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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
2	1	3.0 Potential Sources of Funding	Cascade should begin developing a strategy to pursue federal dollars - not just loans but also direct grants in support of the Program.	2026-03-25	Cascade Board	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
3	2	9.0 Adaptibility of the Capital Funding Strategy	Please provide more information about what thresholds for changes would trigger developing updates to the Funding Plan.	2026-03-25	Cascade Board	Section 9.0 identifies the triggers or milestones that would indicate when reassessment should occur.
4	3	7.0 Recommended Strategy	It is important to recognize that being conservative is a balance - conservative for Cascade is not necessarily conservative for our ratepayers today.	2026-03-25	Cascade Board	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
5	4	General	It is necessary to provide transparent tracking of costs over time, as well as tracking changes in assumptions through updates to the funding plan	2026-05-27	Cascade Board	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.
6	5	General	Long term increases in both rates and RCFCs have impacts for the members own rates and charges. We need information about these long term effects and how they differ for each member.	2026-05-27	Cascade Board	Cascade provides a forward-looking projection of charges by member, broken out by demand share and dues, provided as part of the biennial budget process. If desired, we can provide this for all scenarios evaluated.
7	6	General	Please provide measurable indicators to track financial assumptions and project risks over time.	2026-05-27	Cascade Board	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
8	7	General	We need coordination between Cascade's bond counsel and member financial teams to understand the implications of Cascade's bond issuances on member agencies.	2026-05-27	Cascade Board	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
9	8	7.0 Recommended Strategy	Ensure that scenarios preserve flexibility to use a mix of sources, including the WSDF.	2026-03-17	Finance & Mgmt Committee	This feedback has been incorporated in the Recommended Funding Strategy.
10	9	7.0 Recommended Strategy	Prioritize rate predictability by developing conservative scenarios.	2026-03-17	Finance & Mgmt Committee	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
11	10	7.0 Recommended Strategy	Prioritize external funding in the funding plan.	2026-03-17	Finance & Mgmt Committee	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
12	11	9.0 Adaptibility of the Capital Funding Strategy	Consider adding content that explains the triggers or milestones that will reduce uncertainty over time and indicate when reassessment should occur as cost projections become more refined.	2026-05-28	Redmond Staff	Section 9.0 identifies the triggers or milestones that would indicate when reassessment should occur.

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13	12	9.0 Adaptibility of the Capital Funding Strategy	Sensitivity analysis is robust and comprehensive - however, as noted in the CFP, it relies on planning-level cost projections. For that reason, it would be helpful to identify key milestones and anticipated timeframes when project scoping will improve, and uncertainty will decrease. This information will support: * Establishing appropriate timeframes for reassessing the CFP * Identifying reporting milestones for the Board to confirm whether the CFP remains aligned with the project or if deviations are emerging.	2026-05-28	Redmond Staff	This subject is discussed in Section 9.0 (B).
14	13	7.0 Recommended Strategy	The CFP recommends a policy to “vigorously pursue funding through WIFIA.” Consider providing additional context for the Committee/Board about what “vigorous pursuit” entails. What specific actions are expected from members?	2026-05-28	Redmond Staff	Anticipated Cascade actions: * WIFIA support as part of future PES work assignment. * WIFIA-related items in future Legislative Agenda. * WIFIA activities added to staff work plans. Anticipated Member actions: * Coordination with Cascade Legislative Agenda * Letters of support for WIFIA * Outreach to federal delegation.
15	14	6.0 Sensitivity Analyses	Provide clarification on how impactful changes in growth assumptions may be. Is there a reduction in growth threshold that should trigger a review of the CFP?	2026-05-28	Redmond Staff	As noted in Section 7.0 (F), lower growth would reduce RCFC revenues, increasing pressure on rates. A reduction of 150 CERUs per year would increase annual average rate increases by 0.3%. An increase of 150 CERUs per year would decrease annual average rate increases by 0.2%.
16	15	6.0 Sensitivity Analyses	It would be useful to include upper and lower bounds for the 10-year rate projections driven by the CSP to support future rate discussions. A chart showing the recommended 10-year rate path alongside an optimistic (low-cost) and conservative (high-cost) scenario for 2027/2028 would illustrate the range we are working within.	2026-05-28	Redmond Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.

