



Truckee Donner Public Utility District

September 18, 2008

Mr. Gardner Combs
Donner Lake Property Owners Association
1 Binnacle Hill
Oakland, CA 94618

Board of Directors
Joseph R. Aguera
J. Ronald Hemig
Patricia S. Sutton
Tim Taylor
William L. Thomason
General Manager
Michael D. Holley

Dear Mr. Gardner:

Thank you for the Donner Lake Property Owners Association's interest and the comments of your members regarding the upcoming Truckee Donner PUD Water Meter Project. We appreciate your interest in insuring that the Districts cost-sharing policies are equitable amongst our customer-owners.

The District's philosophy on cost-sharing amongst customer-owners has been that all new connections pay the full costs to hook-up to the system and, from that time forward, all customer-owner of the district shares fully the costs of future TDPUD projects regardless of when they joined the system. Although this may create some short-term inequities, the District believes that – over time – this is the most equitable and efficient way to manage the district.

It is important to note that ~80% of the District (including Donner Lake) has some form of water meter and/or box installed. This infrastructure ranges from the current design to meters and/or boxes that are 50+ years old. All District customers will require the automatic meter reading technology and infrastructure and all will participate in the on-going operations and maintenance of the system.

The District is looking into ways to off-set the costs of the meter and/or box portion of the project to minimize the impacts to customers who already have this infrastructure. The likely source of these funds would be the sale of District real property. The goal is to try and off-set ~50% of the total project cost (~\$10Million). Again, the remaining costs to be shared amongst the District would be largely for meters and the automatic meter reading system.

This final decision on how to allocate costs for the Water Meter Project will be made by the District Board. We would appreciate if you circulated this letter amongst your members and we encourage you to participate in this public process.

Feel free to contact us if we can be of any assistance.

Regards,

Michael Holley
General Manager

Cc: Juanita Schneider
Charlie White
TDPUD Board of Directors