

1 applied for intervention status and was granted this status based on its direct interest in the
2 economic development aspects of the project.

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4 The project will create jobs for our community. During the construction phase of six to
5 nine months, this project is expected to create approximately 165 jobs. There will also be a
6 number of indirect jobs. The applicant intends that many of these jobs would be offered to local
7 workers. Somewhere in the range of 10 – 20 permanent jobs will be created. These jobs are
8 projected to be good paying jobs with full benefits.

9 The project is estimated to be approximately a \$270 million capital investment. This
10 figure includes site preparation, construction of roads and tower foundations, electrical
11 infrastructure, purchased and erection of wind turbine towers, and construction of an operations
12 and maintenance facility. This is a significant figure for a small rural community.

13 Puget Sound Energy has announced its intention to purchase the Wild Horse Project once
14 permits are obtained. Much of the fiscal analysis relating to taxes in the DEIS issued by EFSEC
15 is now obsolete. This is due to the fact that as a private utility PSE is centrally assessed by the
16 Washington State Department of Revenue. This has two major impacts on the property tax
17 analysis. First of all the entire project will be treated as new construction, exempt from the
18 property tax limiting Initiative I-747. The second impact is that rather than the assessed value of
19 the project depreciating over its life, the assessed value of the project each year is determined by
20 using a discount rate. The discount rate is determined by the Department of Revenue based on a
21 complicated formula. According to DOR, that figure is usually close to 50%. The implications
22 of these two factors are that a much higher assessed value is being used to calculate property
23 taxes and the assessed value will remain fairly consistent rather than being depreciated to a zero
24 value. PSE's current discount rate is approximately .505. Using this discount rate and an initial
25 capital investment of \$270,000,000, PSE will be paying approximately \$1.5m in taxes making it
the largest taxpayer in the county. In fact, PSE will be paying more in taxes than the top 10
taxpayers in the county combined. Of this \$1.5m, almost \$1.3m will be new tax dollars. The
remaining tax dollars will go to reducing the taxes of the rest of us in the county with the

1 residents in the Kittitas School District having by far the most significant savings. The new tax
2 dollar figures are significant for the different taxing entities. The project will increase the
3 assessed value in the Kittitas School district by an additional 75%. As a result Kittitas School
4 District will receive a huge increase in their revenue; somewhere in the range of \$500,000
5 additional funds through property taxes alone. The county general fund will see an additional
6 \$180,000 and the county road fund will see an additional \$220,000. Since this tax revenue will
7 remain fairly consistent, the additional revenue can be used for things such as equipment, hiring
8 permanent employees or matching funds for future roadwork projects. An additional benefit is
9 that taxpayers will also see a reduction of some tax levies. As rates lower, taxpayers would
10 willing to support other taxes for things such as libraries, hospitals and schools that enhance the
11 quality of life within the community. From an economic developers point of view, these factors
12 may make this county more attractive than neighboring counties allowing us to retain the
13 businesses we have and bring new businesses into the community.

14 The project harvests a natural resource that is abundant and non-depleting in our
15 community, the wind. It requires minimal utilities and has little or no impact to air and water
16 quality. Roads and other infrastructure for the project will be developed and maintained by the
17 applicant or PSE. Additionally, a development such as this does not require the services that are
18 demanded by other types of development over an area this widespread such as police, school,
19 and utilities.

20 A small amount of land will be leased from the Department of Natural Resources. Land
21 leases on DNR property traditionally have directly supported state and local schools. This comes
22 at a time when our education system is continually struggling with funding. Washington State
23 Department of Fish and Wildlife will also see some rental income from turbines placed on
24 WDFW land.

25 The testimony of our witness Steve Grover of ECONorthwest will be based on a report
that the Economic Development Group commissioned him to prepare. The report was

1 commissioned to provide information related to property value impacts, economic impacts of the
2 project and local tax effects.

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4 Kittitas County has all the necessary elements for development of wind energy projects:
5 wind, available land, power transmission lines and proximity to the power market. And with the
6 purchase of the project by PSE, there is a buyer of the power.

7 The Economic Development Group supports this project based on the net economic gain
8 to the citizens of Kittitas County and beyond.

9 DATED this 2nd day of March, 2005.

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13 Debbie Strand, Executive Director
14 Economic Development Group of Kittitas County
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