



CASCADE
WATER ALLIANCE

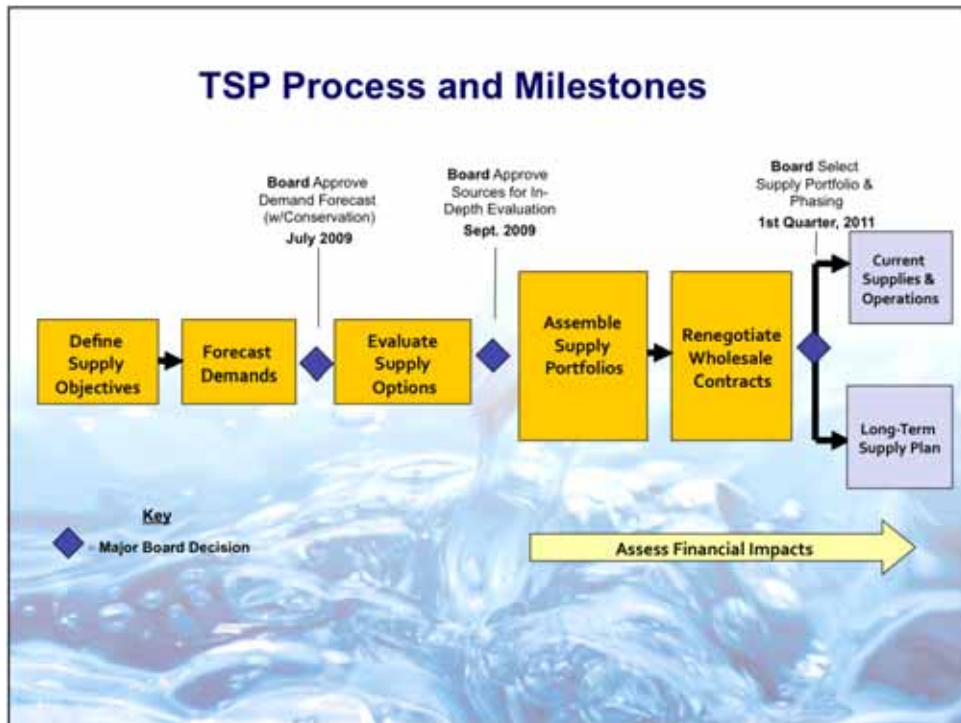
Connections Working Group
Update on 2010 TSP Process

