HANSFORD
ECONOMIC CONSULTING

DONNER SUMMIT PUBLIC UTILITY DISTRICT

2026 Rates Study

DRAFT

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HEC No. 250457

The following report was prepared by Hansford Economic Consulting LLC.

The analyses and findings contained within this report are based on primary data provided by the Donner Summit Public Utility District, as well as additional secondary sources of data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by the client, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results due to changes in events and circumstances.

Changes in economic and social conditions due to events including, but not limited to, major recessions, droughts, major environmental problems or disasters that would negatively affect operations, expenses and revenues may affect the result of the findings in this study. In addition, other factors not considered in the study may influence actual revenues achieved. Any applications for financing, or bond sales analyses, should re-evaluate the financial health and projection of revenues and expenses at the time of the application or preparation for bond sale.

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Section 1: Introduction and Summary of Findings

1.1 Purpose of the Study

The Donner Summit Public Utility District ("District" or "DSPUD") provides water, wastewater, and recycled water utility services to residents and businesses along the I-80 corridor, the communities of Soda Springs and Sugar Bowl, and several ski resorts. The District's service territory comprises approximately 13 square miles, with customers located within both Nevada and Placer counties. The District owns two water systems. The Lake Angela surface water system (the "Main System") provides potable water to the communities of Soda Springs and Sugar Bowl (about 380 water connections). The Big Bend groundwater system provides potable water to the community of Big Bend (29 cabins). The District also provides wastewater treatment services to the Sierra Lakes County Water District (SLCWD) by way of agreement.

The purpose of this Utilities Rate Study (Study) is to determine the level of funding required over the next five years to adequately fund the District so that it can safely operate both utility systems meeting State and Federal regulatory requirements, and to determine a schedule of property-related fees to support that level of funding. This Rate Study does not calculate fees for the Big Bend water system.

This report provides an explanation and justification of the calculated water and wastewater utility rates for the next five years and it documents adherence to the law regarding setting of rates by a special district. Per California Constitution Article 13D, these types of utility rates shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library, services, where the service is available to the public at large in substantially the same manner as it is to property owners.

The utility financial models presented in this report project revenues and expenses and calculate rates for the next five fiscal years with the first change in utility rates implemented with the first quarter billing statement (July through September 2026).

1.2 Background

The District last conducted a water and wastewater utilities rate study in 2021 and a Big Bend only water fees study in 2018. Water and wastewater rate updates are necessary at this time to: a) ensure revenue sufficiency of the utility systems for the next five years, and b) demonstrate the District's ability to repay existing and planned future debts.

Rate studies are typically conducted every three to five years to ensure revenue sufficiency. As part of the regular periodic review of the rates, best practices include maintaining financially self-sustaining utilities, setting policies or guidelines on appropriate reserve levels, including depreciation in the rates, and continual customer outreach to educate on the value of the services provided.

This report presents the results of the analysis and calculated rates for the next five fiscal years (2027 through 2031).

1.3 Rate Setting Principles and Report Organization

This report was prepared using the principles established by the American Water Works Association (AWWA), the Water Environment Federation (WEF), and Government Finance Officers Association (GFOA).

The AWWA "Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices" M1 (the "M1 Manual") establishes commonly accepted professional standards for water cost-of-service studies. This manual is referenced in the water rate study. The wastewater rate study uses standard industry practices outlined in the WEF Manual of Practice No. 27 and guidelines prepared by the California State Water Resources Control Board for State Revolving Fund financing.

The GFOA publishes guidelines on prudent reserves (cash balances) for enterprise funds. Minimum cash balance targets for each utility fund in this Study are based on both the District's Reserve Policy and GFOA guidelines.

The Study is presented in five sections. Following this introduction and summary of findings, the following four sections include:

- Section 2 - describes the historical and financial health of the District, its sources of revenues, and major expense categories.
- Section 3 - provides the water fees methodology and calculations.
- Section 4 - provides the wastewater fees methodology and calculations.

- Section 5 - provides a summary of the impact of the calculated five-year projection of rates on the District's financial health and provides a bill impact analysis for customers of the District.

Appendix A includes support tables for the water and wastewater rate calculations.

1.4 Water Fees Findings

Water rates must increase to rectify a negative operating fund balance, to meet State loan debt service coverage requirements, to keep pace with inflation and other anticipated operating expense needs of the next five years, and to support necessary capital improvements to the water system infrastructure. A rate structure change is proposed to align with industry rate-setting as described in the AWWA M1 Manual. Specifically, the rate change updates the calculation of meter equivalents in the methodology and increases the rates of larger sized water meters proportionately more than the rates of smaller sized water meters. The updated calculated water rate schedule is provided in **Table 1** below.

Table 1: Calculated Five-Year Water Fee Schedule

Meter Size	Current	Calculated WATER Rates Next Five Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
				Monthly Fee		
3/4"	$117.65	$127.05	$137.26	$148.30	$157.98	$168.30
1"	$217.66	$211.74	$228.77	$247.17	$263.31	$280.50
1.5"	$294.12	$423.49	$457.54	$494.34	$526.61	$561.00
2"	$470.60	$677.58	$732.07	$790.94	$842.58	$897.60
3"	$764.72	$1,355.17	$1,464.13	$1,581.88	$1,685.16	$1,795.20
4"	$2,058.90	$2,117.45	$2,287.71	$2,471.69	$2,633.06	$2,805.01
6"	$3,082.45	$4,234.89	$4,575.42	$4,943.38	$5,266.13	$5,610.01
Overage &				**per thousand gallons**		
Temporary	$11.765	$12.705	$13.726	$14.830	$15.798	$16.830

Source: HEC 2026 Rate Study. sum water

1.5 Wastewater Fees Findings

There is no proposed change to the wastewater rate structure; rates are increased to account for the following key factors: **(1)** need to increase annual revenue collection to satisfy State loan debt service coverage requirements, **(2)** keep pace with inflation and other anticipated operating expense needs, and **(3)** rehabilitate wastewater infrastructure assets.

The updated wastewater rate schedule is provided in **Table 2.**

Table 2: Calculated Five-Year Wastewater Fee Schedule

Rates by Customer	Current	Calculated WASTEWATER Rates Next 5 Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Existing Customers				**Monthly Fee per EDU**		
Inside CFD No. 1	$190.75	$202.86	$215.53	$228.83	$240.06	$251.63
Outside CFD No. 1	$240.16	$252.28	$264.95	$278.25	$289.48	$301.05
CalTrans	$178.22	$192.18	$204.86	$218.16	$229.38	$240.96
Future Customers						
Inside CFD No. 1	$101.64	$106.77	$113.10	$119.75	$125.37	$131.15
Outside CFD No. 1	$151.05	$156.18	$162.52	$169.17	$174.79	$180.57
				Special Taxes per EDU		
Inside CFD No. 1 - All EDUs	$49.42	$49.42	$49.42	$49.42	$49.42	$49.42

Source: HEC 2026 rate study. sum ww

1.6 Combined Utilities Impacts

District Impact. The impact of adopting the proposed water and wastewater rates would be to rectify the water fund's current negative balance and to increase cash reserves. As a best management practice, service utilities need sufficient cash balance to:

- Serve cash flow needs
- Pay for emergencies and unplanned necessary repairs
- Accumulate for system rehabilitation (planned improvements)
- Provide rate stabilization

While each utility needs to assess its risks on an individual basis using knowledge of the current status of infrastructure, regulatory requirements, cash flow irregularities and so forth, there are some general guidelines to measure what a prudent reserve would be for the utility. In 2022 the District adopted Reserve Policy, Policy number 3032, which includes the following cash reserve targets:

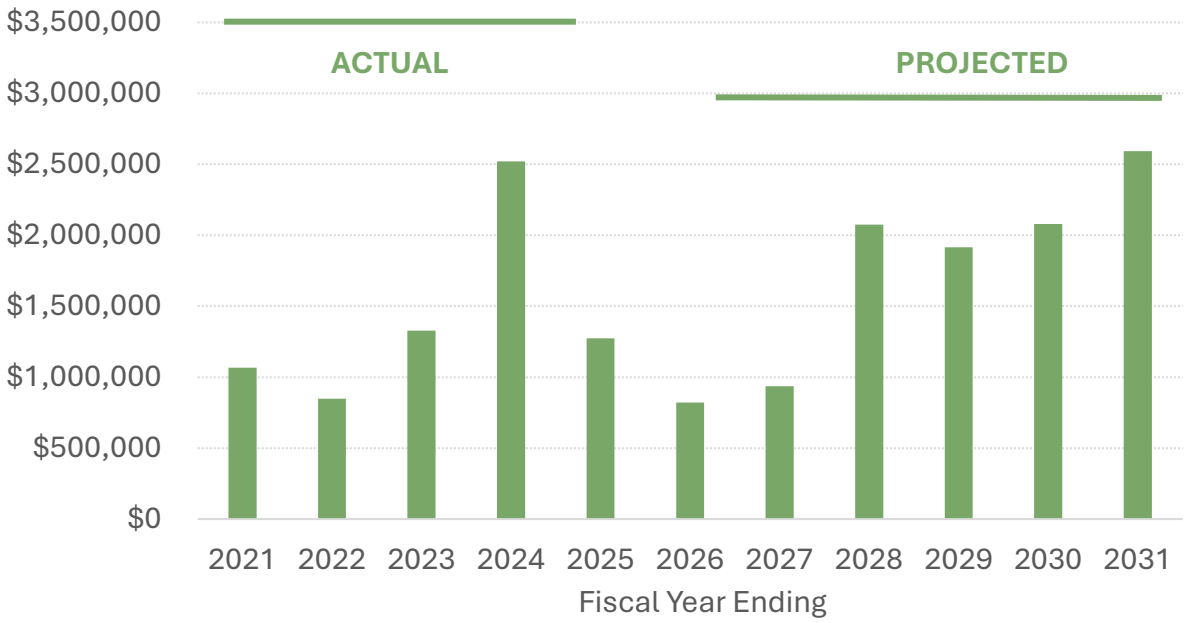
- **Operating Fund** - Unrestricted cash balance of six months (180 days) of projected operating expenses, with a minimum of four months (120 days) of projected operating expenses.
- **Capital Reserve (Equipment/Improvement) Fund** – Unrestricted cash balance of 50% of the total five-year expenditures shown in the adopted capital improvement plan (CIP)

Although the District's unrestricted cash balances would be improved with adoption of new rates for each utility, only the District's target operating fund reserve will be achieved. The District's target capital reserve will not be achieved.

Figure 1 shows the actual change in the District's total cash balance between fiscal year 2021 and fiscal year 2025. During this period, the cash position did not improve materially due to the need for capital expenditures that were not modeled in the 2021 rate study. If the District's fiscal year 2026 budget materializes as projected, cash reserves will be approximately $0.8 million at fiscal year-end, June 30, 2026. This level of cash reserves fails to meet the District's financial reserves policy and advisable GFOA guidelines. In addition, the water debt service coverage will fall below the State's requirement.

The proposed increased water and wastewater rates would bring the District back into full compliance with State loan requirements within the first fiscal year and would increase cash reserves to the District's minimum target of four months of operating expenses within two to four fiscal years.

Figure 1: Historical and Projected Cash Balance



Customers Impact. District residents receive quarterly utility bills that include charges for water and wastewater services; therefore, it is important to look at the combined impact of increases on customer bills. **Table 3** shows the total quarterly bill impact to a typical home in the Main Water System using less than 10,000 gallons per month.

Figure 2 illustrates the total **monthly** bill increase for a home.

