



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000

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February 23, 2022

Cascade Water Alliance
Attn: Ray Hoffman
520 112th Ave NE, Suite 400
Bellevue, WA 98004

Re: Extension Request Water Right Permit No's. S2-29920(A), R2-29935, and S2-29934

Dear Ray Hoffman:

Thank you for your letter dated February 7, 2022, providing additional information in support of your extension request dated December 14, 2021.

In response to your request, the development schedule for the above referenced water rights have been extended as follows:

Beginning Construction: December 31, 2065

Ecology will be sending you the appropriate form to complete and return to us when this date approaches.

As a condition of this approval, the following provision is being added to the enclosed Superseding Permits for S2-29920(A) and S2-29934:

Progress Report

The permittee is required to provide Ecology progress reports every five (5) years beginning December 31, 2027. Progress reports will consist of describing efforts made on project in the previous five (5) year period and if the project is progressing on schedule. Any changes in point of contact must also be updated.

Basis of extension approval:

- It is not regionally necessary to begin construction in 2040. Demand and supply forecasts have changed significantly since 2010. The most current forecasts in the water system plans submitted to Department of Health show a continuing abundance of supply in the region through at least 2060 which represent a decrease in demand from when the permits were initially issued. Because installing the infrastructure to put the allocated water to beneficial use would involve appropriation of funds 10 years prior, approving an extension now allows the

efficient use of existing water before adding and developing these new sources and an efficient use of capital funds.

- Although Cascade's development schedule requires construction to start by 2040 and full use by 2060, Cascade's block contract to receive water from Seattle begins to decline in 2039, and by 2042 a new source of supply will be needed. For the Lake Tapps Reservoir Project to be operational by 2042, construction would need to start at least a decade earlier. If forecasts show an abundance of supply until 2060, construction would not be necessary until at least 2050. Regardless of whether Cascade starts construction in 2040 per the development schedule, or earlier due to the Seattle block contract, doing so would add to the already excessive supply of regional water.
- A development extension is needed now to enable Cascade to negotiate with regional wholesale suppliers. In December 2021, Cascade began negotiations with Seattle for a contract extension and separately with Tacoma for a new supply contract. Cascade needs to negotiate with regional wholesale suppliers with a good faith commitment to move off regional systems and onto its own supply by a certain date. Regional water suppliers need assurances that when the time comes to terminate the contract, the communities served by Cascade will not be dependent on the contracted water. Extension of the permit schedule now provides those assurances by allowing Cascade to negotiate in good faith with a future date certain for Lake Tapps Reservoir development.
- Developing the Lake Tapps Reservoir is estimated to be \$1.5 billion in inflated dollars and involves property acquisition, permitting, design and construction of transmission pumps and pipes, and design and construction of a treatment plant. Again, although the current development schedule requires construction to begin by 2040, because the block contract with Seattle begins to decline in 2039, a new source of supply would be needed by 2042. The magnitude of the project would call for construction to start no later than the early 2030's and planning to begin in earnest a decade earlier. If Cascade is unable to extend the development schedule at this time, it will need to start investing millions of dollars in the next few years to have the project on line by 2042.

YOUR RIGHT TO APPEAL

You have a right to appeal this decision to the Pollution Control Hearing Board (PCHB) within 30 days of the date of receipt of this decision. The appeal process is governed by Chapter 43.21B RCW and Chapter 371-08 WAC. "Date of receipt" is defined in RCW 43.21B.001(2).

To appeal you must do the following within 30 days of the date of receipt of this decision:

- File your appeal and a copy of this decision with the PCHB (see addresses below). Filing means actual receipt by the PCHB during regular business hours.
- Serve a copy of your appeal and this decision on Ecology in paper form - by mail or in person. (See addresses below.) E-mail is not accepted.

You must also comply with other applicable requirements in Chapter 43.21B RCW and Chapter 371-08 WAC.

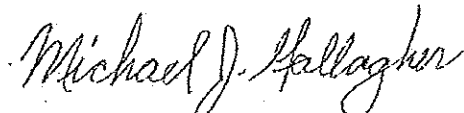
ADDRESS AND LOCATION INFORMATION

Street Addresses	Mailing Addresses
Department of Ecology Attn: Appeals Processing Desk 300 Desmond Drive SE Lacey, WA 98503	Department of Ecology Attn: Appeals Processing Desk PO Box 47608 Olympia, WA 98504-7608
Pollution Control Hearings Board 1111 Israel RD SW STE 301 Tumwater, WA 98501	Pollution Control Hearings Board PO Box 40903 Olympia, WA 98504-0903

For additional information visit the Environmental Hearings Office
Website: <http://www.eho.wa.gov> . To find laws and agency rules visit the Washington
State Legislature Website: <http://www1.leg.wa.gov/CodeReviser>.

If you have any questions, please contact Tammy Hall at 360-280-8463 or
tammy.hall@ecy.wa.gov

Sincerely,



Michael J. Gallagher
Section Manager
SWRO Water Resources

Enclosures: *Your Right to Be Heard*

cc: Clifford Kato, AG's Office, Clifford.Kato@atg.wa.gov
Adam W. Gravley, awg@vnf.com