November 12, 2010



RECAP OF PROJECT ACTIVITIES

TSP Process and Milestones

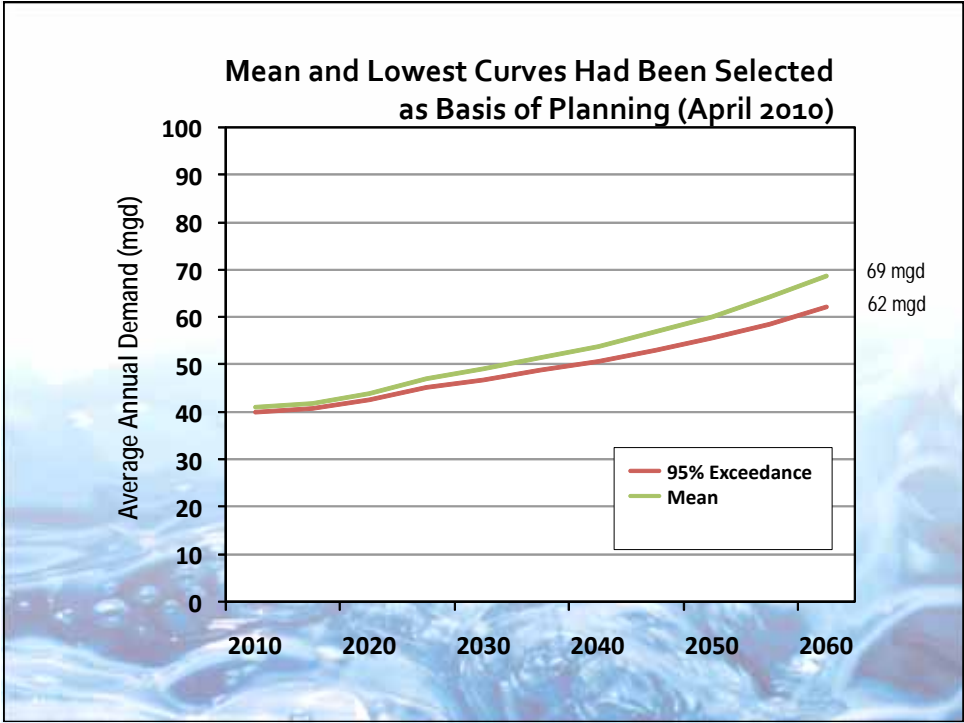
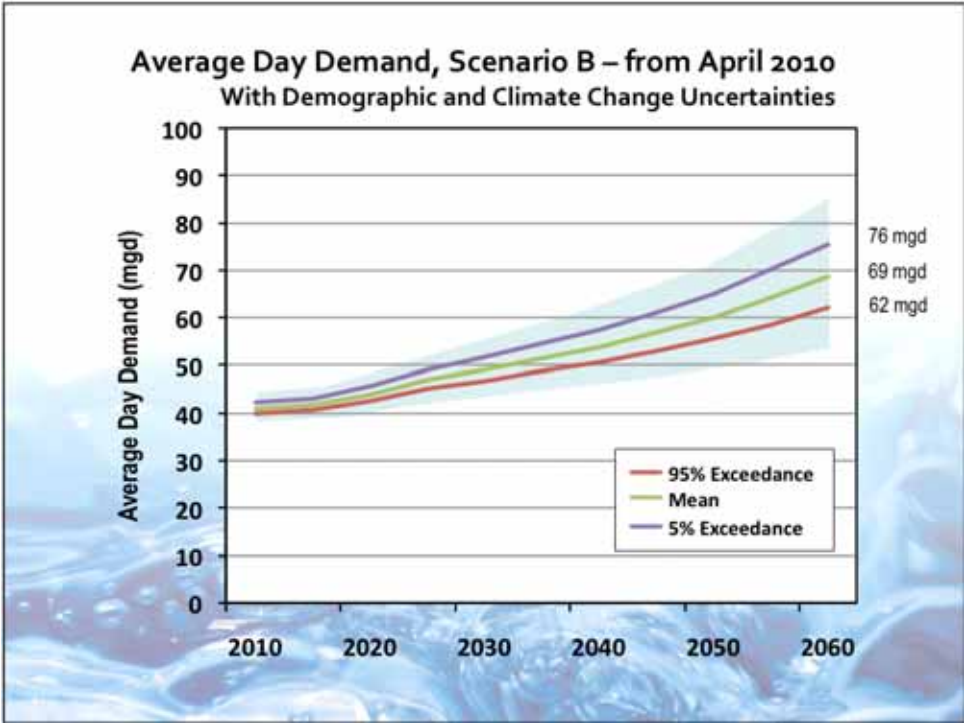


Planning Objectives

- Provide secure and reliable supplies
- Consider range of alternatives
- Meet needs of current Cascade Members
- Also consider regional needs
- Keep customer rates at acceptable levels
- Provide flexibility for changing conditions and opportunities