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17	16		After Cascade's Bond Council discussion, consider adding any relevant information regarding potential impacts to members' bond ratings.	2026-05-28	Redmond Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
18	17	7.0 Recommended Strategy	Per the Board discussion, adding a chart with actual dollar impact for average household use that projects out 10-years would be valuable.	2026-05-28	Redmond Staff	We have included projected cost per CCF in Sections 6.0 and 7.0. Based on the Board discussion, we will refrain from computing average household bill impact, due to the variability in Members estimates of household use and rate structure.
19	18	General	The CWA Cascade Supply Program will have generational impacts on the CWA member agencies and their customers. While member agency staff has been engaged by CWA staff, the timeframes afforded to member staff to review and vet the proposed plan (1/29/2026 draft and 5/6/2026 draft) provided less than optimal time for review. Given the magnitude and impacts of Phase I and subsequent phases, adequate programming and review time is crucial so member staff can support its CWA board members in the decisions they must consider. Documents of this breadth and nature should allow for no less than 30 days for review.	2026-05-27	SPW Staff	Cascade will work to provide ample review time for these documents.
20	19	General	Great effort and forethought were provided by the CWA staff in developing the Plan within timeframes critical to an evolving project. With that said the 10 alternative scenarios contained in the Plan, including the variables impacting the scenarios and the sensitivity analysis make it difficult to track. A focus on formatting and narrative could bring better clarity to the Plan. In some cases, less is more.	2026-05-27	SPW Staff	We have endeavored to balance the requests for simplicity with requests for clarity, and have attempted to make the Executive Summary as clear as possible, while providing the level of detail requested in the body of the Plan.

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21	20	Executive Summary	The Executive Summary Section A (CFP p. 8) begins by stating “The CSP is discussed in depth in Cascade’s 2025 Water System Plan.” District staff questions the validity of the “depth” of discussion in the 2025 Water System Plan. Most references to the project in the 2025 Water System Plan were generic in nature with mere references to the Tacoma supply contract, basic demand forecasting associated with supply contract and planned short term work to refine the scope of the CSP in the near term from the 2012 Transmission Supply Plan. When reviewing and commening on the 2025 Water System Plan, District staff cited the lack of capital programming detail and concern over the confidence associated with the capital projects and estimates associated with the Tacoma supply project. Generally, the System Plan did not consider rate impacts of the CSP/Tacoma Supply Project.	2026-05-27	SPW Staff	Removed "in depth".

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22	21	General	The original cost estimates on which the Tacoma Supply Project were based were either inaccurate, conceptual, or have evolved as clarity is atained in scoping the project. Original estimates considered a $600,000,000 supply project, but have now increased up to threefold ($1.8 billion). Depictions of project cost refinement shared with member staff and board members using the AACE template for engineering Class 5 through Class 1 depicts cost estimating as linear, which is not the case. The Tacoma-Cascade Transmission Line (TCTL) has already surpassed the upper limit of the Class 5 estimate. Future estimates should be conservatively presented with full transparency as the project scope is refined. District staff encourages using either high end/worst case scenario esimates including rate impacts to member agencies, or appropriate range estimates which temper optimisic assumptions or outcomes which are not guaranteed.	2026-05-27	SPW Staff	Additional information regarding the cost projection process is available in the Cascade Supply Program Phase I Preplanning Cost Projection memorandum, dated 2026-02-24.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
23	22	7.0 Recommended Strategy	Various scenarios and estimates included in the Capital Funding Plan contain optimistic scenarios or assumptions. Unless they can be guaranteed, we suggest cautiously accepting and including the following assumptions in any scenario: a. Assumption of WIFIA funding as part of the recommended funding package. District staff supports evaluating WIFIA as a potential financing option, but does not believe the core funding strategy should rely on a $900 million WIFIA loan unless and until CWA can demonstrate that WIFIA is reasonably available, cost beneficial compared to revenue bonds, and administratively feasible. Until then, the CFP should present revenue bond financing as the primary funding assumption, with WIFIA shown as a potential upside scenario. b. Assumptions of third-party partnerships or grants. The recommended funding strategy assumes 1% of the project to be funded by state loans and 1% to be funded by grants and partner contributions. Such small amounts are de minimis and should be removed from consideration at this point in time. Additionally, the opportunity to pursue third-party funding or partnerships should be balanced with the level of effort and staff required to pursue and administer such small project elements.	2026-05-27	SPW Staff	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
24	23	6.0 Sensitivity Analyses	Presentation and analysis of alternative scenarios translate member charges as cost per CCF. While being a metric, member demand shares are typically approached and assigned on a million gallon (MG) basis. All scenarios should include the MG cost metric.	2026-05-27	SPW Staff	Demand Shares are assigned based on a Million Gallons per Day basis. We will include a version of the scenario outputs in an appendix expressed as total dollars per MGD.

