



Future of Cascade's Water Supply

Informational Presentation to Redmond City Council
September 14, 2021

Cascade Water Alliance

- One of the “big four” water suppliers.
- Seven member agencies.
- Serves 380,000 people, 20,000 businesses.
- Formed in 1999.
- Founding principles:
 - Voice and a vote.
 - Equal rights to Cascade supplies.
 - Independent supplies produced first.
 - Durable governance structure.
 - Dual majority voting.
 - Stable and predictable financial structure.





Cascade's Water Supply

Current Supply Strategy

- Declining block contract with Seattle.
- Water right for municipal use of Lake Tapps Reservoir.
- Lake Tapps operational by 2042.

Strategy Flexibility

- Business model: Use regional water to bridge demand until Lake Tapps is operational.
- Ample regional water supply through 2060.
- Lake Tapps can be deferred with extended or new supply contract and extended water right development schedule.

Cascade Board Workshop

Discussion

- Future water supply scenarios and costs.
- Water Supply Development Fund (WSDF):
 - Accumulates cash toward supply project.
 - Satisfies fiscal policy requirements.
 - Reduces and smooths out rate impacts.

Board Direction

- Pursue contract extension with Seattle
- Explore new contract with Tacoma.
- Present resolutions in October to implement WSDF.



Cascade Board Supply Scenarios Direction

Base Scenario

- Lake Tapps in service 2042

Continue to Evaluate

- Seattle Extension
 - Lake Tapps in service 2055
 - Block contract
- Tacoma (no wheeling)
 - Lake Tapps in service 2059
 - Block contract
- Tacoma (with wheeling)
 - Lake Tapps in service 2059
 - Block contract
 - Seattle wheeling agreement

Remove Options

- Everett
 - Lake Tapps in service 2059
 - Seattle wheeling agreement
- Purveyor contract with Seattle
 - Permanent supply commitment from Seattle
 - Sale or transfer of Lake Tapps



Water Supply Development Fund Scenarios

The WSDF supports all supply scenarios being evaluated.

| Scenario | Base Case | Seattle Extension | Tacoma (no wheeling) | Tacoma (with wheeling) |
|----------------------------|--|---|--|---|
| Description | Develop White River-Lake Tapps (WRLT) Supply | <ul style="list-style-type: none">• Develop WRLT• 15-year block contract Seattle | <ul style="list-style-type: none">• Develop WRLT• 20-year block Contract Tacoma | <ul style="list-style-type: none">• Develop WRLT• 20-year block contract Tacoma• Seattle wheeling agreement |
| Total Project Costs | \$1.54B | \$2.36B | \$2.69B | \$2.97B |
| WSDF Accrual | \$419M | \$1.18B | \$1.09B | \$1.22B |
| Gap Requiring Bond Funding | \$1.12B | \$1.18B | \$1.59B | \$1.75B |



Water Supply Development Fund Impacts

- Reduces debt-to-equity ratio and maintains high bond ratings.
- Redmond's contribution via Member charges: \$2.3 million over nine years.

| <i>Total 2021-29 Contribution</i> | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------------|------|-------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$2,340,304 | \$0 | \$398 | \$50,963 | \$136,807 | \$226,700 | \$324,962 | \$426,687 | \$532,121 | \$641,665 |

