

Carole Washburn  
Executive Secretary  
WA Utilities and Transportation Commission  
PO Box 47250  
Olympia, WA 98504

October 7, 2005

RE: Docket UE-050870, Puget Sound Energy PCORC  
*Sent via electronic mail ([comments@wutc.wa.gov](mailto:comments@wutc.wa.gov)); original to follow via first class mail*

Dear Ms. Washburn,

The NW Energy Coalition and Renewable Northwest Project offer the following comments in support of the proposed settlement agreement in this docket as it relates to the acquisition and prudency determination of the Hopkins Ridge wind generating facility (sec. D and part of Sec. E). We do not have an opinion regarding the remainder of the proposed settlement agreement.

Puget Sound Energy's (PSE) decision to acquire the Hopkins Ridge wind energy facility followed an extensive and rigorous review process. In 2003, PSE completed its integrated resource plan, identifying a goal of meeting 5% of load with new renewable energy by 2013 and a target of 10%. In December 2003, PSE issued a wind-only request for proposals (RFP), followed in February 2004 by an all source RFP. The Company received more than 40 options from 10 wind developers as well as numerous proposals for other generation technologies. PSE simultaneously evaluated all proposals received through a structured process, utilizing a robust set of quantitative and qualitative criteria. Comparing the levelized costs of the evaluation results show wind to be cost-competitive with proposed short- and long-term power purchase agreements (for hydro, coal and natural gas), and cheaper overall than thermal generation proposals. The evaluation resulted in selection of the Hopkins Ridge project on the short list for continued investigation and further examination led to PSE's decision to pursue sole ownership of this generation facility. The project is under construction and expected on line this year.

Statewide polls conducted by Opinion Dynamics in September 2003 and April 2005 found that more than 90% of Washington voters favor increased use of renewable energy. Because wind has no fuel costs, adding wind power to PSE's system will help stabilize rates for the utility's electric customers. Economists value the long-term rate stability of wind power at 0.5 cents/kWh.<sup>1</sup> Recent polls and focus groups show that consumers have a strong interest in stable rates.

PSE's decision to acquire a wind facility in Washington State provides benefits to the state as well as its own electricity customers. Investing in new renewables such as wind power will create short-term and long-term jobs; diversify our overall fuel mix, reducing our vulnerability to droughts and volatile natural gas prices; stimulate rural economic development through increased

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<sup>1</sup> Owens, B. "Renewables as a hedge against gas price movement," in Public Utilities Fortnightly, March 15, 2003. Also see: Bolinger, M. and R. Wisser, Lawrence Berkeley National Laboratory. Quantifying the value that wind power provides as a hedge against volatile natural gas prices. 2002.

local tax revenues and land leases to farmers and landowners (Hopkins Ridge will be located within 11,000 acres of farmed dry-land wheat and will require 11 leases); and help protect our health and the environment. Home-grown resources distributed around the state have the added benefit of reducing security risks.

PSE's acquisition of Hopkins Ridge will benefit its customers directly through electric rates and associated rate stability, and the state and local economy through jobs, tax revenues, environmental protection, and improved energy security. We strongly support cost recovery of this resource for PSE, as outlined in the proposed settlement agreement.

Thank you for considering these comments.

Sincerely,

Danielle Dixon  
Senior Policy Associate  
NW Energy Coalition

Ann E. Gravatt  
Policy Director  
Renewable Northwest Project