

**EXHIBIT NO. \_\_\_(PKW-8)**  
**DOCKET NO. UE-09\_\_\_/UG-09\_\_\_**  
**2009 PSE GENERAL RATE CASE**  
**WITNESS: PAUL K. WETHERBEE**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-09\_\_\_**  
**Docket No. UG-09\_\_\_**

**SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
PAUL K. WETHERBEE  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**MAY 8, 2009**

**AGREEMENT REGARDING RESERVOIR MANAGEMENT  
BETWEEN PSE AND THE LAKE TAPPS COMMUNITY**

This Agreement Regarding Reservoir Management ("Agreement") is made and dated as of this 31<sup>ST</sup> day of MARCH, 2004 between Puget Sound Energy, Inc., a Washington Corporation ("PSE"); and each and all of the following organizations: the Friends of Lake Tapps, a Washington non-profit corporation; the Save Lake Tapps Coalition, a Washington non-profit corporation; Church Lake Maintenance Association, a Washington non-profit corporation; Driftwood Point Maintenance Company, a Washington non-profit corporation; Inlet Island Maintenance Company, a Washington non-profit corporation; Snag Island Maintenance Association, a Washington non-profit corporation; Tacoma Point Improvement Club, a Washington non-profit corporation; Tapps Island Association, Washington non-profit corporation; and West Tapps Maintenance Company, a Washington non-profit corporation (each individually a "Party" and collectively the "Lake Tapps Community") (PSE and Lake Tapps Community together are sometimes collectively referred to as the "Parties").

**RECITALS**

WHEREAS, PSE is an investor-owned public service utility providing gas and electric power in the State of Washington; and

WHEREAS, PSE owns the White River Hydroelectric Project ("Project"). The Project was, until January 15, 2004, operated subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") pursuant to the Federal Power Act. FERC issued a license for the Project, which such license was rejected by PSE. The Project is not currently operated as a hydroelectric project. PSE and other interested parties are currently in collaborative negotiations concerning future operations of the Lake Tapps reservoir; and

WHEREAS, construction of the Project formed Lake Tapps; and

WHEREAS, the Lake Tapps Community represents owners and residents of property bordering and near Lake Tapps; and

WHEREAS, the Washington State Department of Ecology ("Ecology") has approved, through Reports of Examination dated June 30, 2003 (the "ROEs"), PSE's Surface Water Right Application Nos. S2-29934 (diversion of water from Lake Tapps), 29920 (diversion of water from the White River), and 29935 (storage of water in Lake Tapps) (collectively, the "Water Right") subject to certain terms and conditions, including a reservoir management plan in Section 2.2.3, at pages 9-10 of the ROE for S2-29934 (the "Reservoir Management Plan", a copy of which is attached as Exhibit A hereto and incorporated herein by reference), under which said Water Right is viable; and

WHEREAS, PSE contemplates that it may transfer the Water Right to the Cascade Water Alliance ("CWA") or another water purveyor, subject to the Water

Right's terms and conditions including but not limited to the Reservoir Management Plan; and

WHEREAS, the Parties agree that the Lake Tapps Community must have an appropriate and equitable role in and responsibility for the settlement of the issues surrounding the Project, and accordingly that all stakeholders including the Lake Tapps Community who receive a direct or indirect benefit from the Project must assume responsibility for benefits received; and

WHEREAS, to receive the support of the collective Lake Tapps Community, the resolution of such issues must assure the long-term viability of Lake Tapps. Historically, PSE has maintained the reservoir at a normal full pool water level of 542 ft msl or greater, from at least Memorial Day through Labor Day, but differing opinions exist, between the Lake Tapps Community and PSE, as to PSE's obligations to maintain a "normal full pool" during the "annual recreational period" as defined below; and

WHEREAS, management of reservoir levels throughout the year for generation and water supply purposes has direct bearing on Project economics, but at the same time, the Lake Tapps Community desires a lake-level fluctuation plan that assures the recreational and ecological viability of Lake Tapps; and

