Subject: **August 2026 Update - Plan of Finance**

Requested Action:

Review and comment on August 2026 Plan of Finance update.

Detailed Description/Background:

An update to the Plan of Finance was presented to the Board and Reservoir Committee in January 2026 to assist Participants as they determine their commitment to the Sites Project (Project) and in preparation of approving the Benefits and Obligations Contract (B&O Contract). The August 2026 update provides revised financial forecasts and Project cash flows based on information available as of August 2026. The underlying total project construction cost estimate of $7.5 billion (in 2024 dollars and referred to as Governance Estimate) has not changed since the Board's June 2025 review.

The August update reflects three primary changes: (1) updated construction schedule with operational completion (i.e. initiate first fill) shifted one year to the end of 2034, with start-up, testing and punch list activities continuing into 2035; (2) updated escalation rates from 2024 to 2026 as actual escalation experienced was higher than projected; and (3) State WSIP funding has increased. Updated 2024–2026 escalation increases the $7.5 billion Governance Estimate to approximately $8.1 billion in 2026 dollars and, together with the revised schedule, to approximately $9.9 billion in escalated (YOE) dollars. Future escalation assumptions are unchanged, with construction costs continuing to escalate at a weighted average rate of approximately 3.7% annually.

In June 2026, the California Water Commission approved approximately $268.9 million in additional conditional supplemental funding, increasing total WSIP funding eligibility from approximately $1.094 billion to $1.363 billion. For 2027 through 2035, in escalated dollars, the August forecast assumes 13% of Project funding from the State, 16% from the Bureau of Reclamation and 71% from Participants, compared with a 73% Participant share in January. Efforts are being made to secure State payment terms to mitigate escalation effects, and there may be additional State funds made available if the final water right terms allow greater deliveries of public benefits.

The analysis continues to include three Participant financing scenarios: (1) interest-only during construction, (2) capitalized interest through construction, and (3) pay-as-you-go (self-funding). Interest rate assumptions are unchanged. Fixed O&M cost and escalation assumptions are also unchanged, but the timing shifts one year with the revised Project schedule. The update continues to present costs using a standardized one-percent Base Capacity Interest, with and without associated Downstream Facilities Capacity Interest, and includes comparative tables showing changes from the January 2026 forecast.

<u>The Plan of Finance will be incorporated as part of the Program Baseline Report and will continue to be refined as Project information is updated.</u>

<u>Prior Action:</u>

January 2026: Reviewed and discussed the 2026 update to the Draft Plan of Finance and projected cash flows.

<u>Fiscal Impact/Funding Source:</u>

The Amendment 3 Work Plan includes sufficient funds to cover required resources and activities in support of the Plan of Finance and ultimately, the Benefits and Obligations Contract development.

<u>Staff Contact:</u>

Shayleen O’Connell

<u>Primary Service Provider:</u>

Montague DeRose

<u>Attachments:</u>

Attachment A – August 2026 Cash Flow Forecast and Plan of Finance Update

August 2026 Cash Flow Forecast and Plan of Finance Update

Purpose

The purpose of this report is to provide the Sites Authority and Reservoir Committee with an update to the January 2026 financial forecast and Project cash flows based on information available as of August 2026. The underlying construction cost estimate of $7.5 billion (in 2024 dollars) has not changed from the January 2026 forecast. The primary changes reflected in this update are an increase in escalation rates for 2024 through 2026 compared to those included in the January 2026 forecast, and a shift in the construction schedule, with substantial completion now anticipated in 2034 and start-up and punch list activities continuing through 2035. The updated forecast incorporates these changes into the timing and escalation of Project expenditures and the resulting financing and cash flow requirements. The analysis continues to present projected cash flows for the Project and the equivalent cash flow for a one percent Base Facilities Capacity Interest and associated Downstream Facilities Capacity Interest, if applicable, allowing Participants to evaluate the financial implications of different levels of participation.

Assumptions and Cost Drivers

Capital Cost. The most recent cost estimate used in the analysis is $7.5 billion (prepared in 2024 dollars and presented to the Board in June 2025 following Value Planning input), the “Governance Estimate” for the Project. This estimate is escalated to future year dollars for purposes of modeling financing and cash flow. In the January 2026 forecast, using the escalation factors and construction schedule assumed at that time, the total estimated cost of the Project (including construction, planning and design, land and right-of-way, environmental and permitting, and other activities such as project management and support, legal, etc.) totaled $9.4 billion in escalated dollars over the period 2027 through 2035. The January 2026 forecast was based on substantial completion in 2033, with initial operations beginning in 2034 and start-up costs (e.g., testing and punch list items) continuing through 2035. With the actual escalation experienced from 2024 through 2026 and the shift in the construction schedule, the estimated project cost in escalated dollars is approximately $9.9 billion over the period 2027 through 2035. The updated forecast assumes substantial completion in 2034 (i.e. initiate first fill), with start-up, testing, and punch list activities continuing through 2035 as the project becomes operational.

Table 1. Major Assumptions and Cost Drivers

	August 2026 Update	January 2026 Update	2023 Update
Construction Start Year	2027	2027	2025
Construction End Year	2035 (1)	2035 (2)	2031
Project Escalation Rates			
Planning and Design	3.0%	3.0%	2.00%
Construction:			
Reservoir	3.9%	3.9%	2.00%
Conveyance	3.5%	3.5%	2.00%
Land	7.0%	7.0%	2.00%
Fixed O&M	3.5%	3.5%	2.50%
Variable O&M (3)	3.5%	3.5%	2.50%
Power Costs	3.0%	3.0%	2.00%
Power Revenues	2.0%	2.0%	2.00%
Interest Rates			
Short-term (interim)	3.5%	3.5%	3.00%
Long-term Revenue Bonds	5.0%	5.0%	5.00%
WIFIA	4.0%	4.0%	3.75%
Investment Earnings	2.0%	2.0%	2.00%

(1) Substantial completion at the end of 2034. Includes start-up, testing and punchlist items in 2035

(2) Substantial completion at the end of 2033, with start-up, testing and punchlist items in 2034 and 2035

(3) Escalation rate applies to all variable O&M except power

Table 1. Major Assumptions

Capital Cost Escalation Factors.

Escalation and inflation assumptions impact future cash flow needs. *Table 1. Major Assumptions and Cost Drivers* shows the escalation rates and interest rates used in the August 2026 update compared to the January 2026 and 2023 updates. The future escalation assumptions used in the August 2026 update have not changed from the January 2026 update, with construction costs continuing to escalate at a weighted average rate of approximately 3.7% annually from 2027 through 2035.

What has changed since the January 2026 update is the escalation applied to bring the 2024 Governance Estimate forward to 2026 dollars. The January 2026 forecast assumed a weighted average construction escalation rate of approximately 3.7% annually beginning in 2024. In June 2026, the engineering team completed an analysis of escalation experienced from Q1 2024 through April 2026 using the most recently available U.S. Bureau of Reclamation Construction Cost Trends and Bureau of Labor Statistics data. That analysis resulted in a blended escalation of approximately 4.45% annually from 2024 to 2026, escalating the $7.5 billion Governance Estimate in 2024 dollars to approximately $8.1 billion in 2026 dollars. This adjustment reflects actual escalation experienced from 2024 through 2026 that was higher than projected in the January 2026 forecast. It does not represent a change in the underlying 30% design cost estimate or in the future escalation assumptions, which remain consistent with the January 2026 update.

Construction escalation rates and the timing of construction remain important drivers of the ultimate cost of the Project. As shown in Table 2, under the current escalation assumptions, the approximately $8.1 billion Project cost in 2026 dollars is estimated to increase to approximately $9.9 billion in escalated dollars over the 2027 through 2036 period. A 100 basis point (one percent) increase in future escalation rates would increase the estimated escalated Project cost by approximately $540 million, to $10.5 billion, while a 100 basis point decrease would reduce the estimated cost by approximately $515 million, to $9.4 billion. These assumptions will continue to be reviewed and adjusted as work progresses to reflect then current conditions.

