



Notice of Proposed Rate Increase and Public Hearing Date June 15, 2021 at 6 p.m.

Donner Summit Public Utility District, 53823 Sherritt Lane, Soda Springs, CA

Notice of Proposed Water and Wastewater Rate Increases

Donner Summit Public Utility District (DSPUD/District) has completed a rate study for both water and wastewater utilities. The draft rate study and proposed rate increases were presented at the March 23, 2021 District Board of Directors meeting. The Board voted to move forward with the Proposition 218 process for proposing the rate increase to the ratepayers. A public hearing will be conducted on June 15, 2021 at 6 p.m. to consider adopting the proposed rate increase.

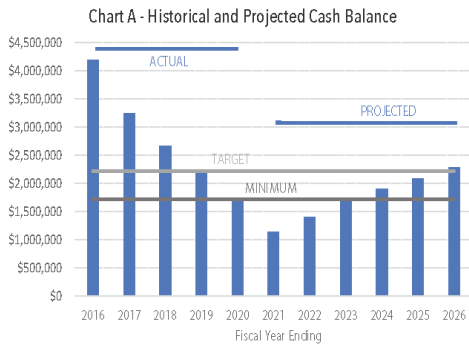
Why Increase Rates?

The District's historical (actual) cash balance since 2016 is illustrated in Chart A. The District drew down its cash reserves between 2016 and 2020 to pay for necessary capital improvements that were not paid for with State grants and loans and to cover operating expenses that were greater than revenues. Cash reserves were also used to pay for a loan with Sierra Lakes County Water District (SLCWD) that enabled the District to secure capacity at the wastewater treatment plant to serve foreseeable growth in its own service territory.

The District's objective has always been to keep rates as low as possible while meeting all financial obligations; however, the current cash balance has reached a level that jeopardizes State loan debt service requirements and is not meeting industry best practices for fiscal responsibility. Rate increases are needed over the next five years to:

- Maintain major infrastructure to be in compliance with state and federal health and safety standards.
- Keep pace with costs of goods and services.
- Ensure all obligations are met for District loans.
- Build back up cash reserves to a prudent level, per industry best practices.

The proposed rate increase would bring the District back into full compliance with State loan requirements within the first fiscal year, and gradually increase cash reserves to fiscally-prudent levels. Projected cash balance with the proposed rates is shown in Chart A.



Revenue Sources

The District receives over 70% of its revenue from water (13%) and wastewater fees (61%), including fees paid by SLCWD for treatment of its wastewater. Property tax revenue contributes 12% and grants 13%. The last 1% is miscellaneous income from interest, late payments and similar.

Summary of Historical and Proposed Water and Wastewater Rates

The table in the next column provides the adopted, actual, and proposed water and wastewater monthly rates from 2015 through 2025 for a typical home. Wastewater rates were not increased for two years (2016 and 2017). In 2018, a five-year schedule of rates was adopted. The proposed rate increases for 2021 and 2022 are higher than currently adopted for wastewater because of three key factors that materialized differently than projected in the 2018 rate study:

- A 10% decrease in projected revenues collected from SLCWD for its demand on the wastewater system.
- Significant reduction (86% less) anticipated growth in the number of customers connecting to the sewer system, which resulted in less than anticipated revenue from connection fees and rates.
- A loan from SLCWD that was not factored into the 2018 wastewater rate study. In renegotiating the financial obligations of both parties for the completed upgraded and expanded wastewater treatment plant, this loan became necessary to ensure the District secured capacity for growth within its own service territory.

Table A - Historical and Proposed Water and Wastewater Rates

Effective July 1	WASTEWATER			WATER		
	Adopted	Actual	Proposed	Adopted	Actual	Proposed
Monthly Bill for a Typical Home (One EDU)						
2016	\$167.02	\$167.02		\$96.27	\$96.27	
2016	x	\$167.02		\$63.30	\$63.30	
2017	x	\$167.02		\$71.22	\$71.22	
2018	\$177.96	\$177.96		\$71.80	\$71.80	
2019	\$179.57	\$179.57		\$72.39	\$72.39	
2020	\$180.86	\$180.86		\$72.98	\$72.98	
2021	\$185.74		\$204.67	x		\$96.25
2022	\$186.82		\$212.65	x		\$98.60
2023	x		\$221.20	x		\$107.27
2024	x		\$230.35	x		\$112.30
2025	x		\$240.16	x		\$117.65

Water System Improvements

Since the last water rate increase in 2016, DSPUD completed an upgrade to the water treatment plant mainly to address the high levels of turbidity caused by algae in Lake Angela. The upgraded plant includes two clarification/filtration treatment basins and improvements to the existing clearwell, changes to the chemical feed facilities, and other modifications to aid in effective water treatment. Capacity was also increased from 0.50 MGD per day to 1.0 MGD and provides redundancy for a more reliable treatment process. The project was funded through a combination of a \$2.7 million loan from the State Water Resources Control Board and \$183,000 of District reserves.