WHEREAS, members of an assembled group representing all seven long-time existing neighborhood resident associations, as well as the Friends of Lake Tapps and the Save Lake Tapps Coalition, worked with representatives of PSE to develop this Agreement regarding reservoir management, including a rule curve designed to keep the reservoir at "Normal Full Pool" (as defined below) for extended periods of time, taking into account recreation, flood control, dock repair and maintenance, water quality (including but not limited to Eurasian Watermilfoil Control, "milfoil control"), maintenance of the penstock intake, and drawdown for water supply (the "Rule Curve" defined below); and

WHEREAS, PSE anticipates that the Water Right will not be modified in a manner that has a material adverse impact upon its viability;

NOW, THEREFORE, the Parties agree as follows:

## **1. Rule Curve**

**1.1** During periods of normal operations, PSE will maintain a "Normal Full Pool" (defined as a water level between 541.5 msl and 543 msl as, measured at USGS gage 12101000) for the "Annual Recreational Period," defined as the period from April 15 through October 31. Within this time period, operational variances may be required due to forecasts or available precipitation, the terms and conditions of the Water Right, any necessary milfoil control, FERC requirements, or the terms and conditions of applicable law.

**1.2** A lake management team ("Team") will be established to help PSE plan the yearly operations of the Project and diversions under the Water Right. Membership of the Team will include PSE, the Lake Tapps Community, and other appropriate persons or entities. Local governments will be invited to join the Team. The Team will make recommendations for lake level management consistent with the Reservoir Management Plan and the Rule Curve.

**1.2.1** During the first quarter of each year and additionally on an as-needed basis to address any potential lake fluctuation, the Team will assess the potential of lake levels falling below Normal Full Pool (based on factors such as snow pack, actual and predicted precipitation, predicted stream flows, projected water supply requirements and any necessary milfoil control).

**1.2.2** If the applicable factors indicate that lake levels may fall below Normal Full Pool, the Team will identify and evaluate options to minimize such fluctuation.

**1.2.3** Based on the options identified, the Team will consult with PSE on PSE's development and adoption of an operating plan that will, to the extent consistent with other applicable requirements, minimize lake level fluctuations below Normal Full Pool.

**1.3** From and after the effective date of this Agreement, PSE shall maintain Normal Full Pool during the Annual Recreational Period in accordance with the terms and conditions of Section 1.1 above. The Lake Tapps Community and PSE will establish the Team no later than the Effective Date.

**2. In-Kind Services Provided by the Lake Tapps Community:** On their own accord, or in combination with local governments, including appropriate law enforcement agencies, the Lake Tapps Community will assist PSE through the following efforts:

**A) Boat Management Plan.** The Lake Tapps Community, in concert with local governments, will provide a substantially complete draft Boat Management Plan. The Boat Management Plan will include the following elements:

- (a) a description of the public and private boating access;
- (b) a description of the types and volume of boating activity;
- (c) expected changes in boating use in the foreseeable future;
- (d) an assessment of boating overuse and conflicts that address safety and recreational quality/user satisfaction;
- (e) measures for regulating and managing boating access, specifying who would implement the measures;
- (f) recommended guidelines for PSE's Shoreline Development Policy, as it relates to boating activities; and
- (g) review by PSE and incorporation of any revisions or additional provisions provided by PSE to ensure there are no Project-related impacts resulting from

boat management.

**B) Lake Watch Program.** A voluntary "Lake Watch" program will be established by the Lake Tapps Community to help provide the following assistance:

- (a) communicate with and educate community members regarding lake safety, Project property and management issues; and monitor and report to PSE or the appropriate law enforcement officials, any person who is observed interfering with Project property, such as removing, altering or disturbing dikes and other Project property;
- (b) notify the lake users and appropriate enforcement officials of any observed hazards on the reservoir (such as debris, logs, partially submerged boats, etc.), and encourage community members to identify and remove such hazards if feasible;
- (c) provide volunteers to work with PSE and local governments in the promotion of applicable environmental enhancement programs for the Lake Tapps reservoir that may be required by any FERC license, including fish and wildlife enhancement programs in and around Lake Tapps in coordination with the Washington State Department of Fish and Wildlife and any stump removal programs.