Table 2. Project Cost Sensitivity to Future Escalation Rates

	Project Cost from 2027 thru 2036			
	2026 Dollars	Escalated Dollars	Increase by 1 %	Decrease by 1%
Base Facilities	$ 7,713.6	$ 9,434.2	$ 9,949.6	$ 8,943.6
Downstream Facilities	413.0	502.0	527.3	477.8
Total	$ 8,126.6	$ 9,936.2	$ 10,476.9	$ 9,421.4

Table 2. Project Cost Sensitivity to Future Escalation Rates

Operating and Maintenance Costs (O&M). Consistent with the current draft of the B&O Contract, O&M costs are expected to be allocated as either Fixed O&M charges or Variable O&M charges. Fixed O&M Costs include labor, materials, chemicals, repair and replacements, as well as payments for in-lieu of property taxes, franchise fees, insurance, and legal and administrative costs. Variable O&M costs include the cost of power to pump water into and out of the reservoir, as well as conveyance (wheeling) through existing facilities operated by partners such as Glenn-Colusa Irrigation District and the Tehama-Colusa Canal Authority. As shown in *Table 1. Major Assumptions*, Fixed O&M and Variable O&M costs, other than power, are escalated at 3.5% per year. This reflects recent trends in labor, materials supplies and other non-labor costs. Power costs are assumed to increase 3.0% per year on average, while the increase in power sold from the Project is assumed to increase at 2.0% per year. Power costs are recovered through the Variable O&M charge and will depend on the water year and expected use of the reservoir (both for filling and withdrawals.) It is anticipated that normalized power cost will be determined to avoid subjecting Participants to large annual swings in the billed O&M for this component. In addition, the model accounts for power sales, which help offset variable costs. Power cost and revenues are allocated in proportion to the quantity of water diverted and released by each agency. Reclamation will pay its share of actual fixed and variable O&M costs associated with its Capacity Interest in the project. The State is paying for delivery of public benefits and does not directly pay for O&M costs.

Interest Rates. The cost of financing (interest rates) is another important driver of annual costs (as well as the total cost of the Project) and assumptions have not changed from the *January 2026 update*. The interest rates used in the forecast and results in the attached tables, were based on historical averages. Actual interest rates will depend on the market at the time a financing is executed. Sites has received a positive indicative credit rating, which implies that the Authority should be able to borrow at competitive, investment grade interest rates. Further, Sites is negotiating a Master Loan Agreement with the Environmental Protection Agency through the Water Infrastructure Finance and Innovation Act (WIFIA) in which interest rates are set at the time the loan is executed and are based on then current Treasury rates. The financial model used to develop the cash flow forecasts and output in this memo does not include proceeds from a USDA loan. Sites also intends to utilize short-term borrowings to finance the Project during construction to help reduce overall interest costs, provide financing flexibility and reduce completion risks of financing. The assumed interest rate for short-term notes used in the financial model is 3.5%. Long-term revenue bonds are modeled with an interest rate of 5.0% and a repayment period of 40 years. The WIFIA loans are estimated to be repaid over a 35-year period and bear an assumed interest rate of 4.0%.

The cost of capital (interest rate) is an important driver in the annual cost of the Project as financing costs are the largest fixed cost that must be paid every year. If interest rates were 100 basis points higher than assumed for the WIFIA and revenue bonds, this would add about $50-60 million per year to the annual Financing Obligations needed to be paid by the Participants.

Participant, State and Bureau of Reclamation Shares.

As noted above, this analysis does not provide cash flow by Participant, since Participants are still evaluating their level of participation in the Project. However, the analysis delineates cash flow and contributions among the Participants, the State of California, and the Bureau of Reclamation (Bureau). The Base Facilities Capacity Interests remain substantially unchanged from the January 2026 update, with the Bureau assumed to have a 16% share of capacity, or 225,600 acre-feet, the State assumed to have 244,000 acre-feet, and the Participants collectively holding approximately 66.7%, or 940,000 acre-feet. The primary change in the allocation assumptions is the allocation of Downstream Facilities Capacity. For purposes of this update, the State's Downstream Facilities Capacity Share is held at 17.3% and the Bureau's share is held at 16.0%, with the remaining Downstream Facilities Capacity allocated among those Participants that require use of the Downstream Facilities for delivery of water, as shown in *Table 3. Allocation of Available Storage*.

Table 3. Storage and Capacity Interest

	Storage (AF)	Base Facilities Capacity Interest	Downstream Facilities Capacity Interest (1)
North of Delta Participants	176,721	12.5330%	2.1100%
South of Delta Particpants	763,679	54.1620%	64.5850%
State of California	244,000	17.3050%	17.3050%
Bureau of Reclamation	225,600	16.0000%	16.0000%
Total	**1,410,000**	**100.0000%**	**100.0000%**

(1) *Downstream Capacity Interests are based on proportion of Base Capacity Interest for agencies that require use of Downstream Facilities. State and* Bureau Downstream Capacity Interest is equal to Base Facilities Capacity *Interest*.

Table 3. Allocation of Available Storage

Construction Cash Flow

As noted above, the estimated cost of the Project from 2027 through 2035, including planning, design and construction, is approximately $8.1 billion in 2026 dollars and $9.9 billion in escalated dollars. *Figure 1. Project Cash Flow: 2027–2035* shows annual expenditures in 2024 dollars (as shown in the January 2026 update), 2026 dollars, and escalated dollars, and illustrates the effect of both the updated 2024-to-2026 escalation and the revised construction schedule. Annual expenditures are forecast to peak in 2031 at approximately $1.9 billion in 2026 dollars and $2.2 billion in escalated dollars, with a second significant period of expenditures occurring in 2033. Project expenditures then decline substantially in 2034 and 2035 as construction moves toward substantial completion and start-up, testing, and punch list activities are completed.

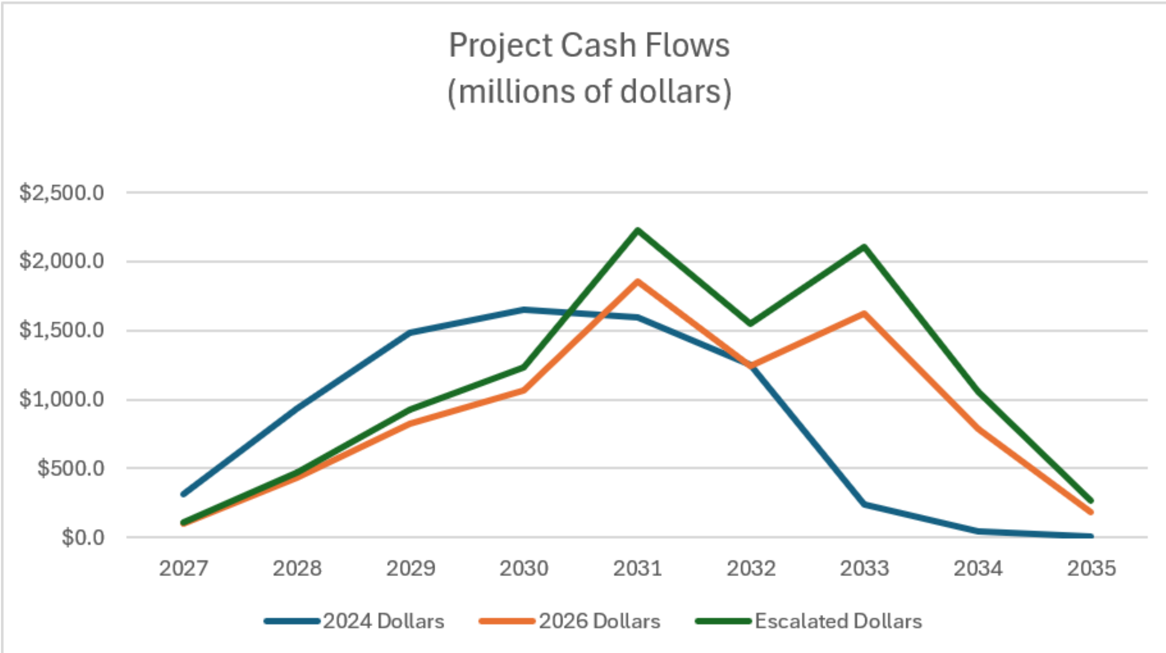

Figure 1. Project Cash Flow: 2027-2035

Construction Funding

There are three primary sources of construction funding: (1) State funding through the Water Storage Investment Program (WSIP), (2) Bureau of Reclamation funding utilizing appropriations through the Water Infrastructure Improvements for the Nation (WIIN) Act, and (3) Participant funding. *Table 4. Construction Funding by Source (Escalated Dollars)* summarizes the anticipated contribution from each funding source and compares the January 2026 and August 2026 forecasts. Participant funding includes financing proceeds and interest earnings on funds held in the construction fund (net funding). The Bureau is anticipated to contribute both cash and in-kind services to the Project, both of which are included in its contributed cost share.

