

**Final Minutes**  
**Seattle Water Supply System Operating Board**  
**February 6, 2020**  
**1 PM to 3:00 PM**

**Mercer Island Community and Event Center**  
**8236 SE 24th Street**  
**Mercer Island, WA 98040**  
**206.275.7609**

<u>Board Members</u>	<u>Board Alternates</u>	<u>Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Alex Chen - Chair	Bryan Koehmstedt	Mike Amburgey	Regina Carpenter	Mike Brent
Mami Hara	Paula Laschober	Jason Kintner	Kathy Curry	Charlotte Haines
Wylie Harper-Alt	Ron Speer	Mike Martin	Elizabeth Garcia	Patty Hale
Matt Everett	Shane Young	Pam Martin	Meghan Gattuso	Pamela Maloney
Diane Pottinger - Vice Chair		Byron Murgatroyd	Celia Kennedy	Steve Pfaff
Lynne Danielson		Al Nelson		Kathleen Quong- Vermeire
Ron Little, 7 <sup>th</sup> Member		Patrick Sorenson		Ron Ricker
				John Thompson
				Jerry Thornton

**Welcome and Introductions**

**2. Minutes/Agenda**

- The **December 5, 2019 minutes** were **approved 6-0**.
- The **February 6, 2019 agenda** was **approved 6-0**.

**3. New Business**

**a. Demand Forecast**

Elizabeth Garcia, SPU Water Resources Hydrologist, gave a presentation on Seattle Public Utility's (SPU's) Demand Forecast. She provided a look at past water demand forecasts, an overview of the water demand model, and short-term and long-term projections. Furthermore, she explained the various factors that went into the forecasted demand and the economic scenarios used in the forecast. She noted that long-term projections remain relatively stable. She said SPU is recommending the continued use of the 2017 short-term forecast.

- *There was discussion about suggested changes to the long-term demand forecast including: 1) show precipitation totals, 2) extend the forecast out more years to assist with planning needs, 3) show all the factors that go into the forecast, and 4) extend population projections beyond 2060. Meghan Gattuso, SPU Economist, noted that she used Puget Sound Regional Council (PSRC) population information by census tract, and also looked at where growth is expected to occur.*
- *Mami Hara, SPU General Manager, said that it sounds like there are more details wanted on the Demand Forecast. She noted that wholesale customers should contact Kathy Curry, Wholesale Contracts Manager, and let her know the specifics.*
- *It was asked if the demand forecast included all non-revenue water, or just SPU non-revenue water. Alex Chen, SPU Water Policy and Planning Director, noted that he would confirm the answer at a later date. A*

*Board member also said he wanted to see the water conservation projections and related water demand reductions, to know if we have obtained all the "low-hanging fruit" on conservation.*

**b. Wholesale Rate Study Continued**

Regina Carpenter, SPU Principal Economist, presented information on the impact of the demand forecast scenarios and facility charge transfer scenarios on the wholesale rate study. She explained rate impacts that occurred in the past when we over estimated demand and when we underestimated demand. She also reviewed the past Operating Board decisions from 2017 that set the Facilities Charge rate through 2023, such as setting the Regional Conservation Goal and the allocation of conservation assets to facility charges in 2019-2023. She also explained the risks if our assumptions for demand are too high or too low. Similarly, she explained the risk of making assumptions for facilities charges that are too high or too low.

- *A Utility Representative suggested that SPU lower the recommended demand forecast line by 1 percent, so that we keep it conservative. A Board Member said he wanted us to follow the Facilities Charge scenario where growth slows by 20 percent. Regina explained that a decision on the demand forecast and the facilities charge forecast is not needed today since there are remaining rate drivers that haven't yet been discussed with the Board. By April, all the information will have been discussed.*
- *A Board Member said that he thought some wholesale customers had asked SPU previously to establish a rate stabilization balance account to help reduce the amount rates go up and down over the years. Regina noted that this was a good idea that was being considered as part of the contract review effort.*

**c. Cascade Block Contract Background**

Alex Chen presented an overview of the Cascade Water Alliance (CWA) declining block contract, provided some history behind the contract and CWA. He covered some of CWA's assets, current expenses, long-term demand forecast and agreements with other entities such as Tacoma Water for 8 mgd of water supply from 2012-2042, Lake Tapps purchase in 2008 from Puget Sound Energy, etc. He explained that in a 2012 analysis of potential CWA future supply sources, purchasing an "Expanded Block" from SPU was listed as the top alternative for future water supply based on a number of factors. Alex wrapped up by relaying that CWA has provided a letter to SPU indicating they may be interested in an added contract amendment; however, it was noted that SPU is not entering in to negotiations with CWA until CWA provides a more detailed proposal and until SPU conducts contract discussions with the Operating Board.

- *A Utility representative asked if moving forward CWA would pay the same amount for water as the full and partial customers. Alex responded that the CWA block rate in the original contract was more favorable than the full and partial rates, especially if CWA used their full block of water (which they have not). He noted that in the 2012 CWA contract amendment, much of the pricing was changed to be consistent with the full and partial contracts.*

**4. Executive Summaries and Other Business**

Alex Chen provided summaries on the following topics:

- **Water Supply Conditions** – Alex gave a short presentation on how SPU is managing recent rainfall and how the reservoirs are typically used to help capture storm flows to reduce downstream flooding.
- **Reclaimed Water Update** – Alex reminded the group about the status of the short-term agreement and mentioned that there would likely be more on this subject next month.
- **Contract Review Update** – Alex relayed that, at the upcoming May 7 Operating Board meeting, SPU will provide an overview of the contract provision changes that SPU is proposing for consideration. Kathy Curry added to Alex's comments by mentioning that SPU will host 3 contract workshops in May and June of this year on dates and times that are to be announced in the next month or so. She also noted that wholesale customers should think about who from their organization should attend the May 7 Operating Board meeting and the subsequent contract workshops.



- Upcoming Workshop – Alex reminded the group that SPU will be hosting an April 22<sup>nd</sup> workshop on the EPA Risk and Resiliency Assessment. The workshop will be held from 1 to 3 pm at the Mercer Island Community and Event Center where monthly Operating Board meetings are held.

5. **Future Meetings**

Kathy reminded the group that the next two Operating Board meetings will be held on March 5<sup>th</sup> and April 2<sup>nd</sup>.

6. **Good of the Order**

- None

7. **Public Comment Period**

- None

8. **Material presented at Meeting:** Copies of information described on the agenda were either provided in advance or at the meeting.

9. **Board meeting was adjourned at approximately 3 p.m.**

Approved by:

  
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Chair, Alex Chen  
Seattle Water Supply System Operating Board

3/3/20  
Date