**C) Community Communication.** The Lake Tapps Community will establish mechanisms for:

- (a) communicating issues from PSE to members of the Lake Tapps Community through available websites and/or homeowners newsletters;
- (b) providing feedback to PSE from the members of the Lake Tapps Community regarding reservoir management and operations, and
- (c) facilitating/coordinating Community-wide meetings as may be required from time to time.

Such mechanisms shall include, but not be limited to, establishment of a call-in number for information about lake recreation, safety, Project property and Rule Curve issues and for reporting related problems;

**D) Other Volunteer Enhancements.** PSE and the Lake Tapps Community may, at any time, and by mutual agreement, conduct additional volunteer enhancement projects that benefit Lake Tapps.

**3. Responsibility for Milfoil:** PSE shall control milfoil to the extent required by law or to achieve PSE's own operational goals, and may do so in whatever manner PSE deems most appropriate, including extended drawdowns if necessary. Any such actions by PSE will include consultation with the Team, as described in provision 1.2 of this Agreement.

**4. Coordination with License:** PSE shall include this Agreement as an element of any license application to be submitted to FERC for purposes of Project licensing, and request that FERC incorporate the Rule Curve, described in Section 1.1 of this Agreement, with an alternative time period from Memorial Day to Labor Day into an article of any FERC license; provided, however, that the limitation on the time period of the Rule Curve for

purposes of incorporation into a license Article shall be without prejudice to the Lake Tapps Community rights to enforcement of the Rule Curve throughout the **Annual Recreational Period**.

**5. Term, Transferability and Enforceability:** The term of this Agreement will be equal to the term of any subsequently issued FERC license or the Water Right, whichever is longer. The rights and obligations of the Parties arising under this Agreement shall inure to the benefit of and shall be binding upon such Parties' respective successors and assigns. Any Party may transfer or assign its rights and obligations under this Agreement, provided, however, in the event of any such transfer or assignment, such assignee or transferee shall, as evidenced in a written instrument signed by such assignee or transferee, assume and be bound by all of the terms and conditions of this Agreement and the Party having so transferred or assigned its rights and obligations under this Agreement is thereafter fully released and discharged from any further obligations arising under this Agreement. In the event of any transfer or assignment by PSE of substantially all of the Project Assets, it shall follow the procedures set forth in Section 8 below, and all the terms and conditions of this Agreement shall be binding upon any such transferee or assignee. If PSE proposes to transfer or assign any of the Project Assets, it shall provide the Lake Tapps Community with a copy of its filing with the Washington Utility and Transportation Commission for approval of the disposition of assets concurrently. The Parties intend this Agreement to be certain and enforceable, as well as a mechanism for ongoing collaboration as to any issues that may arise in connection with implementation of the Agreement. Except as necessary for compliance with and enforcement of this Agreement, the parties do not intend this Agreement to modify their respective property rights.

**6. Compliance with All Applicable Law; Modification:** All the foregoing shall be performed in compliance with all applicable law (including, but not limited to, the Federal Power Act, the Clean Water Act and the Endangered Species Act) and all necessary consents or approvals of government bodies. In the event that compliance with applicable law has a material adverse effect upon the viability of the Water Right or upon any FERC license, or in the event that compliance with applicable law makes it impossible for a Party to comply with its obligations under this Agreement, the Parties shall negotiate in good faith to modify the terms and conditions of this Agreement in order to achieve its purposes to the maximum extent possible.

