

8 1.5-yard roll-dump containers for recycling with casters (model M215)  
2 4-yard roll-dump containers for recycling with casters (model M240)  
4 special pulltarp systems, with protective supports, for covering United Disposal's recycling trucks

The roll-dump containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as scrap metal. The pull-tarp systems are used to keep recyclable material from blowing off recycling trucks. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$8,772.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 3/15/1994.
- b. The facility was placed into operation on 4/30/1994 (pulltarps) and 5/15/1994 (roll-dumps).
- c. The application for tax credit was filed with the Department on 11/24/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

- a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. The pulltarps are used to prevent recyclable material from blowing off United disposal's recycling trucks during transportation. The material collected is eventually turned into new products such as steel fence posts and rebar (for scrap steel), or various paper or plastic products, depending on the material collected by the customer.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities. The pulltarps are used to help transport the recyclable material for the same purpose.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The roll-dumps and pulltarps are used 100% of the time for the collection, storage, and transportation of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$8,772 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4559.

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Tidewater Barge Lines, Inc.  
5 Beach Drive  
Vancouver WA 98661

The applicant owns and operates a barge, The Pioneer, anchored in the Portland Oregon harbor.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The claimed facilities are 1) the double hull of a steel petroleum barge and 2) a vapor recovery system on the same barge.

The double hull is constructed on plate steel and related steel support beams. It forms a void (containment area) between the cargo tanks and the water. Exterior hull damage caused by collision or grounding does not reach the cargo tanks since the void created by the double hull creates a buffer for the cargo tanks.

The vapor recovery system traps all gases resulting from evaporation of petroleum products, particularly during loading and unloading operations. The gases are returned to the customer for condensation to liquid form. The system eliminates the direct venting of petroleum vapors into the atmosphere. All vapors are captured and returned shoreside where the petroleum gases are removed prior to venting the clean air back to the atmosphere.

Claimed Facility Cost: \$1,012,000  
Double Hull Costs : (\$ 775,000)  
Vapor Recovery Costs : (\$ 237,000)

Accountant's Certification was provided.

Eligible costs: \$1,012,000.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that construction of the facility was substantially completed in April 1994 and the application for certification was found to be complete on May 31, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

a. The facility is eligible because the sole purpose of the facility is to prevent a substantial quantity of water and air pollution. There are no DEQ compliance issues for this facility as it is a new barge.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity. The percent allocable determined by using this factor would be 100%.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual return on this facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives. Specific requirements are outlined in the Oil Pollution Act of 1990 for the double hulled construction and vapor recovery systems for petroleum vessels.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings or increase in costs as a result of the facility modification.

- 5) Any other factors which are relevant in

establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

Although the Tidewater Barge Lines is an Oregon corporation, the Pioneer barge is registered in Washington state. The barge transports petroleum product to and from Washington and Oregon. According to information provided by the applicant, approximately 53% of the tonnage hauled by the barge is to ports within the state of Oregon while 47% is transported to ports located in the state of Washington. Because the requirement for double hulling barges is a federal one, not required by the state of Oregon, an allocation of the costs is being applied based upon the estimated time that the barge spends in Oregon waters.

This allocation method is not being applied to the vapor recover facility. The vapor recovery system controls the emission of volatile organic compound to the atmosphere. Portland is a non-attainment zone for the atmospheric pollutant ozone and the primary air quality benefit of the facility accrues to the Portland airshed.

The eligible cost of the facility is \$1,012,000.

As a result of applying this methodology, the actual cost of the facility properly allocable to pollution control is 64%.

5. Summation

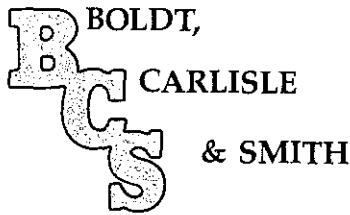
- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the federal Environmental Protection Agency to prevent water and air pollution.
- c. The facility complies with DEQ statutes and rules.

The portion of the facility cost that is properly allocable to pollution control is 64%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,012,000 with 64% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4417.

Elliot J. Zais:ejz  
T-4417  
(503) 229-5292  
WQTCSR-1/95



CERTIFIED PUBLIC ACCOUNTANTS

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Water Quality Division  
Dept. of Environmental Quality

2001 FRONT STREET N.E., SUITE D  
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OREGON DEPARTMENT OF  
ENVIRONMENTAL QUALITY

811 S. W. 6th Ave.  
Portland, OR 97204

At your request, we have performed agreed-upon procedures with respect to Tidewater Barge Lines, Inc. Pollution Tax Control Credit Application No. 4417 regarding a double hull steel petroleum barge and a vapor recovery system. The aggregate claimed costs on the original application were \$1,012,000. These costs were reduced by 36 percent by the DEQ to eliminate a portion of the cost of the double hull related to the time that the barge spends in waters outside of Oregon.

The agreed-upon procedures and our findings are as follows:

1. We read the application, the Oregon Revised Statutes on Pollution Control Facilities tax credits—Section 468.150-468.190 (the Statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits—Sections 340-16-005 through 340-16-050 (OAR's).
2. We discussed the Application and Statutes with Elliot Zais and Brian Fields of the Oregon Department of Environmental Quality and with Charles Bianchi, the Pollution Control Facilities tax credit program consultant.
3. We discussed the Application with James Weisgerber, finance, Tidewater Barge Lines, Inc., and reviewed the accountant's certification issued by Nygaard, Mims & Hoffman, P. C. in connection with the Application for final certification.
4. We inquired as to whether there were any direct or indirect company costs included in the costs claimed in the Application. We were informed no direct or indirect company costs were included in the Application. Based on our review of supporting documentation discussed in item 5, we noted no direct or indirect company costs were included in the Application.
5. We reviewed supporting documents for the cost of the barge and vapor system claimed on the Application through review of vendor correspondence. All costs, which we reviewed, supporting the Application appear to be from the third party vendor.
6. We discussed with James Weisgerber the extent to which non-allowable costs were excluded from the Application. We determined that the company had properly excluded all non-allowable costs from the Application.

Conclusions

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the certifiable facility costs of \$1,012,000, of which 64 percent is allocable to the control of pollution, should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements of the company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the company taken as a whole.

This report is solely for the State of Oregon Department of Environmental Quality in the evaluating of the company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Boldt, Carlisle & Smith, LLC*

Certified Public Accountants

Salem, Oregon

October 28, 1995



State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Intel Corporation  
Oregon Site  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a semiconductor manufacturing, developing and testing facility in Aloha, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls volatile organic compound (VOC) air contaminants emitted from the FAB4 manufacturing building. The facility includes a wet scrubber tower, delivery systems for scrubber air and water and control instrumentation. VOCs emitted from various semiconductor processes in the FAB4 building are absorbed by the counter current water flow of the wet scrubber, thereby reducing VOC concentrations in the FAB4 building exhaust. The wet scrubber effluent is discharged to a waste water treatment plant.

Claimed Facility Cost: \$519,604

A distinct portion of the claimed facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$1,449 for maintenance and security services that are not a part of the actual cost of the facility.

Ineligible Costs: \$1,449

Adjusted Facility Cost: \$518,155

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is 10 years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on December 1994 and placed into operation on January 1, 1995. The application for final certification was received by the Department on June 22, 1995. The application was found to be complete on October 25, 1995, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 22, rule 104. The Air Contaminant Discharge Permit for this source, 34-2681, item 7 requires the permittee to not exceed the Plant Site Emission Limit of 190 tons of VOCs annually and 8.0 tons of VOCs weekly. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls acetone and the other VOCs (volatile organic compounds) that are emitted from the FAB4 manufacturing building. VOC levels are controlled within the wet scrubber tower by a process of absorption into water. The claimed facility consists of a custom engineered and contractor fabricated wet scrubber system that includes one 35.5-ft high by 4-ft diameter randomly-packed scrubber tower, new ductwork and exhaust fans, liquid piping and pumps, and associated instrumentation. The design flow for air is 6,000-scfm and for water is 150-gpm, with a minimum acetone removal efficiency of 95 percent design and operating requirement. The wet scrubber effluent is discharged to a waste water treatment plant operated by the Unified Sewerage Agency of Washington County.

The applicant claims that approximately 50 tons per year of VOC emissions were eliminated as a direct result of the VOC scrubber installation. Source test results indicate that the acetone removal efficiency of the scrubber is 97.6 to 99.8 percent.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application that there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Wet scrubbers are technically recognized as an acceptable method for controlling the atmospheric emissions of water soluble VOC.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$13,275 annually, which is derived from power, labor and maintenance materials expenses.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

Other than the adjustment to the claimed facility cost referenced in Section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application. The principal purpose of the facility is to control a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Department to control air pollution.
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocated to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$518,155 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4447.

