



# CITY OF NEEDLES, CALIFORNIA STAFF REPORT

**MEETING TYPE:** Regular

**MEETING DATE:** March 5, 2024

**TITLE:** Power Purchase Cost Adjustment (PCA) for months of December 2023 and January 2024 and continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 2023

**BACKGROUND:** In April 2022, the Board adopted a revised Statement of Policies set the PCA Fund Balance to be twenty percent (20%) of the yearly over-hydro budgeted power costs for the fiscal year (annual or revised budget as applicable).

For the fiscal year (FY 23), the over-hydro budget is \$4,730,000. Twenty percent (20%) of the over-hydro budget for FY 23 is \$946,000, which is the current PCA fund balance.

Effective November 1, 2023, the over-hydro rate was \$0.1499 with an additional \$0.01 PCA adjustment. The rates above were rescinded, and effective December 1, 2023, the over-hydro rate is \$0.1538 with an additional \$0.01 PCA adjustment.

The PCA fund has a peak balance in August 2023 of -\$1,491,123 due to high market prices; the fund balance as of January 2024 is -\$676,300.

The additional PCA adjustment is reducing the PCA fund balance as projected.

Reduce the power cost adjustment fund to meet the adopted fund balance.

**FISCAL IMPACT:**

**ENVIRONMENTAL IMPACT:** Power Purchase Cost Adjustment (PCA) for months of December 2023 and January 2024 and continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 2023

**RECOMMENDED ACTION:** No Action Needed – Information Only

Rainie Torrance, Utility Manager

**SUBMITTED BY:**

City Manager Approval: Patrick J. Martinez Date: 2/28/2024  
Other Department Approval (when required): \_\_\_\_\_ Date: \_\_\_\_\_