**7. Effectiveness:** This Agreement becomes effective on March 15, 2004.

**8. Termination:**

8.1 The Parties recognize that circumstances may arise whereby it would not be commercially desirable for PSE to operate the Project or maintain Lake Tapps as a reservoir. The Parties desire to establish a procedure whereby PSE in such an event may promptly terminate this Agreement after providing the Lake Tapps Community with the right to acquire the Project Assets (or such portions thereof as PSE may then own) on terms and conditions that are fair and reasonable. The Project Assets are more

particularly described on Exhibit B, attached hereto and incorporated herein by this reference.

8.2 PSE may, at any time from and after the effective date of this Agreement, terminate this Agreement pursuant to Section 8.4 below if:

8.2.1 PSE shall have determined, in its sole discretion, not to pursue or accept a FERC license for the Project;

8.2.2 PSE shall have determined, in its sole discretion, that it is unable to sell, lease or otherwise dispose of substantially all of the Project Assets to a public entity on satisfactory terms and conditions;

8.2.3 PSE notifies the Lake Tapps Community in accordance with Section 19 below of its determination that it is unable to dispose of substantially all of the Project Assets to a public entity in accordance with subsection 8.2.2 above, and either:

8.2.3.1 the Lake Tapps Community shall have submitted to PSE a bona fide offer to purchase substantially all of the Project Assets (or such portions thereof as PSE may then own) on or before a date that is ninety (90) days from and after the date of such notice, and such offer shall have been rejected by PSE within thirty (30) days of PSE's receipt of such offer, or

8.2.3.2 the Lake Tapps Community shall have failed to submit such a bona fide offer to PSE within said ninety (90) day period;

8.2.4 subsequent to the expiration of the ninety (90) day period provided by subsection 8.2.3 above for entertaining an offer from the Lake Tapps Community to purchase Project Assets, PSE shall have conducted a competitive proposal process to sell, lease or otherwise dispose of substantially all of the Project Assets (or such portions thereof as PSE may then own), and PSE shall have rejected all proposals; and

8.2.5 within one hundred eighty (180) days from and after the date PSE notifies the Lake Tapps Community in accordance with Section 19 below of its rejection of all proposals submitted to PSE in the competitive proposal process referenced in subsection 8.2.4 above, PSE and the Lake Tapps Community shall have failed to enter into a binding agreement providing for the sale or other transfer of substantially all of the Project Assets (or such portions thereof as PSE may then own) to the Lake Tapps Community on terms and conditions that are fair and reasonable.

8.3 In connection with any offer made by the Lake Tapps Community to acquire the Project Assets in accordance with subsections 8.2.3 through 8.2.5 above, the Lake Tapps Community may affiliate with a public entity provided that such public entity is: (i) legally able and authorized to acquire Project Assets, and (ii) able to promptly and reliably finance the acquisition of Project Assets. Further, in connection with any such effort by the Lake Tapps Community to acquire Project Assets, PSE shall, at the request of the Lake Tapps Community, cooperate with the Lake Tapps Community in undertaking due diligence activities by providing the Lake Tapps Community with reasonable access to relevant documents and other information readily available to PSE. PSE shall also, if so requested by the Lake Tapps Community, engage in good faith negotiations over such matters as the Parties may then determine to be relevant to the fairness and reasonableness of any acquisition of Project Assets contemplated by the Parties in connection with either subsection 8.2.3 or subsection 8.2.5 above. By way of example, and not by way of limitation, such matters may include the determination of the fair market value of the Project Assets, the allocation of liabilities (if any) associated with the Project Assets, and the ability of the Lake Tapps Community (and/or its affiliate public entity) to finance and close the transaction in a timely manner.

8.4 If each and all of the conditions precedent to termination set forth in subsections 8.2.1 through 8.2.5 have occurred, then PSE may terminate this Agreement by written notice to the Lake Tapps Community in accordance with Section 19 below. Effective as of the date that is five (5) business days from and after the date of such notice, this Agreement shall be null and void and of no further force or effect as between any Party, and no Party shall thereafter be entitled to assert any right or interests arising under the Agreement.

