



Rural Development • Community Programs • Community Facilities Direct Loan Program

Small Town Reduces Energy Costs, Air Pollution with Geothermal Heat

For years oil has been commonly used to fuel heating systems in the small town of Lakeview in rural eastern Oregon, resulting in high energy costs and contributing to regional air quality issues.

Six years ago, the city began to explore options for using the geothermal aquifers deep underground to provide a clean, inexpensive energy alternative.

Today, a new geothermal system will heat the Lake District Hospital and four school buildings. Construction of the geothermal well, pumping plant, pump house, and approximately 20,000 feet of piping was financed through a 40-year, \$2.665 million USDA Rural Development Community Facilities Direct Loan. The low interest rates offered through the USDA program will allow the community to save approximately \$350,000 annually after loan payments.

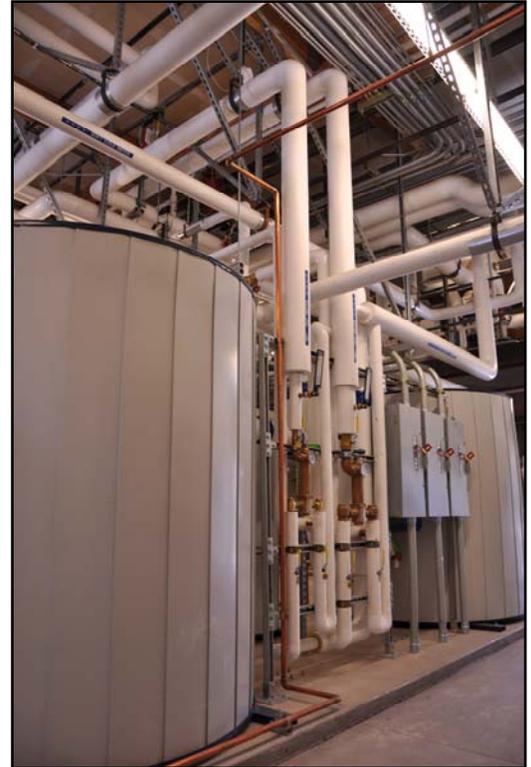
“Based on current fuel prices, we estimate the Lake Health District can save \$200,000 and the school district may save approximately \$150,000 per year on fuel costs for heating,” said Lakeview Town Manager Ray Simms. “This is money that can be put back into other programs.”

Studies indicate the system is capable of delivering more than 98 percent of the current energy demand at the five locations and will likely have the capacity to accommodate other local users in the future. The closed loop system also ensures consistent water levels by re-injecting the cooler water into the aquifer.

The hospital plans to fund a new MRI with the savings they have already achieved through the adoption of this renewable energy system, and the school district will reinvest its savings into additional resources and teachers for its students.

In addition, the project contributes to efforts to alleviate air quality issues that, if they worsen will result in a development moratorium. Estimates show that the system reduces carbon emissions from the Lakeview school buildings, alone, by approximately 800 tons each year.

This town’s innovative use of its available natural resources demonstrates how renewable energy strategies can truly be a boost for small and rural communities.



The geothermal heating system for Lake District Hospital in Lakeview, Oregon.

Obligation Amount: \$2.665 million loan

Date of Obligation: July 2012

Congressional District: Representative Walden, District 2; Senators Wyden and Merkley

Partners: State of Oregon, U.S. Department of Housing and Urban Development, Klamath and Burns Paiute Tribes, Lake County, Oregon Department of Transportation, local landowners

Demographics: Lakeview, Oregon

Impact: Reduced energy costs by \$350,000 annually; improved air quality; geothermal infrastructure development that can add additional users in the future