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WA-18

Transmission Projects Provide Revenue

I have been asked many times what involvement Klickitat PUD has in the local wind projects. A second related question is why are we building transmission facilities for them?

First, a lot of people assume we own many of the wind projects in Klickitat County. In fact, we own the output from only 13 percent of the White Creek Wind Project south of Bickleton. That is 26.65 megawatts (MW) of peak capacity, or about 8.8 average MW.



By comparison, at the end of this year, there will be about 1,500 MW of peak wind generation in Klickitat County.

For further comparison, KPUD's peak load is about 75 MW and our average load is about 45 average MW. As you can see, our involvement is relatively small, but it is very well-sized for a utility of our stature.

We decided many years ago that we would try to take a "mutual fund" approach to our generation resources and business in general. I think this will serve us well in the future.

To give you an idea of the magnitude of the wind industry in Klickitat County, there will be an estimated \$2 billion in infrastructure by the end of 2010.

Second, given the fact we felt taking a major role in the wind projects

themselves was just too much exposure to a new industry, we decided about 10 years ago that KPUD would try to take advantage of the expansion in our county in a different fashion. Instead, we decided to supply transmission lines and substations for the generation projects in the county.

The first facilities we built were for what is now the Puget Sound Energy power plant in Goldendale. Building and operating transmission facilities is an extension of what we do every day. We have the employees, and we are adding the equipment and tools to provide these services.

Many wind developers want nothing to do with operating high-voltage electrical systems. By providing these services, we are benefiting the wind industry in the county, while adding a major revenue stream to KPUD.

We will gain about \$5 million in revenue from transmission services in 2010. That is about 10 percent of our total projected revenues.

We now have about 38 miles of 230-kilovolt (kV) transmission lines and six 230-kV substations that are used by generation projects in Klickitat County.

Given that we will carry about 900 MW of the 1,500 MW of wind energy from the county to Bonneville Power Administration lines, we have been quite successful in establishing ourselves as a transmission service provider.

Jim Smith, General Manager