8.5 The Lake Tapps Community may terminate this Agreement if both of the following conditions precedent have been satisfied:

8.5.1 PSE shall have given notice to the Lake Tapps Community pursuant to Section 5 above that it has filed an application with the Washington Utilities and Transportation Commission ("WUTC") for approval of the disposition of substantially all Project assets to a non-municipal entity.

8.5.2 The Lake Tapps Community shall have given PSE notice in accordance with Section 19 below of their intent to terminate this Agreement within 30 days of PSE's notice of such filing. Effective as of the date that is thirty (30) days from and after the date of such notice, this Agreement shall be null and void and of no further force or effect as between any Party, and no Party shall thereafter be entitled to assert any right or interests arising under the Agreement.

8.6 In the event that either Friends of Lake Tapps or the Save Lake Tapps Coalition wishes to dissolve, such dissolution shall not affect the viability of this Agreement; provided, however, that the remaining Parties comprising the Lake Tapps Community provide PSE with adequate assurances of their ability to fully and satisfactorily perform all obligations of the Lake Tapps Community arising under this Agreement.



8.7 Nothing in subsection 8.2.3 shall prohibit or be construed to prohibit PSE, at any time during the one-hundred twenty (120) day period established by subsection 8.2.3 for the submittal and consideration of a bona fide offer from the Lake Tapps Community to purchase substantially all of the Project Assets, from initiating the competitive proposal process referenced in subsection 8.2.4; provided, however, should PSE choose to accept any proposal submitted to PSE in connection with such competitive proposal process, PSE shall not accept such proposal prior to the expiration of such one-hundred twenty (120) day period.

8.8 Claims made prior to the termination of this Agreement by a Party pursuant to Section 10 of this Agreement that may reasonably be interpreted or construed to survive the termination of this Agreement shall survive the termination of this Agreement.

**9. Notice of Breach; Opportunity to Cure:** In the event that any Party believes another Party has materially breached its obligations under this Agreement, the aggrieved Party shall provide the other Party with notice of said breach and an opportunity to cure the breach within 30 days. If the aggrieved Party believes that such breach has not been cured, the aggrieved Party may pursue its remedies pursuant to the dispute resolution procedures set forth in Section 10 of this Agreement. In the event that the Lake Tapps Community fails to perform its obligations under this Agreement after notice and an opportunity to cure, PSE shall have the right (but not the obligation) to undertake the performance of any and all such obligations and if PSE undertakes performance due to a material breach by the Lake Tapps Community, PSE may suspend performance of its obligations under this Agreement after completion of the informal dispute resolution procedure set forth in Section 10 of this Agreement.

**10. Dispute Resolution:** In the event that any dispute arises between PSE and one or more of the other Parties, the aggrieved Party shall give a notice of the dispute to the other Party. Each Party to the dispute shall, within five days of such notice, nominate a senior officer of its management to meet at a mutually agreed location, to attempt to resolve such dispute. Should the Parties be unable to resolve the dispute to their mutual satisfaction within 10 days after such nomination or, failing such nomination, within 10 days following delivery of such notice of dispute, then either Party may pursue legal action subject to the limitations set forth in Section 11 below.

**11. Specific Performance; Other Remedies:**

11.1 Each Party acknowledges that a monetary remedy for a material breach of this Agreement may be inadequate and will be impracticable and extremely difficult to prove, and that any such breach would cause the other Parties irreparable harm. In the event of such a breach, the aggrieved Party shall be entitled to temporary and permanent injunctive relief, including temporary restraining orders, specific performance, preliminary injunctions and permanent injunctions, without the necessity of posting a bond or making any undertaking in connection therewith and without the necessity of proving actual damages. Each Party hereby waives any such requirement of a bond or undertaking, and acknowledges that absent such a waiver, the court might require a bond

or undertaking. Except as otherwise provided by subsections 11.2 through 11.4 below, no remedy conferred by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity.

