

Administration:

- Members Present: Alice Lanczos, Laura Firth Markley, Chris Thompson, Ross Gilliland, Tom Grant, Valerie Cholvin, Eric Anderson, Frank Metheny, Kris McArthur
- SPU Staff Present: Dave Hilmoe, Julie Burman, Bruce Flory, Joan Kersnar, Sue Morrison

Meeting called to order at 4:00PM

April 20, 2011 meeting notes accepted as written

AGENDA TOPICS:**Update on water rates process****Dave Hilmoe, SPU
Tom Grant, WSAC**

SPU met with the Mayor to discuss rate drivers a few days ago. SPU staff will meet with Council members before coming back to WSAC. It's possible that Sherri Crawford or Craig Omoto can come to the June meeting and provide an update. Information will likely be communicated to the public in late June after the Council Committee briefing. A WSAC member expressed concerns about expectations for potential future rate increases beyond the current proposal. It was asked if SPU is considering other revenue ideas for the future such as selling water to other jurisdictions. Members also suggested advising the Mayor and the Council about SPU's revenue projections, aging infrastructure, and projections for decreased consumption in the coming years.

Dave said the document developed by Tom Grant was shared with Melina Thung, SPU's Finance & Administration, Sherri Crawford, SPU Finance, as well as Ray Hoffman, SPU's Director. Dave then went through the WSAC document and provided both feedback and context from SPU's perspective. He thanked WSAC and expressed appreciation for the usefulness of the comments. This kind of customer feedback reflects both SPU's trust in sharing draft information and the value of external review. Since most of the members now have an insight into SPU's water business the comments were substantive and also provided important ratepayer perspective. Good job! Members expressed interest in participating in similar future subjects.

**2013 Water System Plan
Long-range water demand forecast****Bruce Flory,
SPU Economic Services**

Joan Kersnar opened by saying Bruce Flory is in the process of revising SPU's official water demand forecast to be included in the 2012 Water System Plan.. The intent today is to give the committee a chance to review the methodology, input, and assumptions (Part 1). Bruce will return to WSAC when he has the draft demand forecast results. (Part 2 likely in the Fall).

Bruce explained the reasons for development of the long term water demand forecast:

- Essential in determining if new water sources are needed
- Forecast is used in conservation potential model
- Used in the rate design model – long term as well as designing rates in the short term
- Used in transmission and distribution system planning
- Helpful to have when making agreements with wholesale customers

Model is flexible (due to unknowns), transparent, and transferable. Many models are available for use. SPU uses the "Variable Flow Factor" model. Inputs for the variable flow factor model include base year current consumption, households and employment. Other inputs affecting future flow factors are future income growth, income elasticity, future growth in water prices, and future conservation savings. Adjustments include forecast of non-revenue water and other sources of supply, as well as potential new wholesale customers and block contracts. Updates for the 2012 forecast include calibration to 2010 weather-adjusted consumption, latest Puget Sound Regional Council demographic forecast, projected decline in household size, new water demand from Renton, steeper increases in water/sewer rates, less growth in household income, and non-revenue water. Member will review the draft forecast will come in Part 2 when Bruce returns in the Fall timeframe..

Ross offered to compile and coordinate member comments and serve as a liaison with Bruce Flory regarding the demand forecast.

2013 Water System Plan

Water Use Efficiency Goal -- topic postponed to future WSAC meeting due to time constraints.

WSAC Business

**Alice Lanczos,
Chair
Julie Burman,
SPU Policy Liaison**

Alice reported that she emailed new members regarding interest in the vice-chair position. Chris Thompson was nominated, and was unanimously elected at the meeting.

Julie explained that Ralph Naess of SPU has offered to provide a tour of the watershed. This would be an all day event and could include Drainage & Wastewater (CDWAC) committee members. Potential dates are September 10, 17, and 24. Julie will finalize the date with Ralph and report back to the committee.

It was decided that the June WSAC meeting would be moved to June 8th.

Sue will email surveys regarding the CAC annual meeting and the new member orientation meeting held in April. Surveys can be returned to Sue or Sheryl Shapiro.

Meeting adjourned at 6:00PM.