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25	24	6.0 Sensitivity Analyses	All cost projections should include a ten-year projection on how each scenario will impact each member agency’s demand share and dues. This recommendation is not intended to capture the impact on each member’s retail rates as agency rate design varies.	2026-05-27	SPW Staff	Cascade provides a forward-looking projection of charges by member, broken out by demand share and dues. If desired, we can provide this for all scenarios evaluated.
26	25	General	CWA member charges are currently assigned using three categories: administrative dues, conservation dues, and demand share. Given that the CSP represents new program costs to the members which will have a material impact on rates, we encourage establishing a fourth category of member charges tied directly back to the CSP. This will allow member agencies to better understand the direct impacts of the CSP on member charges. In doing so we note that members with independent supply will ultimately experience different impacts to their individual water enterprises than those who rely solely on CWA for water.	2026-05-27	SPW Staff	Cascade's rate methodology is defined in JMUSA and Cascade Code. The cost of the CSP will impact both the Demand Share and RCFC charges. Cascade is committed to providing the information necessary for Members to understand the impacts of the CSP on their charges.
27	26	General	The CSP is demand share based related to meeting the regional supply needs of members. As such, all project costs (project staff, consultant expenditures, capital costs, other related project costs) need to be tracked separately and allocated per demand share basis and not funded through administrative dues. This is critical to ensuring those members with independent supply are not inappropriately charged through the Cascade Equivalent Residential Unit basis used to assign administrative dues.	2026-05-27	SPW Staff	Cascade will track CSP-related costs separately, and is evaluating its procedures to ensure consistency with state and federal funding requirements.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
28	27	3.0 Potential Sources of Funding	Regarding WIFIA: a. The CFP does not validate whether there is a true cost benefit to WIFIA considering the cost and effort to pursue WIFIA, any Federal procurement requisites that may result in higher project costs, staff time to administer WIFIA financing, and efficiency of having timely and guaranteed funding compared to traditional bond issues. b. WIFIA interest rate costs are tied to T-Bills and will likely exceed the interest rate CWA can secure through a bond issue (assuming a AAA bond rating). This may actually increase member costs and rates compared to the assumed benefits. c. The proposed CFP includes a “policy” to “vigorously pursue funding through WIFIA.” The District’s staff questions whether this is really a “policy” consideration rather than an action to pursue an optimistic assumption. Most agencies typically expect the staff to pursue all options which may lead to lower costs and favorable financing. It’s an inherent expectation of staff.	2026-05-27	SPW Staff	An evaluation of the potential cost implications of federal procurement requirements on the project cannot be accurately completed prior to project planning. Cascade staff intend to evaluate this when the necessary information is available. As described in Section 3.0 (C), the advantages of the program are not through the interest rate, but rather through the loan terms and repayment structure, which are more flexible than conventional revenue bonds. Board policy direction would represent direction to prioritize certain activities, through both staff workplans and potential budget requests for consultant resources.
29	28	3.0 Potential Sources of Funding	RCFC revenue in 2026 is lagging due to slower regional growth. Are the RCFC assumptions still valid, or should they be revisited and validated for further adjustment of the CFP projections and CWA fiscal model?	2026-05-27	SPW Staff	Staff has reviewed historical RCFC behavior and believes that the current assumptions remain reasonable at this time, but will continue to monitor growth rates as part of the biennial budget process. Section 6.0 (F) discusses the impact of lower or higher growth rates.