Kevin G. McGillivray  
SJO Consulting Engineers, Inc.

October 26, 1995

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. TC-4447 (the Application) filed with the State of Oregon, Department of Environmental Quality (the DEQ) for the Air Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$519,604. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We inspected vendor invoices which aggregated approximately 72% of the claimed cost of the Facility.
3. We discussed the Application, the Statutes and OAR's with Brian Fields of the DEQ and Dennis Cartier (SJO Consulting Engineers, Inc.) and Charles Bianchi, contractors for the DEQ.
4. We discussed certain components of the Application with John Arand, Sr. Facilities Engineer for the Company.
5. We toured the Facility with Mr. Arand.
6. We requested that Company personnel confirm the following:
  - A. There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - B. The capacity of the Facility is adequate for the Company's present operations and does not include significant capacity for potential future operations.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

- C. All internal labor costs included in the Application related directly to the installation of the Facility, were not related to maintenance and repairs, and approximated actual costs.
- D. Any economic benefits related to improved efficiencies as a result of the Facility would not exceed the related operating costs.

Findings:

- 1. through 5.

No matters came to our attention that caused us to believe that the Application should be adjusted, except for \$1,449 of non-allowable costs identified by SJO Consulting Engineers, Inc. relating to maintenance and security services. As a result, the allowable costs for the Application should be reduced to \$518,155.

- 6. Company personnel confirmed in writing that such assertions were true and correct.

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. TC-4447 with respect to its Air Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 28, 1995

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Quality Trading Co., L.L.C.  
Gerald Mullen, Managing Member  
11325 Ehlen Road  
Aurora, Oregon 97002

The applicant owns and operates grass seed farm operations in Marion, Washington, Clackamas and Yamhill Counties, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Claimed Facility

The facility described in this application is a straw storage/compressing system, located at 11325 Ehlen Road, Aurora, Oregon. The land and the buildings are owned by the applicant.

Claimed facility cost: \$1,631,416 (see Exhibit C)  
(Accountant's Certification was provided.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

The member farmers of Quality Trading Co., L.L.C. have 10,555 acres of perennial grass seed under cultivation. At the peak of the field burning limitation (250,000 acres) the member farmers open field burned approximately 80% (8,440 acres) of their total acreage on an annual basis. Their initial alternative to open field burning included obtaining an outside baling service to remove the bulk straw, then propane flaming and/or stack burning when necessary.

Outside baling services proved to be unreliable in timely removal and storage of straw. Timely removal of straw from harvested grass seed fields is the cornerstone of the farmer members alternatives to open field burning and propane flaming. Further, reliable storage space minimizes the need for stack burning.

Member farmers intend to eliminate all open field burning, propane flaming and stack burning of grass seed straw and this investment is their commitment to bale and remove straw from fields rather than burning it. Prior to purchase, individual member farmers had neither control over or the resources to buy the requisite straw removal system.

4. Procedural Requirements

The facility is governed by ORS 468.150 through 458.190, and by OAR Chapter 340, Division 16. The facility has met all statutory deadlines in that:

5. Evaluation of Application

a. The facility is eligible under ORS 468.150 because the facility is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OR 340-16-025(2)(f)A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility promotes the conversion of a waste product (straw) into a salable commodity by providing the system to store and process the grass seed straw.

2. The estimated annual percent return on the investment in the facility.



The actual adjusted cost of the claimed facility (\$1,422,149) divided by the average annual cash flow (\$91,005) equals a return on investment factor of 0. Using Table 1 of OAR 340-16-030 for a life of 12 years, the annual percent return on investment is 0. Using the annual percent return of 0 and the reference annual percent return of 4.7, 100% is allocable to pollution control.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is an increase in operating cost of \$91,005 to annually maintain and operate the facility. These cost were considered in the return on investment calculation.

5. Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

The Environmental Quality Commission has directed that applications of \$250,000 and grater undergo an accounting review. This was performed by the firm of Bold T, Carlisle and Smith. The review identified costs that were claimed under previously grants tax credit certificates amounting to \$207,600. The claimed cost were further reduced by \$1,677 to account for the potential for the appreciation of land claimed, according to the methodology established by the Department for that purpose.

6. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.

- b. The facility is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined on ORS 468A.005.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility that is properly allocable to pollution control is 100%

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$1,422,149, with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application Number TC-4523.

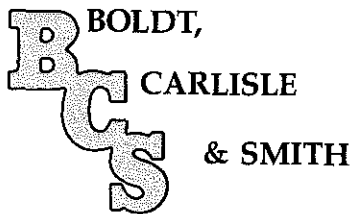
Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

**QUALITY TRADING CO., LLC****EXHIBIT C**

IRS EIN#: 93-1179858

**APPLICATION FOR FINAL CERTIFICATION OF A POLLUTION CONTROL FACILITY**

<u>Item</u>	<u>Amount</u>
<b>Machinery &amp; Equipment</b>	
1984 Hay squeeze (Road Runner)	44,000
1994 Hay squeeze (Road Runner)	131,900
1984 Hyster hay squeeze w/ Manceta hay squeeze	67,400
1968 Yard Goat (International)	5,000
1989 Freightliner	36,600
1989 Freightliner	36,600
1989 Freightliner	36,600
32' tractor trailers	20,500
32' tractor trailers	20,500
32' tractor trailers (Comet)	20,500
32' tractor trailers (Comet)	20,500
1990 bale destacker	36,600
1992 bale destacker	44,000
1994 bale destacker	51,300
1994 3/4 rack	5,900
1992 full rack	5,900
1995 Hyster lift truck (#6000)	32,200
1979 Kamatsu lift truck	5,900
1988 yellow bale compressor	366,300
1994 1000 gallon fuel tank	5,900
1994 1000 gallon fuel tank	5,900
Grapple tractor attachment to handle hay	1,333
Ingersoll Rand air compressor	5,000
Brudi carton clamp	3,000
SG-410 hay wrapper	17,650
Sub total-Machinery & Equipment	<u>1,026,983</u>
<b>Buildings &amp; Improvements:</b>	
208'x 60'x 26' storage w/ cement floor & wood construction	92,100
208'x 60'x 26' storage w/ cement floor & steel construction	109,800
80'x 200'x 20' compressor building w/ cement floor, wood construction, loading dock, utilities	275,000
Service ramp - 60'x 60' cement & 140'x 60' cement plus gravel	75,100
9 cement pads for truck containers	19,100
Sub total-Buildings & Improvements	<u>571,100</u>
<b>Land:</b>	
5 acres @ 11325 Ehlen Rd., Aurora, Oregon	<u>33,333</u>
<b>Total</b>	<u><u>1,631,416</u></u>



CERTIFIED PUBLIC ACCOUNTANTS

2001 FRONT STREET N.E., SUITE D  
SALEM, OR 97303-6651  
(503) 585-7751  
FAX 370-3781

408 NORTH THIRD AVENUE  
STAYTON, OR 97383-1797  
(503) 769-2186  
FAX 769-4312

OREGON DEPARTMENT OF  
ENVIRONMENTAL QUALITY

811 S. W. Sixth Avenue  
Portland, OR 97204-1390

At your request, we have performed agreed-upon procedures with respect to Quality Trading Co., L.L.C. Pollution Tax Control Credit Application No. 4523 regarding the purchase of an existing straw storage/compressing facility. The facility is eligible under ORS 468.150 because the facility is an approved method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. The aggregate costs on the revised application were \$1,631,416. The agreed-upon procedures and our findings are as follows:

1. We read the application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits, section 468.150 through 468.190 (the statutes) and the Oregon Administrative Rules on Pollution Control Tax Credits, section 340-16-005 through 340-16-050 (OAR's).
2. We discussed the application and statutes with Jim Britton of the Oregon Department of Agriculture's smoke management staff and with Charles Bianchi.
3. We discussed the application and statutes with Gerald Mullen, managing member, and David Buck of Aldrich, Kilbride & Tatone. We also visited the facility site to inspect the facility.
4. We inquired as to whether there were any direct or indirect company costs charged to the facility costs claimed in the application. We were informed that no direct or indirect costs were included in the application.

Based on our review of supporting documentation discussed in item no. 5 below, we noted no direct or indirect costs were included in the application.

5. We reviewed supporting documentation for 100 percent of the amount claimed on the application through review of the purchase contract of the facility, closing statements, and the allocation of purchase price agreed upon by the buyer and seller of the facility.

6. We discussed the extent to which non-allowable costs were excluded from the application with David Buck, the CPA who certified the original application, and with Gerald Mullen, managing member of the L.L.C.