One change from the January 2026 forecast is an increase in State funding available through WSIP. The January 2026 forecast assumed State funding equal to the then-current Maximum Conditional Eligibility Determination (MCED) of approximately $1.094 billion. In June 2026, the California Water Commission approved approximately $268.9 million in additional conditional supplemental funding for the Project to address inflation and additional public benefits, increasing the Project's total WSIP funding eligibility to approximately $1.363 billion. The supplemental funding is from available Proposition 1 and Proposition 4 funding. The August 2026 forecast reflects this increased State funding commitment, reducing the amount of Project costs that would otherwise need to be funded by Participants. Efforts are being made to secure

State payment terms to mitigate escalation effects, and there may be additional State funds made available if the final water right terms allow greater deliveries of public benefits.

Table 4. Construction Funding by Source (2027-2035)

	Aug. 2026 Update		Jan. 2026 Update	
	Dollars (millions)	Percent	Dollars (millions)	Percent
State of California	1,308	13%	1,040	11%
Bureau of Reclamation	1,584	16%	1,513	16%
Participants	7,044	71%	6,871	73%
Total	**9,936**	**100%**	**9,424**	**100%**

Table 4. Construction Funding by Source (escalated dollars)

Construction Financing for Participants

Each Participant will have the opportunity to provide its share of construction cost by participating in the Sites financing plan or self-funding (either with available cash or financing on its own). The Sites financing plan consists of interim financing through short-term debt such as short-term notes, commercial paper or bank loans to meet construction cash flow needs and long-term financing through a combination of WIFIA loans and revenue bonds. Sites has qualified for a USDA loan in the amount of $449 million. The financial model used to develop the cash flow forecasts and output in this memo does not include proceeds from a USDA loan

Three different construction financing scenarios have been included in the projected cash flows:

a. Interest only during construction. In this scenario, interest payments are made beginning in 2030. Due to cash flow and invoicing requirements under the B&O Contract, this scenario assumes that interest will be capitalized for three years on the initial borrowing, two years on the second borrowing and one year on the remaining interim construction loans. Interest is not capitalized on the WIFIA loan, while interest is capitalized for one year on revenue bonds used to repay the interim financing.
b. Capitalized interest through construction. In this scenario, interest is capitalized through 2033, with principal and interest payments due in 2034 on the WIFIA loan and principal and interest due on revenue bonds beginning in 2035.
c. Self-Funding (PAYGO). The final scenario shows annual cost if all Participants were to self-fund their share of construction costs through 2035.

Long-term debt in the form of WIFIA loans and tax-exempt revenue bonds is used to refund the interim financing in the first two scenarios. For presentation purposes, each of the scenarios is based on all Participants funding their share of construction costs in that manner, but Participants will be able to choose any of the three alternatives as Sites prepares to finance the Project. *Table 5. Total Sites Borrowing* includes the principal/par amount of interim financing, WIFIA loans and Revenue Bonds used in the first two scenarios.

Table 5. Participant Financing
Aug. 2026 Update

(millions of dollars)

	Interim	WIFIA	Revenue Bonds	Total Long-term Debt
Interest Only	7,256.3	5,478.3	1,882.8	7,361.2
CAPI thru Construction	8,000.5	5,541.6	2,602.9	8,144.4

Table 5. Total Sites Borrowing

Capitalizing interest in both cases addresses invoicing requirements and helps mitigate cash flows and demands on Participants during construction. Capitalizing interest through construction increases the total financed amount by about 10.5%, or approximately $780 million. Long-term debt will take out short-term debt when the Authority determines it to be most advantageous. The following scenarios are examples of potential outcomes, assuming that interim debt is refinanced with long-term debt at the end of construction.

Total annual debt service for the interest only scenario is shown in *Figure 2. Annual Debt Service – Interest Only Scenario*. Annual debt service begins in 2030 to pay interest on the interim borrowing and continues through 2074, one year longer than in the January 2026 update. Level annual debt service is approximately $405 million under the August 2026 update, compared to approximately $400 million in the January 2026 update.

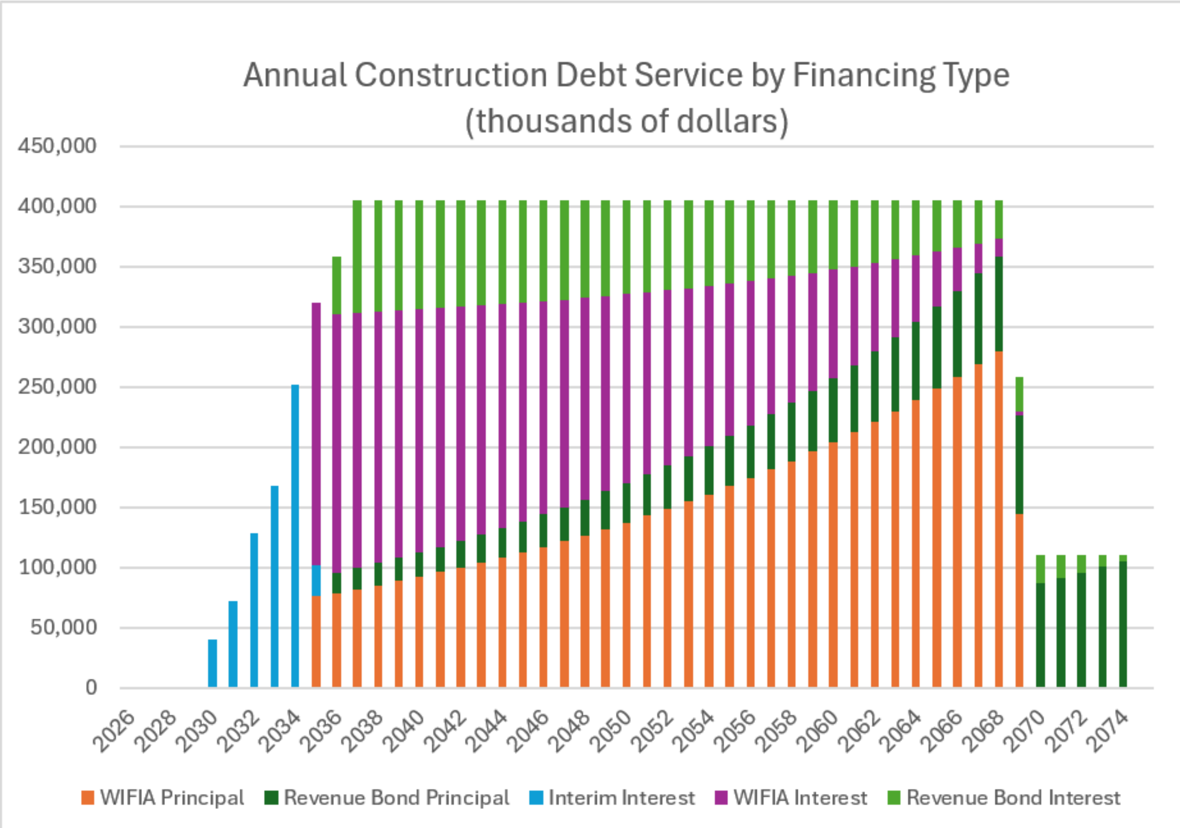

Figure 2. Annual Debt Service – Interest Only Scenario

Figure 3. Annual Debt Service – Capitalized Interest through Construction shows annual debt service for the second scenario, and annual debt service is about 11% ($50 million) higher due to funding more capitalized interest.