Table 3: Combined Utility Bill Impact for Main Water System

Utility	Current	Beginning July 1 2026	2027	2028	2029	2030
		Quarterly Bill (3 Months)				
Water	$353	$381	$412	$445	$474	$505
Wastewater	$720	$757	$795	$835	$868	$903
Total	**$1,073**	**$1,138**	**$1,207**	**$1,280**	**$1,342**	**$1,408**
Increase per Quarter per Year		**$65**	**$69**	**$73**	**$63**	**$66**
Annual Increase		$258	$275	$292	$251	$263

Source: HEC 2026 rate study. sf

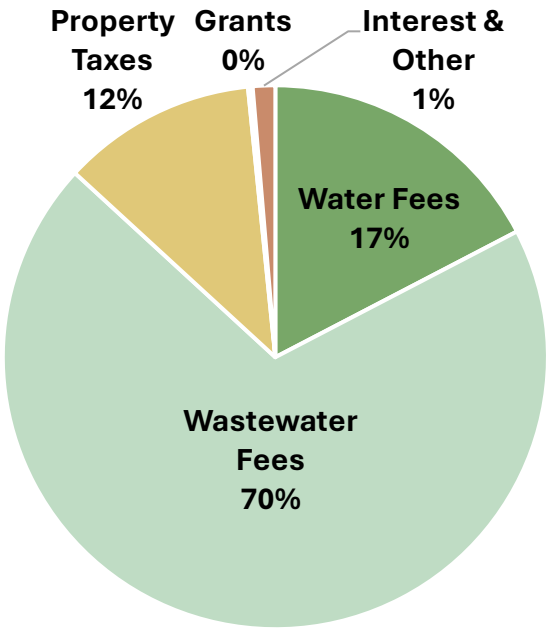
Figure 2: Projected Monthly Bill for a Home

Section 2: District Revenues and Expenses

2.1 District Revenues

The District's sources of revenue for the past five years are illustrated in **Figure 3**. The majority of revenue has been from wastewater fees (including fees from SLCWD for treatment of their wastewater). Water fees (which include Big Bend's fees) and property taxes are the next largest revenue sources. Interest and other miscellaneous revenues, and some grants totaling about $55,000, complete the District's revenue sources.

Figure 3: Sources of Revenue FY2021 – FY2025



Over the last five years, 87% of total revenues were generated by quarterly water and wastewater fees paid by DSPUD customers, contract agreement payments from SLCWD, and special taxes paid by most DSPUD customers. Collection of fees is based on the authorized rate schedules adopted by the Board.

The current water rate schedules are shown in **Tables 4** and **5** on the following page. The Main Water System service area pays the schedule shown in **Table 4**, and Big Bend customers pay the schedule shown in **Table 5**. Note that Big Bend customers only receive water service (no wastewater service) from the District.

Table 4: Current Water Rates (Main Water System)

Meter Size	Gallons Allowed Per Month	7/1/2025 Rate per Month
3/4"	10,000	$117.65
1"	18,500	$217.66
1.5"	25,000	$294.12
2"	40,000	$470.60
3"	65,000	$764.72
4"	175,000	$2,058.90
6"	262,000	$3,082.45
8"	350,000	$4,117.78
Overage Charge per Thousand Gallons		$11.765

Source: DSPUD Ordinance 03-2021. water

Table 5: Big Bend Water Rates

Property Type	Fees as of January 1, 2024		
	Operations [1]	Debt	Total
		Quarterly Fees	
Project Prepaid Cabins	$285.82	$0.00	$285.82
Debt Service Cabins	$285.82	$185.46	$471.28

Source: Public Hearing notice, October 1, 2018. bigb

[1] Operations quarterly fees increase 3% per year every January 1, with the last authorized increase Jan 1, 2024.

The current wastewater rates are shown in **Table 6**. Existing customers include those customers that have paid for capacity in the wastewater treatment plant and are connected to the wastewater system. Future customers include those customers that have paid for capacity in the wastewater treatment plant but are not yet connected to the wastewater system.

In 2015, the District formed Community Facilities District (CFD) No. 1, with three areas that had the opportunity to approve or disapprove a new special tax to pay for the wastewater treatment plant upgrade and expansion. Two of the areas voted for the new tax. One area did not approve the new special tax. As a result, wastewater rates are different for customers inside and outside CFD No. 1. Customers outside CFD No. 1 pay for debt service associated with the treatment plant upgrade and expansion in their rates, whereas customers inside CFD No. 1 pay for the majority of their share of debt service as a special tax, and a small portion of their share of debt service in their rates. In total, all existing customers pay the same (with the

exception of CalTrans), and all future customers pay the same. CalTrans paid for their share of the treatment plant upgrade and expansion in one lump sum and are not obligated to make any additional payments for the project.

Table 6: Current Wastewater Rates

Rates by Customer	7/1/2025 Rate per Month	
Existing Customers	**per EDU**	
Inside CFD No. 1	$190.75	
Outside CFD No. 1	$240.16	
CalTrans	$178.22	
Future Customers		
Inside CFD No. 1	$101.64	
Outside CFD No. 1	$151.05	
Special Tax	**per EDU**	
Inside CFD No. 1 - All EDUs	$49.42	
Recycled Water Rate [1]	$28.43	per 1,000 gallons

Source: Ordinances 04-2021 and 2024-01. ww

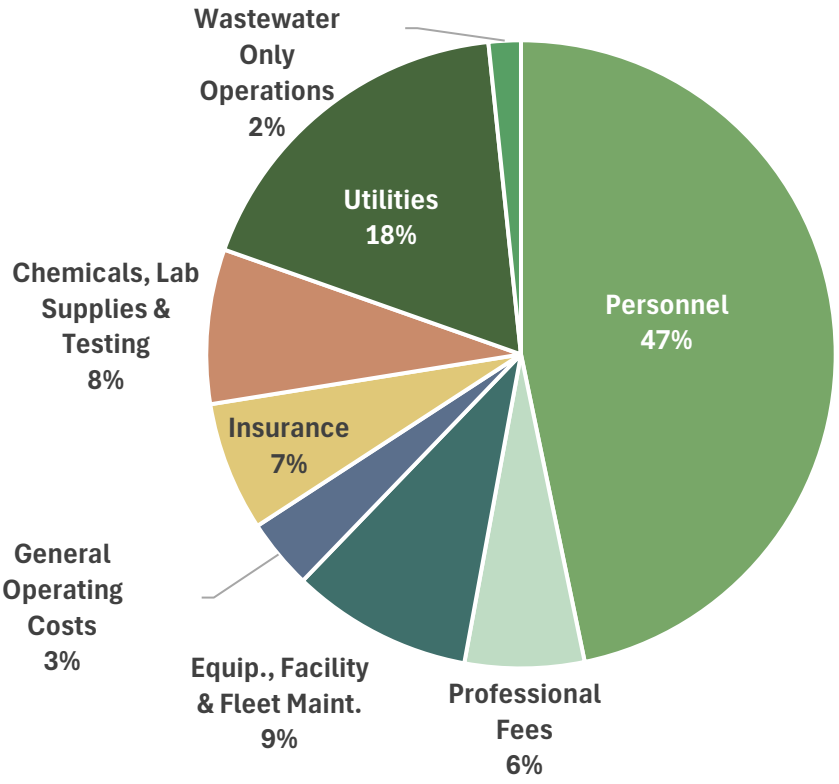
[1] Rate as of Jan. 1, 2026.

2.2 District Operating Expenses

DSPUD operating expenses include costs for personnel (salaries, wages, and benefits), power, gas and other utilities, chemicals, lab supplies, routine maintenance of infrastructure, office supplies, fleet costs, and other miscellaneous costs as illustrated in **Figure 4**. The largest cost category is for personnel, which costs make up 47% of all operating costs. Details of historical revenues and expenses and fiscal year 2026 budget are provided in **Appendix Tables A-1** and **A-2**.

Appendix Tables A-3 and **A-4** show average annual percentage increases by cost category since fiscal year 2021, including the 2026 fiscal year budget, and it compares the increases with two consumer prices indexes. The District's average annual cost increases of 7.0% and 4.8% for water and wastewater, respectively, are higher than the average annual cost index for the West Region consumer price index (4.6%) and the Engineering News Record Construction Cost Index for San Francisco (3.3%). This is common for utility providers. Some cost categories have had notably greater increases in the last five years, in particular insurance costs and utilities (mainly electricity). Professional fees fluctuate depending on the needs of the utility systems; costs are anticipated to be higher in fiscal year 2026 than the past five years due to several one-time costs: wastewater treatment plant permit renewal (required every 5 years), the rate study (needed every 5 years), an ultrasonic buoy purchase, an ammonia risk management plan, and a cross connection hazard assessment.

Figure 4: District Operating Expenses



The District provided a baseline budget for projecting costs the next five fiscal years, which normalizes some costs for a more typical year and accounts for personnel changes, as shown in **Table 7**.

The District's administrative costs are allocated between the water and wastewater systems by the share of operating expenses shown in **Table 7**. The Main Water System is allocated 17.4% of the administrative costs and the wastewater system is allocated 81.3% of administrative costs. Total baseline budget operating costs for both systems after adding the administrative costs to each system are shown in **Table 8**.

Table 7: Baseline Budget

Revenues and Expenses	Main Water System	Big Bend Water	Wastewater System		Admin	Total
			Sewer	Treatment		
Program Revenue						
Service Fees	$743,283	$52,317	$497,135	$1,574,261		$2,866,996
Non-CFD Revenue WWTP Loan				$445,462		$445,462
CFD Revenue WWTP Loan				$290,593		$290,593
Sierra Lakes County Water Dist.				$488,477		$488,477
Property Tax	$30,817		$20,760	$88,536		$140,113
Interest & Other Revenue					$29,000	$29,000
Anticipated Recycled Water Sales				$109,600		$109,600
Total Program Revenue	**$774,100**	**$52,317**	**$517,895**	**$2,996,929**	**$29,000**	**$4,370,241**
Share of Revenue excluding Admin.	17.8%	1.2%	11.9%	69.0%		100%
Expenses						
Salaries and Benefits	$173,566	$9,414	$47,882	$770,786	$594,910	$1,596,558
Professional Services	$46,700			$39,000	$104,900	$190,600
Dues	$680			$2,500	$12,700	$15,880
Fees, permits, certifications	$16,780	$1,500	$460	$31,300	$18,980	$69,020
Training, education, travel	$1,000		$300	$3,120	$3,000	$7,420
Insurance- property, auto, etc.	$51,300	$5,130	$47,453	$152,618	$13,500	$270,001
Office supplies and miscellaneous	$550		$550	$438	$9,000	$10,538
Utilities, communications, telemetry	$53,650	$4,790	$28,545	$383,450	$39,190	$509,625
Chemicals and lab supplies	$18,440	$300		$242,920		$261,660
Laboratory Testing	$5,000			$41,179		$46,179
Equipment maintenance and repair	$43,550		$22,950	$68,850		$135,350
Small equipment rental and PPE	$3,150			$2,180		$5,330
Operating supplies	$740		$1,200	$740	$2,700	$5,380
Infiltration-Inflow			$33,100			$33,100
Sludge removal				$34,730		$34,730
Vehicle maintenance, repair, fuel	$4,100		$12,200	$8,980		$25,280
Facility maintenance and repair	$21,720	$10,980	$12,320	$44,630	$8,780	$98,430
Amortization of land lease				$23,103		$23,103
Total Expenses	**$440,926**	**$32,114**	**$206,960**	**$1,850,524**	**$807,660**	**$3,338,184**
Share of Expenses	17.4%	1.3%	8.2%	73.1%		100%
Long term debt (principal and interest)	$18,188	$19,970		$719,191		$757,349
Net Revenue (Expense)	**$314,986**	**$233**	**$310,935**	**$427,214**	**($778,660)**	**$274,708**

Source: DSPUD historical financials and HEC 2026 rate study. financials

Table 8: Baseline Budget by Fund

Operating Expenses	Utility Fund Cost Components		
	Utility	Admin	Total
Main Water System (excludes Big Bend)			
Personnel	$173,566	$103,659	$277,225
Professional Fees	$46,700	$18,278	$64,978
Equip., Facility & Fleet Maint. [1]	$72,520	$1,530	$74,050
General Operating Costs [2]	$19,750	$8,081	$27,831
Insurance	$51,300	$2,352	$53,652
Chemicals, Lab Supplies & Testing	$23,440		$23,440
Utilities	$53,650	$6,829	$60,479
Total Water Operating Costs [3]	**$440,926**	**$140,729**	**$581,655**
Wastewater			
Personnel	$818,668	$483,701	$1,302,369
Professional Fees	$39,000	$85,291	$124,291
Equip., Facility & Fleet Maint. [1]	$172,110	$7,139	$179,249
General Operating Costs [2]	$63,711	$37,710	$101,421
Insurance	$200,071	$10,976	$211,047
Chemicals, Lab Supplies & Testing	$284,099		$284,099
Infiltration & Inflow Program	$33,100		$33,100
Sludge Removal	$34,730		$34,730
Utilities	$411,995	$31,864	$443,859
Total Wastewater Operating Costs	**$2,057,484**	**$656,681**	**$2,714,165**

Source: DSPUD September 2025, and HEC 2026 rate study. b fund

[1] Includes operating supplies & small equipment costs for all equipment, vehicles, and facilities.
[2] Includes dues & subscriptions, fees & permits, training, travel & education, office supplies, and land lease.
[3] Excludes Big Bend water system operating expenses.

