

Electric Rate Study Results

Prepared For:



City of Needles



Goals & Objectives

Identify

- Cost to serve each customer class

Evaluate

- Current rate structure so that all costs are covered

Recommend

- Options for new rates based on results



Financial Plan Results



Revenue Increases

- 0.2% revenue increases FY 2026 – 2030
- \$14.8 million in FY 2026, \$15.0 million in FY 2030



Expense Increases

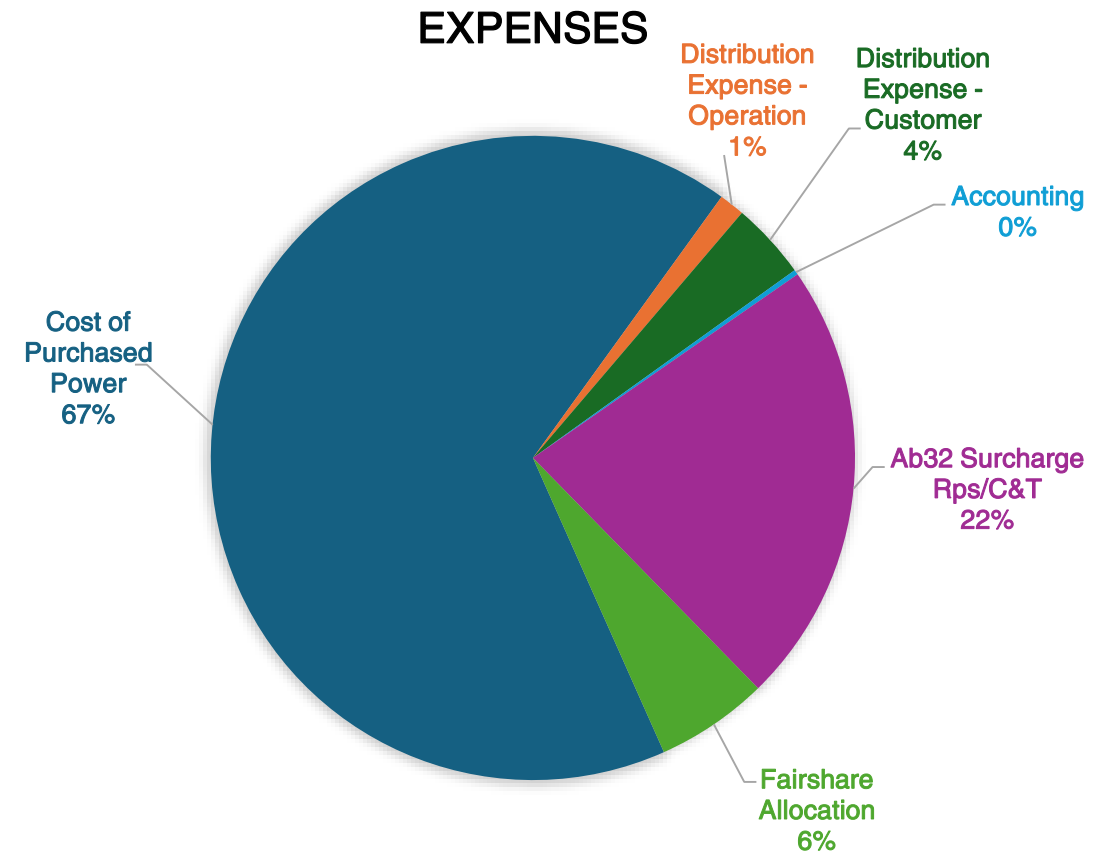
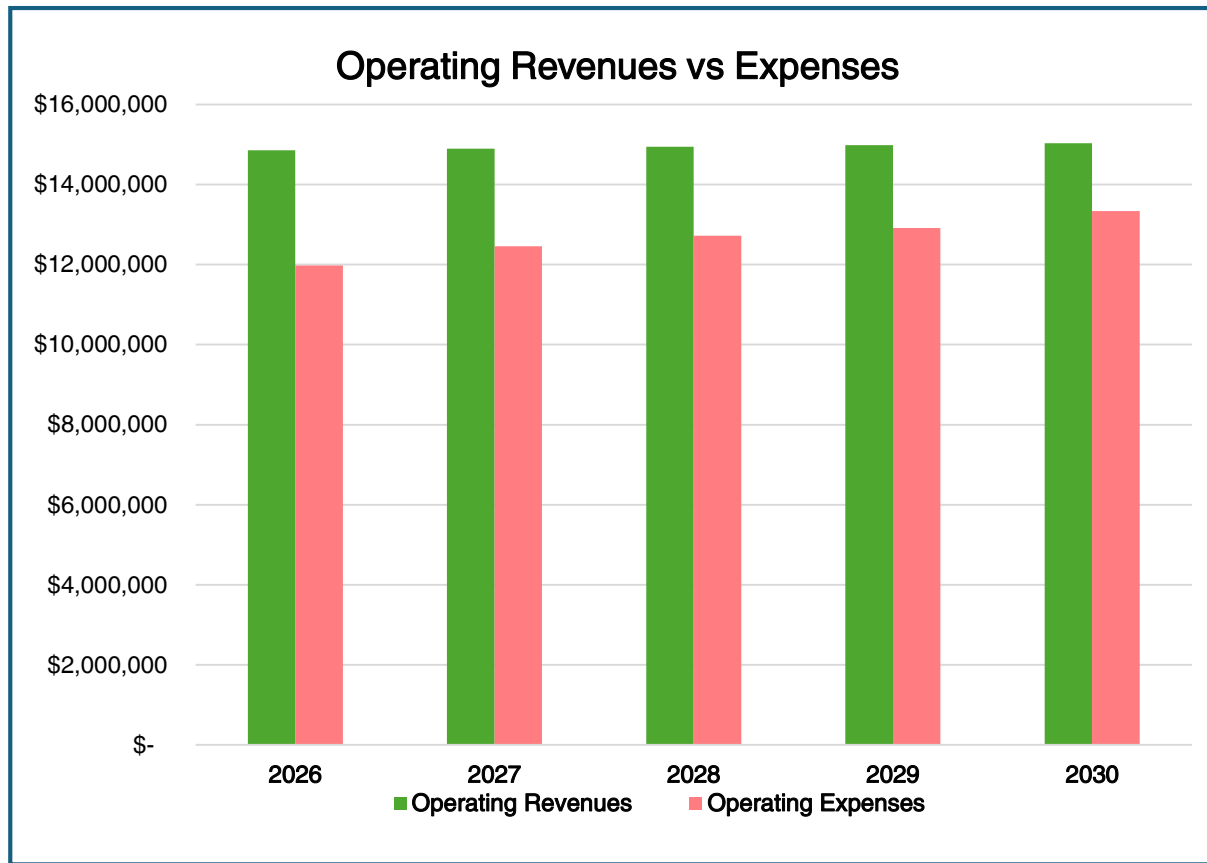
- \$11.9 million in FY 2026, \$13.3 million in FY 2030
- Purchased Power \$6.0 million in FY 2026, \$6.5 million in FY 2030



