

LAKE TAPPS PURCHASE AGREEMENT Q & A



Background:

Cascade Water Alliance (Cascade) and Puget Sound Energy, Inc. (PSE) have reached agreement on the terms of sale of Lake Tapps and its assets to Cascade. On March 26th, the Cascade Board of Directors is expected to approve the agreement. PSE's board of directors has not yet approved this transaction, but the board is expected to consider it sometime soon.

Q: What does the sale mean for the Lake and those who live nearby?

A: Transfer in ownership and management will result in no changes for neighbors and the public who enjoy the Lake's many recreational and natural amenities. The sale of the Lake by PSE to Cascade protects the Lake's future for people, fish and the environment for the next 100 years and beyond.

Q: What did Cascade purchase?

A: The agreement is for the purchase of Lake Tapps and all related assets and facilities including over 150 parcels of land, the barrier dam near Buckley, the Headworks and canal feeding Lake Tapps, fish screens, settling basins, dikes, withdrawal structures, penstocks and power house, the hydropower water right and municipal water rights applications, and other existing contracts and agreements associated with Lake Tapps.

Q: What is the cost?

A: The amount Cascade will pay to PSE totals \$39M which includes a Minimum Purchase Price of \$25M, plus \$5M payable upon issuance of the municipal water rights (which must include certain conditions of Tribal settlement agreements) and an estimated \$9M in operation and maintenance expenditures and facilities investments.

Q: What about the surrounding cities around Lake Tapps – I thought they were interested in buying the lake? Why did Cascade buy a Pierce County lake?

A: New water supply infrastructure and conservation programs are necessary to support a thriving economy and future water demands for people and the environment in the region. Lake Tapps represents a unique opportunity as a regional municipal water source. Cascade and PSE entered into an exclusive agreement to secure the municipal water rights in 2001 and executed a Term Sheet outlining the conditions of Cascade's acquisition of the entire White River/Lake Tapps project.

Q: Can surrounding cities use water from Lake Tapps?

A: Cascade is a regional public utility that supplies water to meet its Members' needs. Cascade Membership is open to any public utility, including utilities and cities in Pierce County. Cascade's governance and rate structure ensures equity among members regardless of size or geographic location.



Q: Will the purchase of Lake Tapps affect water rates for customers living in Cascade's service area?

A: Cascade's current and future rates are set to cover all costs associated with the Lake Tapps project. Cascade's investment in the Lake and related assets, plus the cost of constructing the necessary infrastructure, will be incorporated into future customer rates.

Q: When will Cascade begin using water from Lake Tapps?

A: Water from Lake Tapps will begin supplying Cascade Members starting in the mid-2020s. Over the next decade, Cascade will develop and construct the infrastructure necessary to use Lake Tapps as a regional water supply, including building a state-of-the-art water treatment facility and transmission pipeline.

Q: How much water will Cascade use from the Lake? Will water use affect the community's use of the Lake for recreation?

A: The municipal water rights provide for approximately 65 million gallons per day from Lake Tapps. Cascade's long term water supply plan projects that Cascade Members will grow into this available capacity sometime after 2050. Use of Lake Tapps water for a regional water supply will not change the historic use of the Lake for recreation or other public activities.

Q: What happens if there's a drought? Will the Lake's level be impacted for recreation?

A: Drought conditions, whether caused by global warming or more familiar weather cycles, will cause water shortage conditions from time-to-time. During these periods, everyone must work together to meet the challenges. Cascade, for example, has agreed to incorporate potential impacts on lake levels as a criteria in determining the appropriate stage of its Shortage Management Plan (which can range from an advisory stage to mandatory curtailment of certain types of water use).

Q: When does the sale close, and when does Cascade take over management of the Lake?

A: A number of conditions must be met to close the transaction. The Washington Utilities and Transportation Commission (WUTC) must approval PSE's sale of the project, all boundary line adjustment applications must be approved and appropriate title insurance must be issued. PSE will operate the Lake under contract to Cascade for up to five years.

Q: Will Cascade be an absentee landlord in Pierce County?

A: Cascade is committed to being a good neighbor and is looking forward to making the next 100 years of Lake Tapps as good, or even better, than the first.

For additional information, contact Michael Gagliardo, Director of Planning, at 425-453-0930 or visit the Cascade website at www.cascadewater.org.