In addition to accounting for the District's operating expenses, utility rates should collect for the costs of rehabilitating infrastructure. Rate revenue collected for system depreciation may be used for qualified rehabilitation costs as they arise; until they do, they will remain as District cash on hand (reserves). **Table 9** shows the depreciation for water and wastewater assets included in the District's annual audited financial records. Big Bend assets, which should be paid for by Big Bend customers, are deducted in the calculation of water asset depreciation.

Table 9: Depreciation of District Assets

Fiscal Year 2024	Water	Wastewater
2024	$147,851	$750,202
less Big Bend		
Big Bend Transmission	$23,667	
Water Treatment System	$11,229	
Big Bend Well	$3,468	
Net Annual Depreciation of District Assets	**$133,154**	**$750,202**
	100%	**65%**
System Rehabilitation	**$133,150**	**$487,630**

Source: Audited financials. depr

2.3 District Capital Expenses

DSPUD developed a Capital Improvements Plan (CIP) with scheduled known necessary capital expenditure over the next ten years. The five-year CIP for water, excluding any improvement needs for the Big Bend water system, is provided in **Table A-5**, and the five-year CIP for wastewater is provided in **Table A-6**. The District's estimates of costs are inflated each year 4% to estimate the cost at time of construction.

The CIP is summarized in **Table 10** for the first five years, and the following five years. It is established that about $3.35 million will need to be expended in the next five years, and $5.51 million will need to be expended in the following five years. Due to the timing needs of the capital improvements and available cash the District will need to issue debt to complete the improvements. **Table 11** shows the estimate of new debt service that may be incurred to finance a portion of the CIP. The District will pursue several sources of borrowing as well as grant funding opportunities and will determine the best source at the time the funding is necessary. For purposes of estimating potential new debt service payments in the rates, it is assumed that the District issues Certificates of Participation (COP) with the California Special Districts Association Finance Corporation.

Table 10: Summary of CIP in Inflated Dollars

Improvements	Next 5 Years	Years 6 to 10
Water Supply	**WATER**	
Water Plant Upgrades to Decrease Backwashing	$216,000	$0
Lake Angela Dam Tendon Tensioning	$0	$205,000
Subtotal Water Supply	**$216,000**	**$205,000**
Water Storage		
Reservior 2 Exterior Coating	$433,000	$0
Reservoir 1 Coating	$649,000	$0
Sugar Bowl Reservoir Rehabilitation	$0	$759,000
Subtotal Water Storage	**$1,082,000**	**$759,000**
Water Distribution		
Boreal Pump Station Generator	$87,000	$0
Boreal Pump Station Rehabilitation	$520,000	$0
Automated Meter Replacement	$0	$1,000,000
SLCWD Intertie	$0	$1,269,000
Subtotal Water Distribution	**$607,000**	**$2,269,000**
Office Building Remodel (eg. ADA)	$0	$0
Total Water CIP	**$1,905,000**	**$3,233,000**
Collection System	**WASTEWATER**	
Upgrade Lift Station 2 to Increase Capacity	$0	$0
Replace LS3 & LS4	$104,000	$0
Sewer Manhole Sealing	$201,000	$0
Rehabilitate Lift Station 7	$0	$526,000
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	$506,000	$0
Upgrade LS2 and Remove LS3 and LS4	$0	$1,754,000
Subtotal Collection System	**$811,000**	**$2,280,000**
Treatment Plant		
Recycled Water Equipment Upgrades- Filling station with pump	$156,000	$0
Pavement Rehabilitation at Wastewater Plant	$104,000	$0
Membrane Replacement	$102,000	$0
Reactor 1 Coating	$270,000	$0
Wastewater Sludge Press	$0	$0
Subtotal Treatment Plant	**$632,000**	**$0**
Office Building Remodel	$0	$0
Total Wastewater CIP	**$1,443,000**	**$2,280,000**
TOTAL CIP	**$3,348,000**	**$5,513,000**

Source: DSPUD January 2026. cip sum

Table 11: CSDA Finance Corporation Certificates of Participation

Sale in Fiscal Year 2028		Water	Wastewater	Total
Proceeds		**$1,905,000**	**$506,000**	**$2,411,000**
COP Sizing				
Issuance Costs	4.0%	$76,200	$20,240	$96,440
Underwriter's Discount	1.0%	$19,050	$5,060	$24,110
Estimated Total		**$2,000,250**	**$531,300**	**$2,531,550**
COP Size Adjusted for Rounding		**$2,010,000**	**$540,000**	**$2,550,000**
Estimated Annual Debt Service		**$123,400**	**$33,160**	**$156,560**
Total Payments		**$3,702,000**	**$994,800**	**$4,696,800**
Principal Repayment		$2,010,000	$540,000	$2,550,000
Estimated Financing Charges		**$1,692,000**	**$454,800**	**$2,146,800**
Assumptions:				
Interest	4.50%			
Years	30			

Source: HEC 2026 rate study. w new

Section 3: Water Fee Calculations

3.1 DSPUD Water Systems

The District owns two water systems. The Lake Angela surface water system (the "Main System") provides potable water to the communities of Soda Springs and Sugar Bowl. The Big Bend groundwater system provides potable water to the community of Big Bend (29 cabins).

The Main System services 383 metered properties. Most of the properties (93%) have one inch or smaller meters installed in the meter box. Larger residential buildings and commercial or resort buildings, need larger water meters for potential water demand or for fire sprinklers as required to meet building code.

The water system rates are charged according to the meter size. This is the standard method for levying fixed charges because meter size is an indicator of potential capacity or demand requirement that each customer places on the water system. Typically, but not always, the ratio at which the meter charge increases is a function of the meter's safe operating capacity as established by the AWWA. These meter ratios are used because a significant portion of a water system's design, and, in turn, the utility's operating and capital costs are related to meeting capacity needs. The 2015 San Juan Capistrano decision reaffirmed that rates must be proportional to the costs of service received. Number of meters and calculated meter equivalent units is shown in **Table 12**.

Table 12: Number of Meters and Meter Equivalent Units

Water Meter Size	Meters by Size	Safe GPM	Ratio to 3/4"	Fiscal Year Ending					
				2026	2027	2028	2029	2030	2031
				Meter Equivalents					
3/4"	280	30	1.00	280	282	284	286	288	290
1"	78	50	1.67	130	130	130	130	130	130
1.5"	7	100	3.33	23	23	23	23	23	23
2"	15	160	5.33	80	80	80	80	80	80
3"	2	320	10.67	21	21	21	21	21	21
4"	0	500	16.67	0	0	0	0	0	0
6"	1	1,000	33.33	33	33	33	33	33	33
Total	**383**			**568**	**570**	**572**	**574**	**576**	**578**

Source: AWWA M1 Manual safe operating capacity for displacement type meters (smaller than 2-inch meters) and C702 compound Class I meters (2-inch and larger meters).

3.2 Water Revenue Requirement

According to the AWWA M1 Manual, the first step in the ratemaking analysis is to determine the adequate and appropriate funding of a utility. This is referred to as the "revenue requirement" analysis. This analysis considers the short and long-term service objectives of the utility over a given planning horizon, including capital facilities and system operations and maintenance, to determine the adequacy of a utility's existing rates to recover its costs. Specifically, the revenue requirement refers to the amount of money that must be raised for revenue sufficiency of the water fund through rates. Components of the revenue requirement include:

- Operating Expenses
- Debt Service
- System Rehabilitation
- Reserves for Operating or Capital Costs

Table 13 shows the projected revenue requirement for the water system for fiscal years 2027 through 2031. Revenue requirement collected in the rates ("water rates revenue target" at the bottom of the table) is lower than the calculated revenue requirement in the first two years to allow for more gradual rate increases.

Operating expenses are increased each year using an annual increase factor that ranges from 2.5% per year to 5.0% per year by cost item.

Water system debt service includes a loan from the State Water Resources Control Board (SWRCB) for the improvements made at Lake Angela in 2018 and two loans from PG&E for electrical system upgrades. The PG&E loans are split between the Main Water System and the wastewater system as shown in **Appendix Table A-7**. Both loans will be fully repaid in the next five years. The potential COP annual debt service detailed in the prior chapter is also accounted for in the water revenue requirement.

Other costs included in the revenue requirement include system rehabilitation and operating reserves. According to the District's auditor, the water fund had a negative cash balance of nearly $382,000 as of June 30, 2025. The water rates need to support an adequate cash reserve for the water system; therefore, additional amounts are included in the revenue requirement to build back the water fund's cash reserves.

Credited against the described costs are a portion of interest income and other miscellaneous revenues. Components of the projected water revenue requirement are illustrated in **Figure 5.**