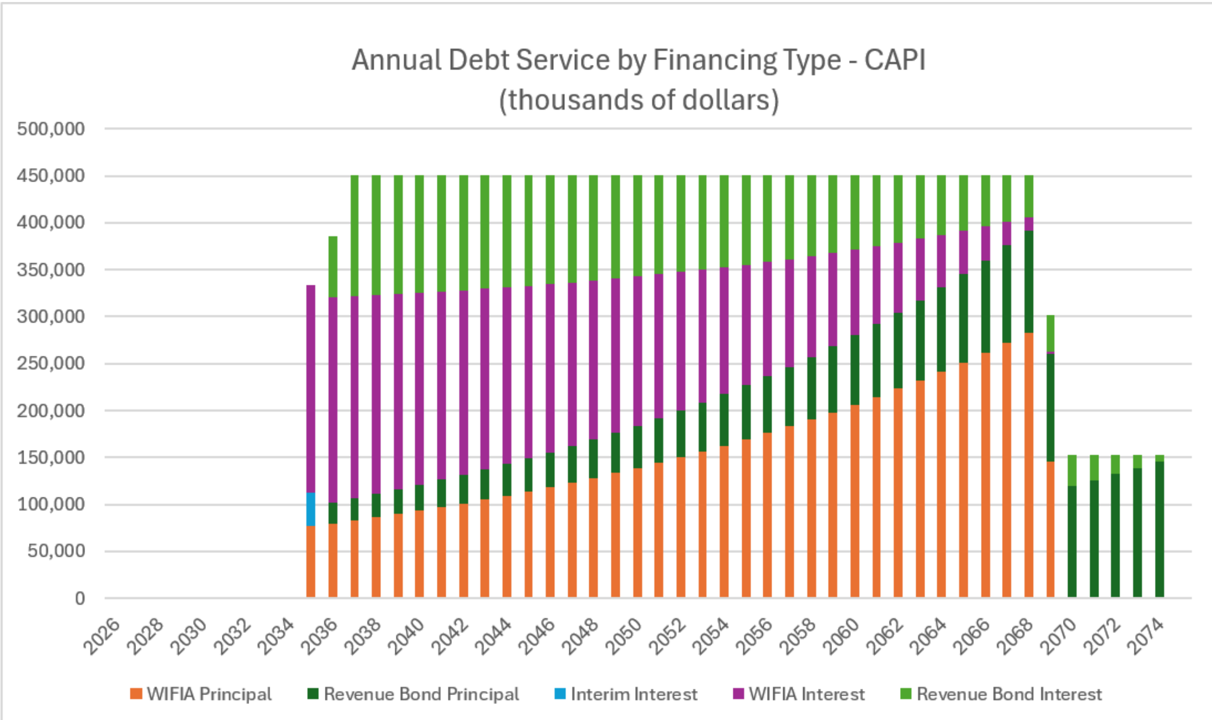

Figure 3. Annual Debt Service - Capitalized Interest through Construction

Operating and Maintenance Cost

Fixed O&M. Fixed O&M costs include items such as labor, materials, consulting costs, and other administrative costs that must be incurred regardless of the quantities of water diverted or released from the reservoir. In addition to these typical O&M costs, the Sites Authority will encounter other fixed costs such as payments for in-lieu of property taxes, franchise fees, insurance, and legal costs. *Figure 4. Annual Fixed O&M* shows the total projected Fixed O&M costs forecast for the Project. Fixed O&M costs are estimated to be $12.3 million in 2024 dollars and are escalated at 3.5% per year.

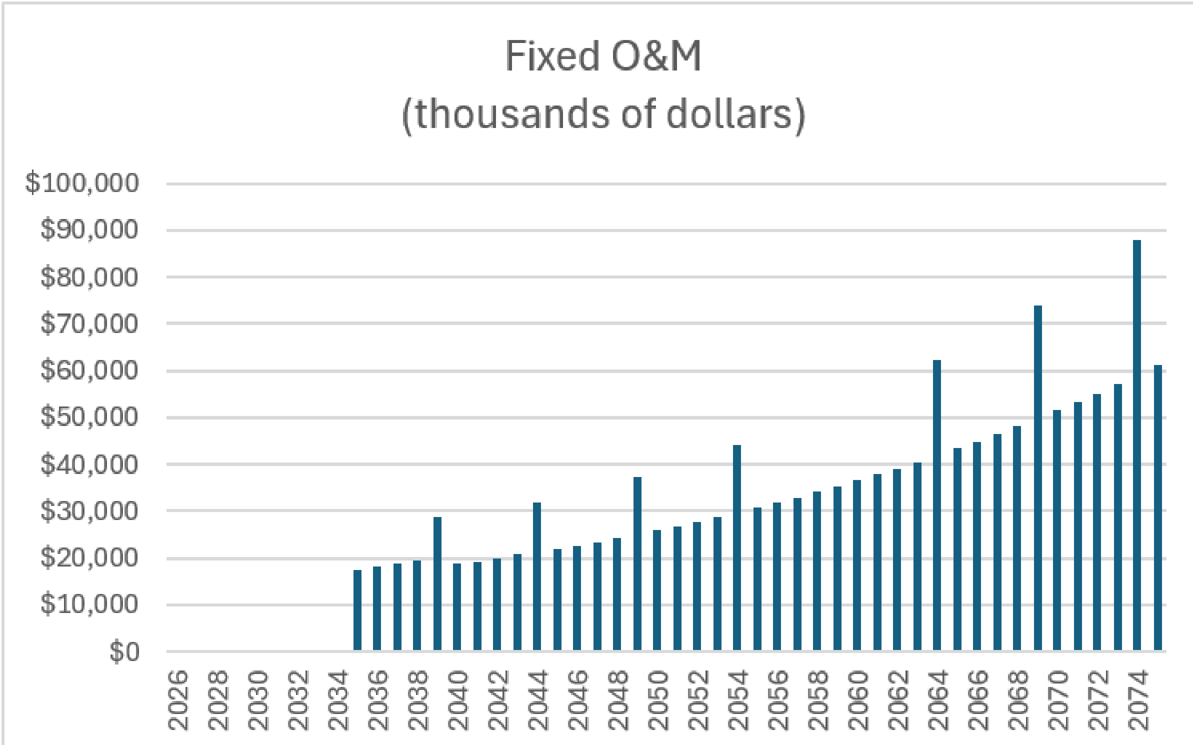

Figure 4. Annual Fixed O&M costs

The forecast includes major maintenance and repairs on the dams, inlet/outlet works and roads and bridges, at about five-year intervals. Fixed O&M costs billed to Participants are reduced by interest earnings on available funds and contributions by the State and the Bureau and increased by required contributions to reserve funds such as the Liquidity Reserve.

The August 2026 update does not change the Fixed O&M cost or escalation assumptions from the January 2026 update. The only change is the timing of these costs to reflect the revised Project schedule. Fixed O&M costs are now assumed to begin in 2035 rather than 2034, and the timing of major maintenance and repairs on the dams has similarly been shifted out one year.

Variable O&M costs are costs that change with the amount of water conveyed into and out of the reservoir. These costs include the cost of power and wheeling/conveyance) fees paid to others for use of the Colusa Basin Drain and facilities operated by GCID and TCCA. Variable costs are offset by power revenues that result from power generated as water is released from the reservoir. The current forecast assumes that Sites will be able to purchase power at wholesale rates and sell power into the wholesale market. *Table 5. Variable O&M Costs* has been updated from the January 2026 update to include each of the components in 2026 dollars and the associated escalation rate used in the forecast.

Table 6. Variable O&M ($/af)

	2026 Cost ($/AF)	Escalation
Power Cost	12.95	3.0%
Conveyance Cost - Fill		
GCID	13.07	2.0%
TCCA	15.00	2.0%
Conveyance Cost - Downstream		
TCCA	10.00	2.0%
RD 108 Operations	6.00	2.0%
Reclamation - Excess Capacity	4.00	2.0%
Power Revenues	15.73	2.0%

Table 6. Variable O&M Costs

Since variable costs are based on the actual amount of water moved on behalf of a given entity, the total variable cost paid by that entity will be dependent on how the entity uses the Sites Project. For instance, some entities might use the Project for dry year supply, while others may move water into and out of the reservoir each year to enhance yield. Variable cost in a given year will also reflect different water-year types as that affects the amount of water that is available for diversion and release.