With the exception of doing a separate computation, as required by DEQ, for land costs included in the claimed facility costs, we determined that the company had properly excluded all non-allowable costs from the application.

As detailed in the following schedule, we determined, after discussions with Jim Britton and Charles Bianchi, that the cost claimed for certain items contained in the previous owner's Pollution Control Facility Certificate numbers 4254 and 4269 should be excluded from this application and the remaining credit relating to these items on the former certificates be applied to the new owners.

Item	Original Amount Claimed	Ineligible Costs	Revised Cost	Reason
1984 Hyster	\$ 67,400	\$ 67,400	\$ --	Cert. #4269
1966 Yard Goat (Truck)	5,000	5,000	--	Cert. #4269
(2) 32' Comet tractor trailers	41,000	41,000	--	Cert. #4269
Other equipment	<u>913,583</u>	--	<u>913,583</u>	
Subtotal machinery	<u>1,026,983</u>	<u>113,400</u>	<u>913,583</u>	
Service Rd. and concrete pads	75,100	75,100	--	Cert. #4254
9 cement pads	19,100	19,100	--	Cert. #4254
Other buildings	<u>476,900</u>	--	<u>476,900</u>	
Subtotal buildings	<u>571,100</u>	<u>94,200</u>	<u>476,900</u>	
Land	<u>33,333</u>	<u>1,667</u>	<u>31,666</u>	Recomputed (See attached Schedule A)
Total cost	<u>\$ 1,631,416</u>	<u>\$ 209,267</u>	<u>\$ 1,422,149</u>	

Accordingly, the facility costs claimed in the application should have been \$1,422,149 instead of the claimed cost of \$1,631,416. In addition, the applicant should be allowed to receive the remaining tax credit for the above items contained in Certificates 4254 and 4269.

7. We reviewed the calculations contained in Section 5(b)(2) of the State of Oregon Department of Agriculture "Tax Relief Application Review Report" and determined they had been computed correctly, except for including the land cost in this computation.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the application should be adjusted, except for the \$209,267 that were determined to be ineligible due to the previous tax credit certificates and the revision of the land cost computation as noted in item 6 above. Had we performed additional procedures, or had we conducted an audit of the financial statements of the company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the company taken as a whole.

This report is solely for the State of Oregon, Department of Environmental Quality in calculating the company's Pollution Control Tax Credit Application and should not be used for any other purpose.

*Boldt, Carlisle & Smith, LLC*

Certified Public Accountants  
Salem, Oregon  
December 13, 1995

BOLDT, CARLISLE & SMITH, LLC  
 AGREED UPON PROCEDURES REPORT  
 SCHEDULE A

Quality Trading Co., LLC  
 Land Cost Allocation

PROPERTY TAX APPRAISALS: Tax lot 40297-000 T04 R1W S08  
 18 Acres - EFU designation

Year	Appraised Values	Avg Pct Growth
90-91	17,110	
91-92	17,690	
92-93	20,000	
93-94	21,050	
94-95	22,880	6.74%

Value - 5 Acres of Land Claimed on Application

\$33,333

Future Value in 30 years	6.74%	235,880
Transaction Cost in 30 years	10.00%	23,588
1/30th of transaction cost	30	786

RETURN ON INVESTMENT CALCULATIONS

Year	Projected Value	Annual Growth	1.50% Prop Tax	Trans Cost	Net Income
95-96	35,580	2,247	534	786	927
96-97	37,978	2,398	570	786	1,042
97-98	40,537	2,560	608	786	1,166
98-99	43,270	2,732	649	786	1,297
99-00	46,186	2,916	693	786	1,437

Totals	5,869
Average Annual Cash Flow	1,174
Useful life of facility claimed (years)	30
Return on Investment Factor	28.393
Annual Percent ROI (Table 1)	0.25%
Reference Annual Rate (Table 2)	4.70%
Portion of Costs Allocable to Project	95%

Allowable Cost

\$31,666

## Environmental Quality Commission

- Rule Adoption Item
- Action Item
- Information Item

**Agenda Item B**  
December 28, 1995 Meeting

**Title:**

Approval of Tax Credit Applications

**Summary:**

New Applications - Sixteen (16) tax credit applications with a total facility cost of \$1,355,801 are recommended for approval as follows:

2 Air Quality facilities with a total facility cost of:	\$695,539
3 Field Burning related facilities recommended by the Department of Agriculture with a total facility cost of:	\$143,241
1 Reclaimed Plastic facility with a cost of:	\$ 6,950
3 Solid Waste Recycling facilities with a facility cost of:	\$ 28,233
5 Water Quality facilities costing:	\$294,001
2 Water Quality UST facilities with a total facility cost of:	\$187,837

One application with claimed facility costs exceeding \$250,000 is included in this Report. The external accounting review statement is included with the application report.

**NOTES:**

- A) At the request of the applicant, numerous applications submitted by the Portland General Electric Company are being held in abeyance pending the resolution of issues pertaining to claims for indirect costs related to the construction of the facilities.
- B) A recommendation on an application by the Tidewater Barge Lines for the double-hulling of a barge is pending a determination by the office of the Attorney General regarding the eligibility of the facility for tax credit relief under the statutes. Representatives of the applicant firm, the AG's office and the DEQ plan to meet next week to discuss the issues and alternatives.
- C) Because the final report must be in the hands of the Commission by December 20, 1995, please provide your comments by Friday, December 15, 1995.

**Department Recommendation:**

Approve tax credit certificates for 16 applications as presented in Attachment A of the staff report.

Report Author

Division Administrator

Director

December 18, 1995

†Accommodations for disabilities are available upon request by contacting the Public Affairs Office at (503)229-5317(voice)/(503)229-6993(TDD).



State of Oregon  
Department of Environmental Quality

Memorandum<sup>†</sup>

Date: December 28, 1995

To: Environmental Quality Commission  
From: Langdon Marsh, Director  
Subject: Agenda Item B, December 28, 1995 EQC Meeting  
Approval of Tax Credit Applications

**Statement of the Need for Action**

This staff report presents the staff analysis of pollution control facilities tax credit applications and the Department's recommendation for Commission action on these applications. The following is a summary of the applications presented in this report:

**Tax Credit Application Review Reports:**

Application No.	Applicant	Description
TC 4432.	Consolidated Metco, Inc. \$47,635	A Water Pollution Control facility consisting of a natural gas fired Landa wastewater evaporator for the elimination of industrial wastewater.
TC 4478	Sabroso Company \$23,519	A Water Pollution Control facility consisting of a 15hp pump, a 750 gallon storage tank, filters, electrical controls and associated plumbing, which functions to allow the reuse of wastewater and to prevent wastewater discharge to the city sewer.
TC 4480	Sabroso Company \$8,291	A Water Pollution Control facility consisting of three (3) pesticide/fertilizer spill prevention and containment units each consisting of a 10' x 15' concrete pad.

<sup>†</sup>A large print copy of this report is available upon request.

Application No.	Applicant	Description
TC 4487	Arthur and Mary Ann Van Veldhuizen  \$168,986	A Water Pollution Control facility consisting of a two-cell 83 ac-ft earthen storage lagoon, a manure pumping system and a tractor to move the liquid manure sprinkler and drainage system and to power the pumping system.
TC 4498	Willamette Industries, Inc. \$177,384	An Air Pollution Control facility consisting of three (3) Donaldson Day 160 HPW-8 dust collector baghouses and associated equipment.
TC 4509	International Paper  \$45,570	A Water Pollution Control facility consisting of a 260' long 12" diameter wastewater line from the mill's screen room to the firm's effluent treatment facility.
TC 4535	Prince Seed, Inc.  \$114,250/54%	A Field Burning facility consisting of a Hesston 60B Loafer w/ Rear's broom, a Kello Built 18' cover crop disc and a John Deere 4960 200hp tractor.
TC 4539	Don and Laura Christensen \$16,195	A Field Burning facility consisting of a Rear's 15' Fine Flail chopper.
TC 4540	WWDD Partnership  \$6,950	A plastic recycling facility consisting of a used 1985 Fruehauf 48' dry van trailer used for transporting scrap plastic and processed pellets and chips.
TC 4542	Mr./Mrs. Gary Kropf \$12,796	A Field Burning facility consisting of a John Deere 3700, high clearance, 9 bottom plow.
TC 4544	Migco Northwest, Inc.  \$52,114/99%	An Underground Storage Tank (UST) facility consisting of doublewall fiberglass piping, spill containment basins, sumps, automatic shutoff valves and stage I vapor recovery equipment.