Table 13: Projected Water Operations Revenue Requirement

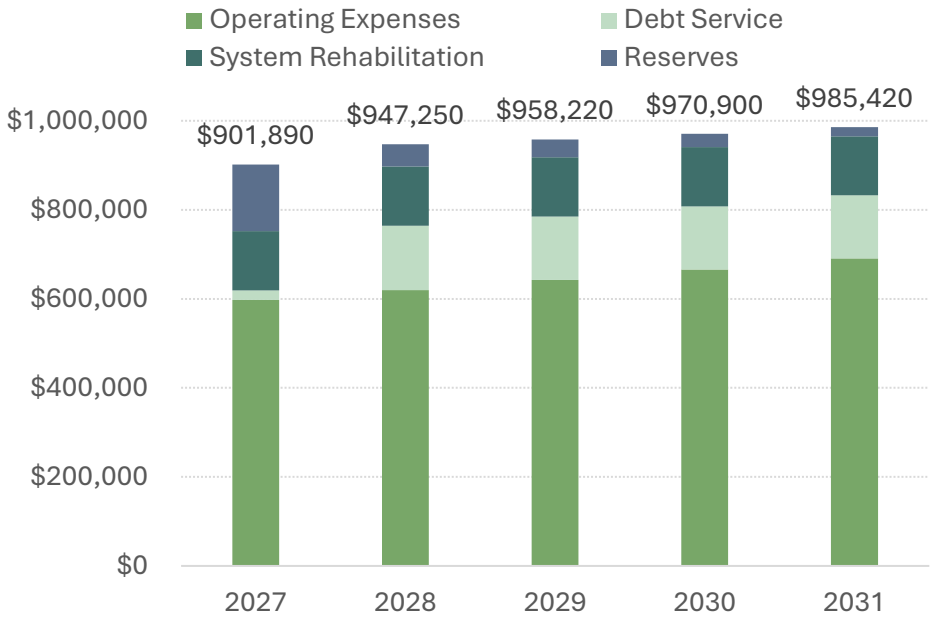
Item		Annual Increase	Baseline Budget	Fiscal Year Ending 2027	2028	2029	2030	2031
Operating Expenses				*All figures rounded to nearest $10*				
Personnel		3.5%	$277,220	$286,920	$296,960	$307,350	$318,110	$329,240
Professional Fees		3.5%	$64,980	$67,250	$69,600	$72,040	$74,560	$77,170
Equip., Facility & Fleet Maint. [1]		3.0%	$74,050	$76,270	$78,560	$80,920	$83,350	$85,850
General Operating Costs [2]		2.5%	$27,830	$28,530	$29,240	$29,970	$30,720	$31,490
Insurance		5.0%	$53,650	$56,330	$59,150	$62,110	$65,220	$68,480
Chemicals, Lab Supplies & Testing		5.0%	$23,440	$24,610	$25,840	$27,130	$28,490	$29,910
Utilities		4.0%	$60,480	$62,900	$65,420	$68,040	$70,760	$73,590
Total Operating Expenses		a	**$581,650**	**$602,810**	**$624,770**	**$647,560**	**$671,210**	**$695,730**
Debt Service								
SWRCB Loan - Water Treatment Plant			$20,007	$20,007	$20,007	$18,188	$18,188	$18,188
PG & E Loan #1			$964	$964	$964	$964	$0	$0
New Debt Service for CIP					$123,400	$123,400	$123,400	$123,400
Subtotal Debt Service		**b**	**$20,980**	**$20,980**	**$144,380**	**$142,560**	**$141,590**	**$141,590**
System Rehabilitation		c	$0	$133,150	$133,150	$133,150	$133,150	$133,150
Adjustment for Cash Flow or Loan Coverage				$150,000	$50,000	$40,000	$30,000	$20,000
Non-Operating Credits								
Admin. Revenues		constant	$5,050	$5,050	$5,050	$5,050	$5,050	$5,050
Total Non-operating Credits		**d**	**$5,050**	**$5,050**	**$5,050**	**$5,050**	**$5,050**	**$5,050**
Revenue Requirement	**e =**	**a+b+c-d**	**$597,580**	**$901,890**	**$947,250**	**$958,220**	**$970,900**	**$985,420**
Water Rates Revenue Target				$869,000	$942,170	$1,021,500	$1,091,984	$1,167,331

Source: DSPUD and HEC. revw

[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees and permits, training, travel & education, and office supplies.

Figure 5: Components of Water Revenue Requirement



3.3 Water Rate Calculations

Calculated water rates for a typical home are presented in **Table 14**. The water rates revenue target is divided by the number of projected meter equivalent units. Growth of two additional meter equivalent units (or two homes per year) is included in the model.

Table 14: Calculated Main System Water Rates

Item	Current	Fiscal Year Ending 2027 7/1/2026	2028 7/1/2027	2029 7/1/2028	2030 7/1/2029	2031 7/1/2030
Projected Revenue Requirement		$869,000	$942,170	$1,021,500	$1,091,984	$1,167,331
Meter Equivalent Units		570	572	574	576	578
Annual Cost per MEU		**$1,524.56**	**$1,647.15**	**$1,779.62**	**$1,895.81**	**$2,019.60**
Monthly Rates						
3/4"	$117.65	$127.05	$137.26	$148.30	$157.98	$168.30
1"	$217.66	$211.74	$228.77	$247.17	$263.31	$280.50
1.5"	$294.12	$423.49	$457.54	$494.34	$526.61	$561.00
2"	$470.60	$677.58	$732.07	$790.94	$842.58	$897.60
3"	$764.72	$1,355.17	$1,464.13	$1,581.88	$1,685.16	$1,795.20
4"	$2,058.90	$2,117.45	$2,287.71	$2,471.69	$2,633.06	$2,805.01
6"	$3,082.45	$4,234.89	$4,575.42	$4,943.38	$5,266.13	$5,610.01
Overage &				**per thousand gallons**		
Temporary Water	$11.765	$12.705	$13.726	$14.830	$15.798	$16.830

Source: HEC 2026 rate study. water calc

For a typical home with a three-quarter inch meter that uses less than 10,000 gallons per month, the monthly rate would increase from $117.65 to $127.05 July 1, 2026. If the customer uses more than the base monthly allowance, the District will charge overage fees. Overage fees are charged per thousand gallons used above the base allowance each month. Collection of overage fees is rare as most customers use less than their base monthly allowance.

3.4 Projected Water Cash Flow

A projected cash flow for water operations under the proposed increased water rates schedule is presented in **Table 15**. The proposed water rates should generate a cash surplus each year. To pay for capital improvements, the water fund will need both a temporary loan from the wastewater fund and bond proceeds from the issuance of COP. All of the District's property taxes will also be directed to the water fund to pay for capital improvement costs in fiscal year 2027; thereafter, the District will decide annually how much property tax to allocate to the water and wastewater funds.

Table 15: Projected Cash Flow for Water

Revenues and Expenses	Budget 2026	Fiscal Year Ending 2027	2028	2029	2030	2031
Revenues		*All figures rounded to nearest $10*				
Main System Rates	$743,283	$866,000	$938,917	$1,017,974	$1,088,214	$1,163,301
Big Bend Service Fees	$52,318	$52,320	$52,320	$52,320	$52,320	$52,320
Admin. Revenues	$7,308	$5,050	$5,050	$5,050	$5,050	$5,050
Total Revenues	**$802,909**	**$923,370**	**$996,287**	**$1,075,344**	**$1,145,584**	**$1,220,671**
Operating Expenses						
Main System		$602,810	$624,770	$647,560	$671,210	$695,730
Big Bend		$43,900	$45,500	$47,160	$48,880	$50,670
Total Operating Expenses	**$769,158**	**$646,710**	**$670,270**	**$694,720**	**$720,090**	**$746,400**
Net Revenue before Debt Service	**$33,751**	**$276,660**	**$326,017**	**$380,624**	**$425,494**	**$474,271**
Debt Service						
Main System	$20,980	$20,980	$144,380	$142,560	$141,590	$141,590
Big Bend	$21,967	$21,967	$21,967	$21,967	$21,967	$19,970
Total Debt Service	**$42,950**	**$42,950**	**$166,350**	**$164,530**	**$163,560**	**$161,560**
Debt Service Coverage [1]	0.79	6.44	1.96	2.31	2.60	2.94
Net Income	**($9,199)**	**$233,710**	**$159,667**	**$216,094**	**$261,934**	**$312,711**
Beginning Cash Balance	($381,741)	($871,658)	$55,672	$708,247	$731,011	$620,445
Net Income	($9,199)	$233,710	$159,667	$216,094	$261,934	$312,711
Connection Fees	$0	$0	$0	$0	$0	$0
Bond / Loan Proceeds			$1,905,000	$0	$0	$0
Grant	$42,000					
Loan from WW Fund		$550,000				
Repay Loan to WW Fund			($137,500)	($137,500)	($137,500)	($137,500)
Property Tax [2]	$30,820	$143,620	$110,408	$113,170	$116,000	$118,900
Capital Improvement Projects	($553,538)	$0	($1,385,000)	($169,000)	($351,000)	$0
Ending Cash Balance	**($871,658)**	**$55,672**	**$708,247**	**$731,011**	**$620,445**	**$914,556**
Restricted	**$25,590**	**$29,410**	**$33,230**	**$35,230**	**$37,230**	**$39,230**
Unrestricted Balance	**($897,248)**	**$26,262**	**$675,017**	**$695,781**	**$583,215**	**$875,326**

Source: DSPUD financials and HEC 2026 rate study. w flow

[1] Must be at least 1.10 per the SWRCB Drinking Water SRF agreement.

[2] The District has discretion to apportion property tax between water and wastewater each year as needed. Rate study estimates 75% allocation to the water fund starting FY28.

Note that the table includes revenues and expenses for Big Bend, including debt service which is detailed in **Appendix Table A-8**. The table demonstrates that water rates for the Big Bend customers need to be updated to pay for their share of operating expenses.

Section 4: Wastewater Fee Calculations

The wastewater rate study was prepared using the principles established by the WEF Manual of Practice No. 27 and guidelines prepared by the California State Water Resources Control Board for State Revolving Fund financing.

4.1 The Wastewater System and Customers

The wastewater system services the I-80 corridor and communities of Soda Springs and Sugar Bowl. In addition, the District's wastewater treatment plant accepts wastewater effluent from the SLCWD. The District's collection system transports wastewater to the treatment plant. After being treated to the required effluent water quality standards, the treated wastewater is piped to the Soda Springs Ski Area where it is applied to the land during the summer months and partially used for snowmaking during the winter months, with the balance of the treated effluent disposed to the Yuba River during the winter months. Treated effluent is also available for dust control and other non-potable uses year-round under permit with the State.

Wastewater customers are measured in Equivalent Dwelling Units (EDUs). Most residences have one EDU; lodges and homes with guest houses have more than one EDU, as do businesses along Donner Pass Road, the ski resorts, and the CalTrans rest areas at the summit along I-80. **Table 16** shows the current and projected number of wastewater EDUs estimated in this study.

Table 16: Projection of Wastewater EDUs

	Fiscal Year Ending					
EDU Type	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Inside CFD No. 1	*Two Future EDUs become Existing EDUs per Year*					
Existing [1]	386.20	380.20	382.20	384.20	386.20	388.20
Caltrans Existing	91.00	91.00	91.00	91.00	91.00	91.00
Future [1]	121.44	127.44	125.44	123.44	121.44	119.44
Total Inside CFD No. 1 EDUs	**598.64**	**598.64**	**598.64**	**598.64**	**598.64**	**598.64**
Taxable EDUs	**507.64**	**507.64**	**507.64**	**507.64**	**507.64**	**507.64**
Outside CFD No. 1						
Existing [1]	446.35	446.35	446.35	446.35	446.35	446.35
Future [1]	43.35	43.35	43.35	43.35	43.35	43.35
Total Outside CFD No. 1 EDUs	**489.70**	**489.70**	**489.70**	**489.70**	**489.70**	**489.70**
Total Rate-payers						
Existing	923.55	917.55	919.55	921.55	923.55	925.55
Future	164.79	170.79	168.79	166.79	164.79	162.79
Total Rate-paying EDUs	**1,088.34**	**1,088.34**	**1,088.34**	**1,088.34**	**1,088.34**	**1,088.34**

Source: DSPUD billing records, February 2026. edus

[1] In Fiscal Year 2027 eight EDUs in Sugar Bowl are re-categorized from existing to future because of building demolition.

