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April 25, 2006

Kittitas County Board of Commissioners
205 West 5th Room 108
Ellensburg, WA 98926

Honorable Commissioners:

This letter is Horizon Wind Energy's response to the April 12, 2006 request from the Kittitas County Board of County Commissioners that Horizon propose development agreement amendments addressing points raised by the Board of County Commissioners at that hearing. Review of the hearing transcript identifies the following points for Horizon's response:

- Road restoration and reconstruction issues, including a Fire District #1 issue.
- Total number of turbines and site boundary modification issues.
- Project impacts on EMS 911-related microwave transmission.
- Proposed setbacks that address shadow flicker and visual impacts while maintaining an economically viable project.
- Document correction issues related to mapping consistency and typographical errors that may be identified and resolved by staff-level discussions as part of the development agreement review process.

Our responses to these issues, listed below, are based on the existing record as established in the Draft Environmental Impact Statement (DEIS), the Supplemental DEIS, and the Addendum to the DEIS, as well as the various documents associated with our December 2005 Findings of Fact submitted to Kittitas County and County hearings. These responses continue Horizon Wind Energy's long-standing good faith efforts to mitigate and minimize identified project impacts to further increase benefits to the County, its tax districts, and its residents while reducing perceived social costs and preserving project viability.

Our actions to mitigate and minimize project impacts to date are summarized in the following table:

	April 2001	Jan 2003	Oct 2005	April 2006
Number of Turbines	174	121	80	65
Residential/Structure Setbacks	1,000	1,000	1,000	1,320
Estimated Tax Revenue	\$4.8 million*	\$3.3 million*	\$2.2 million*	\$1.8 million**
Property Owner Rev	\$870,000	\$605,000	\$400,000	\$325,000
Develop Agreement Conditions	Roads/Staffing/ Permit fees/setbacks	Roads/Staffing/ Permit fees/setbacks	Roads/Staffing/ Permit fees/setbacks	Roads/Staffing/ Permit fees/setbacks

* Approximate number

** Estimate developed by Economic Development Group of Kittitas County

Horizon has carefully reviewed the April 12 transcript and performed extensive research to identify mitigation measures for the amended development agreement that both address the Board's comments and preserve the project's economic viability. Those proposed mitigation measures are listed below. Each section provides a citation or citations to the April 12 transcript and Horizon's proposed response. It is our belief that these measures fully respond to the Board's April 12 request to Horizon and serve as the framework for subsequent development agreement negotiations.

Road Improvements

(Transcript pages 36, 37, and 41)

In accordance with the DEIS, Horizon will improve the County Roads that are directly impacted by the project. The portion of Bettas Road that will be used for Project construction and operations (approximately 1.38 miles from SR 97 to Hayward Hill Road) will be improved. That portion of Hayward Hill Road that will be used for Project construction and operations (approximately 2.0 miles) will be improved from Bettas Road to the KRD canal. The improvements will be clearly identified in the development agreement.

Fire District #1 concerns Related to Road Improvements

(Transcript pages 37-40)

Discussion with Fire Chief DJ Evans on Wednesday, April 19, 2006, clarified that Horizon's agreement with the Fire District was in lieu of emergency response-related road improvements. Chief Evans plans to attend the April 27, 2006, hearing to answer questions which may arise on this subject.

Number of Turbines

(Transcript page 42)

Horizon has consistently stated that the project as currently proposed has been analyzed for up to 80 turbines in defined study corridors. While it is not known at this time which turbines will be available for installation on the project due to supply and demand as well as permitting time frame, the design layout shows 64 turbines. Horizon agrees to place a limit of 65 on the total number of turbines that can be installed under the amended project development agreement. If the County and Horizon can come to terms in a development agreement, the County would retain contractual control and regulatory oversight over any modifications to the number of turbines, as well as the project boundary discussed below. Any change in the number of turbines would require an amendment to the development agreement and a public hearings process.

Project Boundary Adjustment

(Transcript pages 42 and 43)

Horizon will modify the project boundary, which was established to comply with County requirements for a “subarea plan” boundary, during the development agreement negotiation process if so directed by the Board. The project boundary is currently defined by parcel boundaries of participating land owners. As stated under “Number of Turbines”, and assuming a successful outcome of the negotiation process, any future changes in the project after the amended development agreement is approved would require an amendment to the development agreement and public hearings.