Application No.	Applicant	Description
TC 4548	Farrelly & Farrelly LLC  \$135,723/88%	An Underground Storage Tank (UST) facility consisting of three (3) doublewall fiberglass tanks and piping, spill containment basins, a tank gauge system with overflow alarm, turbine leak detectors, sumps, monitoring wells and stage II vapor recovery equipment.
TC 4554	United Disposal Service  \$13,046	A Solid Waste recycling facility consisting of 16 screen front-load containers with lids (model M78SFL) and 4 screen front-load containers without lids for recycling cardboard and six (6) 3-yard roll-dump containers.
TC 4556	United Disposal Service  \$6,415	A Solid Waste Recycling facility consisting of five (5) 1-yard roll-dump containers with casters (model M210), two (2) 2-yard roll-dump containers with casters (model M220) and one (1) 20 yard drop box for recycling scrap material.
TC 4559	United Disposal Service  \$8,772	A Solid Waste Recycling facility consisting of 8 1.5-yard roll-dump containers with casters (model M215), two (2) 4-yard roll-dump containers with casters (model M240) and four (4) pulltarp systems for covering recycling trucks.

Tax Credit Application Review Reports With Facility Costs Over \$250,000 (Accountant Review Reports Attached).

Application No.	Applicant	Description
TC 4447	Intel Corporation  \$518,155	An Air Pollution Control facility consisting of a wet scrubber tower, delivery systems for processing air and water pollutants and control instrumentation.

Memo To: Environmental Quality Commission  
Agenda Item B  
December 28, 1995 Meeting  
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### Background and Discussion of Issues

In September and November of 1993, the Chevron Corporation completed facilities that are being claimed under tax credit applications 4499, 4500 and 4501. The firm submitted applications for these facilities on August 1st of this year, near the end of the two-year time limit for submitting a tax credit application. The Department reviewed the applications and on August 31st requested additional clarifying information from the firm for all three applications. The information was received by the Department on October 5, 1995 but contained inconsistencies in the cost figures that were provided.

The statutes and rules that govern the Program indicate that an application must be submitted within two years of substantial completion of a pollution control facility that is claimed for tax credit relief. The statutes and rules further indicate that an application shall not be considered filed until all requested information is furnished by the applicant. In past discussions pertaining to time constraint issues, the Attorney General's Office has offered the opinion that the two year timeframe for submitting an application could be interpreted to mean that filing must be completed within that timeframe in order for an applicant to meet the submission requirements. Given this possible interpretation of the statutes and rules, the Department advised the applicant to apply for an extension of time to file it's applications to avoid the possibility of an adverse eligibility ruling.

The Department believes that the program is best served by an interpretation of the statutes that would allow the good-faith submission an application to satisfy the two-year requirement. This interpretation would make it unnecessary for the Commission to take any action on the Chevron request and would allow the Department to continue to process the pending applications without prejudice to the applicant.

### Authority to Address the Issue

ORS 468.150 through 468.190 and OAR 340-16-005 through 340-16-050 (Pollution Control Facilities Tax Credit).

ORS 468.925 through 468.965 and OAR 340-17-010 through 340-17-055 (Reclaimed Plastic Product Tax Credit).

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Agenda Item B  
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**Alternatives and Evaluation**

None.

**Summary of Any Prior Public Input Opportunity**

The Department does not solicit public comment on individual tax credit applications during the staff application review process. Opportunity for public comment exists during the Commission meeting when the applications are considered for action.

**Conclusions**

- o The recommendations for action on the attached applications are consistent with statutory provisions and administrative rules related to the pollution control facilities and reclaimed plastic product tax credit programs.

o Proposed December 28, 1995 Pollution Control Tax Credit Totals:

Certificates	Certified Costs*	Certified Allocable Costs**	No.
Air Quality	\$ 695,539	\$695,539	2
CFC	0	0	0
Field Burning	143,241	90,686	3
Noise	0	0	0
Hazardous Waste	0	0	0
Plastics	6,950	6,950	1
SW - Recycling	28,233	28,233	3
SW - Landfill	0	0	0
Water Quality	294,001	294,001	5
UST	<u>187,837</u>	<u>171,029</u>	<u>2</u>
	\$1,355,801	\$1,286,438	16

o Calendar Year Totals Through November 17, 1995:

Certificates	Certified Costs*	Certified Allocable Costs**	No.
Air Quality	\$ 4,229,823	\$ 4,229,823	15
CFC	11,980	9,186	6
Field Burning	2,598,189	2,315,973	32
Noise	388,234	372,565	2
Hazardous Waste	77,083	77,083	1
Plastics	300,581	234,891	7
SW - Recycling	478,962	478,962	4
SW - Landfill	290,496	290,496	2
Water Quality	86,235,600	86,075,539	41
UST	<u>3,484,629</u>	<u>3,239,750</u>	<u>41</u>
	\$98,095,577	\$97,306,268	151

\*These amounts represent the total facility costs. The actual dollars that can be applied as credit is calculated by multiplying the total facility cost by the determined percent allocable and dividing by 2. \*\*These amounts represent the total eligible facility costs that are allocable to pollution control. To calculate the actual dollars that can be applied as credit, the certifiable allocable cost is multiplied by 50 percent.

**Recommendation for Commission Action**

A) The Department recommends that the Commission approve certification for the tax credit applications as presented in Attachment A of the Department Staff Report.

B) The Department recommends that the Commission take no action on the request for an extension to file by the Chevron Corporation for tax credit applications 4499, 4500 and 4501. An interpretation of the statutes and rules governing the program to allow for the good-faith submission of an application to meet the two-year submission/filing requirement will allow the Department to continue to process these applications without prejudice to the applicant.

**Intended Follow-up Actions**

Notify applicants of Environmental Quality Commission actions.

**Attachments**

- A. Pollution Control Tax Credit Application Review Reports.

**Reference Documents (available upon request)**

1. ORS 468.150 through 468.190.
2. OAR 340-16-005 through 340-16-050.
3. ORS 468.925 through 468.965.
4. OAR 340-17-010 through 340-17-055.

Approved:

Section: \_\_\_\_\_

Division: \_\_\_\_\_

Report Prepared By: Charles Bianchi

Phone: 229-6149

Date Prepared: December 14, 1995

Charles Bianchi  
DECEQC

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Consolidated Metco, Inc.  
13940 N. Rivergate Blvd  
Portland OR 97203

The applicant owns and operates an aluminum casting manufacturing facility at 10448 Highway 212 in Clackamas, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The facility consists of a natural gas fired Landa Wastewater Evaporator, Serial No. WO395-5087, Model #WB-50, rated at fifty gallons per hour and associated plumbing system.

Claimed Facility Cost: \$47,635  
(Accountant's Certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed in April 1, 1995 and the application for certification was found to be complete on June 8, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by Clackamas County Service District #1 to reduce water pollution. This reduction is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.

Prior to the construction of the claimed facility Consolidated Metco, Inc. (ConMetCo) had a Wastewater Discharge Permit (permit) issued by the Clackamas County Service District #1 to discharge industrial wastewater to the sanitary sewer. Clackamas County Service District #1 is required by the Department to



implement a pretreatment program for industrial dischargers to its sewer system. The permit specified limits for the wastewater discharge which include phenol, zinc, and oil and grease. However, ConMetCo had problems meeting its permit limits.

ConMetCo decided to install a closed loop system to treat their wastewater and discontinue their discharge to the sanitary sewer. Industrial wastewater is eliminated by evaporation. This facility is Phase II of the applicant's wastewater treatment system. It doubles the site capacity for treating industrial wastewater and eliminates the need for offsite treatment/disposal of current and projected wastewater generated on site.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no return on investment for this facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Alternative methods evaluated were chemical treatment and ultrafiltration. Both processes were labor intensive and not cost effective. The cost of chemical treatment is estimated at \$75,000 to \$100,000. The cost of the ultrafiltration system is estimated at \$90,000.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$3,600 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Clackamas County Service District #1 to reduce water pollution. Clackamas County Service District #1 is required by the Department to implement a pretreatment program for industrial users of the sanitary sewer. The reduction of water pollution is accomplish by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$47,635 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4432.

Elliot J. Zais  
(503) 229-5292  
November 29, 1995

CMI4432A

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sabroso Company  
690 S. Grape Street  
Medford, OR 97501

The applicant owns and operates a fruit processing plant in Medford, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The facility consists of a 15 Hp pump, a 750 gallon storage tank, filters, electrical controls and associated plumbing system.

Claimed Facility Cost: \$23,519  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on June 29, 1995 and the application for certification was found to be complete on July 13, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the sole purpose of the facility is to reduce a substantial quantity of water pollution. This reduction is accomplished by the use of treatment works for industrial waste as defined in ORS 468B.005.

