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WHISTLING RIDGE ENERGY
CHUCK COVERT
PREFILED TESTIMONY
EXHIBIT NO. 49.00

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application 2009-01:
WHISTLING RIDGE ENERGY, LLC;
WHISTLING RIDGE ENERGY PROJECT

EXHIBIT NO. 49.00

**INTERVENOR KLICKITAT COUNTY PUBLIC ECONOMIC DEVELOPMENT AUTHORITY
PRE-FILED DIRECT TESTIMONY
WITNESS #49: CHUCK COVERT**

Q Please state your name and business address.

A My name is Chuck Covert, and my business address is 45 Airport Way, PO Box 285,
Dallesport WA 98617.

Q What is your present occupation, and what are your duties and responsibilities?

A I am a Manager of the Columbia Gorge Regional Airport. The airport is a public facility
owned by the municipality of The Dalles, Oregon and Klickitat County, Washington. I
am responsible to the owners of the facility for the day-to-day operations at the

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airport, and to oversee the planning for and development of the property so that it becomes an economically self-supporting facility.

Q Would you please briefly describe the facilities, ownership, and objectives of the Columbia Gorge Regional Airport?

A The Columbia Gorge Regional Airport (“Airport”) is located at the easterly end of the Columbia River Gorge in Dallesport, Washington, immediately across the Columbia River to the north of The Dalles, Oregon. The Airport serves both public and private aviation with two runways. The site is located along major transportation routes including interstates, two railroads and the Columbia River. Interstate 84 is within 1-2 miles from the Airport and runs along the Columbia River making convenient access throughout the United States. US 197 runs adjacent to the Airport and is a major highway from Canada to California. The Burlington Northern Santa Fe Railroad runs adjacent to the Airport. On the south side of the river is the Union Pacific Railroad. Just east of the Airport is the Klickitat Port area that also provides access to barges on the Columbia River.

The airport was initially owned by The Dalles, notwithstanding that it was located in the state of Washington. Costs associated with operating a small regional airport are considerable, and after years of The Dalles operating it on its own budget, it entered into a regional agreement with Klickitat County for them to jointly operate it. The objective of the joint agreement is for the airport property be managed and developed to its highest and best income-producing uses in order to become financially self-sufficient.

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The airport itself is located on almost 1,000 acres of commercial property within Klickitat County, Washington. Its access to several major interstate highways, rail services and river transportation, as well as its easy accessibility to major Northwest metropolitan hubs make it a prime site for industry, business and other development. The owners have developed a vision and plan for growth that will support the future Airport activities. The Airport has established approximately 200 acres for continued development focused on businesses related to the aviation industry and/or businesses that require access to the airport aviation facilities.

Development of the remainder of the property in order to sustain its operations include other commercial and recreational development opportunities, including a proposal for a fly-in, fly-Out destination golf course and accommodations. The location is attractive to tourists who would come and recreate in an area enjoying the climate, natural and recreational opportunities and easy access to the site.

Q Please briefly describe your experiences in managing the Columbia Gorge Regional Airport.

A I have been involved with the airport since 1989 by being on the airport board and chaired the airport for five years before I came to work at the Airport in 2007. During that time, the Airport has collaborated with and received funding and/or commitments for funding from the Federal Aviation Administration, the states of Oregon and Washington, and both The Dalles and Klickitat County for improvements to the property owned by the Airport, including:

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- Construction of new drainage facilities along the airport’s runways and taxiways
- Installed Automated Surface Observing Systems in conjunction with the National Weather Service and the FAA to enhance weather forecast activities and aviation operations
- Constructed new hangars
- Installed new runway lighting and illuminated signs along each runway
- Slurry-coated both runways and striped both runways and taxiways
- Activated an LDA approach system to provide pilots with more precise course information

In addition to these runway-related improvements, the Airport is currently developing the first 30 acres of a proposed 140-acre business park site. The Airport is the recipient of funding from a variety of sources to promote economic development and jobs creation. This includes a commitment for Community Economic Revitalization Board (CERB) funds from the state of Washington. The Airport has had to seek extensions of the state’s funding commitments under this program while the source of water rights for the development was addressed in the courts. The facility was proposed to receive water from the Dallesport Water District, but the approval of the application for such service was on hold while the Washington Supreme Court considered arguments that the state’s 2003 Municipal Water Law, designed to enable water rights use by water districts and municipal entities to support urban growth and growing populations, was constitutional. On Thursday, October 28, 2010, a unanimous Court in *Lummi Indian Nation, et al. v. State of Washington*, Washington Supreme Court Case No. 81809-6 (October 28, 2010) upheld the constitutionality of such provisions. This removes the last impediment to the Airport soliciting bids for

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the clearing and grading of the first 30 acres of its business park, and avoids the risk that the Airport would lose its CERB funds due to unacceptable extensions of the commitment. The airport anticipates having these first 30 acres ready for tenant occupancy in 2011.

