

## Agenda Item: 7A



## STAFF REPORT

**TO:** Board of Directors

**PREPARED BY:** Steven Palmer, PE, General Manager *SP*

**SUBJECT:** Receive an Update on the Solar Photovoltaic System Project

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### **RECOMMENDATION**

Receive an update on the solar photovoltaic system project.

### **BACKGROUND**

On September 17, 2024, the Board of Directors of the Donner Summit Public Utility District (DSPUD) authorized Centrica to proceed with an Investment Grade Audit (IGA) for a solar voltaic system at no cost to DSPUD.

Since that time Centrica has refined the solar system design to account for site constraints such as trees, slopes, rocks, and snow. Also, Centrica and the DSPUD staff had preliminary discussions with the investment banking firm Oppenheimer & CO, Inc., to serve as placement agent for financing and bond counsel Jones Hall. It should be noted that Oppenheimer is part of the CSDA Finance Corporation financial consultant team. This staff report presents an update on the Project status.

### **DISCUSSION**

Centrica has revised the design to include 125 kilowatt (kw) solar photovoltaic ground mount system with 200 kilowatt battery system. A description and conceptual plan are included in Attachment 1.

Oppenheimer performed some initial financial calculations based on assumptions provided by Centrica and provided the lease financing and cash flow analyses included in Attachment 2. The analyses use the following assumptions:

- The total amount financed is \$2,590,000.
  - Project cost is \$2,323,772.
  - Capitalized interest is \$190,328.
  - Cost of issuance is \$75,899.
- District's projects are eligible to receive solar investment tax credits of \$987,603 as direct payment once project is complete.
- District will participate in demand side grid support program to use batteries when requested by the electric grid operator and receive credits during the first five years of sola project operation.
- Future utility costs will escalate by 5% annually.
- Financing interest rate will be 4.89%.
- Financing term will be 20 years.

A summary of the projected cash flow for the first 20 years is provided in the following table.

Year	Utility Savings	Renewable Energy Credits	Grid Support Program	Total All Savings & Credits	Debt Service	Net Savings
Year 1	\$ 99,838	\$ 2,029	\$ 7,948	\$ 109,815	\$ --	\$ 109,815
Year 2	\$ 103,501	\$ 2,021	\$ 5,930	\$ 111,452	\$ 104,193	\$ 7,259
Year 3	\$ 107,282	\$ 2,013	\$ 5,747	\$ 115,042	\$ 101,890	\$ 13,152
Year 4	\$ 111,181	\$ 2,005	\$ 5,563	\$ 118,749	\$ 105,497	\$ 13,252
Year 5	\$ 115,202	\$ 1,997	\$ 5,380	\$ 122,579	\$ 108,883	\$ 13,696
Year 6	\$ 119,348	\$ 1,989		\$ 121,337	\$ 113,000	\$ 8,337
Year 7	\$ 123,620	\$ 1,981		\$ 125,601	\$ 111,898	\$ 13,703
Year 8	\$ 128,021	\$ 1,972		\$ 129,993	\$ 116,624	\$ 13,369
Year 9	\$ 132,553	\$ 1,964		\$ 134,517	\$ 120,081	\$ 14,436
Year 10	\$ 137,218	\$ 1,956		\$ 139,174	\$ 125,196	\$ 13,978
Year 11	\$ 142,018	\$ 1,948		\$ 143,966	\$ 129,895	\$ 14,071
Year 12	\$ 146,955	\$ 1,940		\$ 148,895	\$ 134,252	\$ 14,643
Year 13	\$ 152,031	\$ 1,932		\$ 153,963	\$ 139,169	\$ 14,794
Year 14	\$ 157,247	\$ 1,924		\$ 159,171	\$ 144,646	\$ 14,525
Year 15	\$ 162,605	\$ 1,916		\$ 164,521	\$ 149,633	\$ 14,888
Year 16	\$ 168,105	\$ 1,907		\$ 170,012	\$ 155,108	\$ 14,904
Year 17	\$ 173,749	\$ 1,899		\$ 175,648	\$ 160,069	\$ 15,579
Year 18	\$ 179,536	\$ 1,891		\$ 181,427	\$ 166,443	\$ 14,984
Year 19	\$ 185,469	\$ 1,883		\$ 187,352	\$ 172,205	\$ 15,147
Year 20	\$ 191,545	\$ 1,875		\$ 193,420	\$ 178,308	\$ 15,112

The cash flow shows that annual utility savings and credits are sufficient to pay the annual financing costs and still provide net positive cash.