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30	29	7.0 Recommended Strategy	Cascade Code Section 5.70.040.B.4. related to the Capital Funding Plan states “if grants or low-cost loans cannot be confidently relied upon, address a structure without those sources, but with flexibility to accommodate the benefits of funding sources if and when they are secured.” (CFP p. 18) The proposed funding scenario appears to contradict this by assuming grants, loans, WIFIA funding, and outside partnerships that are currently unsecured.	2026-05-27	SPW Staff	In addition to the Recommended Funding Strategy, the Funding Plan addresses a contingent funding structure without these sources, as required by code. In addition to the contingent strategy added to Section 7.0, Section 6.0 (D) demonstrates Cascade's financial capacity to meet its fiscal policy requirements.
31	30	General	The Plan is unclear as to the number of phases the CSP has. The CFP identifies three or four phases of capital construction. The narrative on Page 20 references three phases but Exhibit 1-1 on Pages 21-22 depicts four phases. Furthering the confusion is that the 2025 Water System Plan refers to three phases, and CWA staff has referenced four phases in recent meetings. All project phases should be clarified and defined, including anticipated elements and cost projections, and longer-term rate impacts projected through all project phases, including estimated individual agency member costs. It is currently unclear how phases merge or overlap in the CFP and what the duration of rate impacts atributable to new supply will be beyond Phase I.	2026-05-27	SPW Staff	Cascade staff will simplify references to three phases. While long-term forecasting currently anticipates buildout of treatment capacity in stages between 2060 and 2100, those assumptions are immaterial to the analyses and recommendations of the Capital Funding Plan, as they are so far beyond the duration of Phase I that they do not impact the decisions made today.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
32	31	General	Although the CFP is primarily focused on the TCTL, it projects aggregate rate increases for CWA member agencies. It would be helpful to have more granular breakdown of the drivers for the rate increases and associated assignment of the percent increase such as administrative dues, conservation dues, demand share, and CSP capital/debt. Additionally, further detail should be provided on the specific TCTL cost breakdown such as staff/personnel, consultants, capital/construction, rate smoothing, contingencies, management reserve, and debt service.	2026-05-27	SPW Staff	Cascade staff will work to provide the requested information separate from the Capital Funding Plan.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
33	32	7.0 Recommended Strategy	The CFP should clearly distinguish the portion of the proposed 9.5% annual member charge increases for 2027 and 2028 that is required to meet near-term budget, debt service, and cash flow obligations from the portion that reflects a policy decision to increase rates now for longer-term rate smoothing and risk mitigation. The CFP states that 8.0% annual increases are needed to satisfy minimum funding needs, and that applying the existing five-year rate smoothing policy would result in 8.2% annual increases, yet it recommends 9.5% annual increases and discusses 10.0% as an additional conservative option. Because the 9.5% path exceeds the short-term minimum and current smoothing policy result, the CFP should quantify the incremental impact of the higher rate path on member charges, cash funding, debt issuance, and projected future rate reductions before the Board is asked to adopt it. (CFP pp. 68, 71; FIG 5/19 Packet p. 113.)	2026-05-27	SPW Staff	The difference between the recommended funding strategy and a comparable scenario with a lower initial rate path is shown in Exhibit 7-3.
34	33	6.0 Sensitivity Analyses	While comprehensive and thoughtful, the CFP provides multiple cost scenarios. We suggest providing only one conservative cost scenario as a basis for evaluating sensitivity against all variables as the project evolves. Subjective cost scenarios may result in false assumptions guiding what members would like the costs to look like (emotional/subjective response) rather than making decisions based upon a concrete touchstone of cost based upon best available data.	2026-05-27	SPW Staff	The Funding Plan presents a recommended funding strategy and contingent recommended funding strategy, in addition to a range of scenarios based on potential outcomes evaluated in Section 6.0 Sensitivity Analysis. A range of potential cost outcomes is not subjective, but rather the reality of the degree of precision possible at this stage of project planning. While the terms “conservative” and “extremely conservative” are subjective, the factors used in the sensitivity analysis are objective and so too are the cost scenarios. We chose these terms to distinguish the scenarios from each other, and we added the extremely conservative scenario in response to SPW’s good suggestion.

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35	34	6.0 Sensitivity Analyses	The CFP presents multiple scenarios. It would be helpful to have all scenarios presented in one summary table for comparison purposes. However, scenarios should carry a consistent project budget as requested in comment 15 above, and shouldn’t be based on assumptions contrary with the CWA Code which avoids the use of speculative financing assumptions.	2026-05-27	SPW Staff	The sensitivity analyses are summarized in Exhibit 6-1. A summary of outcomes has been added as Exhibit 6-22.
36	35	General	The TCTL is an evolving project which should have some basic assumptions agreed to as part of the CFP, particularly project cost/budget and debt service assumpions. As the project progresses the assumptions will become clearer or validated, being impacted by many of the variables presented in the sensitivity analysis. We encourage developing a project tracking and reporting platform/model which clearly documents costs and corresponding rate impacts to members. The reporting platiorm/model should be updated no less than annually or if major assumptions or data impacing the sensitivity variables change. We recommend the sensitivity analysis be further developed and used more as a business model to track the project and project costs and rate impacts to members.	2026-05-27	SPW Staff	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.
37	36	General	Due to the magnitude of debt required to fund the TCTL and the CWA provisions that member debt is subordinate to CWA debt, the CFP financing may impact member agency bond ratings and debt service ratios. CWA is encouraged to evaluate the impacts of the proposed CFP on members.	2026-05-27	SPW Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.