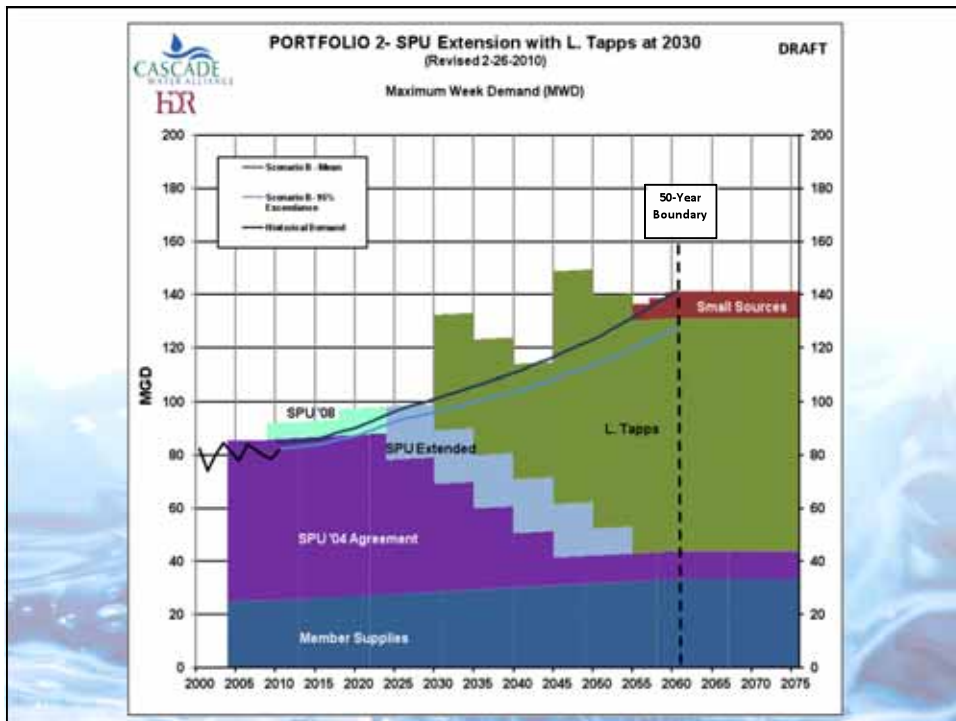
Policy Issues Identified/Addressed	
Length of planning period	✓
Contingency in demand forecast	✓
Whether to include non-Cascade regional needs	✓
Amount of water conservation	✓
Are wholesale contracts suitable as long-term supply?	✓
Value of securing Lake Tapps water right	✓
Shortage management	✓
Reliability standard	
Water quality standards	

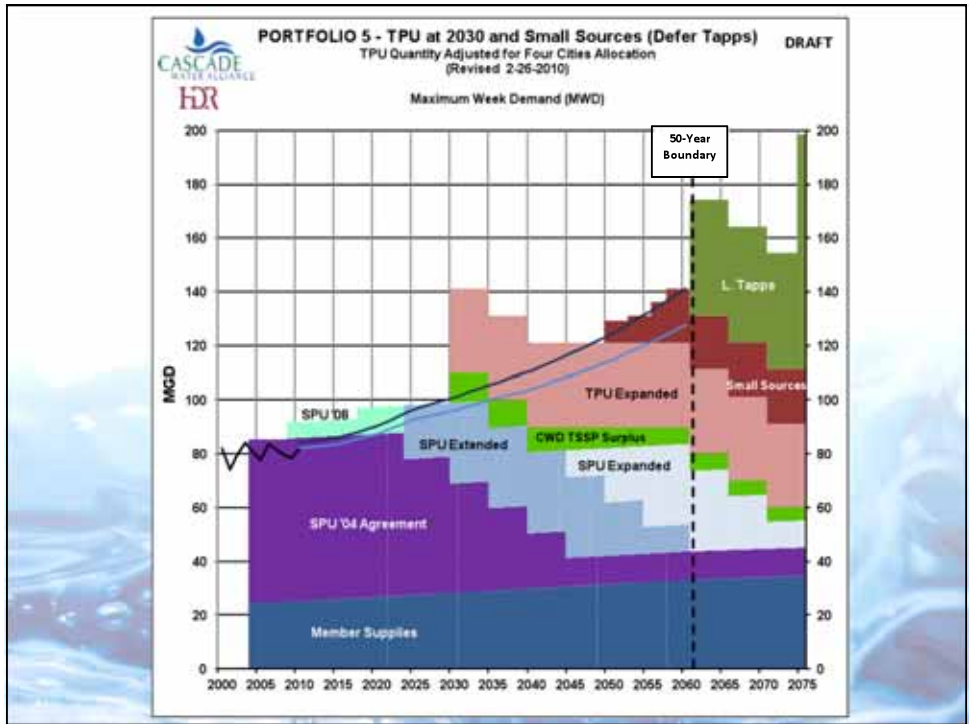
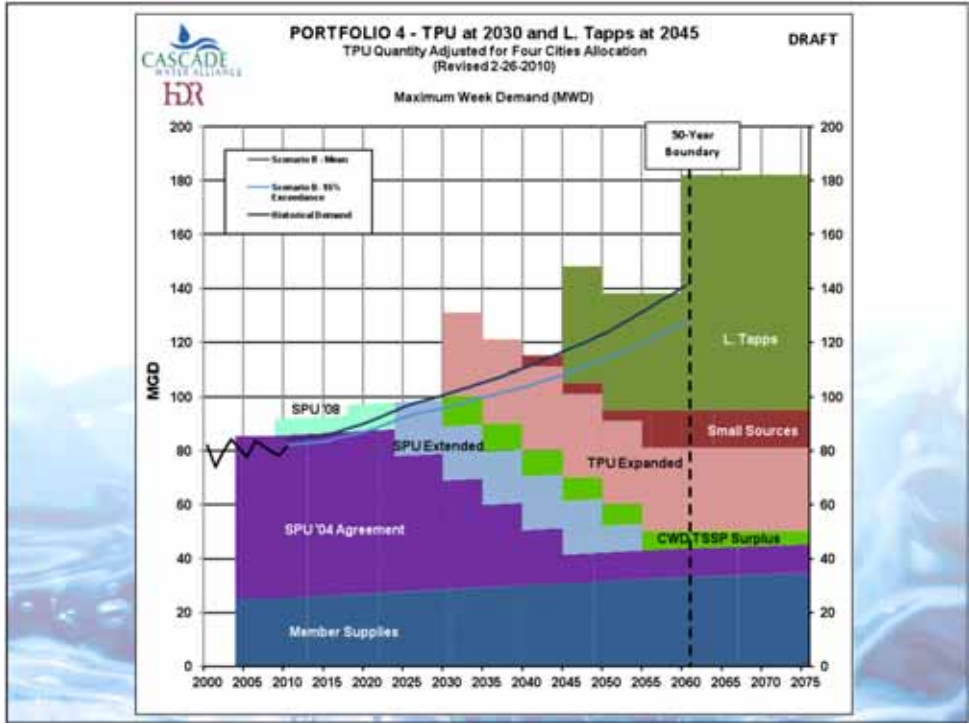
**STATUS AT LAST CONNECTIONS
GROUP MEETING (APRIL 2010)**