11.2 A Party shall not be liable to another Party for any damages other than direct damages in connection with any breach, default or other noncompliance with the terms and conditions of this Agreement. Without limiting the generality of the foregoing, each and all of the Parties hereby agree that no Party shall be liable for any indirect, incidental, consequential, special, exemplary or punitive damages (including, but not limited to, loss of profits, revenues or property values) arising out of such Party's performance or nonperformance of this Agreement, or such Party's breach of or default under this Agreement. Except as otherwise provided by subsection 11.3 below, PSE's liability in connection with any breach, default or other noncompliance with the terms and conditions of this Agreement shall not exceed One Hundred Thousand and 00/100 Dollars (\$100,000.00) per occurrence, and PSE's aggregate and cumulative liability under this Agreement (for any one or more events of breach, default or noncompliance) is limited and shall not exceed One Million and 00/100 Dollars (\$1,000,000.00).

11.3 In the event of a material breach of Section 1.1 by PSE in connection with the beneficial use of the Water Right, the foregoing limitations of liability shall not apply if and to the extent such breach is attributable to the gross negligence or wanton and reckless misconduct of PSE.

11.4 The aggregate liability of the Parties comprising the Lake Tapps Community in connection with any breach, default or other noncompliance with the terms and conditions of this Agreement by one or more such Parties shall not exceed Fifty Thousand and 00/100 Dollars (\$50,000.00) per occurrence, and the cumulative aggregate liability of such Parties under this Agreement (for any one or more events of breach, default or noncompliance) is limited and shall not exceed Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00). The Parties comprising the Lake Tapps Community shall be jointly and severally liable for any such breach, default or other noncompliance; provided, however, that each such Party shall retain any and all rights of contribution it may have against any other such Party.

**12. Non-Waiver:** No delay or failure by a Party to exercise any of its rights, powers or remedies under this Agreement following any breach by another Party shall be construed to be a waiver of any such breach, or any acquiescence therein, or of or in any similar breach thereafter occurring, nor shall any waiver of any single breach be deemed a waiver of any other breach theretofore or thereafter occurring.

**13. Severability:** In the event that any of the terms of this Agreement are in conflict with any rule of law or statutory provision or otherwise unenforceable, such terms will be deemed stricken from this Agreement, but such invalidity or unenforceability will not invalidate any of the other terms of this Agreement, and this Agreement will continue in force, unless the invalidity or unenforceability of any such provisions hereof does

substantial violence to, or where the invalid or unenforceable provisions comprise an integral part of, or are otherwise inseparable from, the remainder of this Agreement.

**14. No Third Party Beneficiary:** This Agreement is for the sole and exclusive benefit of the Parties and is not intended to and shall not confer any rights or benefits on any third party not a signatory hereto.

**15. Integrated Agreement; Relationship to Other Documents:** Except as otherwise provided by this Agreement with respect to maintenance of Normal Full Pool during the Annual Recreational Period (as defined and limited by this Agreement), this Agreement shall not alter, confirm or affect the rights, benefits, privileges, interests and obligations of the Parties arising under that certain "Deed" dated June 22<sup>nd</sup>, 1954, wherein Puget Sound Power & Light Company is "Grantor" and Lake Tapps Development Co., Inc. is "Grantee," recorded with the Pierce County Auditor in Vol. 1063, pages 485 through 495, records of Pierce County Washington. With respect to maintenance of Normal Full Pool during the Annual Recreational Period (as defined and limited by this Agreement), the Parties intend this Agreement to be their complete agreement and that this Agreement supersedes all other negotiations or agreements, whether written or oral, with respect to the Annual Recreational Period (as defined and limited by this Agreement). In all other respects, the Parties intend for this Agreement to be interpreted and construed to be consistent with and complementary to their existing property rights. The Parties expressly recognize that certain matters that are the subject of this Agreement are also, or may also be, the subject of the Water Right and any FERC license, and that under certain circumstances the provisions of the Water Right or any FERC license may take precedence over this Agreement by operation of law.