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38	37	General	The numerous cost projections provided on the 1/29/2026 and 5/6/2026, and 5/7/2026 member staff presentations are unclear and confusing regarding the projected TCTL project costs, including how the management reserve is calculated and applied to the project budget. Also, it is unclear how the management reserve will be applied to or offset project contingencies. Please clarify whether contingencies are already included in the project budget, and whether the management reserves may duplicate contingencies already in the project plan. a. The CFP should clarify why the lower cost projection range without the management reserve is labeled as the “Base Scenario.” District staff understand that the Recommended Funding Strategy uses a more conservative cost assumption than the Base Scenario and that CWA evaluated higher-cost scenarios. However, because the project remains subject to significant uncertainty, the CFP should clarify whether the Base Scenario is intended to represent the most likely current estimate or only a modeling reference point. (CFP p. 48.) b. For example, the 1/29/2026 draft contained a comment that stated, “the current cost projection range reflects 35% contingencies plus 20% management reserves.” This pertains to Section	2026-05-27	SPW Staff	Specifics regarding the pre-planning cost projection is available in the Cascade Supply Program Phase I Preplanning Cost Projection memorandum, dated 2026-02-24. These cost projections include the base costs, contingencies, program reserves, staffing, and program management expenditures to deliver Phase I of the Cascade Supply Program. The low end of the cost-projection range includes 35% contingencies.

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39	38	General	Although the CFP focuses primarily on the TCTL capital program, consideration should be given and discussion initiated on approach and philosophy for funding capital renewal/asset management reserves for what will become a large registry of capital assets which CWA has not previously needed to address. Recognition of the need to renew capital assets/infrastructure not currently part of CWA's SPU supply contract which will be constructed as part of the transition to providing TPU and/or CWA direct supply should not be ignored.	2026-05-27	SPW Staff	JMUSA and Cascade Code require funding of renewal and replacement of capital assets. Cascade's financial forecast model includes funding for this renewal and replacement, including increases as new infrastructure is brought in to service.
40	39	General	Exhibit ES-2 (CFP p. 11) depicts the Tacoma Supply Contract as a capital cost. It is recommended to categorize it as an operating cost given that you can't fund this expense through debt. Therefore the supply costs should be segregated from the capital costs.	2026-05-27	SPW Staff	The capital capacity payments under Cascade's Tacoma Agreements are capital costs, and are eligible uses of bond proceeds.
41	40	General	Please validate that all summarized costs in the tables are accurate and consistently presented, particularly where values are abbreviated. For example, in Exhibit ES-2 (CFP p. 11), confirm the upper-range total, which currently sums to $2.01B. This value is abbreviated as $2.05B, while other tables reflect totals of $2.005B (Exhibits ES-3 p. 11, 1 3 p. 26, 6-2 p. 49, and 7-1 p. 65); please reconcile these discrepancies. Additionally, verify the total in Exhibit 4-2 (CFP p. 41), which currently calculates to $1.703B.	2026-05-27	SPW Staff	Typographical errors have been corrected.

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42	41	General	Future Phases of the TCTL, expanded facilities or capacity beyond current conditions should be tracked and all relevant staff and capital costs assigned to members who will receive additional benefits.	2026-05-27	SPW Staff	Cascade will track costs and allocate expenses consistent with the requirements of JMUSA and Cascade Code.
43	42	2.0 Financial Standards for the Funding Plan	The capital cost escalation factor has been increased since the 1/29/2026 draft from 3.25% to 3.5%. What did you base this increase on and are you using a national or local inflation index? This is understated based upon our experience.	2026-05-27	SPW Staff	The capital cost escalation factor was increased to 3.5% per year based on discussion with the CSP team, and a range of construction cost escalation of 2.5% to 4.5% is evaluated in Section 6.0 Sensitivity Analysis. This is a forward-looking assumption, rather than a backwards-looking national or local index. As with other assumptions in the Funding Plan, our intention is that this be a moderately conservative assumptions. Historically, a 15-year rolling average for ENR's Seattle Area construction cost index has averaged 3.0%. It has ranged from 2.0% to 4.1%.
44	43	7.0 Recommended Strategy	The CFP should reconcile the proposed $60 million initial bond issue to the specific 2027-2028 Supply Project costs it is intended to fund. The CFP states that the bond issue would fund two years of project development, primarily facility planning and design, with some property acquisition. However, the preliminary budget presentation identifies approximately $45.0 million of 2027-2028 CSP costs by category. (CFP p. 63; FIG 5/19 Packet Preliminary Budget Presentation p. 103)	2026-05-27	SPW Staff	Section 7.0 updated to clarify how use of bond proceeds works in the context of Cascade's capital program.