One of the processes of fruit concentrate manufacturing is the removal of water by heat and vacuum. Air ejectors are used to create this vacuum. Air ejectors create a vacuum by placing steam into a vessel and

aspirating fresh water into the vessel. The vacuum is created by a combination of the aspiration effect and the condensing stream. The water and condensed stream had previously been discharged into the city sewer.

The collection and filtration system allows the reuse of the wastewater and condensed water as fruit washwater. This reduces the amount of wastewater discharged to the city sewer by about 100,000 gallons per day.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

Wastewater generated from the ejectors are collected and reuse as fruit washwater. This resulted to a decrease of fresh water usage of 100,000 gallons per day. This is equivalent to an operational cost savings of \$95 per day or \$15,865 per year.

- 2) The estimated annual percent return on the investment in the facility

The percent return on investment for this facility is 0.50%, which would result in a percentage factor that is allocable to pollution control of 89%. However, under the revised statutes facility claims that do not exceed \$50,000 are exempt from the customary return on investment methodology if they are used 100% of the time for pollution control purposes.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not consider other alternatives; however, this is an acceptable cost-effective approach to wastewater pollution control.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The installation of the facility resulted to a savings of fresh water usage of about 100,000 gallons per day and also a decrease of wastewater discharge to the City of Medford sanitary sewer.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to reduce a substantial quantity of water pollution and accomplishes this purpose by use of treatment works for industrial waste as defined in ORS 468B.005.
- c. The facility complies with DEQ statutes and rules.
- d. Then portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$23,519 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4478.

Jonathan Gasik:  
(503) 776-6010 x 230  
October 17, 1995

WQTCSR-1/95

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sabroso Company  
P.O. Box 129  
Medford, OR 97501

The applicant leases and operates three pear orchards in Medford, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The claimed facilities are three pesticide and fertilizer loading and mixing spill prevention and containment facilities, one at each pear orchard. The containment facilities consist of 10' x 15' concrete pads which are sloped to a containment sump in the center.

Claimed Facility Cost: \$8,291  
(Accountant's Certification was provided).

3. Procedural Requirements

The facilities are governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facilities meet the statutory deadline in that construction of the facilities were substantially completed on June 30, 1995 and the application for certification was found to be complete on July 13, 1995, within 2 years of substantial completion of the facilities.

4. Evaluation of Application

- a. The facilities are eligible because the sole purpose of the claimed facilities are to control substantial quantities of water pollution. This control is accomplished by redesign to eliminate industrial waste as defined in ORSB.005.

Prior to the installation of the claimed facility pesticides were being mixed on bare ground with extreme precaution of not spilling any of the material.

With the installation of the facility any accidentally spilled material will be collected in the sump and disposed of properly. Spills would be contained in the sump until the materials could be pumped to a container for proper disposal.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facilities are used to recover and convert waste products into a salable or usable commodity.

The facilities do not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facilities.

There is no return on this investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facilities.

There are no savings or increases in operational costs as a result of the facilities modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facilities were constructed in accordance with all regulatory deadlines.
- b. The facilities are eligible for tax credit certification because the sole purpose of the facilities are to prevent water pollution and the prevention is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facilities comply with DEQ statutes and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$8,291 with 100% allocated to pollution control, be issued for the facilities claimed in Tax Credit Application No. T-4480.

Jonathan Gasik  
(503) 776-6010 x 230  
10/12/95

WQTCSR-1/95



State of Oregon  
Department of Environmental Quality  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Arthur and Mary Ann Van Veldhuizen  
Double V Dairy  
4481 Hennies Rd. S.E.  
Turner, OR 97392

The applicants owns and operates an dairy located at 4481 Hennies Rd. S.E., Turner, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

The water pollution control facility consists of a two-cell 83 ac-ft earthen storage lagoon, an appurtenant liquid manure pumping system and a 1979 John Deere Model 4440 130 hp tractor costing \$25,950, which is used exclusively to move a travelling liquid manure sprinkler and related drainage system equipment and as the power source for the wastewater irrigation pump and agitator.

Claimed Facility Cost: \$168,986  
(Accountant's certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on June 1, 1995, and the application for certification was found to be complete on August 7, 1995, within two years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution. The requirement is to comply with a Department order. This prevention is accomplished by the use of treatment works for industrial waste as defined in ORS 468B.005.

Prior to the construction of the claimed facility, liquid manure was stored in a 100,000 gallon underground tank. Due to inadequate capacity the storage had to be pumped on a daily basis regardless of weather conditions. Liquid manure and contaminated runoff would discharge to nearby creeks.

Under a Stipulated and Final Order (SFO) No. WQAW-WVR-93-089A, the applicant was required to install a water control facility and implement a waste management plan.

Since the installation of the facility uncontrolled discharges to the creeks has been eliminated. Stored liquid manure is disposed of only during dry weather conditions.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated.

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on investment in the facility.

There is no income from this facility and therefore no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There are no known alternatives.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is \$18,740 annually.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the

facility properly allocable to the prevention, control and reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with the regulatory deadline.
- b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent water pollution and accomplishes this purpose by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with Commission orders.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$168,986 with 100% allocated to pollution control be issued for the facility claimed in Tax Credit Application No. T-4487.

Tom Fisher  
(503) 378-8240, ext. 236  
November 16, 1995

dvd4487a

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Willamette Industries, Inc.  
1300 SW Fifth Avenue  
3800 First Interstate Tower  
Portland, OR 97201

The applicant owns and operates a plant that produces various dimensions and grades of lumber and plywood.

Application was made for tax credit for an air pollution control facility installed at the applicant's plant located in Dallas, Polk County, Oregon. The Dallas division processes raw logs into a variety of building materials. Processes include debarking, sawing, lumber drying, planing, veneer lathing and drying, plywood layup and finishing, and steam generation.

2. Description of Facility

The claimed facility removes particulate matter from the veneer dry end of the Dallas division. The claimed facility cost in this application consists of cost of three Donaldson Day 160 HPW-8 dust collector baghouses, and the costs for associated equipment consisting of fans, motors, ducting, structural supports, and foundations.

Claimed Facility Cost: \$177,384.00

Accountant's Certification was provided.

The useful life of the facility is ten years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Installation of the facility was substantially completed on December 31, 1992 and placed into operation on December 31, 1992. On December 27, 1994, within two years of substantial completion of construction of the facility, the applicant submitted a request for an extension for submitting the tax credit application which the Commission granted. The application for final certification was received by the Department on July 28, 1995 and was found to be complete on October 19, 1995.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. The Air Contaminant Discharge Permit for this source, Permit No. 27-0177, condition 2 and 3 require the applicant to limit the emissions of particulate matter to the atmosphere. This is in accordance with Oregon Administrative Rules Chapter 340, Division 21, rule 15 and 30. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility consists of three Donaldson Day 160 HPW-8 dust collector baghouses, ductwork, foundation, fire protection equipment, and support equipment. The facility controls the emissions to the atmosphere of particulate from the applicants pneumatic wood waste transport equipment.

Prior to the installation of the baghouses, a series of seven older model cyclones were utilized as to collect particulate from the applicants pneumatic transport system. The cyclones vented exhaust uncontrolled to the atmosphere. Presently, a series of three high efficiency cyclones are utilized for collection using a draw through type air movement. Exhaust air from the primary fans for each cyclone is vented through the baghouses. The exhaust then passes through the filter material of the baghouse, which removes the particulate, and then emitted to the atmosphere. Waste wood recovered from the baghouses is burned in the applicants hogged fuel boilers.

b. Eligible Cost Findings

In determining the percentage of the certified facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The material recovered in the baghouse is used for fuel in the applicants hogged fuel boiler..

- 2) The estimated annual percent return on the investment in the facility.

Although the applicant did not estimate the value of the recovered wood waste collected in the baghouse it would not be physically possible for it to exceed the operating costs., so there is no return on investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Baghouses are recognized to be a technically acceptable method for controlling the emissions of particulate to the atmosphere.

- 4) Related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant estimated the annual operating expenses for the baghouses are \$41,120

- 5) Other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to reduction of air pollution. The principal purpose of the claimed facility is to prevent air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The portion of the facility cost that is properly allocable to pollution control is 100%.
- c. The facility complies with the Department statutes and rules, and permit conditions.
- d. The facility was eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Department to control air pollution.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$177,384 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4498.

Anurag Gupta : PRC Environmental Management, Inc.  
November 2, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

International Paper  
Gardiner Paper Mill  
P.O. Box 854  
Gardiner, Oregon 97441

The applicant owns and operates a linerboard mill in Gardiner, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

Facility consists of a 260 foot, 12 inch diameter wastewater line from the Screen Room to the mill effluent treatment facility.