Emergency 911 Microwave

(Transcript page 45)

An analysis of telecommunications-related issues was performed in the DEIS (pages 3.13-15 through 3.13-17). The proposed mitigation measures (page 3.13-20) are: “Once the specific location and configuration of the turbines is identified on paper, the Applicant proposes to conduct final field measurement test surveys of communication microwave paths. If the results of these final surveys identify that the proposed turbines would interfere with or obstruct communication microwave paths, the Applicant would adjust tower location, accordingly, to avoid line-of-site interference.”

Shadow Flicker

(Transcript pages 26, 44, 50-52)

The DEIS identifies properties that may be impacted with potential, but unlikely annoyance related to shadow flicker. As Horizon's Technical Memorandum submitted for the January 2006 hearing states, and as Andrew Young testified at the January 2006 hearing, Horizon's shadow flicker analysis includes several conservative assumptions which tend to exaggerate the impacts on any individual residence. The recommended mitigation in the DEIS (pages 3.4-9 through 3.4-12, 3.4-22 through 3.4.23, Appendix B) proposes planting of trees; installation of shades; and that installed shades be placed on an electric timer. It should be noted that these recommended mitigation measures were proposed by EFSEC's independent consultant, not by Horizon. Horizon does not anticipate any adverse impact from shadow flicker. However, if an adverse impact is identified, new technology will be utilized that can curtail the operation times of certain turbines as needed to reduce the shadow flicker to a virtually imperceptible level.

Turbine Proximity to Existing, Non-Participating Residential Structures

(Transcript pages 25-29, 35, 44, 48-52)

Horizon's proposed setback from existing, non-participating residential structures has been 1,000 feet (Development Agreement section 5.17, "Turbine Setbacks from Residences"). The Board has indicated that, while it does not have criteria it can provide, that distance is inadequate. In response, Horizon has developed a number of models to identify a larger setback that will accommodate both the Board's request for a greater setback distance and still maintain an economically viable project. Horizon proposes increasing the established setback from existing, non-participating residential structures to one quarter mile, which is a 32% additional increase in the setback. Maps identifying the proposed setbacks have been provided to County staff.

In providing this response to the Board of County Commissioners' April 12 request, Horizon reiterates that it has made significant changes to the project since it was originally proposed. An analysis of perceived visual impacts at less than one-half mile and greater than one-half mile distances was performed for the DEIS. Based on those analyses, Horizon redesigned the project and removed turbines to mitigate and minimize the project's perceived visual impact. The remaining turbines have been realigned to produce 1,000-foot setbacks from existing residential structures. The 1000-foot setback was proposed as presumptive compliance with Washington's noise standard and was considered a reasonable distance to minimize visual impacts, including shadow flicker. Those changes have resulted in the minimization and mitigation of impacts identified through the DEIS process and related public comments, including DEIS comments submitted by Kittitas County.

To further address comments by the Board of County Commissioners, and as stated above, we propose amending section 5.17, "Turbine Setbacks from Residences" of the development agreement to increase the setback distance by an additional 32% to one-quarter mile from existing, non-participating residences, as described in the "Turbine Proximity" section of this letter. Horizon's analyses indicate that the modified setback distance would further minimize visual and shadow flicker effects to three existing, non-participating residences.

Horizon has worked in good faith with Kittitas County to design a project that provides extensive benefits to the County, its tax districts, Project landowners, and its residents while meeting the County's criteria for wind power project development and remaining economically viable. Throughout the project application process, Horizon has aggressively demonstrated its commitment to abiding by both the letter and the spirit of SEPA, as well as the County's wind siting ordinance, comprehensive plan, and related zoning. Extensive project modifications have been proposed by Horizon for inclusion in the development agreement as part of the DEIS and public hearings process. As indicated in the chart above, these modifications have significantly reduced expected revenues to landowners, and will result in substantially less tax revenues to the County.

On behalf of Horizon Wind Energy, we look forward to the April 27th meeting. Horizon will be prepared to answer any additional questions the Board may have at that time. It is our request that a final decision be rendered by the Board for approval of the Kittitas Valley Wind Power Project, with instructions to the staff to work with Horizon to complete the development agreement within a reasonable period of time defined by the Board.

Sincerely,



Dana Peck
Project Manager



Joy Potter
Project Manager

c: Darryl Piercy, Director of Community Developments
Jim Hurson, Deputy Prosecuting Attorney