4.2 Wastewater Revenue Requirement

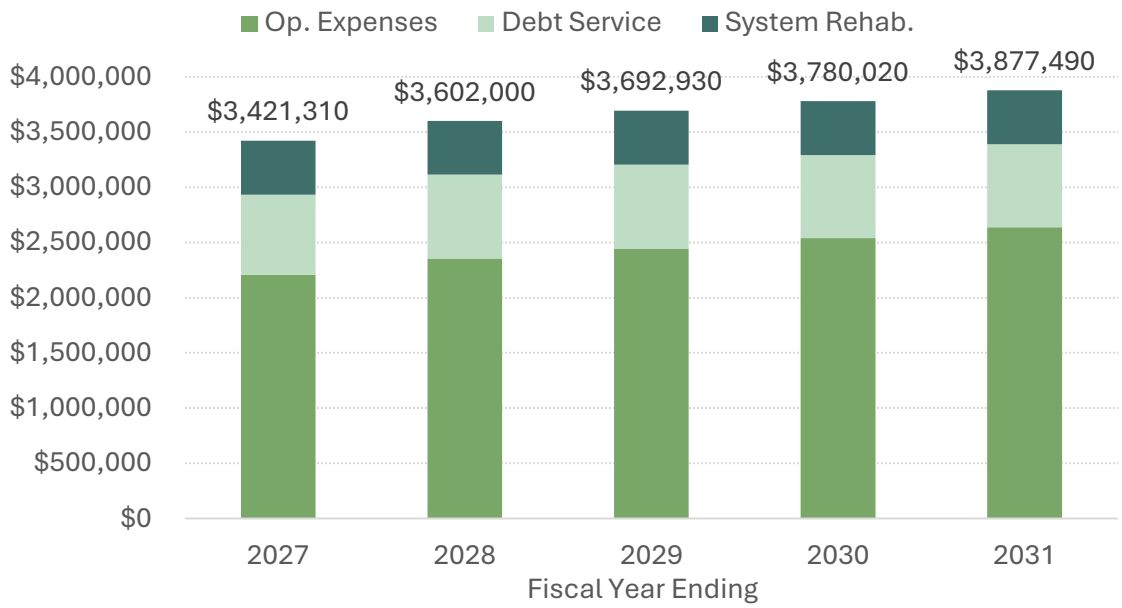
As previously described for the water fees calculations, the revenue requirement describes the amount of money that must be raised through collection of quarterly fees (or "Rates"). Components of the wastewater revenue requirement include:

- Operating Expenses
- Debt Service
- System Rehabilitation
- Reserves for Capital or Operating Costs

The projected revenue requirement through fiscal year 2031 for wastewater is presented in **Table 17** on the next page. Operating expenses are increased from the baseline budget to account for inflation. Wastewater department debt service includes a loan from SLCWD that will be fully repaid fiscal year 2026, a loan from the SWRCB for the wastewater treatment plant upgrade and expansion project (see the debt service schedule **Appendix A Table A-9**), and wastewater's share of PG&E loan repayments for electrical upgrades. Other costs included in the revenue requirement include system rehabilitation (25% of the wastewater system depreciation).

Credited against the described costs are non-operating credits; namely, recycled water sales and SLCWD contributions, and smaller miscellaneous administrative revenues. Components of the projected revenue requirement are shown in **Figure 6**.

Figure 6: Components of Wastewater Revenue Requirement



The SWRCB loan debt service is separated from the revenue requirement because this cost is partially paid for with CFD No. 1 special taxes. The resulting net revenue requirement is paid

for by all existing and future customers. The wastewater rate calculations are based on the "WW Rates Revenue All Cust. Target" shown on the bottom line of Table 17; similar to the water system, the amount collected in rates will be more gradual to minimize customer bill impacts.

Table 17: Projected Wastewater Operations Revenue Requirement

Item		Annual Increase	Baseline Budget	Fiscal Year Ending 2027	2028	2029	2030	2031
Operating Expenses				*All figures rounded to nearest $10*				
Personnel		3.5%	$1,302,370	$1,347,950	$1,395,130	$1,443,960	$1,494,500	$1,546,810
Professional Fees		3.5%	$124,290	$128,640	$133,140	$137,800	$142,620	$147,610
Equip., Facility & Fleet Maint. [1]		3.0%	$179,250	$184,630	$190,170	$195,880	$201,760	$207,810
General Operating Costs [2]		2.5%	$101,420	$103,960	$106,560	$109,220	$111,950	$114,750
Insurance		5.0%	$211,050	$221,600	$232,680	$244,310	$256,530	$269,360
Chemicals, Lab Supplies & Testing		5.0%	$284,100	$298,310	$313,230	$328,890	$345,330	$362,600
Infiltration & Inflow Program		3.5%	$33,100	$34,260	$35,460	$36,700	$37,980	$39,310
Sludge Removal		3.5%	$34,730	$35,950	$37,210	$38,510	$39,860	$41,260
Utilities		4.0%	$443,860	$461,610	$480,070	$499,270	$519,240	$540,010
Total Operating Expenses		**a**	**$2,714,170**	**$2,816,910**	**$2,923,650**	**$3,034,540**	**$3,149,770**	**$3,269,520**
Debt Service								
PG & E Loan #1			$7,400	$7,400	$7,400	$7,400	$0	$0
PG & E Loan #2			$732	$732	$732	$732	$732	$0
SWRCB Loan			$719,191	$719,191	$719,191	$719,191	$719,191	$719,191
New Debt Service for CIP					$33,160	$33,160	$33,160	$33,160
Subtotal Debt Service		**b**	**$727,320**	**$727,320**	**$760,480**	**$760,480**	**$753,080**	**$752,350**
System Rehabilitation		c	$0	$187,550	$187,550	$187,550	$187,550	$187,550
Adjustment for Cash Flow or Loan Coverage			$0	$0	$0	$0	$0	$0
Non-Operating Credits								
Recycled Water Sales [3]		constant	$109,600	$80,000	$20,000	$20,000	$20,000	$20,000
SLCWD Reimbursement [4]		estimate	$488,480	$506,970	$526,180	$546,140	$566,880	$588,430
Admin. Revenues		constant	$23,580	$23,580	$23,580	$23,580	$23,580	$23,580
Total Non-operating Credits		**d**	**$621,660**	**$610,550**	**$569,760**	**$589,720**	**$610,460**	**$632,010**
Revenue Requirement	**e =**	**a+b+c-d**	**$2,819,830**	**$3,121,230**	**$3,301,920**	**$3,392,850**	**$3,479,940**	**$3,577,410**
Rev. Requirement All Customers	**f =**	**e-b**	**$2,100,640**	**$2,402,040**	**$2,582,730**	**$2,673,660**	**$2,760,750**	**$2,858,220**
WW Rates Revenue All Cust. Target				**$2,313,000**	**$2,467,971**	**$2,630,857**	**$2,768,977**	**$2,911,579**

Source: DSPUD and HEC 2026 rate study. revww

[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.
[2] Includes dues and subscriptions, fees and permits, training, travel & education, office supplies, and land lease.
[3] Reduced after FY26 with conclusion of the CalTrans I-80 reconstruction project.
[4] Sierra Lakes CWD annual payment as % of operating expenses in 2026 budget - 18%

4.3 Wastewater Rate Calculations

Existing customers pay the full rate, and future customers pay 50% of the full rate of the annual operating costs of the District's wastewater system. The calculated monthly rates per EDU payable by all customers are presented in **Table 18**.

Table 18: Calculated Monthly Rates per EDU (All Customers)

Cost		Fiscal Year Ending 2027	2028	2029	2030	2031
Revenue Requirement (no debt service)		**$2,313,000**	**$2,467,971**	**$2,630,857**	**$2,768,977**	**$2,911,579**
Rate-payers						
Existing EDUs		917.55	919.55	921.55	923.55	925.55
Future EDUs		170.79	168.79	166.79	164.79	162.79
Future EDUs weighted [1]	50%	85.40	84.40	83.40	82.40	81.40
Total Existing plus Weighted Future EDUs		**1,002.95**	**1,003.95**	**1,004.95**	**1,005.95**	**1,006.95**
Projected Cost per Existing EDU		$2,306	$2,458	$2,618	$2,753	$2,891
Monthly Service Charge per Existing EDU		***$192.18***	***$204.86***	***$218.16***	***$229.38***	***$240.96***
Projected Cost per Future EDU		$1,153	$1,229	$1,309	$1,376	$1,446
Monthly Service Charge per Future EDU		***$96.09***	***$102.43***	***$109.08***	***$114.69***	***$120.48***

Source: HEC calc ww

[1] Calculation below: future EDUs pay for fixed costs of the system less non-operating credits.

	FY 2026 Budget
"Fixed" Operating Costs	$1,682,670
less Non-operating Credits	($621,660)
Total Costs to be Shared with Future EDUs	**$1,061,010**
Total Revenue Requirement	$2,100,640
Percentage Cost Share for Future EDU	**50%**

The remaining revenue requirement is the debt service for the loan with the SWRCB. **Table 19** shows the allocation of the debt service between inside and outside CFD No. 1 EDUs. The calculation excludes CalTrans, which has paid its share of the wastewater treatment plant upgrade and expansion improvement costs.

Table 19: Debt Service Allocation Inside and Outside CFD No. 1

Calculation	Fiscal Year Ending 2026	2027	2028	2029	2030	2031
Number of EDUs						
Inside CFD No. 1	507.6	507.6	507.6	507.6	507.6	507.6
Outside CFD No. 1	489.7	489.7	489.7	489.7	489.7	489.7
CalTrans [1]	91.0	91.0	91.0	91.0	91.0	91.0
Total Number of EDUs	**1,088.3**	**1,088.3**	**1,088.3**	**1,088.3**	**1,088.3**	**1,088.3**
Annual CWSRF Debt Service	**$719,190**	**$719,190**	**$719,190**	**$719,190**	**$719,190**	**$719,190**
Inside CFD No. 1	$366,060	$366,060	$366,060	$366,060	$366,060	$366,060
Outside CFD No. 1	$353,130	$353,130	$353,130	$353,130	$353,130	$353,130

Source: DSPUD and HEC. alloc out

[1] CalTrans has already contributed its share of the SRF debt service.

There are 507.6 taxable EDUs inside CFD No. 1 that generate $301,031 per year for debt service which is 82% of the Inside CFD No. 1 share of annual debt service. The remaining 18% must be collected in rates, as shown in **Table 20**.

Table 20: Share of CFD No. 1 Debt Service Paid by Rates

Item	Fiscal Year Ending 2027	2028	2029	2030	2031
Taxable EDUs	**507.6**	**507.6**	**507.6**	**507.6**	**507.6**
Annual Maximum Special Tax per EDU	$593	$593	$593	$593	$593
Total Maximum Special Taxes	**$301,031**	**$301,031**	**$301,031**	**$301,031**	**$301,031**
Inside CFD No.1 Debt Service	**$366,060**	**$366,060**	**$366,060**	**$366,060**	**$366,060**
Special Tax Revenue as a % of Debt Share	*82%*	*82%*	*82%*	*82%*	*82%*
Revenue					
CFD No. 1 Special Tax Revenue	$301,030	$301,030	$301,030	$301,030	$301,030
Inside CFD No. 1 Debt Service paid by Rates	$65,030	$65,030	$65,030	$65,030	$65,030

Source: HEC. cfd flow

The monthly charges included in rates for Inside CFD and Outside CFD No. 1 EDUs is calculated in **Table 21**.

Total calculated wastewater rates are summarized in **Table 22**.

Table 21: Calculated Additional Monthly Rates per EDU for SRF Debt Service

Item		Projected 2027	2028	2029	2030	2031
Inside CFD No. 1		*Inside CFD No. 1 Additional Rates for Project Debt*				
Net Debt paid with Rates		**$65,030**	**$65,030**	**$65,030**	**$65,030**	**$65,030**
Rate-paying EDUs						
Existing		380.2	382.2	384.2	386.2	388.2
Future		127.4	125.4	123.4	121.4	119.4
Rate-paying EDUs weighted [1]	100%	507.6	507.6	507.6	507.6	507.6
Annual Cost per Existing EDU		**$128.10**	**$128.10**	**$128.10**	**$128.10**	**$128.10**
Annual Cost per Future EDU		**$128.10**	**$128.10**	**$128.10**	**$128.10**	**$128.10**
Debt Service Monthly Charge per EDU		**$10.68**	**$10.68**	**$10.68**	**$10.68**	**$10.68**
Outside CFD No. 1		*Outside CFD No. 1 Additional Rates for Project Debt*				
Debt Service Share		**$353,130**	**$353,130**	**$353,130**	**$353,130**	**$353,130**
Rate-paying EDUs						
Existing		446.4	446.4	446.4	446.4	446.4
Future		43.4	43.4	43.4	43.4	43.4
Rate-paying EDUs weighted [1]	100%	489.7	489.7	489.7	489.7	489.7
Annual Cost per Existing EDU		**$721.11**	**$721.11**	**$721.11**	**$721.11**	**$721.11**
Annual Cost per Future EDU		**$721.11**	**$721.11**	**$721.11**	**$721.11**	**$721.11**
Monthly Charge per EDU		**$60.09**	**$60.09**	**$60.09**	**$60.09**	**$60.09**

Source: SWRCB, DSPUD, and HEC. debt share

[1] Future EDUs pay the same as existing EDUs for SRF debt service.