Claimed Facility Cost: \$45,570  
(Accountant's Certification was provided).

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met the statutory deadline in that installation of the facility was substantially completed on October 23, 1993 and the application for certification was found to be complete on August 7, 1995, within 2 years of substantial completion of the facility.

4. Evaluation of Application

- a. The facility is eligible because the sole purpose of the facility is to prevent a substantial quantity of water pollution. This prevention is accomplished by redesign to eliminate industrial waste as defined in ORS 468B.005.

Plant operations cause numerous small releases of wood chips, wood pulp, and wood liquor. These releases contaminate the rainwater and the runoff can cause surface water pollution if released. A new sewer line was installed south of the Screen Room which diverts



this contaminated surface water into the mill effluent treatment system and prevents the unauthorized release of contaminated surface water.

The facility has generally been in compliance with permit conditions and state regulations. There are no outstanding enforcement actions with regard to this mill.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no return on the investment in the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The company investigated two other alternatives. The first was repaving the area to slope it to the existing drain. This alternative was not further considered because the area would have to be elevated and this would have negatively impacted the drainage of a much larger area.

The second alternative was installation of a sump and a pump. This option was discarded due to the continued problems the mill has encountered with the other sumps at the mill, such as high maintenance cost and tendency toward failure.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings or increases in costs as a result of the facility modification.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to prevent a substantial quantity of water pollution and accomplishes this purpose by redesign to eliminate industrial waste as defined in ORS 468B.005.
- c. The facility complies with permit conditions and DEQ statues and rules.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$45,570 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. T-4509.

Jonathan Gasik  
(503) 776-6010 x 230  
10/12/95

WQTCSR-1/95

State of Oregon  
Department of Agriculture  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Prince Seed, Inc.  
Ron DeConinck, President  
6381 DeConinck Road NE  
Woodburn, Oregon 97071

The applicant owns and operates a grass seed farm operation in Marion County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is located at 6381 DeConinck Road NE, Woodburn, Oregon. The equipment is owned by the applicant.

Hesston 60B Loafer w/ Rears broom	\$13,000
Kello Built 18' cover crop disc	23,300
John Deere 4960 200hp tractor	77,950

Claimed equipment cost: \$114,250  
(Accountant's Certification was provided.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

The applicant has approximately 700 acres of perennial grass seed under cultivation. Prior to experimenting with alternatives to thermal sanitation, the applicant open field burned or propane flamed as many acres as the smoke management program and weather permitted.

Before purchasing this pollution control equipment, the applicant dealt with straw removal as an alternative by obtaining outside baling services but found that to be unreliable in timely removal and storage of the straw.

The applicant now sweeps/vacuums straw off approximately 180 acres annually, bales off 260 acres annually, while working straw into the ground on the remaining 260 acres each year. The applicant's expressed intent is to eliminate open field burning, propane flaming, and stack/pile burning on the 700 acres.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on August 15, 1995. The application was submitted on October 10, 1995; and the application for final certification was found to be complete on October 20, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application

- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is an increase in operating costs of \$1,833 to annually maintain and operate the equipment. These costs were considered in the return on investment calculation.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

The established average annual operating hours for tractors is set at 450 hours. To obtain a total percent allocable, the annual operating hours per implement used in reducing acreage open field burned is as follows:

<u>Implement</u>	<u>Acres Worked</u>	<u>Machinery Capacity</u>	<u>Annual Operating Hours</u>
Cover Crop Disc	780 (260x3)	7 acs/hr	111
Loafer w/broom	180	5 acs/hr	36
Total Annual Operating Hours			147

The total annual operating hours of 147 divided by the average annual operating hours of 450 produces a percent allocable of 33%.

<u>Equipment</u>	<u>Claimed Cost</u>	<u>Percent Allocable</u>	<u>Cost Allocable</u>
Hesston Loafer	\$ 13,000	100%	\$13,000
Kello Built disc	\$ 23,300	100%	\$23,300
John Deere Tractor	\$ 77,950	33%	\$25,724
Total	\$114,250	54%	\$62,024

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 54%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 54%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$114,250, with 54% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4535.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB:rc  
November 29, 1995

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Don and Laura Christensen  
17215 SW Christensen Road  
McMinville, Oregon 97128

The applicant owns and operates a grass seed farm operation in Yamhill County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is a Rear's 15' Fine Flail Chopper, located at 17215 SW Chistensen Road, McMinville, Oregon. The equipment is owned by the applicant.

Claimed equipment cost: \$16,195  
(The applicant provided copies of the invoice and cancelled check.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

In any given year, the applicants have 1,300 to 1,500 acres of perennial grass seed under cultivation. As an alternative to open field burning the applicants have engaged custom balers to remove the straw from the fields and have provided the storage facilities to protect the straw from inclement weather.

The applicants have found custom balers are unreliable in removing straw from all their acreage in weak straw market years or when the straw is weather damaged while in the field in windrows. The applicants immediate remedy was round baling the unwanted straw and stack burning.

To avoid stack burning, the applicant purchased the fine point flail chopper to fragment the straw in the fields to accommodate faster decomposition.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on June 30, 1995. The application was submitted on October 12, 1995; and the application for final certification was found to be complete on October 20, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application

- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is an increase in operating costs of \$10,000 to annually maintain and operate the equipment. These costs were considered in the return on investment calculation.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.



There are no other factors to consider in establishing the actual cost of the equipment properly allocable to prevention, control or reduction of air pollution.

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 100%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 100%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$16,195, with 100% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4539.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB/rc  
October 20, 1995

Application No. TC-4540  
State of Oregon  
Department of Environmental Quality

RECLAIMED PLASTIC TAX CREDIT  
TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

WWDD Partnership  
230 N.W. 10th  
Portland, OR 97209

The applicant is a company that specializes in recycling scrap plastic and processing discarded, obsolete, or other scrap plastic into pellets or chips that can be used by plastic manufacturers to make new items from the recycled plastic.

Application was made for Reclaimed Plastic Tax Credit.

2. Description of Equipment, Machinery or Personal Property

The claimed equipment consisting of a used 1985 Fruehauf 48' dry van trailer, VIN 1H4V04823FJ021705, to be used to transport scrap plastic and processed pellets and chips.

The claimed facility investment costs: \$6,950

Copies of a purchase order and cancelled checks were provided to document the cost of the investment.

3. Procedural Requirements

The investment is governed by ORS 468.451 through 468.491, and by OAR Chapter 340, Division 17.

The investment met all statutory deadlines in that:

- a. The request for preliminary certification was received on October 13, 1995. The request for preliminary certification was approved and the 30 day waiting period was waived on October 24, 1995
- b. The investment was made on October 24, 1995.
- d. The request for final certification was submitted on November 3, 1995 and was filed complete on December 8, 1995.

4. Evaluation of Application

- a. The investment is eligible because the equipment is necessary to process reclaimed plastic.

b. **Allocable Cost Findings**

In determining the portion of the investment costs properly allocable to reclaiming and recycling plastic material, the following factors from ORS 468.486 have been considered and analyzed as indicated:

- 1) The extent to which the claimed collection, transportation, processing or manufacturing process is used to convert reclaimed plastic into a salable or usable commodity.

The claimed facility is used 100% of the time to transport scrap plastic for processing or to transport processed plastic to manufacturers that reclaim the plastic to make salable and usable commodities.

- 2) Any other factors which are relevant in establishing the portion of the actual cost of the investment properly allocable to the collection, transportation or processing of reclaimed plastic or to the manufacture of a reclaimed plastic product.

No other factors were considered relevant.

The actual cost of the investment properly allocable to processing reclaimed plastic as determined by using these factors is 100%.

5. **Summation**

- a. The investment was made in accordance with all regulatory deadlines.
- b. The investment is eligible for final tax credit certification in that the equipment is necessary to manufacture a reclaimed plastic product.
- c. The qualifying business complies with DEQ statutes and rules.
- d. The portion of the investment cost that is properly allocable to reclaiming and recycling plastic is 100%.

6. **Director's Recommendation**

Based upon these findings, it is recommended that a Reclaimed Plastic Tax Credit Certificate bearing the cost of \$6,950 with 100% allocated to reclaiming plastic material, be issued for the investment claimed in Tax Credit Application No. TC-4540.

State of Oregon  
Department of Agriculture

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Mr. And Mrs. Gary J. Kropf  
30650 Wyatt Drive  
Harrisburg, Oregon 97446

The applicant owns and operates a grass seed farm operation in Linn County, Oregon.

Application was made for tax credit for air pollution control equipment.

2. Description of Claimed Facility

The equipment described in this application is a John Deere 3700, high clearance, 9 bottom plow, located at 30650 Wyatt Drive, Harrisburg, Oregon. The equipment is owned by the applicant.