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45	44	9.0 Adaptibility of the Capital Funding Strategy	Generally, the CFP is a valuable baseline starting point for developing a financing strategy based upon what is currently the best available information. It should be recognized that considerable refinement of project requirements and costs will continue to evolve. We suggest revisiting/revising the CFP in greater detail in 2-3 years as the scoping becomes clearer, including documenting changing costs and conditions. With that said, we recognize that the most critical decision at this time is the rate adjustment for 2027/2028 Budget, and we respeciully refer to the CWA staff recommendation as meeting the fiscal needs for the next biennium.	2026-05-27	SPW Staff	Cascade intends to update the Funding Plan and associated rate forecast materials, as well as documenting sources of change between revisions. Anticipated updates are discussed in Section 9.0.
46	45	General	Considering significant increases in project costs and risks, it is crucial to identify and evaluate possible alternatives for the CSP as a whole or its individual components. By examining and adjusting these individual components through alternatives analysis, you can develop strategies that effectively mitigate costs and risks.	2026-06-26	Kirkland Staff	We agree that evaluating alternatives for how the components of the CSP are planned and delivered is essential. The Capital Funding Plan is focused on the funding and financing of the program, rather than the engineering and planning of the project components.
47	46	General	Developing comprehensive cost projections for future phases should be prioritized to enhance financial planning and rate setting.	2026-06-26	Kirkland Staff	The planning and decisionmaking that will be completed as part of the next few years tasks is necessary before comprehensive cost projections of the subsequent phases can be developed.
48	47	General	Given the cumulative effects of increasing utility rates, it is essential to adopt multi-utility financial strategies. Collaborating with various utility providers will be essential for the economic vitality of the region	2026-06-26	Kirkland Staff	Cascade recognizes the combined impact of the many utilities on affordability issues. Cascade will continue to engage in regional efforts to address utility costs and impacts.

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49	48	General	Strengthening contingency planning by exploring alternative funding sources can better prepare for potential shortfalls in external funding and other risks	2026-06-26	Kirkland Staff	Cascade will continue to evaluate risks and opportunities for both funding alternatives and contingencies.
50	49	9.0 Adaptibility of the Capital Funding Strategy	Regular review and update of the funding plan should be established to ensure its effectiveness amidst changing conditions, potentially including a third-party review process.	2026-06-26	Kirkland Staff	Cascade intends to update the Funding Plan and associated rate forecast materials, as well as documenting sources of change between revisions. Section 9.0 discusses anticipated updates to the Plan.
51	50	General	Enhancing stakeholder communication is vital to foster transparency and keep member agencies informed and prepared regarding projected costs and funding strategies	2026-06-26	Kirkland Staff	Cascade is developing a CSP communications strategy, and will continue to provide Members with information regarding the CSP and Funding Plan. Cascade will provide regular updates to MST, MS, SPOC, and Board.
52	51	3.0 Potential Sources of Funding	Bellevue staff generally agree with Cascade's funding philosophy of "elements that enhance cash funding are preferred, as they reduce debt burden and improve flexibility for meeting future capital needs." Cash funding strategies will help to mitigate the rate impacts when unanticipated changes in costs and schedule occur.	2026-06-03	Bellevue Staff	This approach is consistent with Cascade's fiscal policies, including the 80% cap on debt to net assets.
53	52	7.0 Recommended Strategy	Because costs and schedule are uncertain at this point, we encourage Cascade to adopt a fiscally conservative rate forecast in the early phases of CFP. At this point, the one thing for which we have 100% confidence is that the cost projections in the CFP are less reliable than all of us would prefer and will become more accurate as the project moves forward. For a project of this size in its early planning phase, we need to place an appropriate level of skepticism in the cost projections/estimates and related rate impacts.	2026-06-03	Bellevue Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.