Next steps are to execute a financing term sheet from a lender. Oppenheimer has requested bids from Ever Bank, Five Star Bank, Tri Counties Bank and Umpqua Bank. Following execution of a financing term sheet, Jones Hall will begin drafting the necessary lease financing documents and resolution to be presented to the Board at the May 20<sup>th</sup> meeting. In addition, the Centrica contract will be submitted for approval during a public hearing at the May 20<sup>th</sup> meeting as well.

**FISCAL IMPACT**

There is no fiscal impact resulting from this action today.

**CEQA ASSESSMENT**

This action is not a CEQA Project.

**ATTACHMENTS**

1. Revised Solar Project Design
2. Lease Financing and Cash Flow Analyses

## scope of work– Solar Photovoltaics & Battery



### FIM Description

Install a total of 125 kW Solar Photovoltaic ground mount system and a 200 kW battery system (BESS) to offset electric consumption. This offsets 16% of the Donner Summit PUD grid energy usage. The panels shall be mounted at a 60-degree angle, reducing/ eliminating snow load on solar PV structure. A snow shedding structure shall be built over the BESS.

- 30-year production on solar PV panels
- 20-year warranty on inverter
- 20-year battery energy storage system life



**SOURCES AND USES OF FUNDS****Donner Summit Public Utility District  
2025 Lease Financing**

Dated Date	05/30/2025
Delivery Date	05/30/2025

**Sources:**

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Bond Proceeds:	
Par Amount	2,590,000.00
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	2,590,000.00

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**Uses:**

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Project Fund Deposits:	
Project Fund	2,323,772.00
Other Fund Deposits:	
Capitalized Interest Fund	190,328.31
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Other Uses of Funds:	
Additional Proceeds	899.69
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	2,590,000.00

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**COST OF ISSUANCE****Donner Summit Public Utility District  
2025 Lease Financing**

<i>Cost of Issuance</i>	<i>\$/1000</i>	<i>Amount</i>
Placement Agent	9.65251	25,000.00
Bond Counsel	11.58301	30,000.00
Lender Legal Counsel	3.86100	10,000.00
CSCDA Counterparty Fee	0.96525	2,500.00
CSCDA Counsel Fee	0.96525	2,500.00
CDIAC/Misc	1.93050	5,000.00
	28.95753	75,000.00

## BOND SUMMARY STATISTICS

### Donner Summit Public Utility District 2025 Lease Financing

Dated Date	05/30/2025
Delivery Date	05/30/2025
Last Maturity	06/01/2045
Arbitrage Yield	4.889983%
True Interest Cost (TIC)	4.889983%
Net Interest Cost (NIC)	4.890000%
All-In TIC	5.208694%
Average Coupon	4.890000%
Average Life (years)	13.159
Weighted Average Maturity (years)	13.159
Duration of Issue (years)	9.502
Par Amount	2,590,000.00
Bond Proceeds	2,590,000.00
Total Interest	1,666,570.41
Net Interest	1,666,570.41
Total Debt Service	4,256,570.41
Maximum Annual Debt Service	262,291.00
Average Annual Debt Service	212,798.97
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
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Total Underwriter's Discount	
Bid Price	100.000000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Bond Component	2,590,000.00	100.000	4.890%	13.159
	2,590,000.00			13.159

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,590,000.00	2,590,000.00	2,590,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-75,000.00	
- Other Amounts			
Target Value	2,590,000.00	2,515,000.00	2,590,000.00
Target Date	05/30/2025	05/30/2025	05/30/2025
Yield	4.889983%	5.208694%	4.889983%