Claimed equipment cost: \$12,796  
(The applicant provided copies of the invoices.)

3. Description of Farm Operation Plan to Reduce Open Field Burning.

The applicant has 249 perennial acres and 786 annual acres of grass seed under cultivation. Until recent years, the applicant open field burned as many acres as the smoke management program and weather permitted. The applicant has been experimenting with alternatives to open field burning such as propane flaming, baling, plowing, flail chopping and composting.

The plow was purchased to elevate full straw load plow-down as an alternative to open field burning and propane flaming from the experimental level to an annual farm practice. The high clearance is required on acreage with two tons or more of straw per acre and to expand the plow-down program.

4. Procedural Requirements

The equipment is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16. The equipment has met all statutory deadlines in that:

Purchase of the equipment was substantially completed on September 21, 1995. The application was submitted on October 16, 1995; and the application for final certification was found to be complete on October 25, 1995. The application was filed within two years of substantial completion of the equipment.

5. Evaluation of Application

- a. The equipment is eligible under ORS 468.150 because the equipment is an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution. This reduction is accomplished by reduction of air contaminants, defined in ORS 468A.005; by reducing the maximum acreage to be open burned in the Willamette Valley as required in OAR 340-26-013; and, the facility's qualification as a "pollution control facility", defined in OAR 340-16-025(2)(f) A): "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning."

b. Eligible Cost Findings

In determining the percent of the pollution control equipment cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1. The extent to which the equipment is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2. The estimated annual percent return on the investment in the equipment.

There is no annual percent return on the investment as applicant claims no gross annual income.

3. The alternative methods, equipment and costs for achieving the same pollution control objective.

The method chosen is an accepted method for reduction of air pollution. The method is one of the least costly, most effective methods of reducing air pollution.

4. Any related savings or increase in costs which occur or may occur as a result of the purchase of the equipment.

There is no savings or increase in costs as a result of the equipment.

5. Any other factors which are relevant in establishing the portion of the actual cost of the equipment properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the equipment properly allocable to prevention, control or reduction of air pollution.

The actual cost of the equipment properly allocable to pollution control as determined by using these factors is 100%.

6. Summation

- a. The equipment was constructed in accordance with all regulatory deadlines.
- b. The equipment is eligible under ORS 468.150 as an approved alternative method for field sanitation and straw utilization and disposal that reduces a substantial quantity of air pollution as defined in ORS 468A.005
- c. The equipment complies with DEQ statutes and rules.
- d. The portion of the equipment that is properly allocable to pollution control is 100%.

7. The Department of Agriculture's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$12,796, with 100% allocated to pollution control, be issued for the equipment claimed in Tax Credit Application Number TC-4542.

Jim Britton, Manager  
Smoke Management Program  
Natural Resources Division  
Oregon Department of Agriculture  
(503) 986-4701  
FAX: (503) 986-4730

JB/rc  
October 23, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Migco Northwest, Inc.  
52023 Columbia River Highway  
Scappoose, OR 97056

The applicant owns and operates a retail gas station and convenience store at 52023 Columbia River Hwy, Scappoose, OR 97056, Facility ID No. 9092.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included air quality Stage I vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of doublewall fiberglass piping, spill containment basins, sumps, automatic shutoff valves and stage I vapor recovery equipment.

Claimed facility cost \$52,114  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 14, 1994 and placed into operation on December 14, 1994. The application for certification was submitted to the Department on October 25, 1995, and was considered to be complete and filed on November 13, 1995, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility had no corrosion protection on its product piping, and only partial spill and overfill prevention. To comply with Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps, and automatic shutoff valves.

In addition, the following was installed to reduce air quality emissions.

- 1) For VOC reduction - Stage I vapor recovery equipment.

Based on information currently available, the applicant is in compliance with DEQ permitting requirements in that the tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$52,114) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

- b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:



- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
<u>Corrosion Protection:</u>			
Doublewall fiberglass product piping	\$7,050	92% (1)	\$6,486
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	6,081	100	6,081
Sumps	2,789	100	2,789
Automatic shutoff valves	1,155	100	1,155
<u>VOC Reduction:</u>			
Stage I vapor recovery	330	100	330
Labor and materials	34,709	100	34,709
Total	\$52,114	99%	\$51,550

- (1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$7,050 and the bare steel system is \$571, the resulting portion of the eligible piping cost allocable to pollution control is 92%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements according to signed statements made by the installation service provider and/or owner.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This

is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

- c. The facility complies with DEQ statutes and rules in that the appropriate compliance documents relating to the project have been submitted.
- d. The portion of the facility cost that is properly allocable to pollution control is 99%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$52,114 with 99% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4544.

Barbara J. Anderson

(503) 229-5870

November 13, 1995

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Farrelly & Farrelly LLC  
Donald J. & Douglas B. Farrelly  
7220 SE Alder  
Portland, OR 97215

The applicant owns and operates a retail gas station at 9085 SW Beaverton-Hillsdale Hwy, Portland, OR 97225, Facility ID No. 7543.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included air quality Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of three doublewall fiberglass tanks and piping, spill containment basins, tank gauge system with overflow alarm, turbine leak detectors, sumps, monitoring wells and stage II vapor recovery equipment.

Claimed facility cost \$135,723  
(Accountant's certification was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on November 22, 1994 and placed into operation on November 22, 1994. The application for certification was submitted to the Department on October 31, 1995, and was considered to be complete and filed on November 13, 1995, within two years of the completion date of the project.

4. Evaluation of Application

- a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases into soil, water or air. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To comply with Underground Storage Tank requirements under OAR 340-Division 150, the applicant installed:

- 1) For corrosion protection - Doublewall fiberglass tanks piping.
- 2) For spill and overfill prevention - Spill containment basins, sumps, and an overfill alarm.
- 3) For leak detection - Tank gauge system, turbine leak detectors and monitoring wells.

In addition, the following was installed to reduce air quality emissions.

- 1) For VOC reduction - Stage II vapor recovery equipment.

Based on information currently available, the applicant is in compliance with DEQ permitting requirements in that the tanks are permitted and fee payments are current.

The Department concludes that the costs claimed by the applicant (\$135,723) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

- b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate that alternatives were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control of reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table:

	Eligible Facility Cost	Percent Allocable	Amount Allocable
	_____	_____	_____
<u>Corrosion Protection:</u>			
Doublewall fiberglass tanks and piping	\$35,598	57% (1)	\$20,291
<u>Spill &amp; Overfill Prevention:</u>			
Spill containment basins	1,204	100	1,204
Sumps	3,343	100	3,343
<u>Leak Detection:</u>			
Tank gauge system w/alarm	6,707	90 (2)	6,036
Turbine leak detectors	1,966	100	1,966
Monitoring wells	552	100	552
<u>VOC Reduction:</u>			
Stage II vapor recovery (incl. 10 hoses and nozzles on 5 dispensers)	4,517	100	4,517
Labor and materials	81,836	100	81,836
	_____	_____	_____
Total	\$135,723	88%	\$119,745

- (1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is \$35,598 and the bare steel system is \$15,356, the resulting portion of the eligible tank and piping cost allocable to pollution control is 57%.
- (2) The applicant's cost for a tank gauge system is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

- a. The facility was constructed in accordance with all regulatory requirements according to signed statements made by the installation service provider and/or owner.
- b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil, water or air. This is accomplished by preventing releases in soil, water or air. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."
- c. The facility complies with DEQ statutes and rules in that the appropriate compliance documents relating to the project have been submitted.
- d. The portion of the facility cost that is properly allocable to pollution control is 88%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$135,723 with 88% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4548.

Barbara J. Anderson  
(503) 229-5870  
November 13, 1995



**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

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1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

16 screen front-load containers with lids (model M78SFL) for recycling cardboard.  
4 screen front-load containers without lids (model M78SFL) for recycling cardboard.  
6 3-yard roll-dump containers.

These containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as cardboard and scrap metal. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$13,046.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 11/30/1993.
- b. The facility was placed into operation on 12/10/1993.
- c. The application for tax credit was filed with the Department on 11/17/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

- a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The screen front-load containers are used to collect cardboard and other recyclable material from United Disposal's customers, and to load the material on a collection truck. The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. In both cases, United Disposal then transports the recyclable material to other recyclers, and the material is eventually turned into new products such as cardboard boxes or steel fence posts.

b. **Eligible Cost Findings**

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The containers and roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The containers and roll-dumps are used 100% of the time for the collection and storage of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. **Summation**

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. **Director's Recommendation**

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$13,046 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4554.