At present, the airport is in talks with various entities interested in development at the airport business park. While those talks are in the preliminary, confidential stages, one prospective tenant is exploring development of an up to 100,000 square foot manufacturing facility that would generate both blue-collar, family wage jobs and white collar professional positions. Another prospective tenant is currently discussing relocation of its production and manufacturing operations to the Airport. Both these tenants' business operations can be supported by the Airport's first thirty acres of business park. Moving forward with these economic development projects is critical: the new facilities would create jobs, infuse significant dollars into and add tax revenues to this economically depressed area, and would generate income to the airport in its quest to become self sufficient. Once the first 30 acres of business park are developed, the Airport's comprehensive economic and land use plan calls for phased development of the remaining 110 acres available for this use.

Additional development of the Airport's property includes the proposed Sundoon Resort, a 541-acre destination resort comprised of a golf course, residential units, hotel, conference center, covered and surface recreational vehicle storage, and open space. This project is currently undergoing environmental review under Washington's State Environmental Policy Act in advance of receiving development authorization.

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Putting the property to its best and highest use in order to promote economic development and create jobs has been supported at the local, county, state and federal levels. All the development activities described above take large strides toward those external objectives and also implement the Airport's plans to become self-supporting.

Q Is the Columbia Gorge Regional Airport within one of the development restricted (Special management or General Management) areas inside the boundaries of the Columbia River Gorge national Scenia Area?

A No. While the Airport lies within the external boundaries of the NSA, the Airport property was specifically excluded from the application of development restrictions created under the enabling legislation that created the CRGNSA. This exclusion was specifically created in the legislation in order to engender broad support for creation of the NSA. It was never the intention of the NSA to restrain development of those areas already developed or designated for future urban development.

Q What would be the effects on the Columbia Gorge Regional Airport if the development restrictions developed under the CRGNSA were to apply to the CGRA property in the future?

A Absent federal remuneration to the Airport for the reduction or complete loss of its ability to develop its property according to the zoning and development regulations that currently are in place, the Airport would be devastated.

Operating, maintaining and improving the airport runways and associated

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infrastructure to support public and private transportation, advance aviation safety, and meet state and federal operational mandates is an extremely expensive proposition. It is these very costs that resulted in The Dalles joining forces with Klickitat County, in an innovative and unique bi-state partnership, to not only maintain the public’s continued access to safe aviation transportation in the area, but to also share in the costs and benefits of promoting additional economic development in an area decimated by the loss of timber and industrial jobs that historically provided a sound foundation for employment and area economic health.

The restrictions implemented under the authority of the NSA removed vast tracts of land from this type of development in the future. The CGRA is one of those few areas that were specially protected from the application of those regulations, as it was already known at the time that the site had already been developed with urban amenities, and that continued urban services would be appropriate and necessary to support the area’s economy.

Without the ability to develop and bring in new revenue-generating businesses and tenants, Klickitat County and The Dalles would suffer a continued drain on their own funds to maintain the Airport operations. This drain on funds would be exacerbated by the general negative effect that the inability to develop would have on the area economy. No new businesses would mean no new tax revenues. No new businesses also means no new jobs. The direct effect of no new jobs is obvious: people leave the area in search of work elsewhere. The indirect effects are equally pronounced. The departure of working-age residents means there is lower spending in the communities to support the businesses and service providers in the area. Anemic

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support of local businesses and service providers drives them out over time as well. Without an abundance of good jobs, it becomes more difficult to attract growth, and real estate values decline. Ultimately, the overall malaise of a depressed and further declining economy works its way back to the taxing agencies – counties, cities, schools, fire and hospital districts – who depend on domestic spending and strong assessed valuation to generate the revenues adequate to continue and increase the level of services they each provide to their citizens.

If the Columbia Gorge Regional Airport were now subject to NSA-related restraints despite having been specifically exempted therefrom, and there was no federal and state compensation paid to it as a result of the loss of its ability to conduct its business as usual, at some point the drain would be so great on its owners that hard decisions would have to be made about the ability to continue providing public and private aviation services to this area and its regional population. With the prospect of losing the tenant revenues, the owners would also be faced with very difficult questions about its ability to repay the funding obligations it now carries as a result of the development already in existence. Loss or restraint of the development rights that currently exist for the Airport, and which form an integral part of the owners' plans to sustain its operations and further bolster the area economy, will constitute a draw on the economy of both The Dalles and Klickitat County, a drain that will not be offset by the revenue sources that would have otherwise been generated.