Repair and Replacement Cost

R&R costs under $35 million are assumed to be funded on a pay as you go basis in the year incurred and will be billed one year in advance as a Fixed Project Cost to the Participants (net of any payments received the State and the Bureau). Major replacement costs greater than $35 million are assumed to be financed and recovered over the life of the 30-year debt. *Figure 5. Repair and Replacement Costs* shows projected debt service on major replacements beginning in 2054.

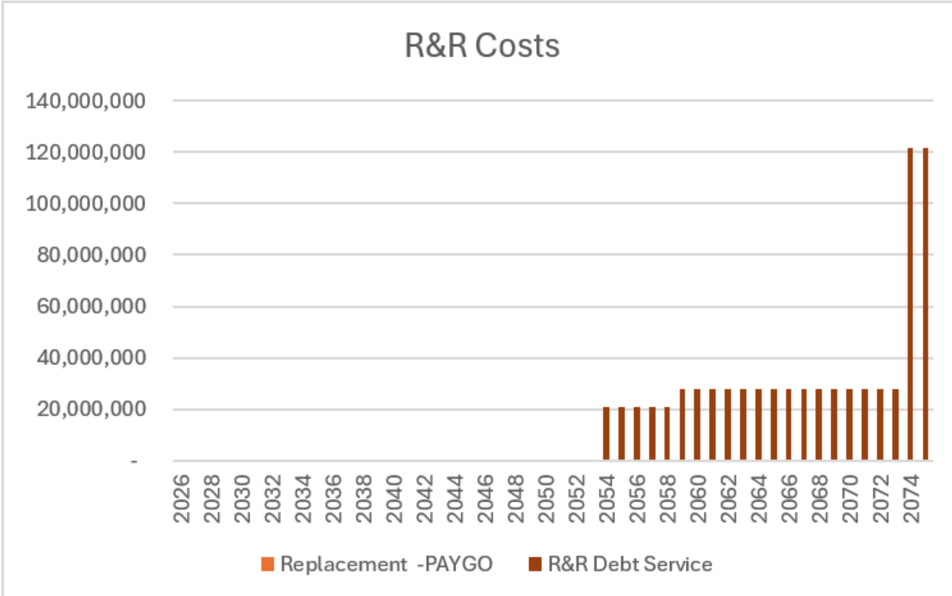

Figure 5. Repair and Replacement Costs

Project Expenditure Cash Flow Forecast – Participant's Fixed Obligations

Project expenditures include planning and design costs, construction costs, operating and maintenance costs, and repair and replacement costs. The State of California and the Bureau are expected to fund their share of planning and design costs and construction costs on a PAYGO basis – that is, payments will be made as expenditures are incurred. The Participants may elect to self-fund or have Sites finance these costs. The Participants' share of Construction cost and Fixed O&M cost is reduced by payments received from the State and the Bureau, as well as interest earnings on funds held by Sites. As noted in the previous discussion, Participants may elect to self-fund their share of Construction cost or participate in a Sites financing. Pursuant to the Benefits and Obligations Contract (B&O Contract), Financing Obligations, Fixed O&M, and Fixed Project Costs (including R&R) are to be paid by the Participants one year in advance of the time costs are incurred.

<u>*Interest Only Scenario*</u>. *Figure 6. Financing Obligations and Fixed O&M - Interest Only Scenario* presents the fixed obligations that would be paid each year by the Participants accounting for estimated payments from the State and Bureau, as well as interest earnings. These costs include Fixed O&M, R&R costs (both those funded on a PAYGO basis and those financed), and principal and interest on debt issued to fund construction. The largest component of these annual payments will be Financing Obligations beginning in 2029 to fund interest on the interim notes due in 2030. Annual payments for Financing Obligations (debt service) increased to approximately $405 million in 2036, an increase from $400 million from the January update. See Appendix Table A-4 for comparison of annual fixed obligation, interest only, between the January 2026 update and the August 2026 update.

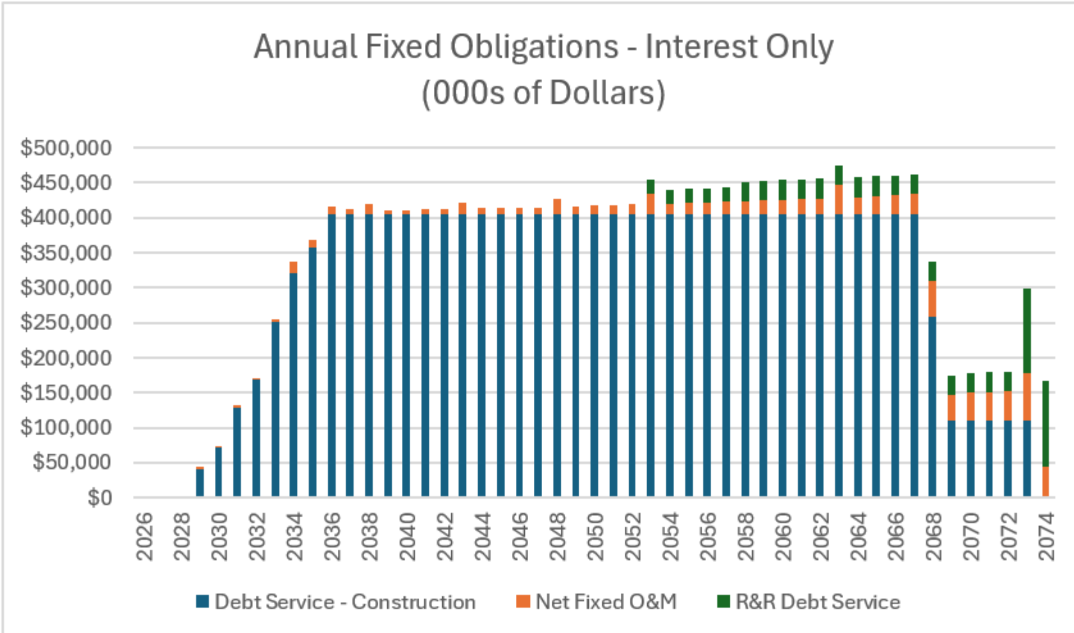

Figure 6. Financing Obligations and Fixed O&M, - Interest Only Scenario

<u>Capitalized Interest through Construction</u>. As shown in *Figure 7, Financing Obligations and Fixed O&M – CAPI through Construction,* Financing Obligations would be about 11% ($50 million) higher due to the need to fund additional capitalized interest. Fixed O&M is slightly different than in Figure 6, as required deposits to the Liquidity Reserve are different due to the difference in annual debt service due to capitalizing interest.

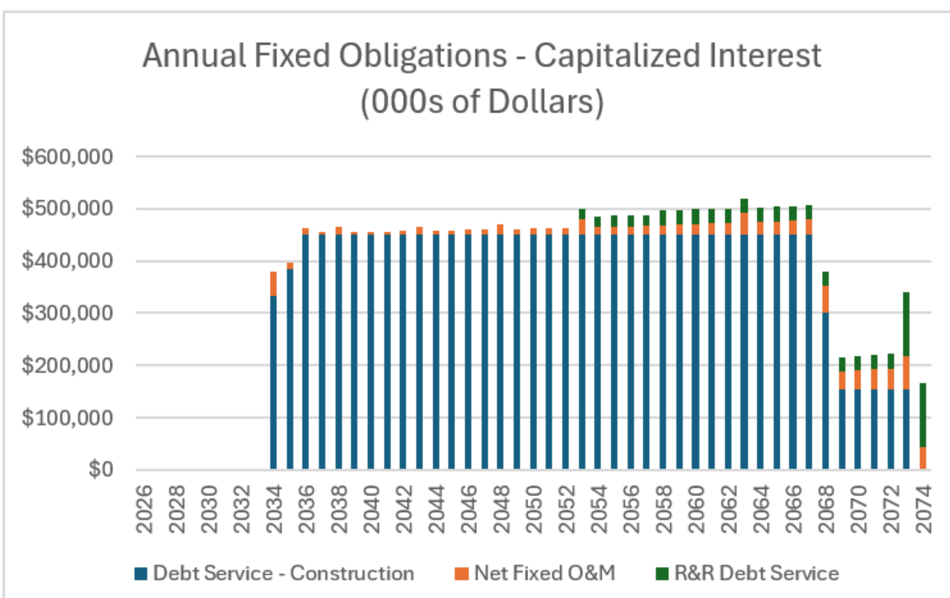

Figure 7. Financing Obligations and Fixed O&M – CAPI through Construction

Self-Funding (Paygo). As shown in *Figure 8. Self-Funding Fixed Obligations*, construction expenditures would be paid as incurred rather than financed. Once the Project is in operation, the primary ongoing fixed obligations would be Fixed O&M and debt service associated with major replacements. Under the August 2026 forecast, the Participants' annual self-funding requirements increase as construction progresses, with the highest annual requirement occurring in 2031 at approximately $1.6 billion, followed by approximately $1.5 billion in 2033. The revised cash flow reflects the shift in the construction schedule from the January 2026 update, including the movement of a greater portion of construction expenditures into the later years of the construction period.