**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

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1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

5 1-yard roll-dump containers for recycling with casters (model M210)  
2 2-yard roll-dump containers for recycling with casters (model M220)  
1 20-yard drop box, serial #6930, with 16-foot one-piece domed crank up lid for recycling

These containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as scrap metal. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$6,415.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 3/1/1994.
- b. The facility was placed into operation on 4/10 (part) and 4/30/1994.
- c. The application for tax credit was filed with the Department on 11/24/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material-recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. The drop box is used to transport recyclable material from the customer to United Disposal's facilities or to a commercial recycling operation. The material is eventually turned into new products such as steel fence posts.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities. The drop box is used to collect, store, and transport the same type of material for the same purpose.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The roll-dumps and drop box are used 100% of the time for the collection, storage, and transportation of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$6,415 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4556.

**STATE OF OREGON**  
**Department of Environmental Quality**

**TAX RELIEF APPLICATION REVIEW REPORT**

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1. **Applicant**

United Disposal Service  
2215 N. Front Street  
Woodburn, OR 97071

United Disposal Service provides garbage and recycling collection services to households and businesses in parts of Marion, Clackamas, and Washington Counties.

2. **Description of Facility**

8 1.5-yard roll-dump containers for recycling with casters (model M215)  
2 4-yard roll-dump containers for recycling with casters (model M240)  
4 special pulltarp systems, with protective supports, for covering United Disposal's recycling trucks

The roll-dump containers are provided to customers of United Disposal to be used for holding and collecting recyclable material such as scrap metal. The pull-tarp systems are used to keep recyclable material from blowing off recycling trucks. Copies of cancelled checks and invoices were provided to document the cost of the investment.

Total cost claimed is \$8,772.

3. **Procedural Requirements**

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

- a. Installation of the facility was started in 3/15/1994.
- b. The facility was placed into operation on 4/30/1994 (pulltarps) and 5/15/1994 (roll-dumps).
- c. The application for tax credit was filed with the Department on 11/24/1995, within two years of substantial completion of the facility.

4. **Evaluation of Application**

- a. The sole purpose of the facility is to prevent or reduce a substantial amount of solid waste. This prevention or reduction uses a material recovery process which obtains useful material from material that would otherwise be solid waste, pursuant to Oregon Administrative Rule 340-16-025(1)(b) and (2)(d). The roll-dump containers are used by United Disposal's customers to collect materials such as scrap metal on-site. The pulltarps are used to prevent recyclable material from blowing off United Disposal's recycling trucks during transportation. The material collected is eventually turned into new products such as steel fence posts and rebar (for scrap steel), or various paper or plastic products, depending on the material collected by the customer.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The roll-dumps are used to collect and store recyclable material that is eventually converted into usable commodities. The pulltarps are used to help transport the recyclable material for the same purpose.

- 2) For facilities that cost less than \$50,000, the ratio of the time that the facility is used for prevention, control or reduction of air, water, or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil bears to the entire time the facility is used for any purpose.

The roll-dumps and pulltarps are used 100% of the time for the collection, storage, and transportation of recyclable material.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for tax credit certification in that the sole purpose of the facility is to collect and store recyclable material that will later be converted through a material-recovery process into a salable or usable commodity
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon the findings, it is recommended that a Pollution Control Facility certificate bearing the cost of \$8,772 with 100% allocable to pollution control be issued for the facility claimed in Tax Credit Application TC-4559.

State of Oregon  
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Intel Corporation  
Oregon Site  
3065 Bowers Avenue  
Santa Clara, CA 95051

The applicant owns and operates a semiconductor manufacturing, developing and testing facility in Aloha, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility controls volatile organic compound (VOC) air contaminants emitted from the FAB4 manufacturing building. The facility includes a wet scrubber tower, delivery systems for scrubber air and water and control instrumentation. VOCs emitted from various semiconductor processes in the FAB4 building are absorbed by the counter current water flow of the wet scrubber, thereby reducing VOC concentrations in the FAB4 building exhaust. The wet scrubber effluent is discharged to a waste water treatment plant.

Claimed Facility Cost: \$519,604

A distinct portion of the claimed facility makes an insignificant contribution to the principal purpose of pollution control. The applicant claimed \$1,449 for maintenance and security services that are not a part of the actual cost of the facility.

Ineligible Costs: \$1,449

Adjusted Facility Cost: \$518,155

Accountant's Certification was provided.

The applicant indicated the useful life of the facility is 10 years.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on December 1994 and placed into operation on January 1, 1995. The application for final certification was received by the Department on June 22, 1995. The application was found to be complete on October 25, 1995, within two years of substantial completion of the facility.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with OAR Chapter 340, Division 22, rule 104. The Air Contaminant Discharge Permit for this source, 34-2681, item 7 requires the permittee to not exceed the Plant Site Emission Limit of 190 tons of VOCs annually and 8.0 tons of VOCs weekly. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility controls acetone and the other VOCs (volatile organic compounds) that are emitted from the FAB4 manufacturing building. VOC levels are controlled within the wet scrubber tower by a process of absorption into water. The claimed facility consists of a custom engineered and contractor fabricated wet scrubber system that includes one 35.5-ft high by 4-ft diameter randomly-packed scrubber tower, new ductwork and exhaust fans, liquid piping and pumps, and associated instrumentation. The design flow for air is 6,000-scfm and for water is 150-gpm, with a minimum acetone removal efficiency of 95 percent design and operating requirement. The wet scrubber effluent is discharged to a waste water treatment plant operated by the Unified Sewerage Agency of Washington County.

The applicant claims that approximately 50 tons per year of VOC emissions were eliminated as a direct result of the VOC scrubber installation. Source test results indicate that the acetone removal efficiency of the scrubber is 97.6 to 99.8 percent.



b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

- 1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

- 2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application that there is no income or savings from the facility, so there is no return on the investment.

- 3) The alternative methods, equipment and costs for achieving the same pollution control objective.

Wet scrubbers are technically recognized as an acceptable method for controlling the atmospheric emissions of water soluble VOC.

- 4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There is no savings from the facility. The cost of maintaining and operating the facility is \$13,275 annually, which is derived from power, labor and maintenance materials expenses.

- 5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

Other than the adjustment to the claimed facility cost referenced in Section 2, the cost allocation review of this application has identified no issues to be resolved and confirms the cost allocation as submitted in the application. The principal purpose of the facility is to control a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using this factor or these factors is 100%.

5. Summation

- a. The facility was constructed in accordance with all regulatory deadlines.
- b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Department to control air pollution.
- c. The facility complies with DEQ statutes and permit conditions.
- d. The portion of the facility cost that is properly allocated to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of \$518,155 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-4447.

Kevin G. McGillivray  
SJO Consulting Engineers, Inc.

October 26, 1995

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission  
811 S.W. Sixth Avenue  
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Intel Corporation's (the Company's) Pollution Control Tax Credit Application No. TC-4447 (the Application) filed with the State of Oregon, Department of Environmental Quality (the DEQ) for the Air Pollution Control Facility in Aloha, Oregon (the Facility). The Application has a claimed Facility cost of \$519,604. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (the Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits – Sections 340-16-005 through 340-16-050 (OAR's).
2. We inspected vendor invoices which aggregated approximately 72% of the claimed cost of the Facility.
3. We discussed the Application, the Statutes and OAR's with Brian Fields of the DEQ and Dennis Cartier (SJO Consulting Engineers, Inc.) and Charles Bianchi, contractors for the DEQ.
4. We discussed certain components of the Application with John Arand, Sr. Facilities Engineer for the Company.
5. We toured the Facility with Mr. Arand.
6. We requested that Company personnel confirm the following:
  - A. There were no related parties or affiliates of the Company which had billings which were included in the Application.
  - B. The capacity of the Facility is adequate for the Company's present operations and does not include significant capacity for potential future operations.

**SYMONDS, EVANS & LARSON**  
CERTIFIED PUBLIC ACCOUNTANTS

- C. All internal labor costs included in the Application related directly to the installation of the Facility, were not related to maintenance and repairs, and approximated actual costs.
- D. Any economic benefits related to improved efficiencies as a result of the Facility would not exceed the related operating costs.

Findings:

- 1. through 5.

No matters came to our attention that caused us to believe that the Application should be adjusted, except for \$1,449 of non-allowable costs identified by SJO Consulting Engineers, Inc. relating to maintenance and security services. As a result, the allowable costs for the Application should be reduced to \$518,155.

- 6. Company personnel confirmed in writing that such assertions were true and correct.

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted, except as noted above. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application No. TC-4447 with respect to its Air Pollution Control Facility in Aloha, Oregon and should not be used for any other purpose.

*Symonds, Evans & Larson*

November 28, 1995