Supply Portfolios (April 2010)

- Lake Tapps at 2030, 2045 or 2060
- Different options for expanded supply from SPU and TPU
- Use of “Small Sources” to add flexibility





Findings on Portfolios (April 2010)

- All three portfolios are viable,
- Sharing regional supplies reduces risks and defers costs



UPDATED INFORMATION SINCE LAST MEETING



Wholesale Supply Negotiations

- **Negotiations with SPU**
 - **Extend 30.3 MGD Block to 2035**
 - **Rate of decline after 2035 to be determined**
- **Negotiations with TPU**
 - **2005 contract has 4 mgd permanent plus 6 mgd temporary supply.**
 - **New contract would provide 30 MGD in permanent supply**

Lake Tapps Water Right

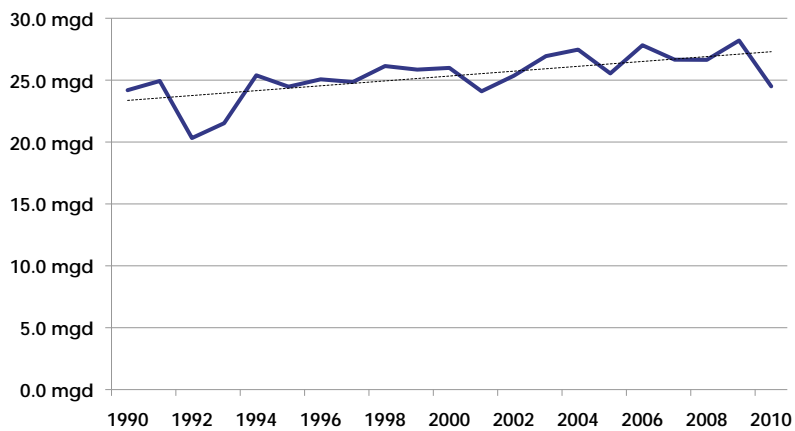
- **Ecology issued draft Reports of Examination for comment – May 2010**
 - **Three ROE's for new municipal water rights (diversion, storage, withdrawal)**
 - **One ROE for Change in Use to Hydropower Claim (adds recreation, fish & wildlife, water quality)**
- **Cascade issued Final EIS – June 2010**
- **Ecology issued final Reports of Examination – September 2010**

Revisited April 2010 Forecast

- Regional growth in water demands continues to be flat...