Table 22: Calculated Wastewater Fees Schedule

Rates by Customer	Current	Calculated WASTEWATER Rates Next 5 Years 7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Existing Customers				**Monthly Fee per EDU**		
Inside CFD No. 1	$190.75	$202.86	$215.53	$228.83	$240.06	$251.63
Outside CFD No. 1	$240.16	$252.28	$264.95	$278.25	$289.48	$301.05
CalTrans	$178.22	$192.18	$204.86	$218.16	$229.38	$240.96
Future Customers						
Inside CFD No. 1	$101.64	$106.77	$113.10	$119.75	$125.37	$131.15
Outside CFD No. 1	$151.05	$156.18	$162.52	$169.17	$174.79	$180.57
				Special Taxes per EDU		
Inside CFD No. 1 - All EDUs	$49.42	$49.42	$49.42	$49.42	$49.42	$49.42

Source: HEC 2026 rate study. sum ww

4.4 Projected Wastewater Cash Flow

The projected wastewater cash flow under the proposed increased wastewater rates schedule is presented in **Table 23**. The wastewater fund had a positive cash balance on June 30, 2025; however, a large portion of it is restricted per the requirements of the SWRCB loan. The wastewater fund cash flow includes estimated proceeds from issuance of COP, cash withdrawals for capital improvement projects, a loan to the water fund, and fluctuating property taxes allocated to the wastewater fund.

Table 23: Projected Cash Flow for Wastewater

Revenues and Expenses	Budget 2026	Fiscal Year Ending 2027	2028	2029	2030	2031
Revenues		*All figures rounded to nearest $10*				
Rates from All Customers		$2,313,000	$2,467,971	$2,630,857	$2,768,977	$2,911,579
Rates for Debt Service		$418,160	$418,160	$418,160	$418,160	$418,160
Special Tax Revenues		$301,030	$301,030	$301,030	$301,030	$301,030
Recycled Water Sales		$80,000	$20,000	$20,000	$20,000	$20,000
SLCWD Reimbursement		$506,970	$526,180	$546,140	$566,880	$588,430
Admin. Revenues		$23,580	$23,580	$23,580	$23,580	$23,580
Total Revenues	**$3,432,054**	**$3,642,740**	**$3,756,921**	**$3,939,767**	**$4,098,627**	**$4,262,779**
Operating Expenses	**$2,648,178**	**$2,816,910**	**$2,923,650**	**$3,034,540**	**$3,149,770**	**$3,269,520**
Net Operating Income	**$783,876**	**$825,830**	**$833,271**	**$905,227**	**$948,857**	**$993,259**
Beginning Balance	$1,656,111	$1,692,660	$877,170	$1,360,263	$1,174,230	$1,444,167
Net Operating Income	$783,876	$825,830	$833,271	$905,227	$948,857	$993,259
Capital Activity						
Debt Service	($727,320)	($727,320)	($760,480)	($760,480)	($753,080)	($752,350)
Bond / Loan Proceeds			$506,000			
Capital Improvement Projects	($129,300)	($364,000)	($270,000)	($506,000)	($102,000)	($201,000)
Connection Fees	$0	$0	$0	$0	$0	$0
Property Tax [1]	$109,293	$0	$36,803	$37,720	$38,660	$39,630
Ending Balance	**$1,692,660**	**$1,427,170**	**$1,222,763**	**$1,036,730**	**$1,306,667**	**$1,523,707**
Loan to Water Fund		($550,000)	$0	$0	$0	$0
Repaid Loan from Water Fund		$0	$137,500	$137,500	$137,500	$137,500
Fiscal Year Ending Balance	**$1,692,660**	**$877,170**	**$1,360,263**	**$1,174,230**	**$1,444,167**	**$1,661,207**
Restricted	**$719,190**	**$719,190**	**$719,190**	**$719,190**	**$719,190**	**$719,190**
Unrestricted Balance	**$973,470**	**$157,980**	**$641,073**	**$455,040**	**$724,977**	**$942,017**
Revenue Avail. For Debt Service	$893,169	$825,830	$870,074	$942,947	$987,517	$1,032,889
Debt Service Coverage [2]	1.23	1.14	1.14	1.24	1.31	1.37

Source: DSPUD financials and HEC 2026 rate study. ww flow

[1] The District has discretion to apportion property tax between water and wastewater each year. Rate study estimates 25% allocation to the wastewater fund starting FY28.

[2] Must be at least 1.10 per the SWRCB Clean Water SRF agreement.

Section 5: District and Customer Impacts

5.1 District Financial Impacts

The impact of adopting the proposed water and wastewater rates will be to rectify the water fund's current negative balance and to increase cash reserves so that the District's minimum operating fund cash target is achieved. The targeted unrestricted cash balance for the District is six months of operating expenses, and the minimum unrestricted cash balance for the District is four months of operating expenses. The proposed increased water and wastewater rates would bring the District back into full compliance with State loan requirements within the first fiscal year and would gradually increase cash reserves. **Table 24** shows the estimated change in the District's total cash balance between fiscal year 2025 and fiscal year 2031 consistently meeting the minimum cash balance for operations by the end of fiscal year 2030.

Table 24: Estimated District Cash Balances

Item	Budget 2026	Fiscal Year Ending 2027	2028	2029	2030	2031
		All figures rounded to nearest $10				
Beginning Cash Balance	**$1,274,370**	$821,002	$935,842	$2,074,763	$1,915,020	$2,078,161
Water Change	($489,917)	$930,330	$655,827	$26,290	($106,796)	$298,141
Wastewater Change	$36,549	($815,490)	$483,094	($186,033)	$269,937	$217,039
Ending Cash Balance	**$821,002**	**$935,842**	**$2,074,763**	**$1,915,020**	**$2,078,161**	**$2,593,342**
Restricted	$744,780	$748,600	$752,420	$754,420	$756,420	$758,420
Unrestricted	**$76,222**	**$187,242**	**$1,322,343**	**$1,160,600**	**$1,321,741**	**$1,834,922**
Designated Unrestricted						
Operations (4 months expenses)		$187,242	$1,182,810	$1,160,600	$1,273,660	$1,321,750
Capital		$0	$139,533	$0	$48,081	$513,172
Reserves Goal						
Four Months Operating Expenses	$882,730	$1,139,910	$1,182,810	$1,227,370	$1,273,660	$1,321,750
50% of Capital Needs next 5 Years	$1,119,150	$1,516,000	$1,516,000	$1,516,000	$1,516,000	$1,516,000
Minimum Goal Reserves [1]	**$2,001,880**	**$2,655,910**	**$2,698,810**	**$2,743,370**	**$2,789,660**	**$2,837,750**

Source: DSPUD and HEC 2026 rate study. tot flow

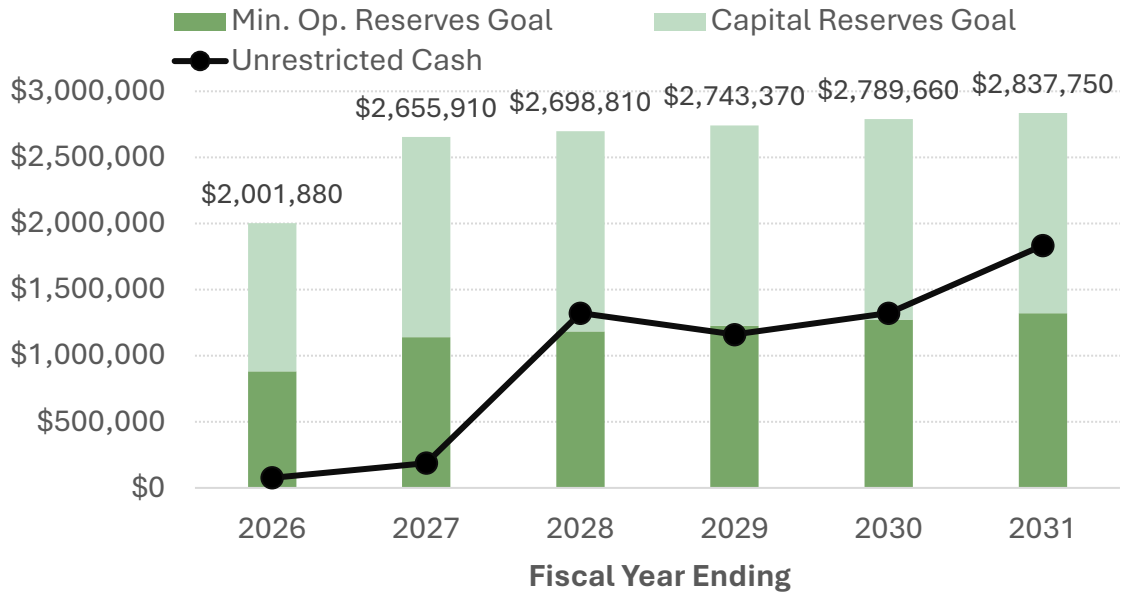
[1] Unrestricted cash in the water and wastewater utilities combined.

The ending cash balances for the water and wastewater funds are projected in **Figure 7** to show both funds will have a positive cash balance by the end of fiscal year 2027.

Figure 7: Ending Cash Balances by Utility Fund

The projected unrestricted District cash balance is illustrated in **Figure 8**.

Figure 8: District Unrestricted Cash Projection



5.2 Customer Bill Impacts

The proposed rate changes will increase a typical residential customer's quarterly utility bill by $65 (6%) in the first year of the increases, beginning July 1, 2026, another 6% in years 2 and 3, and 5% in years 4 and 5. **Table 25** projects a typical residential customer's utilities bill through the five-year rate period and shows the quarterly bill increase each year.

Table 25: Projected Typical Home DSPUD Utilities Bill

Utility	Current	Beginning July 1 2026	2027	2028	2029	2030
		Quarterly Bill (3 Months)				
Water	$353	$381	$412	$445	$474	$505
Wastewater	$720	$757	$795	$835	$868	$903
Total	**$1,073**	**$1,138**	**$1,207**	**$1,280**	**$1,342**	**$1,408**
Increase per Quarter per Year		**$65**	**$69**	**$73**	**$63**	**$66**
Annual Increase		$258	$275	$292	$251	$263

Source: HEC 2026 rate study. sf

Figure 9 illustrates the total monthly projected bill for a home.

Figure 9: Projected Monthly Bill for a Home

Affordability. The State of California bases its evaluation of affordability of water utility bills on two criteria:

1. The median household income (MHI) of the community compared to the State MHI, and
2. The percentage of MHI spent on water and wastewater bills.

If a community's MHI is less than 80 percent of the State's MHI, and service provision is to a full-time community (more than half of the homes are lived in permanently), the community is considered "Disadvantaged", in which case a water bill greater than 1.5% of MHI, and a wastewater bill greater than 2.0% is considered burdensome. Using the most recent U.S. Census data available[1], the State would not classify DSPUD as serving a "Disadvantaged" community because MHI is 85.1% of the State's MHI, and SWRCB staff has indicated they consider Donner Summit to be a part-time residential community.

When a community is not considered "Disadvantaged", water utility bills can be up to 6.5% of MHI (2.5% for water and 4.0% for wastewater) before the State will consider the rates unaffordable. The Environmental Protection Agency (EPA) considers a utility bill to be unaffordable if it exceeds 4.5% of MHI, and the United Nations uses a ratio of 5%.