**16. Amendment:** This Agreement only may be amended or supplemented in a writing signed by the Parties.

**17. Signature in Counterpart:** This Agreement may be executed in any number of counterparts and all of those counterparts taken together shall constitute one and the same instrument.

**18. Lake Tapps Community Contact:** No later than the Effective Date, the Lake Tapps Community will designate in writing an individual ("LT Contact Person") to serve as a single point of contact for day-to-day implementation of this Agreement and notices, except a notice of breach or default. The LT Contact Person will be responsible for all communications between PSE and the Lake Tapps Community related to the In-Kind Services Provided by the Lake Tapps Community, the Rule Curve or the Team. The Lake Tapps Community shall notify PSE in writing of any change in the LT Contact Person following the Effective Date.

**19. Notices.** All notices, except a notice of termination, breach or default to be given between PSE and the LT Contact Person, hereunder shall be given in writing (i) by personal delivery, (ii) by recognized overnight air courier service, (iii) by United States postal service, postage prepaid, registered or certified mail, return receipt requested, (iv)

by facsimile transmission, using facsimile equipment providing written confirmation of receipt at the receiving facsimile number, or (v) electronic mail. A notice of termination, breach or default shall be given by certified or registered mail, return receipt requested, with a courtesy copy by ordinary mail and electronic mail being sent to each Party at the address set out below or such other address as each Party may designate by notice to the other Parties.

## PUGET SOUND ENERGY, INC.

Attn: Eric M. Markell  
P.O. Box 97034 PSE-12  
Bellevue WA 98009-9734  
 Tel. 425.462.3595  
 Fax 425.462.3300  
 Email eric.markell@PSE.com

~~INLET ISLAND HOMEOWNERS~~  
~~CHURCH LAKE HOMEOWNERS~~

Attn: Vicki Karuzas  
5322 S. Island Dr.  
Bonney Lake, WA 98390  
 Tel. 253-863-0606  
 Fax \_\_\_\_\_  
 Email Karuzas@foxinternet.net

~~CHURCH LAKE HOMEOWNERS~~  
~~INLET ISLAND HOMEOWNERS~~

Attn: John Farrell  
20229 Church Lake Drive  
Bonney Lake WA 98390  
 Tel. 253-380-6032  
 Fax 253-380-3831  
 Email john.farrell@earthlink.net

## TACOMA POINT IMPROVEMENT CLUB

Attn: PAUL MITZEL  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Tel. 253-891-1726  
 Fax \_\_\_\_\_  
 Email PMITZEL2002@MSN.COM

## FRIENDS OF LAKE TAPPS

Attn: Kirk Shuler, President  
Box 2093  
Sumner, WA 98390  
 Tel. 253-221-1161  
 Fax 866.628.8693  
 Email Kirk1@wwdb.org

## SAVE LAKE TAPPS COALITION

Attn: Dennis Brown  
21014 Snag Island Drive  
Sumner, WA 98390  
 Tel. 253 862 8733  
 Fax 253 862 8733  
 Email Elcondado@aol.com

## DRIFTWOOD POINT MAINTENANCE CO.

Attn: Chuck Romeo  
18402 Driftwood Dr. N  
Sumner, WA 98390  
 Tel. 253-862-6565  
 Fax 253-862-1942  
 Email CPRomeo@comcast.net

## SNAG ISLAND HOMEOWNERS MAINTENANCE ASSOC.

Attn: Bill Thomlinson  
P.O. Box 7256  
Sumner WA 98390  
 Tel. 253-862-4242  
 Fax 253-862-4242  
 Email BThomlinson@peoplepc.com