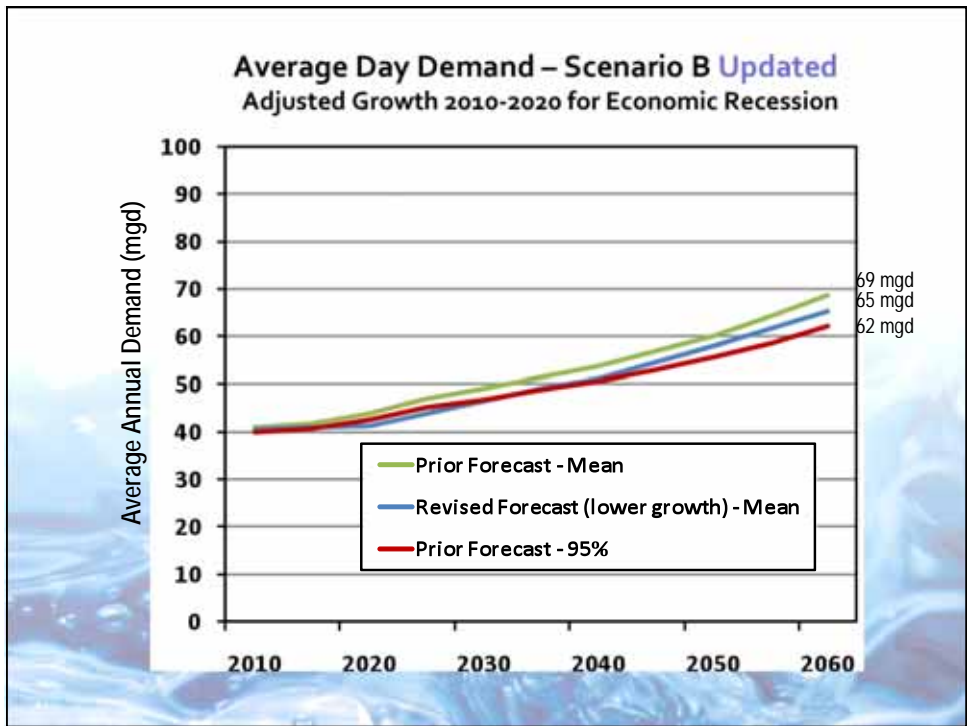
Cascade Members' Average Daily Demand From SPU



...and the economic recession has slowed growth in Cascade Member connections and demand