## BOND DEBT SERVICE

### Donner Summit Public Utility District 2025 Lease Financing

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
12/01/2025			63,677.31	63,677.31	
06/01/2026			63,325.50	63,325.50	
06/30/2026					127,002.81
12/01/2026			63,325.50	63,325.50	
06/01/2027	45,000	4.890%	63,325.50	108,325.50	
06/30/2027					171,651.00
12/01/2027	31,000	4.890%	62,225.25	93,225.25	
06/01/2028	32,000	4.890%	61,467.30	93,467.30	
06/30/2028					186,692.55
12/01/2028	34,000	4.890%	60,684.90	94,684.90	
06/01/2029	36,000	4.890%	59,853.60	95,853.60	
06/30/2029					190,538.50
12/01/2029	38,000	4.890%	58,973.40	96,973.40	
06/01/2030	39,000	4.890%	58,044.30	97,044.30	
06/30/2030					194,017.70
12/01/2030	43,000	4.890%	57,090.75	100,090.75	
06/01/2031	42,000	4.890%	56,039.40	98,039.40	
06/30/2031					198,130.15
12/01/2031	44,000	4.890%	55,012.50	99,012.50	
06/01/2032	44,000	4.890%	53,936.70	97,936.70	
06/30/2032					196,949.20
12/01/2032	48,000	4.890%	52,860.90	100,860.90	
06/01/2033	48,000	4.890%	51,687.30	99,687.30	
06/30/2033					200,548.20
12/01/2033	52,000	4.890%	50,513.70	102,513.70	
06/01/2034	53,000	4.890%	49,242.30	102,242.30	
06/30/2034					204,756.00
12/01/2034	57,000	4.890%	47,946.45	104,946.45	
06/01/2035	58,000	4.890%	46,552.80	104,552.80	
06/30/2035					209,499.25
12/01/2035	63,000	4.890%	45,134.70	108,134.70	
06/01/2036	63,000	4.890%	43,594.35	106,594.35	
06/30/2036					214,729.05
12/01/2036	69,000	4.890%	42,054.00	111,054.00	
06/01/2037	68,000	4.890%	40,366.95	108,366.95	
06/30/2037					219,420.95
12/01/2037	75,000	4.890%	38,704.35	113,704.35	
06/01/2038	74,000	4.890%	36,870.60	110,870.60	
06/30/2038					224,574.95
12/01/2038	80,000	4.890%	35,061.30	115,061.30	
06/01/2039	81,000	4.890%	33,105.30	114,105.30	
06/30/2039					229,166.60
12/01/2039	87,000	4.890%	31,124.85	118,124.85	
06/01/2040	87,000	4.890%	28,997.70	115,997.70	
06/30/2040					234,122.55
12/01/2040	94,000	4.890%	26,870.55	120,870.55	
06/01/2041	94,000	4.890%	24,572.25	118,572.25	
06/30/2041					239,442.80
12/01/2041	101,000	4.890%	22,273.95	123,273.95	
06/01/2042	102,000	4.890%	19,804.50	121,804.50	
06/30/2042					245,078.45
12/01/2042	110,000	4.890%	17,310.60	127,310.60	
06/01/2043	109,000	4.890%	14,621.10	123,621.10	
06/30/2043					250,931.70
12/01/2043	118,000	4.890%	11,956.05	129,956.05	
06/01/2044	118,000	4.890%	9,070.95	127,070.95	
06/30/2044					257,027.00
12/01/2044	126,000	4.890%	6,185.85	132,185.85	
06/01/2045	127,000	4.890%	3,105.15	130,105.15	
06/30/2045					262,291.00
	2,590,000		1,666,570.41	4,256,570.41	4,256,570.41