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1	**Comment #**	**Plan Section**	**Comment**	**Date**	**Originator**	**Response**
54	53	7.0 Recommended Strategy	As a result of this uncertainty, Bellevue staff recommend that one of the primary goals of the initial rate adjustments should focus on providing financial flexibility to pivot when major shifts occur in key assumptions of the CFP. Doing so, will hopefully help to avoid or to mitigate potential rate spikes.	2026-06-03	Bellevue Staff	Cascade staff agree with the importance of preserving flexibility when faced with high uncertainty.
55	54	7.0 Recommended Strategy	Even though the annual rate adjustments within the recommended funding strategy are based on early projections/estimates for the timing and cost of executing Phase I, member agencies are using these rate adjustments to set near-term retail rate adjustments. At this early phase in the CSP, having confidence in the ceiling of near-term rate increases may be preferred to an expected rate increase that gives a perception of precision that does not exist	2026-06-03	Bellevue Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
56	55	3.0 Potential Sources of Funding	WIFIA Funding Assumptions: The financial assumptions used to model WIFIA loan repayment appear to be very similar to the assumptions used to model revenue bond repayment (e.g., 4.5% annual interest rate, 30-year maturity for revenue bonds versus 32-year maturity for WIFIA). Can Cascade staff speak to the financial assumptions for WIFIA loans that make it a financially attractive alternative to traditional revenue bonds as modeled in the CFP (e.g., debt shaping, principal deferral)?	2026-06-03	Bellevue Staff	There are a few key benefits of the WIFIA loan - some of which are captured in the financial forecasts, and some which have not been modeled for the sake of conservatism: * Principal deferral during construction is the primary benefit. Interest can also be deferred during construction, but we have elected not to. * Interest accrues only as draws are made, rather than on the lump sum amount, in the way revenue bonds do. * Repayment can be delayed up to 5 years after completion. We have assumed repayment begins in 2040, so that the full debt burden is shown in the forecast period shown in the Funding Plan. * Not modeled, but significantly more flexibility than bonds, including the ability to reset interest rate during construction, penalty free pre-payment without a call period, and flexible restructuring.

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57	56	3.0 Potential Sources of Funding	•WIFIA Application vs Acceptance of Award: Bellevue staff recommend the recommended funding strategy emphasize that the board would direct Cascade staff to pursue (apply for) WIFIA assistance. Acceptance of an eventual WIFIA award would be a separate action considered by the Board. Delineating these two policy actions may help to mitigate potential concerns that applying for a WIFIA loan obligates the Board to accept the WIFIA loan at the assumed financing terms within the CFP. oPage 71 alludes to the sequencing of arranging capital funding sources once a WIFIA package is secured – it may be helpful to move this detail into the executive summary.	2026-06-03	Bellevue Staff	This is correct; Board action is anticipated for both issuing of a Letter of Intent to EPA for WIFIA funding, and for ultimately accepting a loan agreement. Adoption of the Capital Funding Plan represents support for the steps necessary to prepare for those actions, but does not preempt those subsequent Board actions.

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58	57	3.0 Potential Sources of Funding	•Assumed Repayment of WIFIA Loan: Page 44 indicates that repayment of WIFIA loans is projected to begin around 2043 and continue for 32 years. Because the CFP only forecasts costs/rates through 2040, we're potentially not seeing any of the cost and rate impact of repaying the WIFIA loan in the CFP. If this is the case, then Cascade needs to provide some indication of the rate impact of securing the WIFIA loan beyond 2040 in the CFP. Otherwise, the CFP is only showing the benefits of the WIFIA program without any of the obligations tied to repayment. Board members may want a more comprehensive understanding of the financial impact of directing Cascade to pursue WIFIA funding. oThe 2027-2040 rate smoothing strategies in the CFP may address building rate capacity through 2040 to meet WIFIA loan repayment beginning in 2043, but Bellevue staff did not see any reference to that strategy in the CFP. oThe reference to 2043 in the draft report may also be outdated from previous draft version. In which case, we suggest updating the reference with up-to-date information.	2026-06-03	Bellevue Staff	This error has been corrected. The Funding Plan forecasts repayment of interest beginning in 2034, and both principal and interest in 2040.