WEST TAPPS MAINTENANCE  
Attn: MICHELLE WITTMIER  
PO BOX 947  
SUMNER, WA 98390  
Tel. 253-891-2729  
Fax 253-891-6877  
Email WTML@FOXINTERNET.NET

TAPPS ISLAND HOMEOWNER ASSOCIATION  
Attn: Glenn Adams  
3721 19th Ave C E  
Sumner, Wa 98390  
Tel. 253-862-8256  
Fax 253-862-3310  
Email Adams, Glenn @ Sea.Syco.com

With a copy of any notice of breach or default being directed to a member of the Lake Tapps Community being given to:

PIERCE COUNTY EXECUTIVE  
Attn: John Ladenburg  
930 Tacoma Ave So #737  
Tacoma, WA 98402  
Tel. 253-798-7477  
Fax 253-798-6628  
Email jladenb@co.pierce.wa.us

Any notice shall be deemed to have been given on the date delivered, if delivered personally, by overnight air courier service, by facsimile transmission or by electronic mail; or, if mailed, shall be deemed to have been given on the date shown on the return receipt as the date of delivery or the date on which the United States postal service certified that it was unable to deliver, whichever is applicable.

**21. Further Assurances:** Each Party covenants and agrees to do all things necessary or advisable in order to confirm and better assure the intent and purposes of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PUGET SOUND ENERGY, INC.

Eric M Markell

By: ERIC H. MARKELL Date: 3.31.04

Title: SR. VICE PRESIDENT

THE LAKE TAPPS COMMUNITY

FRIENDS OF LAKE TAPPS

By \_\_\_\_\_ Date: 3/10/04  
Printed S. Kirk Shuler  
Name: S. Kirk Shuler Pres.  
Its: President  
S. Kirk Shuler Pres.

SAVE LAKE TAPPS COALITION

By \_\_\_\_\_ Date: 3/10/04  
Printed \_\_\_\_\_  
Name: Dennis Brown  
Its: President  
Dennis Brown

CHURCH LAKE HOMEOWNERS

By John Farrell Date: 3/12/04  
Printed \_\_\_\_\_  
Name: John W Farrell  
Its: \_\_\_\_\_  
Representative to Task force

DRIFTWOOD POINT MAINTENANCE CO.

By \_\_\_\_\_ Date: 3/10/04  
Printed \_\_\_\_\_  
Name: Chuck Romero  
Its: president  
Chuck Romero

INLET ISLAND HOMEOWNERS

By \_\_\_\_\_ Date: 3/10/04  
Printed \_\_\_\_\_  
Name: Vicki Karuzas  
Its: representative  
Vicki Karuzas

SNAG ISLAND HOMEOWNERS  
MAINTENANCE ASSOC.

By \_\_\_\_\_ Date: 3-12-04  
Printed \_\_\_\_\_  
Name: BILL THOMLINSON  
Its: Pres., SNAG ISLAND MAINTENANCE ASSOC.  
Bill Thomlinson

TACOMA POINT IMPROVEMENT CLUB

By PAUL MITZER Date: 3/25/04  
Printed \_\_\_\_\_  
Name: Paul Mitzer  
Its: \_\_\_\_\_  
TRUSTEE

TAPPS ISLAND HOMEOWNER ASSOCIATION

By \_\_\_\_\_ Date: 3/12/04  
Printed \_\_\_\_\_  
Name: Glenn Adams, President  
Its: \_\_\_\_\_  
Glenn Adams

WEST TAPPS MAINTENANCE

By \_\_\_\_\_ Date: 3-10-04  
Printed \_\_\_\_\_  
Name: Clifford C McFator  
Its: PRESIDENT  
Clifford C McFator

**EXHIBIT A**

Reports of Examination dated June 30, 2003, Surface Water Right Application Nos. S2-29934 (diversion of water from Lake Tapps), S2-29920 (diversion of water from the White River), and R2-29935 (storage of water in Lake Tapps).

[Attached]