Currently, a typical residential customer's water bill totals 5.1% of the community's MHI. Under the proposed rates starting July 1, 2026, the bill would increase to 5.4% of MHI. The affordability calculations are shown in **Table 26**.

Table 26: Utility Rates Affordability

Item	Annual Bills	Rates as % of MHI
Current Rates		[1]
Water	$1,412	1.7%
Wastewater	$2,882	3.4%
Total	**$4,294**	**5.1%**
July 1, 2026		
Water	$1,525	1.8%
Wastewater	$3,027	3.6%
Total	**$4,552**	**5.4%**
Dollar Increase	**$258**	
Percentage Increase	**6%**	

Source: SWRCB and Donner Summit PUD. afford

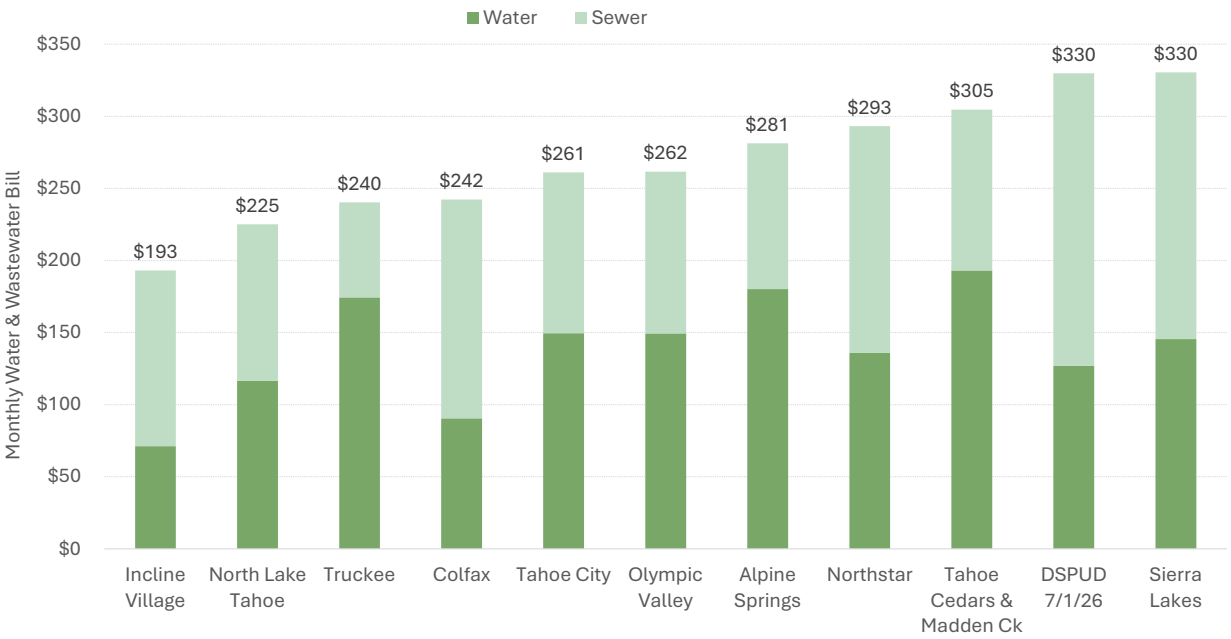
[1] Data from 2024 5-year American Community Survey data.

DSPUD MHI	$84,306
State of California MHI	$99,122
DSPUD as a Percentage of State MHI	**85.1%**

[1] The most recent data is from 2023, which is about 2 years old.

Comparison with other regional providers. DSPUD's proposed new combined utility bill excluding the CFD No. 1 special tax is compared with that of other regional providers in **Figure 10** for a home using 8,000 gallons in a month. The graph excludes any special taxes or assessments that may be in addition to bills paid from the levying of utility rates for the comparison providers as well.

Figure 10: Comparison Monthly Regional Utility Bills



APPENDIX A

RATE STUDY SUPPORT TABLES

ALL TABLES ARE DRAFT

Table A-1: Historical Water Revenues and Expenses and FY26 Budget

Revenues and Expenses	Fiscal Year Ending 2021	2022	2023	2024	2025 Unaudited	2026 Budget
Revenues	*figures include water fund share of administrative revenues & costs*					
Service Fees	$484,448	$604,607	$716,937	$778,535	$805,158	$795,601
Subtotal Water Operating Revenue	**$484,448**	**$604,607**	**$716,937**	**$778,535**	**$805,158**	**$795,601**
Property Tax	$34,781	$38,262	$38,038	$39,668	$35,532	$30,817
Grants	$675	$0	$1,516	$675	$0	$42,000
Interest	$106	$146	$764	$4,917	$17,865	$5,040
Other	$7,047	$12,642	$9,351	$38,934	$619	$2,268
Subtotal Water NonOp. Revenue	**$42,609**	**$51,050**	**$49,669**	**$84,194**	**$54,017**	**$80,125**
Total Water Revenue	**$527,057**	**$655,657**	**$766,606**	**$862,729**	**$859,174**	**$875,726**
Expenses						
Salaries	$222,431	$194,177	$209,153	$228,861	$228,408	$230,849
Benefits	$83,783	$79,740	$92,010	$92,168	$78,784	$103,051
Board	$14,139	$15,643	$17,230	$17,888	$20,015	$20,810
Subtotal Personnel and Board	**$320,353**	**$289,560**	**$318,393**	**$338,917**	**$327,206**	**$354,710**
Professional Fees	$32,372	$35,078	$67,334	$98,263	$26,016	$117,289
Equipment Maintenance	$12,718	$5,069	$9,045	$37,247	$38,828	$43,550
Operating Supplies	$9,192	$3,795	$1,772	$1,440	$1,200	$1,420
Vehicle Maintenance & Repair	$4,972	$7,945	$3,887	$4,777	$1,205	$4,100
Facility Maintenance & Repair	$31,522	$42,475	$26,940	$138,967	$46,258	$61,933
Dues & Subscriptions	$9,265	$2,479	$2,531	$3,567	$3,505	$3,880
Fees, Permits, Leases	$15,208	$17,014	$17,779	$22,484	$19,212	$22,963
Training, Education	$270	$401	$1,006	$832	$1,582	$1,756
Travel	$0	$92	$365	$413	$0	$0
Insurance	$22,047	$34,722	$42,751	$54,755	$58,661	$59,832
Office Supplies	$1,037	$1,655	$1,187	$1,354	$2,917	$2,818
Chemicals and lab supplies	$35,375	$20,613	$62,938	$12,829	$40,185	$18,440
Laboratory Testing	$4,000	$1,120	$3,845	$3,026	$6,782	$5,000
Small equipment & rental	$12,665	$3,292	$945	$955	$23,551	$3,150
Utilities, Communications, etc	$36,597	$56,383	$68,517	$85,938	$88,035	$68,316
Total Water Operating Expenses (without Depreciation & Debt Service)	**$547,593**	**$521,693**	**$629,235**	**$805,764**	**$685,143**	**$769,158**

Source: DSPUD financial records September 2025. w audit

Table A-2: Historical Wastewater Revenues and Expenses and FY26 Budget

Revenues and Expenses	Fiscal Year Ending 2021	2022	2023	2024	2025 Unaudited	2026 Budget
Revenues	*figures include wastewater fund share of administrative revenues & costs*					
Service Fees	$2,273,446	$2,643,567	$2,744,389	$2,891,769	$3,026,863	$3,119,766
Subtotal Sewer Operating Revenue	**$2,273,446**	**$2,643,567**	**$2,744,389**	**$2,891,769**	**$3,026,863**	**$3,119,766**
Property Tax	$405,930	$419,059	$417,642	$431,731	$395,482	$399,889
Grants	$0	$30,640	$20,342	$0	$0	$0
Interest	$335	$607	$2,418	$15,572	$46,593	$14,960
Other	$22,315	$39,994	$21,480	$14,905	$3,737	$6,732
Subtotal Sewer Non-Op. Revenue	**$428,580**	**$490,300**	**$461,882**	**$462,208**	**$445,812**	**$421,581**
Total Sewer Revenue	**$2,702,026**	**$3,133,867**	**$3,206,271**	**$3,353,977**	**$3,472,675**	**$3,541,347**
Expenses						
Salaries	$751,734	$644,774	$720,922	$783,121	$766,735	$774,859
Benefits	$286,755	$286,540	$324,519	$311,399	$262,450	$348,451
Board	$44,773	$49,537	$54,560	$56,647	$59,408	$61,770
Personnel and Board	**$1,083,262**	**$980,851**	**$1,100,001**	**$1,151,167**	**$1,088,593**	**$1,185,080**
Professional Fees	$106,103	$135,745	$157,396	$136,652	$123,017	$157,611
Equipment Maintenance	$32,901	$47,122	$26,261	$69,873	$110,114	$91,800
Operating Supplies	$15,332	$6,121	$4,634	$6,979	$3,571	$3,960
Vehicle Maintenance & Repair	$36,421	$30,292	$2,886	$40,391	$22,928	$21,180
Facility Maintenance & Repair	$72,132	$87,521	$39,287	$80,342	$104,592	$63,517
Dues & Subscriptions	$8,455	$8,969	$10,656	$11,024	$10,426	$12,000
Fees, Permits, Leases	$33,687	$29,777	$37,509	$40,656	$74,309	$70,957
Training, Education	$638	$2,289	$3,764	$5,843	$7,400	$5,664
Travel	$0	$722	$2,690	$1,364	$0	$0
Insurance	$113,525	$121,682	$150,691	$191,307	$206,101	$210,169
Office Supplies	$5,281	$7,057	$6,166	$5,260	$9,598	$7,720
Chemicals and lab supplies	$110,195	$157,548	$169,924	$196,418	$136,011	$242,920
Laboratory Testing	$48,315	$39,140	$55,297	$39,855	$47,174	$41,179
Small equipment & rental	$35,551	$11,246	$5,356	$3,500	$26,669	$2,180
Infiltration & Inflow Program	$33,014	$0	$18,501	$33,014	$29,300	$33,100
Sludge Removal	$0	$19,484	$28,749	$35,790	$49,808	$34,730
Utilities, Communications, etc	$341,460	$444,830	$548,093	$557,733	$456,688	$441,309
Land lease	$20,250	$12,340	$12,340	$23,843	$22,452	$23,103
Total Sewer Operating Expenses (without Depreciation & Debt Service)	**$2,096,522**	**$2,142,736**	**$2,380,201**	**$2,631,011**	**$2,528,751**	**$2,648,178**

Source: DSPUD financial records September 2025.

Table A-3: Change in DSPUD Water Operating Costs by Expense Item

Operating Costs	Fiscal Year Ending 2021	2022	2023	2024	2025	Budget 2026	Total Change	Avg. Annual % Change
Personnel	$320,353	$289,560	$318,393	$338,917	$327,206	$354,710	$34,357	2.1%
Professional Fees	$32,372	$35,078	$67,334	$98,263	$26,016	$117,289	$84,917	29.4%
Equip., Facility & Fleet Maint. [1]	$71,069	$62,576	$42,589	$183,386	$111,042	$114,153	$43,084	9.9%
General Operating Costs [2]	$25,780	$21,641	$22,868	$28,650	$27,216	$31,417	$5,637	4.0%
Insurance	$22,047	$34,722	$42,751	$54,755	$58,661	$59,832	$37,785	22.1%
Chemicals, Lab Supplies & Testing	$39,375	$21,733	$66,783	$15,855	$46,967	$23,440	($15,935)	-9.9%
Utilities	$36,597	$56,383	$68,517	$85,938	$88,035	$68,316	$31,719	13.3%
Total Operating Costs	**$547,593**	**$521,693**	**$629,235**	**$805,764**	**$685,143**	**$769,158**	**$221,565**	**7.0%**
Engineering News Record								
CCI - 20-City	11,436	12,112	13,111	13,345	13,547	13,871	$2,435	3.9%
CCI - San Francisco	13,023	13,459	15,356	15,367	15,367	15,282	$2,259	3.3%
Bureau of Labor Statistics								
CPI - California	285	297	322	332	343	353	$68	4.4%
CPI - West Region	274	288	313	324	334	343	$68	4.6%

Source: DSPUD financials, the Engineering News Record, and Bureau of Labor Statistics. w incr

[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees and permits, training, travel & education, and office supplies.