Current and Projected Water Rates Soda Springs and Sugar Bowl Customers

DSPUD collects money through flat rates and usage fees for water service. The last water rate adjustment was adopted in 2016. The following chart shows the current and projected water rates for Soda Springs and Sugar Bowl customers. The proposed water rates do not apply to Big Bend water customers, whose water rates will remain as adopted in 2019.

Calculated Five-Year Water Fee Schedule

Meter Size	Base Monthly Allowance	Current	Calculated WATER Rates Next Five Years				
			7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Monthly Fee							
3/4"	10,000	\$72.98	\$86.25	\$98.60	\$107.27	\$112.30	\$117.65
1"	18,500	\$135.01	\$159.57	\$182.40	\$198.45	\$207.74	\$217.66
1.5"	25,000	\$182.44	\$215.62	\$246.48	\$268.16	\$280.73	\$294.12
2"	40,000	\$291.91	\$345.00	\$394.37	\$429.07	\$449.17	\$470.50
3"	65,000	\$474.35	\$560.63	\$640.85	\$697.23	\$729.90	\$764.72
4"	175,000	\$1,277.11	\$1,509.39	\$1,725.37	\$1,877.17	\$1,965.13	\$2,058.90
6"	262,000	\$1,912.01	\$2,259.77	\$2,583.12	\$2,810.38	\$2,942.08	\$3,082.45
8"	350,000	\$2,994.21	\$3,018.77	\$3,450.73	\$3,754.32	\$3,930.25	\$4,117.78
per thousand gallons							
Coverage Charge		\$7.298	\$8.625	\$9.860	\$10.727	\$11.230	\$11.765
Percentage Increase in Rates			18%	14%	9%	5%	5%

Wastewater System Improvements

The District completed a major wastewater treatment plant upgrade in 2015. Since then, general plant maintenance and repairs to system components have been made and have been funded through District reserves. Upcoming capital improvement projects (CIP) include road rehabilitation along Snow Lab/Bunny Hill Roads and ongoing maintenance including membrane replacement and maintenance of the system's two Reactors. The District is also evaluating possible infrastructure improvements to connect existing septic systems to the sewer system within the District's service boundaries.

Current and Projected Wastewater Rates

DSPUD charges customers a monthly rate based on Equivalent Dwelling Units (EDUs), which is an industry standard measurement for calculating wastewater rates. The District also generates revenue through new connection fees. The amount of revenue generated from connection fees is limited. The last wastewater rate adjustment was adopted in 2018. The following chart illustrates the current and proposed wastewater rates.

Calculated Five-Year Wastewater Fee Schedule

Rates by Customer	Current	Calculated WASTEWATER Rates Next 5 Years				
		7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Monthly Fee per EDU						
Existing Customers						
Inside CFD No. 1	\$131.44	\$155.25	\$163.23	\$171.78	\$180.93	\$190.75
Outside CFD No. 1	\$180.86	\$204.67	\$212.65	\$221.20	\$230.35	\$240.16
CallTrans	\$120.59	\$142.72	\$150.71	\$159.25	\$168.41	\$178.22
Future Customers						
Inside CFD No. 1	\$69.39	\$83.89	\$87.88	\$92.15	\$96.73	\$101.64
Outside CFD No. 1	\$118.81	\$133.30	\$137.30	\$141.57	\$146.15	\$151.05
Special Taxes per EDU						
Inside CFD No. 1 - All EDUs	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42

Source: HEC 2021 rate study.

CFD No. 1 - In 2015, the District formed Community Facilities District (CFD) No. 1 with three service areas to approve or disapprove a new special tax to pay for the wastewater treatment plant (WTP) upgrade and expansion. Two areas voted in favor of the tax and one did not. Therefore, those within CFD No. 1 pay a special tax per EDU while those outside CFD No. 1 pay their share of the WTP upgrade and expansion through higher monthly fees per EDU.

Combined Utility Bill Impact for a Soda Springs and Sugar Bowl Home

Utility	Current	Beginning July 1				
		2021	2022	2023	2024	2025
Quarterly Bill (3 Months)						
Water	\$219	\$259	\$296	\$322	\$337	\$353
Wastewater	\$543	\$614	\$638	\$664	\$691	\$720
Total	\$762	\$873	\$934	\$985	\$1,028	\$1,073
Increase per Quarter per Year		\$111	\$61	\$52	\$43	\$46
Annual Increase		\$445	\$244	\$207	\$170	\$182

Source: HEC 2021 rate study.