If Participants elect to self-fund their share of construction costs, they would be expected to provide funding to Sites for their share of the applicable phase of construction approximately two months prior to Sites proceeding with a borrowing. For purposes of this cash flow forecast, it is assumed that self-funding would occur at or around the beginning of the year in which expenditures are made. Consistent with the revised Project schedule, ongoing Fixed O&M obligations begin one year later than assumed in the January 2026 update, and the timing of debt service associated with major repairs and replacements has also been shifted accordingly.

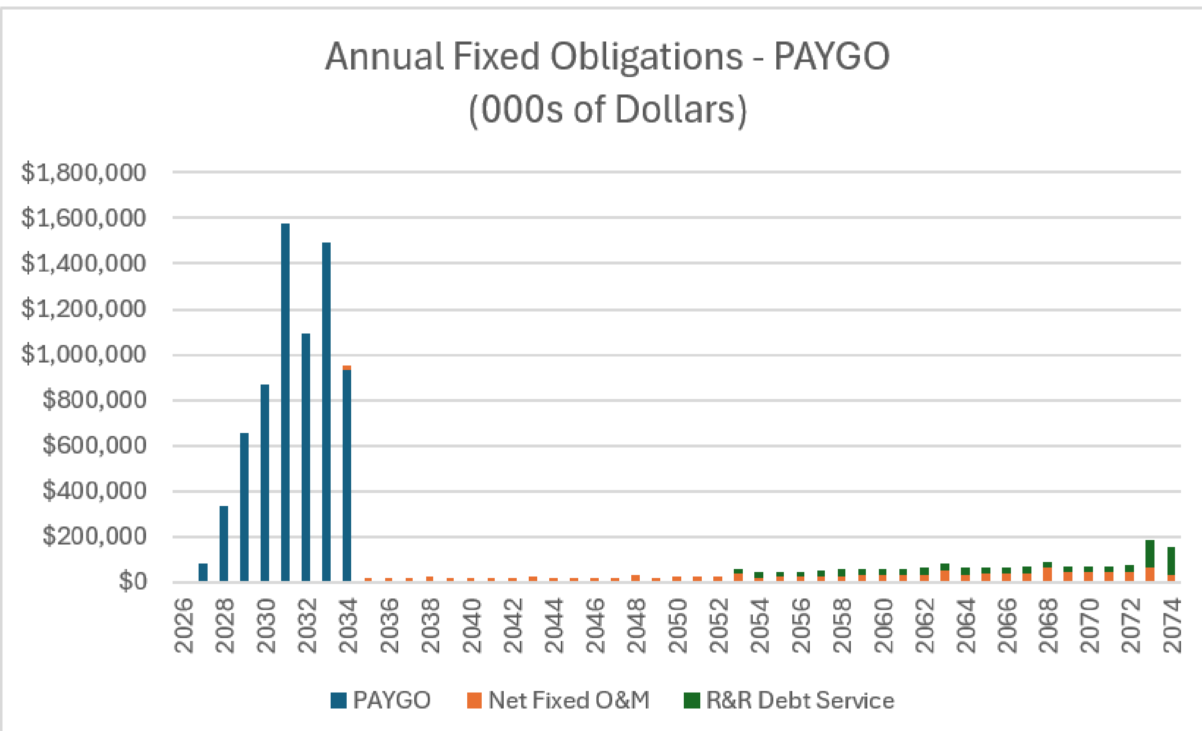

Figure 8. Self-Funding Fixed Obligations

Participant Fixed Obligations – One Percent Base Capacity Interest

Tables A-1 through A-3 in the Appendix show the projected Fixed Obligations for a Participant with a one percent Base Capacity Interest in the Project under the three different financing scenarios presented above. A one percent Base Capacity Interest is equal to 14,100 acre-feet of storage. The table shows annual cash flows (obligations) for an entity that has a one percent Base Capacity Interest without Downstream Capacity Share, and an entity that has a one percent Base Capacity Interest with its associated Downstream Capacity Share assuming the allocation of Downstream Capacity Share shown in Table 2. Under the B&O Contracts, Participants will be invoiced for their share of Financing Obligations and Fixed O&M Costs one year in advance of when Sites will be making the expenditures (e.g., principal and interest, labor and materials, etc.). For example, in the Interest Only Scenario, payments for the first year of debt service will be invoiced in 2029 for debt service payments due in 2030, along with payments to fund the Liquidity Reserve in 2030.

Agencies can use these tables to estimate the cost impacts of different levels of participation in the Project under different financing scenarios. For example, if an agency were contemplating investing in 7,050 acre-feet of storage (a 0.5% Base Capacity Interest) and participating in a Sites Financing under the Interest Only scenario, the annual cost would be calculated by multiplying the costs shown in Table A-1 by 0.5. The agency could then estimate variable cost by multiplying the unit cost shown in Table 6 above by assumed amounts of diversions and releases in acre-feet. This could be done for different water years and different hydrologic traces.

APPENDIX

CASH FLOW FORECAST

ONE PERCENT BASE CAPACITY INTEREST AND VARIABLE COST ($/af)

TABLE A- 1 ONE PERCENT BASE CAPACITY INTEREST – INTEREST ONLY

Table A-1. One Percent Capacity Interest - Interest Only

	Dollars in thousands							
	One Percent Base Capacity Only - Estimated Fixed Obligation				One Percent Base Capacity with Downstream Capacity - Estimated Fixed Obligation			
Year	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Total	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Total
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	576	53	-	628	613	53	-	667
2030	1,022	27	-	1,049	1,089	28	-	1,117
2031	1,833	50	-	1,883	1,953	51	-	2,004
2032	2,395	9	-	2,404	2,552	9	-	2,561
2033	3,578	53	-	3,631	3,812	54	-	3,866
2034	4,557	240	-	4,797	4,856	243	-	5,099
2035	5,093	155	-	5,247	5,426	157	-	5,583
2036	5,763	166	-	5,929	6,140	168	-	6,309
2037	5,763	95	-	5,858	6,140	97	-	6,237
2038	5,763	215	-	5,978	6,140	218	-	6,358
2039	5,763	79	-	5,842	6,140	80	-	6,221
2040	5,763	90	-	5,853	6,140	91	-	6,232
2041	5,763	98	-	5,860	6,140	99	-	6,239
2042	5,763	105	-	5,868	6,140	106	-	6,247
2043	5,763	242	-	6,005	6,140	245	-	6,385
2044	5,763	121	-	5,883	6,140	122	-	6,263
2045	5,763	131	-	5,894	6,140	133	-	6,273
2046	5,763	137	-	5,900	6,140	139	-	6,279
2047	5,763	146	-	5,909	6,140	148	-	6,288
2048	5,763	311	-	6,074	6,140	315	-	6,455
2049	5,763	164	-	5,926	6,140	166	-	6,306
2050	5,763	179	-	5,941	6,140	181	-	6,321
2051	5,763	192	-	5,954	6,140	194	-	6,334
2052	5,763	202	-	5,965	6,140	205	-	6,345
2053	5,763	422	310	6,494	6,140	427	310	6,877
2054	5,763	215	310	6,287	6,140	217	310	6,668
2055	5,763	228	310	6,301	6,140	231	310	6,681
2056	5,763	238	310	6,311	6,140	241	310	6,691
2057	5,763	257	310	6,329	6,140	260	310	6,710
2058	5,763	272	417	6,452	6,140	276	417	6,833
2059	5,763	286	417	6,466	6,140	290	417	6,847
2060	5,763	303	417	6,482	6,140	306	417	6,864
2061	5,763	317	417	6,497	6,140	321	417	6,878
2062	5,763	328	417	6,508	6,140	332	417	6,890
2063	5,763	616	417	6,796	6,140	624	417	7,182
2064	5,763	356	417	6,536	6,140	360	417	6,918
2065	5,763	382	417	6,562	6,140	387	417	6,944
2066	5,763	404	417	6,584	6,140	409	417	6,967
2067	5,763	421	417	6,601	6,140	426	417	6,984
2068	3,669	745	417	4,831	3,909	754	417	5,081
2069	1,575	517	417	2,509	1,678	523	417	2,619
2070	1,575	566	417	2,559	1,678	573	417	2,669
2071	1,575	587	417	2,580	1,678	595	417	2,690
2072	1,575	609	417	2,601	1,678	616	417	2,712
2073	1,575	966	1,827	4,368	1,678	978	1,827	4,483
2074	-	649	1,827	2,476	-	657	1,827	2,484
Total	215,004	12,945	11,462	239,411	229,092	13,106	11,462	253,660