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59	58	General	Debt Issuance: Based upon the anticipated sizing and frequency of future debt issuance to support CSP implementation, and the potential impact to member agency bond ratings and capacity, we expect CWA will maintain robust engagement with our bond counsel and staff to ensure transparency, ongoing alignment, and maintain effective support for our Board members.	2026-06-03	Bellevue Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
60	59	General	•Allocation of CFP Revenue Requirements to Member Charges: Are the projected 2027-2040 rate projections related to the revenue requirements of the CFP assigned to the demand charge basis or are they applied across-the-board to the administrative, conservation, and demand charges for each member agency? oHow will the CFP-related costs be assigned or allocated to the three charges next year and in future years of the CFP? Bellevue staff recommend that Cascade equitably allocate the CFP costs recognizing that, while most costs would likely be assigned to the demand charge, some of the additional investments to support the CFP may expand administrative and management expenses and may be more appropriately recovered from the administrative charge.	2026-06-03	Bellevue Staff	The projections of average cost per CCF presented in the Funding Plan do not reflect an allocation to specific rates. That is not meant to imply that when rates are calculated, the charges will be applied uniformly. JMUSA and Cascade Code define Cascade's rate methodology, and CSP-related costs will be recovered predominantly through the RCFC and Demand Share charge. Cascade is in the process of reviewing its procedures for cost allocation to ensure consistency with state and federal funding requirements.

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61	60	9.0 Adaptibility of the Capital Funding Strategy	•Frequency of Updates to CFP: At a minimum, how often does Cascade anticipate updating the CFP? It seems like we have more uncertainty on cost and schedule now, so more frequent updates in the near-term may be necessary as new and impactful information becomes available.	2026-06-03	Bellevue Staff	The Funding Plan will be updated at least as frequently as each biennium. Section 9.0 discusses anticipated updates to the Plan.
62	61	7.0 Recommended Strategy	•Contingency Scenario for Recommended Funding Strategy: Because the recommended funding scenario is heavily influenced by a successful application for (and acceptance of) WIFIA funds, Bellevue staff recommend that Cascade consider noting in the CFP: oThe estimated timing that Cascade anticipates a decision from the EPA for a funding; and, oIf the application is unsuccessful for WIFIA funding or if the Board elects not to accept the WIFIA loan, the timing of subsequent board action to adjust the rate path accordingly oWhat forecast scenario best represents a rate path that follows the recommended funding strategy, but then pivots from an unsuccessful WIFIA application to a combination of cash and revenue bonds to fund the CFP? It seems like this type of iteration is akin to a realistic contingency rate plan for awareness.	2026-06-03	Bellevue Staff	Clarification has been added to Section 7.0 and Executive Summary.
63	62	1.0 Introduction and Purpose	How does the high range of annual capital costs in Exhibit 1-1 of the draft capital funding plan compare to the annual capital costs assumed in last year's rate forecast, which was developed to support the wholesale agreement with Tacoma Public Utilities?	2026-02-10	Bellevue Staff	The range of capital costs for the CSP Phase I shown in Exhibit 1-2 totals \$1.13 B to \$1.35 B. The range of capital costs for CSP Phase I used to support the decision to contract with Tacoma Public Utilities was \$566 M to \$1.42 Billion. That analysis assumed costs would span from 2034 to 2040, rather than the 2026 to 2040 shown in Exhibit 1-2. Costs by year were presented at the February 17 Deep Dive.

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64	63	General	•How does Cascade anticipate the proposed wholesale rate increases from 2027 to 2040 affecting: oShare of retail utilities' revenue requirements that become increasingly fixed, rather than consumption based, to pay CWA member charges? oAlignment between retail revenues to fixed/variable operating expenses?	2026-02-10	Bellevue Staff	Cascade does not have a model for each Members' revenue requirements, either current or forecasted. Members are responsible for their retail rate policy regarding fixed versus variable rates, and Cascade has no authority to dictate how Members recover those costs.
65	64	6.0 Sensitivity Analyses	•Using the Adverse Ensemble scenario (Scenario #4), what is the projected annual financial metrics from 2027 to 2040 for: oDebt service coverage? oDebt to operating revenues? oDays cash on hand?	2026-02-10	Bellevue Staff	This information has been provided in an appendix.
66	65	General	•Does Cascade have benchmarking data on water supply and transmission costs as a share of retail water revenue requirements?	2026-02-10	Bellevue Staff	Cascade has requested benchmarking data on reasonably comparable peer agencies from AWWAs benchmarking staff, and will share this information when available.
67	66	9.0 Adaptibility of the Capital Funding Strategy	•What is the contemplated timeline to change the rate path if A) the Board adopts the recommended rate strategy and B) later determines that WIFIA loans are not a viable capital funding strategy?	2026-02-10	Bellevue Staff	Cascade anticipates revisiting the Capital Funding Plan at least on a biennial basis. It is not anticipated that the outcome of a WIFIA construction funding application will be known until the 2029-2030 timeframe. Section 9.0 discusses anticipated updates to the Plan.