National Trend in Utility Rate Increases

Between 2015 and 2020 the total utility bill for a typical home increased 2.6% on average each year (the same as California's Consumer Price Index rose). Between 2015 and 2025, it is projected that the total utility bill for a typical home will have increased 4.8% on average each year. In May 2019, the American Water Works Association released an article, "Rate Survey: Water Cost Increases Outpacing Other U.S. Goods and Services" in which it documented that between 2014 and 2018, water rates increased 5.1% per year and wastewater rates increased 5.6% per year. In June 2020, the National Association of Clean Water Agencies determined that the cost of wastewater service more than doubled the rate of inflation over the past twelve months, the 18th consecutive year that the increase in charges has outpaced inflation. What does this mean? Simply put, the District's proposed rate increases are in sync with the national trend in utility rate increases.

About Donner Summit Public Utility District

DSPUD provides water and wastewater services to Norden and Soda Springs communities, Sugar Bowl, Soda Springs, Boreal and Donner Ski Ranch ski resorts, Sierra Lakes County Water District, Caltrans rest areas and water service to Big Bend. The District serves a population of approximately 200.

Attend a Public Workshop!

Tuesday, May 18, 2021 at 6 p.m.

DSPUD Board of Directors wants to hear your comments about the proposed water and wastewater rate increases. The public is encouraged to attend the board meeting on Tuesday, May 18, 2021 at 6 p.m. to learn more about the proposed rate increases and provide comments. Instructions about how to join virtually will be posted at www.DPSUD.com in advance.



DONNER SUMMIT
PUBLIC UTILITY DISTRICT

53823 Sherritt Lane
Post Office Box 610
Soda Springs, CA 95728

Information About Proposed New Water and Wastewater Rates

Attend a Public Workshop
Tuesday, May 18, 2021 at 6 p.m.

Read more inside!

Customer Rights – Submit a Written Comment

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed rate changes. If you oppose the water or wastewater or both rate adjustments, your protest must be submitted in writing to be valid, even if you attend the public hearing. If written protests are submitted by a majority of affected parcel owners, the proposed rate changes cannot be imposed.

Option 1

If you do not oppose the rate increases, you need not take any action.

Option 2

If you do oppose the proposed rate increases, your protest must be submitted in writing even if you attend the public hearing. All written protests must be received in writing via mail no later than 6 p.m. on June 15, 2021.

Mail written protests to Donner Summit Public Utility District, P.O. Box 610, Soda Springs, CA 95728 or hand deliver letters to DSPUD's office located at 53823 Sherritt Lane, Soda Springs, CA 95728.

All protests must contain:

- Statement that the proposed rate(s) increase is being protested
- Name of the property owner OR customer of record who is submitting the protest
- Parcel number OR street address
- Original signature and legibly printed name of the property owner of record or tenant
- Indicate if signature is of property owner or tenant
- Date of signature
- Utility rate adjustment being opposed: WATER or WASTEWATER or BOTH

At the conclusion of the public hearing, the Donner Summit Public Utility District Board of Directors will consider adopting the proposed rate increases. If, at the close of the public hearing, complete written protests are submitted by the record owners for the majority of the parcels served by the District's water and/or wastewater utilities (50% plus one, a "majority protest"), the Board of Directors cannot approve the proposed rate(s). If, at the close of the public hearing a majority protest does not exist, the Board of Directors may impose rate adjustments for the identified utilities up to the maximum amounts proposed.

Only one written protest per parcel will be counted (either owner or tenant, not both). Written protests received after the close of the public hearing will not be counted. Protests emailed or submitted by any electronic means **will not** be accepted.

Notice of Public Hearing

A public hearing to consider adopting the proposed water and wastewater rates increases will be held virtually on June 15, 2021 at 6 p.m. Instructions about how to join the meeting will be posted Friday, June 11, 2021 at www.DSPUD.com. Written protests must be received no later than the close of the public hearing on June 15, 2021.

Mail written protests to Donner Summit Public Utility District, P.O. Box 610, Soda Springs, CA 95728 or hand deliver letters to DSPUD's office located at 53823 Sherritt Lane, Soda Springs, CA 95728. The office will remain open for hand-delivered letters up until the close of the public hearing.

For more information about proposed rate increases and to view the Water Rate Study, go to www.DPSUD.com.