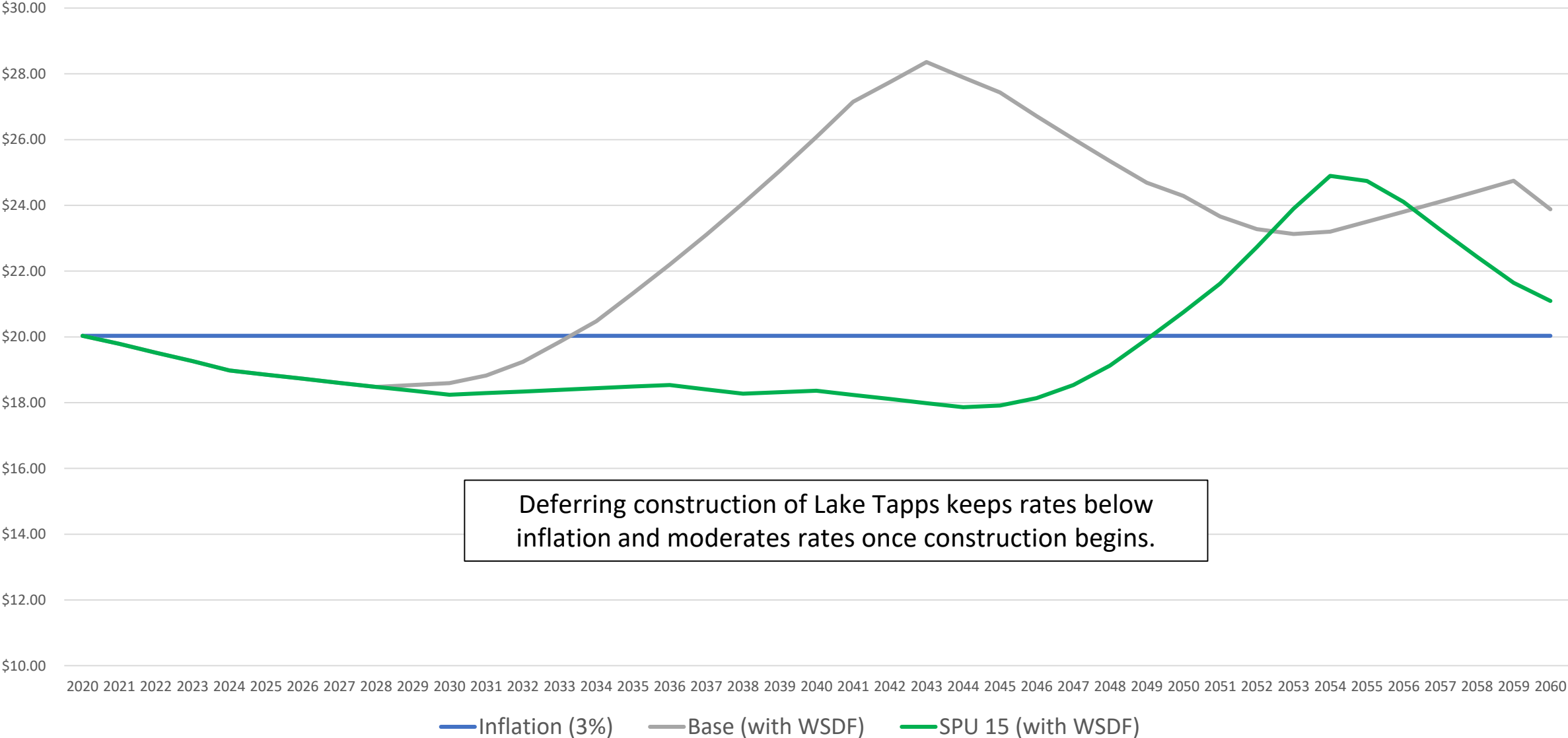
Note – Redmond's total Member charges in 2021 are \$7.5M.

- Pre-construction: Cascade's general rate increases are below inflation.

| Estimated Rate Increases | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------------|-------------|-------------|-------------|-------------|
| <i>Assumed Annual Inflation</i> | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| <i>Cascade General Rate Increase</i> | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% |
| Redmond Annual Increase | 3.6% | 1.6% | 2.3% | 3.5% | 2.8% |
| Projected Redmond Cost Per CERU/Month | \$22.36 | \$22.58 | \$22.96 | \$23.56 | \$24.02 |
| Projected Annual Increase in Cost/CERU | \$0.74 | \$0.21 | \$0.38 | \$0.60 | \$0.46 |

Real Monthly Cost per CERU 2020-2060 with Seattle Extension

Total Member Charges except RCFCs, inflation-adjusted





Water Supply Development Fund Board Authority

- Approves amount of rate increases and transfers used to fund WSDF.
- Authorizes use of WSDF funds.
- Approves project capital funding plan prior to commencing work on supply strategy.
- Redirects use of WSDF funds if not needed as planned or to extent anticipated:
 - Reduce demand share charges.
 - Distribute funds to Members.

Thank you for
your time.

Any questions?