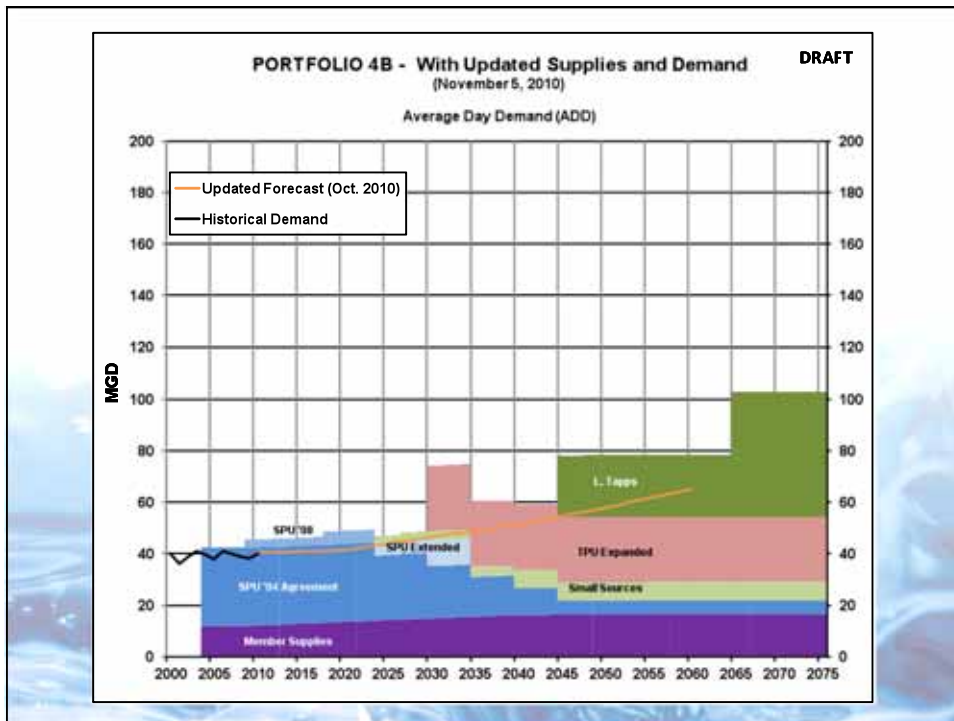
- ▶ 2007-2008: connections 25 to 30% below forecast
- ▶ 2009-2010: connections 35 to 40% below forecast
- ▶ Expectation for 2011-2015: connections 20 to 25% below forecast

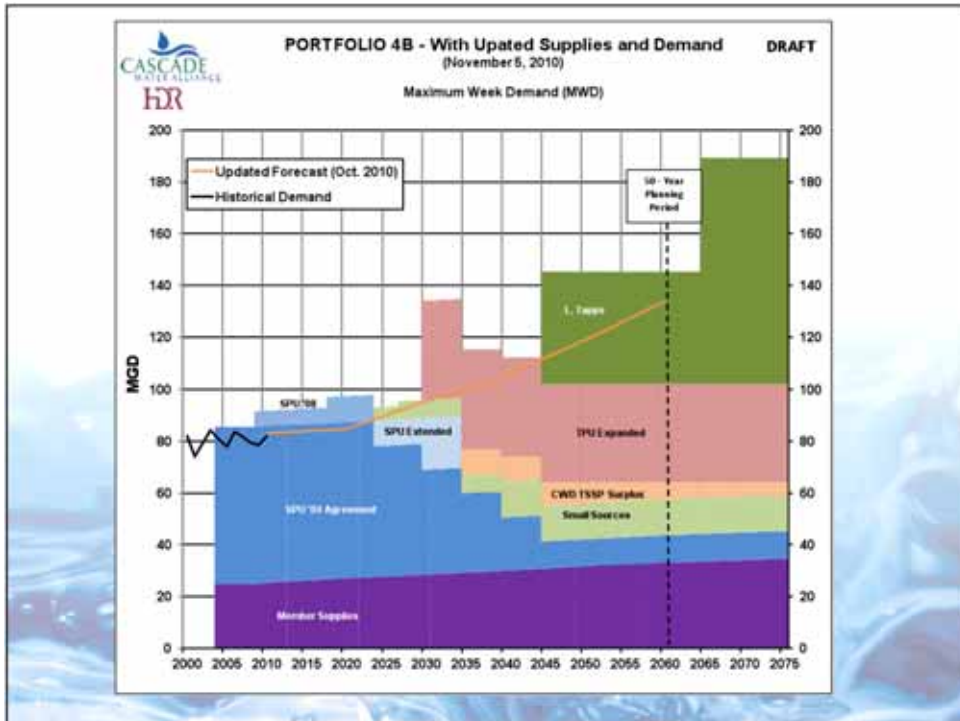
• **Conclusion: Update the demand forecast with slower growth in the early years**



Portfolio Update – November 2010

- Use updated demand forecast
- Show wholesale quantities per current discussions with SPU and TPU
- Adjust other supplies to match the new demand curve





Steps to Complete TSP

- **Connections Group: final input and report**
- **Finalize wholesale negotiations with SPU and TPU**
- **Board approve selected supply portfolio**
- **Complete the draft Transmission and Supply Plan for review and approval**