An AREVA/Duke Energy advanced biopower company

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July 22, 2010

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: **Docket No. UE-100849**

Examine whether the Commission should consider adopting new regulations relating to the acquisition of renewable resources by Washington's investor-owned electric utilities.

Comments of ADAGE LLC

Dear Mr. Danner:

ADAGE LLC ("ADAGE") appreciates the opportunity to participate in the process whereby the Washington Utilities and Transportation Commission (the "Commission") considers whether adoption of new regulations relating to the acquisition of renewable resources by Washington's investor-owned electric utilities ("IOUs") should be considered. In response to the Commission's Notice of Opportunity to File Written Comments to the proposed rule dated May 21, 2010 in Docket No. UE-100849, ADAGE offers the following comments on the Consolidated List of Issues for the Commission to consider:

Issue:
Consideration of Externalities. To what extent may, or should, the Commission require a utility to consider "positive externalities" in resource acquisition, such as impact on local economy?

Comment:
The Commission may and should require utilities to consider "positive externalities" in resource acquisition. Existing law (RCW 19.285) provides for the consideration of "positive externalities." These "positive externalities" specifically include impacts on the following objectives:

- Having stable electricity prices for Washington residents;
- Providing economic benefits for Washington counties and farmers;

- Creating high-quality jobs in Washington;
- Providing opportunities for training apprentice workers in the renewable energy field;
- Protecting clean air and water; and
- Positioning Washington State as a national leader in clean energy technologies.

Therefore the Commission already has the authority to consider the impact to the local and state economy when evaluating resource acquisitions, make clear to utilities that such impacts will be considered, and require that such "positive externalities" be considered by the utilities in their resource acquisition decisions.

For certain renewable energy projects, such as forest biomass to electricity, there is a tremendous economic impact during construction and a sustained economic impact during operation. For example, a 2009 study by the Political Economy Research Institute at the University of Massachusetts showed that over 17 jobs are created per $1 million of investment in biomass energy.[1]

More specifically, a third part economic impact analysis of the proposed ADAGE 55 megawatt forest biomass project in Western Washington shows the creation of 750 direct, indirect, and induced jobs, and an overall local economic impact of $125 million during construction. Moreover, forest biomass projects deliver a sustained jobs and economic impact during operation. The same ADAGE facility is expected to provide 200 jobs at the facility, in feedstock delivery, and in the local community during permanent operation. It is also estimated that it will generate $60 million in annual economic impact from fuel supply purchases from local landowners, plant maintenance from local business, and indirect sales within the community.

The jobs and economic impacts from the ADAGE facility will be felt in the local community where the plant is located and within a 50 mile radius thereof since the facility will consume locally grown fuel harvested by a local workforce. As declared in RCW 19.285 these economic impacts are "positive externalities" that the Commission has currently existing authority to consider in evaluating new renewable energy acquisitions and should be considered by utilities in their resource acquisition decisions.

Sincerely,

Stefano Ratti

Stefano Ratti
Vice President, Business Operations, ADAGE LLC

[1] Heintz, James, et al. "How Infrastructure Investments Support the U.S. Economy: Employment, Productivity and Growth." Political Economy Research Institute. January 2009