



City of Needles, California Request for Commission Action

☐ CITY COUNCIL ☒ BOARD OF PUBLIC UTILITIES ☒ Regular ☐ Special

Meeting Date: September 2, 2025

Title: Approve a 2.7% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2025; approve an over-hydro rate of \$0.1159 effective October 1, 2025; eliminate the \$.0300 Power Cost Adjustment and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets

Background: The Statement of Policies, revised April 2022, provides that power rates will be designed to provide for operation and maintenance, bond payments, purchase payments, taxes, fair share allocation, trustee fee, mandated (but unfunded) state or federal program (conservation program), the asset replacement fund, and the actual costs to purchase power. The calculated rate will consist of two components: power purchase costs, and non-power purchase costs. The CPI for the USDLS U.S. West – Size Class B/C for June 2025 indicates a 2.7% cost of living increase. The policy sets a cap at 5%. The attached spreadsheets are in accordance with the revised Statement of Policies and will set the new rates as follows:

	<u>Current</u>	<u>Effective Oct 1, 2025</u>
Basic Service Charge	\$36.22	\$37.20
Winter Hydro (Oct – Feb)	\$.0818 – 401 kwh allotment	\$.0923– 376 kwh
Summer Hydro (Mar – Sept)	\$.0704 – 754 kwh kwh allotment	\$.0832 –707 kwh
Over-hydro	**\$.1423	*\$.1159
CA Energy Efficiency Program	\$0.0025	\$0.0022
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

As of July 2025, the Power Cost Adjustment has a positive balance of \$889,349. Proposed rates eliminate the additional \$.0300 Power Cost Adjustment.

Fiscal Impact: Cost of living adjustment applied to the basic service charge, decrease in over hydro rate from \$.1423 to \$.1159.

Environmental Impact: None

Recommended Action: Approve a 2.7% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2025; approve an over-hydro rate of \$0.1159 effective October 1, 2025; eliminate the \$.0300 Power Cost Adjustment and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 8/26/2025

Other Department Approval (when required): _____

Date: _____