**NET DEBT SERVICE**  
**Donner Summit Public Utility District**  
**2025 Lease Financing**

<i>Date</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Capitalized Interest Fund</i>	<i>Net Debt Service</i>	<i>Annual Net D/S</i>
12/01/2025			63,677.31	63,677.31	63,677.31		
06/01/2026			63,325.50	63,325.50	63,325.50		
06/30/2026							
12/01/2026			63,325.50	63,325.50	63,325.50		
06/01/2027	45,000	4.890%	63,325.50	108,325.50		108,325.50	
06/30/2027							108,325.50
12/01/2027	31,000	4.890%	62,225.25	93,225.25		93,225.25	
06/01/2028	32,000	4.890%	61,467.30	93,467.30		93,467.30	
06/30/2028							186,692.55
12/01/2028	34,000	4.890%	60,684.90	94,684.90		94,684.90	
06/01/2029	36,000	4.890%	59,853.60	95,853.60		95,853.60	
06/30/2029							190,538.50
12/01/2029	38,000	4.890%	58,973.40	96,973.40		96,973.40	
06/01/2030	39,000	4.890%	58,044.30	97,044.30		97,044.30	
06/30/2030							194,017.70
12/01/2030	43,000	4.890%	57,090.75	100,090.75		100,090.75	
06/01/2031	42,000	4.890%	56,039.40	98,039.40		98,039.40	
06/30/2031							198,130.15
12/01/2031	44,000	4.890%	55,012.50	99,012.50		99,012.50	
06/01/2032	44,000	4.890%	53,936.70	97,936.70		97,936.70	
06/30/2032							196,949.20
12/01/2032	48,000	4.890%	52,860.90	100,860.90		100,860.90	
06/01/2033	48,000	4.890%	51,687.30	99,687.30		99,687.30	
06/30/2033							200,548.20
12/01/2033	52,000	4.890%	50,513.70	102,513.70		102,513.70	
06/01/2034	53,000	4.890%	49,242.30	102,242.30		102,242.30	
06/30/2034							204,756.00
12/01/2034	57,000	4.890%	47,946.45	104,946.45		104,946.45	
06/01/2035	58,000	4.890%	46,552.80	104,552.80		104,552.80	
06/30/2035							209,499.25
12/01/2035	63,000	4.890%	45,134.70	108,134.70		108,134.70	
06/01/2036	63,000	4.890%	43,594.35	106,594.35		106,594.35	
06/30/2036							214,729.05
12/01/2036	69,000	4.890%	42,054.00	111,054.00		111,054.00	
06/01/2037	68,000	4.890%	40,366.95	108,366.95		108,366.95	
06/30/2037							219,420.95
12/01/2037	75,000	4.890%	38,704.35	113,704.35		113,704.35	
06/01/2038	74,000	4.890%	36,870.60	110,870.60		110,870.60	
06/30/2038							224,574.95
12/01/2038	80,000	4.890%	35,061.30	115,061.30		115,061.30	
06/01/2039	81,000	4.890%	33,105.30	114,105.30		114,105.30	
06/30/2039							229,166.60
12/01/2039	87,000	4.890%	31,124.85	118,124.85		118,124.85	
06/01/2040	87,000	4.890%	28,997.70	115,997.70		115,997.70	
06/30/2040							234,122.55
12/01/2040	94,000	4.890%	26,870.55	120,870.55		120,870.55	
06/01/2041	94,000	4.890%	24,572.25	118,572.25		118,572.25	
06/30/2041							239,442.80
12/01/2041	101,000	4.890%	22,273.95	123,273.95		123,273.95	
06/01/2042	102,000	4.890%	19,804.50	121,804.50		121,804.50	
06/30/2042							245,078.45
12/01/2042	110,000	4.890%	17,310.60	127,310.60		127,310.60	
06/01/2043	109,000	4.890%	14,621.10	123,621.10		123,621.10	
06/30/2043							250,931.70
12/01/2043	118,000	4.890%	11,956.05	129,956.05		129,956.05	
06/01/2044	118,000	4.890%	9,070.95	127,070.95		127,070.95	
06/30/2044							257,027.00
12/01/2044	126,000	4.890%	6,185.85	132,185.85		132,185.85	
06/01/2045	127,000	4.890%	3,105.15	130,105.15		130,105.15	
06/30/2045							262,291.00
	2,590,000		1,666,570.41	4,256,570.41	190,328.31	4,066,242.10	4,066,242.10

## BOND SOLUTION

### Donner Summit Public Utility District 2025 Lease Financing

<i>Period Ending</i>	<i>Proposed Principal</i>	<i>Proposed Debt Service</i>	<i>Total Adj Debt Service</i>	<i>Revenue Constraints</i>	<i>Unused Revenues</i>	<i>Debt Serv Coverage</i>
06/30/2025						
06/30/2026		127,003	127,003		-127,003	
06/30/2027	45,000	171,651	171,651	109,815	-61,836	63.97574%
06/30/2028	63,000	186,693	186,693	111,452	-75,241	59.69815%
06/30/2029	70,000	190,539	190,539	115,042	-75,497	60.37730%
06/30/2030	77,000	194,018	194,018	118,749	-75,269	61.20524%
06/30/2031	85,000	198,130	198,130	122,579	-75,551	61.86792%
06/30/2032	88,000	196,949	196,949	121,337	-75,612	61.60827%
06/30/2033	96,000	200,548	200,548	125,601	-74,947	62.62883%
06/30/2034	105,000	204,756	204,756	129,993	-74,763	63.48678%
06/30/2035	115,000	209,499	209,499	134,517	-74,982	64.20882%
06/30/2036	126,000	214,729	214,729	139,174	-75,555	64.81377%
06/30/2037	137,000	219,421	219,421	143,966	-75,455	65.61178%
06/30/2038	149,000	224,575	224,575	148,895	-75,680	66.30081%
06/30/2039	161,000	229,167	229,167	153,963	-75,204	67.18387%
06/30/2040	174,000	234,123	234,123	159,171	-74,952	67.98619%
06/30/2041	188,000	239,443	239,443	164,521	-74,922	68.70994%
06/30/2042	203,000	245,078	245,078	170,012	-75,066	69.37044%
06/30/2043	219,000	250,932	250,932	175,648	-75,284	69.99833%
06/30/2044	236,000	257,027	257,027	181,427	-75,600	70.58675%
06/30/2045	253,000	262,291	262,291	187,352	-74,939	71.42906%
	2,590,000	4,256,570	4,256,570	2,713,214	-1,543,356	