Table A-4: Change in DSPUD Wastewater Operating Costs by Expense Item

Operating Costs	Fiscal Year Ending 2021	2022	2023	2024	2025	Budget 2026	Total Change	Avg. Annual % Change
Personnel	$1,083,262	$980,851	$1,100,001	$1,151,167	$1,088,593	$1,185,080	$101,818	1.8%
Professional Fees	$106,103	$135,745	$157,396	$136,652	$123,017	$157,611	$51,508	8.2%
Equip., Facility & Fleet Maint. [1]	$192,337	$182,302	$78,424	$201,085	$267,874	$182,637	($9,700)	-1.0%
General Operating Costs [2]	$68,311	$61,154	$73,125	$87,990	$124,185	$119,444	$51,133	11.8%
Insurance	$113,525	$121,682	$150,691	$191,307	$206,101	$210,169	$96,644	13.1%
Chemicals, Lab Supplies & Testing	$158,510	$196,688	$225,221	$236,273	$183,185	$284,099	$125,589	12.4%
Infiltration & Inflow Program	$33,014	$0	$18,501	$33,014	$29,300	$33,100	$86	0.1%
Sludge Removal	$0	$19,484	$28,749	$35,790	$49,808	$34,730	$34,730	n.a.
Utilities	$341,460	$444,830	$548,093	$557,733	$456,688	$441,309	$99,849	5.3%
Total Operating Costs	**$2,096,522**	**$2,142,736**	**$2,380,201**	**$2,631,011**	**$2,528,751**	**$2,648,178**	**$551,656**	**4.8%**
Engineering News Record	*Jun 2020*	*Jun 2021*	*Jun 2022*	*Jun 2023*	*Jun 2024*	*Jun 2025*		
CCI - 20-City	11,436	12,112	13,111	13,345	13546.8	13,871	2,435	3.9%
CCI - San Francisco	13,023	13,459	15,356	15,367	15,367	15,282	2,259	3.3%
Bureau of Labor Statistics								
CPI - California	285	297	322	332	343	353	68	4.4%
CPI - West Region	274	288	313	324	334	343	68	4.6%

Source: DSPUD financials, the Engineering News Record, and Bureau of Labor Statistics. incr

[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees and permits, training, travel & education, office supplies, and land lease.

Table A-5: CIP for the Water System

Water Improvements	Next 5 Years	Fiscal Year Ending 2027	2028	2029	2030	2031
Water Supply				**2025 $**		
Water Plant Upgrades to Decrease						
Backwashing (Pre-Treatment)	**$200,000**		$200,000			
Lake Angela Dam Tendon Tensioning	**$0**					
Subtotal Water Supply	**$200,000**	**$0**	**$200,000**	**$0**	**$0**	**$0**
Water Storage						
Reservior 2 Exterior Coating	**$400,000**		$400,000			
Reservoir 1 Coating	**$600,000**		$600,000			
Sugar Bowl Reservoir Rehabilitation	**$0**					
Subtotal Water Storage	**$1,000,000**	**$0**	**$1,000,000**	**$0**	**$0**	**$0**
Water Distribution						
Boreal Pump Station Generator	**$80,000**		$80,000			
Boreal Pump Station Rehabilitation	**$450,000**			$150,000	$300,000	
Automated Meter Replacement	**$0**					
SLCWD Intertie	**$0**					
Subtotal Water Distribution	**$530,000**	**$0**	**$80,000**	**$150,000**	**$300,000**	**$0**
Office Building Remodel (eg. ADA)	**$0**					
Total Water CIP	**$1,730,000**	**$0**	**$1,280,000**	**$150,000**	**$300,000**	**$0**
				Inflated		
Water Supply				**4% per year**		
Water Plant Upgrades to Decrease						
Backwashing (Pre-Treatment)	**$216,000**	$0	$216,000	$0	$0	$0
Lake Angela Dam Tendon Tensioning	**$0**	$0	$0	$0	$0	$0
Subtotal Water Supply	**$216,000**	**$0**	**$216,000**	**$0**	**$0**	**$0**
Water Storage						
Reservior 2 Exterior Coating	**$433,000**	$0	$433,000	$0	$0	$0
Reservoir 1 Coating	**$649,000**	$0	$649,000	$0	$0	$0
Sugar Bowl Reservoir Rehabilitation	**$0**	$0	$0	$0	$0	$0
Subtotal Water Storage	**$1,082,000**	**$0**	**$1,082,000**	**$0**	**$0**	**$0**
Water Distribution						
Boreal Pump Station Generator	**$87,000**	$0	$87,000	$0	$0	$0
Boreal Pump Station Rehabilitation	**$520,000**	$0	$0	$169,000	$351,000	$0
Automated Meter Replacement	**$0**	$0	$0	$0	$0	$0
SLCWD Intertie	**$0**	$0	$0	$0	$0	$0
Subtotal Water Distribution	**$607,000**	**$0**	**$87,000**	**$169,000**	**$351,000**	**$0**
Office Building Remodel (eg. ADA)	$0	$0	$0	$0	$0	$0
Total Water CIP	**$1,905,000**	**$0**	**$1,385,000**	**$169,000**	**$351,000**	**$0**
Bond-Funded	**$1,905,000**	**$0**	**$1,385,000**	**$169,000**	**$351,000**	**$0**
Cash-Funded	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Source: DSPUD January 2026.

Table A-6: CIP for the Wastewater System

Wastewater Improvements	Next 5 Years	Fiscal Year Ending 2027	2028	2029	2030	2031
Collection System				**2025 $**		
Upgrade Lift Station 2 to Increase Capacity	**$0**					
Replace LS3 & LS4	**$100,000**	$100,000				
Sewer Manhole Sealing	**$165,000**					$165,000
Rehabilitate Lift Station 7	**$0**					
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	**$450,000**			$450,000		
Upgrade LS2 and Remove LS3 and LS4	**$0**					
Subtotal Collection System	**$715,000**	**$100,000**	**$0**	**$450,000**	**$0**	**$165,000**
Treatment Plant						
Recycled Water Equipment Upgrades-Filling station with pump	**$150,000**	$150,000				
Pavement Rehabilitation at Wastewater Plant	**$100,000**	$100,000				
Membrane Replacement	**$87,000**				$87,000	
Reactor 1 Coating	**$250,000**		$250,000			
Wastewater Sludge Press	**$0**					
Subtotal Treatment Plant	**$587,000**	**$250,000**	**$250,000**	**$0**	**$87,000**	**$0**
Office Building Remodel	**$0**					
Total Wastewater CIP	**$1,302,000**	**$350,000**	**$250,000**	**$450,000**	**$87,000**	**$165,000**
				Inflated $		
Collection System				**4% per year**		
Upgrade Lift Station 2 to Increase Capacity	**$0**	$0	$0	$0	$0	$0
Replace LS3 & LS4	**$104,000**	$104,000	$0	$0	$0	$0
Sewer Manhole Sealing	**$201,000**	$0	$0	$0	$0	$201,000
Rehabilitate Lift Station 7	**$0**	$0	$0	$0	$0	$0
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	**$506,000**	$0	$0	$506,000	$0	$0
Upgrade LS2 and Remove LS3 and LS4	**$0**	$0	$0	$0	$0	$0
Subtotal Collection System	**$811,000**	**$104,000**	**$0**	**$506,000**	**$0**	**$201,000**
Treatment Plant						
Recycled Water Equipment Upgrades-Filling station with pump	**$156,000**	$156,000	$0	$0	$0	$0
Pavement Rehabilitation at Wastewater Plant	**$104,000**	$104,000	$0	$0	$0	$0
Membrane Replacement	**$102,000**	$0	$0	$0	$102,000	$0
Reactor 1 Coating	**$270,000**	$0	$270,000	$0	$0	$0
Wastewater Sludge Press	**$0**	$0	$0	$0	$0	$0
Subtotal Treatment Plant	**$632,000**	**$260,000**	**$270,000**	**$0**	**$102,000**	**$0**
Office Building Remodel	**$0**	$0	$0	$0	$0	$0
Total Wastewater CIP	**$1,443,000**	**$364,000**	**$270,000**	**$506,000**	**$102,000**	**$201,000**
Bond-Funded	**$506,000**	**$0**	**$0**	**$506,000**	**$0**	**$0**
Cash-Funded	**$937,000**	**$364,000**	**$270,000**	**$0**	**$102,000**	**$201,000**

Source: DSPUD January 2026.

Table A-7: PG & E Loans

Item	Total Borrowed	Monthly Debt Service Total	Water	WW
			[1]	
PG & E Loan #1	$70,436	$697	$80	$617
PG & E Loan #2	$7,321	$61	$0	$61
Annual Debt Service Water			**$964**	
Annual Debt Service WW				**$8,132**

Source: District financial information. elec

[1] Loan #1 allocated between water and wastewater:

Electricity & Communication Costs Budget 2026		
Water	$53,650	12%
WW	$411,995	88%
Total	$465,645	100%

Table A-8: Big Bend USDA Loans

Item	Big Bend USDA Loans 1st Loan	2nd Loan
Loan Amount	$321,082	$131,833
Annual Payment	$14,156	$5,814
10% Reserve	$1,416	$581
Annual Payment First 10 Years	**$15,572**	**$6,395**
Interest Rate: 2.75%		
Years: 40		

Source: USDA and DSPUD. bigl

Table A-9: SRF Loan Repayment Schedule for Project C-06-7670-210

Dec. 31 Year	Payment No.	Beginning Balance [1]	Principal Due	Interest Due [2]	Total Payment	Ending Balance
2025	11	$11,438,751	$633,400	$85,791	$719,191	$10,805,351
2026	12	$10,805,351	$638,151	$81,040	$719,191	$10,167,200
2027	13	$10,167,200	$642,937	$76,254	$719,191	$9,524,263
2028	14	$9,524,263	$647,759	$71,432	$719,191	$8,876,504
2029	15	$8,876,504	$652,617	$66,574	$719,191	$8,223,887
2030	16	$8,223,887	$657,512	$61,679	$719,191	$7,566,375
2031	17	$7,566,375	$662,443	$56,748	$719,191	$6,903,931
2032	18	$6,903,931	$667,412	$51,779	$719,191	$6,236,520
2033	19	$6,236,520	$672,417	$46,774	$719,191	$5,564,103
2034	20	$5,564,103	$677,460	$41,731	$719,191	$4,886,643
2035	21	$4,886,643	$682,541	$36,650	$719,191	$4,204,101
2036	22	$4,204,101	$687,660	$31,531	$719,191	$3,516,441
2037	23	$3,516,441	$692,818	$26,373	$719,191	$2,823,623
2038	24	$2,823,623	$698,014	$21,177	$719,191	$2,125,609
2039	25	$2,125,609	$703,249	$15,942	$719,191	$1,422,361
2040	26	$1,422,361	$708,523	$10,668	$719,191	$713,837
2041	27	$713,837	$713,837	$5,354	$719,191	$0
Total (2025-2041)			**$11,438,751**	**$787,496**	**$12,226,248**	

Source: State Water Resources Control Board.

loan repay

[1] Draw Amount: 16,846,932

[2] Interest Rate: 0.75%