

Oregon's BETC debacle: Nobody's sorry, responsible or taking the fall

Thanks to the Enron scandal, most of the great titles -- "Conspiracy of Fools" comes to mind -- for the tell-all book about the BETC debacle already have been hijacked. But while we await the final verdict on these massively inefficient tax breaks, the preliminary conclusions are clear: No one is particularly sorry. No one is responsible. And no one is taking the fall.

February 10, 2010 in The Oregonian

Thanks to the Enron scandal, most of the great titles -- "Conspiracy of Fools" comes to mind -- for the tell-all book about the BETC debacle already have been hijacked.

But while we await the final verdict on these massively inefficient tax breaks, the preliminary conclusions are clear:

No one is particularly sorry.

No one is responsible.

And no one is taking the fall.

As The Oregonian's **Harry Esteve reported in October**, two Energy Department employees said "state officials" deliberately low-balled the financial impact of the Business Energy Tax Credits when selling the program to the Oregon Legislature.

When I asked state Sen. Ginny Burdick how often she felt she was personally lied to during testimony before her finance and revenue committee, she deadpanned: "What was our hearing schedule last year? If you count lies by omission, quite a bit.

"That whole agency was full of advocates who shoveled money out the door, indiscriminately." And when she asked questions -- about the generosity of Oregon's tax credit compared to those of other states -- that could be answered by a Google search, proponents of the tax credits played stupid.

Yet no one at Energy can name a solitary soul who is now unemployed or has otherwise paid a price for over-selling these tax breaks.

In fact, it's rather curious how many of the mainstays on Kulongoski's staff during the months the BETCs were taking shape now make a great living elsewhere in the energy field.

Former chief-of-staff Pat Egan is at PacifiCorp.

Kulongoski's top energy staffer, Peter Cogswell -- who allowed PacifiCorp, his former employer, to preview amendments to a bill requiring that 25 percent of Oregon's electricity come from renewables by 2025 -- now works for Bonneville Power.

("I was an energy guy before I went to Ted's office," Cogswell notes. "The issues were interesting, and I thought it a logical progression in my career.")

And David Van't Hof, who so aggressively hawked the tax credits as the governor's sustainable policy adviser, is now ensconced at Lane Powell, where he focuses his practice "in the areas of sustainability, clean technology, renewable energy, green building and carbon regulation."

The rest of us? We'll be covering the cost of this spending spree -- an estimated \$374 million during the 2011-2013 biennium -- for years.

Every attempt to rein in that cost sooner rather than later was derailed by the governor or his Energy Department.

At Energy, Dave Barker and Charles Stephens -- the latter left the agency in 2006 -- told Esteve they were ordered to underestimate the true cost of the subsidy.

When I called Barker on Wednesday to ask who gave those orders, he said, "I can't talk to you."

When Burdick saw through those lies and pushed to derail the gravy train, Kulongoski vetoed her bill.

In a carefully worded denial, he later labeled "misleading" the "implication" that he directed former energy director Mike Graine -- who quickly landed another gig at Economic Development -- to manipulate the numbers used to sell BETC to the bean counters.

On Feb. 3, however, Kulongoski finally capped this case study of incompetence and mismanagement by conceding that tax incentives were no longer necessary to jumpstart Oregon wind farms.

Energy, Burdick now says, has gotten its act together, but she hasn't forgotten how angry she was when BETC fans had their fun with numbers. "As I learned more and more," Burdick said, "the angrier I got."

We know the feeling.

Web link: Steve Duin"