TABLE A- 2 ONE PERCENT BASE CAPACITY INTEREST – CAPI THRU CONSTRUCTION

Table A-2. One Percent Capacity Interest- Capitalized Interest

	Dollars in thousands							
	One Percent Base Capacity Only - Estimated Fixed Obligation				One Percent Base Capacity with Downstream Capacity - Estimated Fixed Obligation			
Year	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Total	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Total
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	4,747	669	-	5,416	5,058	677	-	5,735
2035	5,487	165	-	5,652	5,847	167	-	6,014
2036	6,413	180	-	6,594	6,834	183	-	7,016
2037	6,413	80	-	6,494	6,834	81	-	6,915
2038	6,413	201	-	6,614	6,834	203	-	7,037
2039	6,413	64	-	6,478	6,834	65	-	6,899
2040	6,413	75	-	6,489	6,834	76	-	6,910
2041	6,413	83	-	6,496	6,834	84	-	6,917
2042	6,413	90	-	6,503	6,834	91	-	6,925
2043	6,413	227	-	6,640	6,834	230	-	7,064
2044	6,413	106	-	6,519	6,834	107	-	6,941
2045	6,413	116	-	6,529	6,834	117	-	6,951
2046	6,413	122	-	6,536	6,834	124	-	6,957
2047	6,413	131	-	6,544	6,834	133	-	6,966
2048	6,413	296	-	6,709	6,834	300	-	7,133
2049	6,413	149	-	6,562	6,834	151	-	6,984
2050	6,413	164	-	6,577	6,834	166	-	7,000
2051	6,413	177	-	6,590	6,834	179	-	7,013
2052	6,413	187	-	6,601	6,834	190	-	7,023
2053	6,413	407	310	7,130	6,834	412	310	7,555
2054	6,413	200	310	6,923	6,834	202	310	7,346
2055	6,413	213	310	6,936	6,834	216	310	7,359
2056	6,413	223	310	6,946	6,834	226	310	7,369
2057	6,413	242	310	6,965	6,834	245	310	7,388
2058	6,413	257	417	7,088	6,834	261	417	7,512
2059	6,413	271	417	7,102	6,834	274	417	7,525
2060	6,413	288	417	7,118	6,834	291	417	7,542
2061	6,413	302	417	7,133	6,834	306	417	7,557
2062	6,413	313	417	7,144	6,834	317	417	7,568
2063	6,413	602	417	7,432	6,834	609	417	7,860
2064	6,413	341	417	7,171	6,834	345	417	7,596
2065	6,413	367	417	7,198	6,834	372	417	7,622
2066	6,413	389	417	7,220	6,834	394	417	7,645
2067	6,413	406	417	7,237	6,834	411	417	7,662
2068	4,295	730	417	5,443	4,577	740	417	5,734
2069	2,178	503	417	3,097	2,320	509	417	3,246
2070	2,178	553	417	3,147	2,320	559	417	3,297
2071	2,178	573	417	3,168	2,320	581	417	3,318
2072	2,178	595	417	3,189	2,320	602	417	3,339
2073	2,178	952	1,827	4,956	2,320	964	1,827	5,111
2074	-	642	1,827	2,468	-	650	1,827	2,476
Total	230,645	12,652	11,462	254,758	245,758	12,809	11,462	270,029

TABLE A- 3 ONE PERCENT BASE CAPACITY INTEREST – PAYGO

Table A-3. One Percent Capacity Interest- PAYGO

	Dollars in thousands							
	One Percent Base Capacity Only - Estimated Fixed Obligation				One Percent Base Capacity with Downstream Capacity - Estimated Fixed Obligation			
Year	PAYGO	Net Fixed O&M	R&R Debt Service	Total	PAYGO	Net Fixed O&M	R&R Debt Service	Total
2026	-	-	-	-	-	-	-	-
2027	1,183	-	-	1,183	1,261	-	-	1,261
2028	4,773	-	-	4,773	5,086	-	-	5,086
2029	9,299	-	-	9,299	9,908	-	-	9,908
2030	12,393	-	-	12,393	13,205	-	-	13,205
2031	22,488	-	-	22,488	23,962	-	-	23,962
2032	15,604	-	-	15,604	16,627	-	-	16,627
2033	21,254	-	-	21,254	22,646	-	-	22,646
2034	13,299	222	-	13,521	14,171	224	-	14,395
2035	-	211	-	211	-	214	-	214
2036	-	222	-	222	-	225	-	225
2037	-	228	-	228	-	231	-	231
2038	-	348	-	348	-	352	-	352
2039	-	211	-	211	-	214	-	214
2040	-	222	-	222	-	225	-	225
2041	-	230	-	230	-	233	-	233
2042	-	237	-	237	-	240	-	240
2043	-	374	-	374	-	379	-	379
2044	-	253	-	253	-	256	-	256
2045	-	263	-	263	-	266	-	266
2046	-	269	-	269	-	273	-	273
2047	-	278	-	278	-	282	-	282
2048	-	443	-	443	-	449	-	449
2049	-	296	-	296	-	300	-	300
2050	-	311	-	311	-	315	-	315
2051	-	324	-	324	-	328	-	328
2052	-	335	-	335	-	339	-	339
2053	-	498	310	808	-	504	310	814
2054	-	291	310	601	-	294	310	604
2055	-	360	310	670	-	365	310	675
2056	-	370	310	680	-	375	310	685
2057	-	389	310	699	-	394	310	704
2058	-	385	417	802	-	390	417	807
2059	-	399	417	816	-	404	417	821
2060	-	435	417	852	-	440	417	857
2061	-	449	417	866	-	455	417	872
2062	-	460	417	878	-	466	417	883
2063	-	749	417	1,166	-	758	417	1,175
2064	-	488	417	905	-	494	417	911
2065	-	514	417	931	-	521	417	938
2066	-	537	417	954	-	543	417	961
2067	-	553	417	971	-	560	417	977
2068	-	873	417	1,290	-	883	417	1,301
2069	-	583	417	1,000	-	590	417	1,008
2070	-	611	417	1,028	-	619	417	1,036
2071	-	632	417	1,049	-	640	417	1,057
2072	-	653	417	1,070	-	661	417	1,078
2073	-	912	1,827	2,739	-	923	1,827	2,750
2074	-	417	1,827	2,244	-	423	1,827	2,249
Total	100,295	16,836	11,462	128,592	106,866	17,045	11,462	135,373

TABLE A-4 ANNUAL FIXED OBLIGATION - INTEREST ONLY

	August 2026 Update			January 2026 Update		
Year	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Debt Service - Construction	Net Fixed O&M	R&R Debt Service
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	40,436	-	-	86,956	-	-
2030	71,806	3,558	-	141,274	7,652	-
2031	128,743	1,830	-	195,557	2,780	-
2032	168,259	3,399	-	239,583	1,615	-
2033	251,311	588	-	280,911	(482)	-
2034	320,108	3,567	-	397,905	10,976	-
2035	357,724	16,502	-	397,927	15,263	-
2036	404,795	10,791	-	397,950	2,892	-
2037	404,795	11,569	-	397,974	3,254	-
2038	404,795	6,812	-	397,999	9,660	-
2039	404,795	15,080	-	398,026	2,355	-
2040	404,795	5,706	-	398,054	2,990	-
2041	404,795	6,461	-	398,083	3,373	-
2042	404,795	6,967	-	398,114	3,788	-
2043	404,795	7,477	-	398,147	11,114	-
2044	404,795	16,925	-	398,181	4,630	-
2045	404,795	8,560	-	398,217	5,176	-
2046	404,795	9,265	-	398,255	5,424	-
2047	404,795	9,696	-	398,294	5,891	-
2048	404,795	10,311	-	398,336	14,705	-
2049	404,795	21,680	-	398,380	6,707	-
2050	404,795	11,538	-	398,426	7,575	-
2051	404,795	12,569	-	398,475	8,337	-
2052	404,795	13,462	-	398,526	8,887	-
2053	404,795	14,196	-	398,579	21,276	23,771
2054	404,795	29,276	20,667	398,636	9,356	23,771
2055	404,795	15,067	20,667	398,695	10,026	23,771
2056	404,795	15,988	20,667	398,757	10,599	23,771
2057	404,795	16,680	20,667	398,823	11,697	23,771
2058	404,795	17,968	20,667	398,892	12,495	32,010
2059	404,795	19,042	27,829	398,964	13,314	32,010
2060	404,795	19,985	27,829	399,040	14,131	32,010
2061	404,795	21,120	27,829	399,120	14,782	32,010
2062	404,795	22,110	27,829	399,204	15,218	32,010
2063	404,795	22,903	27,829	399,293	30,745	32,010
2064	404,795	42,749	27,829	399,386	16,640	32,010
2065	404,795	24,814	27,829	399,483	18,172	32,010
2066	404,795	26,611	27,829	399,586	19,392	32,010
2067	404,795	28,153	27,829	259,238	20,110	32,010
2068	257,719	29,311	27,829	118,896	37,371	32,010
2069	110,644	51,647	27,829	119,016	25,921	32,010
2070	110,644	35,826	27,829	119,141	28,885	32,010
2071	110,644	39,204	27,829	119,273	29,980	32,010
2072	110,644	40,646	27,829	119,412	31,146	32,010
2073	110,644	42,115	27,829	-	49,718	140,128
2074	-	66,781	121,827	-	33,452	140,128
2075	-	44,947	121,827	-	37,284	140,128

TABLE A-5 ANNUAL FIXED OBLIGATION -CAPITALIZED INTEREST

	August 2026 Update			January 2026 Update		
Year	Debt Service - Construction	Net Fixed O&M	R&R Debt Service	Debt Service - Construction	Net Fixed O&M	R&R Debt Service
2026	-	-		-	-	-
2027	-	-		-	-	-
2028	-	-		-	-	-
2029	-	-		-	-	-
2030	-	-		-	-	-
2031	-	-		-	-	-
2032	-	-		-	-	-
2033	-	-		-	-	-
2034	-	-		283,862	37,634	-
2035	333,433	45,402		443,222	18,684	-
2036	385,430	11,499		443,252	1,854	-
2037	450,502	12,529		443,283	2,258	-
2038	450,502	5,788		443,316	8,664	-
2039	450,502	14,074		443,351	1,358	-
2040	450,502	4,700		443,387	1,993	-
2041	450,502	5,456		443,425	2,375	-
2042	450,502	5,962		443,465	2,789	-
2043	450,502	6,472		443,507	10,121	-
2044	450,502	15,919		443,552	3,631	-
2045	450,502	7,554		443,598	4,177	-
2046	450,502	8,259		443,647	4,424	-
2047	450,502	8,690		443,699	4,892	-
2048	450,502	9,305		443,753	13,712	-
2049	450,502	20,675		443,810	5,706	-
2050	450,502	10,533		443,869	6,575	-
2051	450,502	11,563		443,932	7,336	-
2052	450,502	12,457		443,998	7,886	-
2053	450,502	13,190		444,068	20,283	23,771
2054	450,502	28,271	20,667	444,141	8,354	23,771
2055	450,502	14,061	20,667	444,218	9,024	23,771
2056	450,502	14,982	20,667	444,298	9,596	23,771
2057	450,502	15,674	20,667	444,383	10,693	23,771
2058	450,502	16,962	20,667	444,473	11,502	32,010
2059	450,502	18,037	27,829	444,566	12,312	32,010
2060	450,502	18,979	27,829	444,665	13,129	32,010
2061	450,502	20,115	27,829	444,769	13,779	32,010
2062	450,502	21,105	27,829	444,878	14,214	32,010
2063	450,502	21,897	27,829	444,992	29,741	32,010
2064	450,502	41,743	27,829	445,113	15,632	32,010
2065	450,502	23,809	27,829	445,239	17,163	32,010
2066	450,502	25,605	27,829	445,372	18,383	32,010
2067	450,502	27,147	27,829	445,512	19,100	32,010
2068	450,502	28,305	27,829	303,728	36,375	32,010
2069	301,729	50,658	27,829	161,952	24,954	32,010
2070	152,957	34,872	27,829	162,114	27,932	32,010
2071	152,957	38,266	27,829	162,285	29,026	32,010
2072	152,957	39,709	27,829	162,465	30,191	32,010
2073	152,957	41,177	27,829	162,654	48,762	140,128
2074	152,957	65,844	121,827	-	32,928	140,128
2075		44,432	121,827	-	37,192	140,128

TABLE A-6 ANNUAL FIXED OBLIGATION -PAYGO

	August 2026 Update			January 2026 Update		
Year	PAYGO	Net Fixed O&M	R&R Debt Service	PAYGO	Net Fixed O&M	R&R Debt Service
2026	-	-	-	-	-	-
2027	83,118	-	-	256,779	-	-
2028	335,309	-	-	788,698	-	-
2029	653,201	-	-	1,295,756	-	-
2030	870,562	-	-	1,506,642	-	-
2031	1,579,665	-	-	1,505,934	-	-
2032	1,096,094	-	-	1,221,382	-	-
2033	1,492,943	-	-	295,042	-	-
2034	934,191	-	-	-	12,408	-
2035	-	15,281	-	-	11,189	-
2036	-	14,592	-	-	11,761	-
2037	-	15,334	-	-	12,006	-
2038	-	15,764	-	-	23,952	-
2039	-	23,985	-	-	11,111	-
2040	-	14,611	-	-	11,747	-
2041	-	15,367	-	-	12,130	-
2042	-	15,873	-	-	12,545	-
2043	-	16,383	-	-	26,437	-
2044	-	25,831	-	-	13,389	-
2045	-	17,465	-	-	13,936	-
2046	-	18,170	-	-	14,184	-
2047	-	18,601	-	-	14,652	-
2048	-	19,216	-	-	31,263	-
2049	-	30,586	-	-	15,470	-
2050	-	20,444	-	-	16,339	-
2051	-	21,474	-	-	17,102	-
2052	-	22,368	-	-	17,653	-
2053	-	23,101		-	36,278	23,771
2054	-	34,400	20,667	-	15,102	23,771
2055	-	20,190	20,667	-	18,796	23,771
2056	-	24,893	20,667	-	19,370	23,771
2057	-	25,585	20,667	-	20,468	23,771
2058	-	26,873	20,667	-	20,220	32,010
2059	-	26,637	27,829	-	21,006	32,010
2060	-	27,579	27,829	-	22,901	32,010
2061	-	30,026	27,829	-	23,552	32,010
2062	-	31,016	27,829	-	23,989	32,010
2063	-	31,809	27,829	-	52,609	32,010
2064	-	51,654	27,829	-	25,424	32,010
2065	-	33,720	27,829	-	26,957	32,010
2066	-	35,516	27,829	-	28,179	32,010
2067	-	37,058	27,829	-	28,899	32,010
2068	-	38,216	27,829	-	61,412	32,010
2069	-	60,227	27,829	-	30,467	32,010
2070	-	40,285	27,829	-	32,040	32,010
2071	-	42,203	27,829	-	33,137	32,010
2072	-	43,645	27,829	-	34,306	32,010
2073	-	45,114	27,829	-	69,511	140,128
2074	-	63,150	121,827	-	21,313	140,128
2075	-	29,314	121,827	-	37,817	140,128