Debt Service Coverage

- Minimum required is 1.2x, FY 2026 is 4.2x and FY 2030 is 2.4x

Electric Results



Cost-of-Service Analysis

A Cost-of-Service analysis was performed to evaluate the cost causation/contributions of different customer groups compared to how revenue is being collected today under the existing over-hydro / under- hydro rate. **Results showed that the current rate design collects sufficient revenues, but revenue collection may be uneven when compared to how different customer types use the system.**

Single Over/ Under Hydro
Rates

VS.

Separate Customer Groups

Residential

Small Commercial (0-25kW)

Medium Commercial (25-100 kW)

Large Commercial (100kW +)

Street Lighting



Rate Options Evaluated

Option 1 Current rate structure

Option 2

Energy Only Rates	Total	Residential	Small Commercial (0-25kW)	Medium Commercial (25kW-100kW)	Large Commercial (100kW+)	Street Lights
Customer Charge	\$53.17	\$45.15	\$69.63	\$155.47	\$346.08	\$18.11
Delivery Charge Per kWh	\$0.0133	\$0.0198	\$0.0230	\$0.0155	\$0.0073	\$0.0072
Power Charge Per kWh	\$0.1073	\$0.1160	\$0.1234	\$0.0944	\$0.1009	\$0.0923

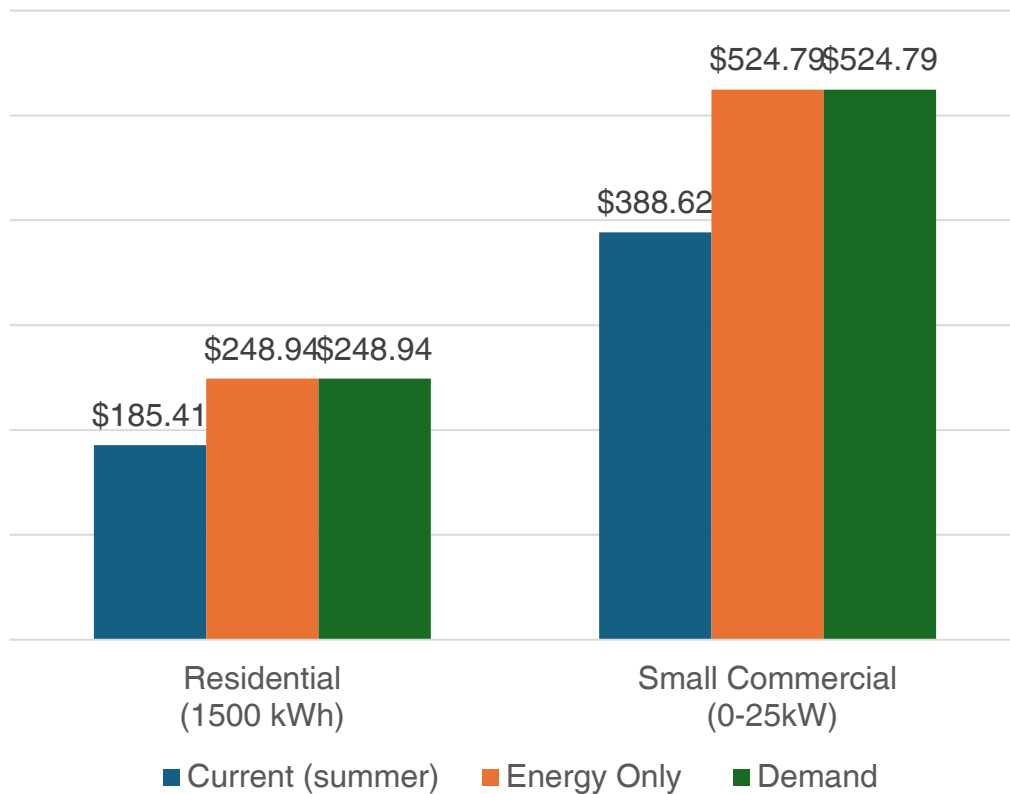
Option 3

Energy+Demand Rates	Total	Residential	Small Commercial (0-25kW)	Medium Commercial (25kW-100kW)	Large Commercial (100kW+)	Street Lights
Customer Charge	\$53.17	\$45.15	\$69.63	\$155.47	\$346.08	\$18.11
Delivery Charge Per kWh	\$0.0133	\$0.0198	\$0.0230			\$0.0072
Delivery Charge Per kW				\$3.84	\$2.75	\$0.00
Power Capacity Charge Per kW					\$9.43	\$0.00
Power Energy Charge Per kWh	\$0.1073	\$0.1160	\$0.1234	\$0.0944	\$0.0758	\$0.0923

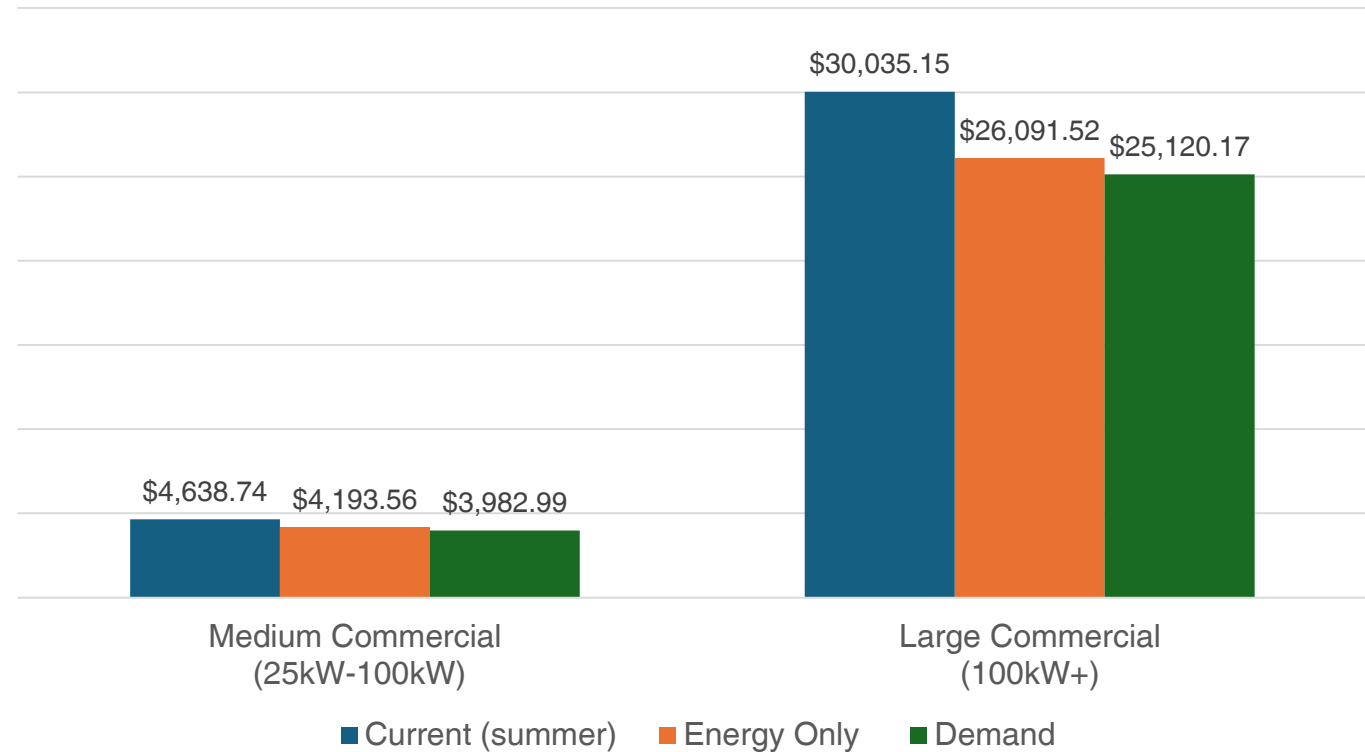


Bill Impacts by Rate Option

Residential / Small Commercial
Rate Design Proposals



Medium / Large Commercial
Rate Design Proposals



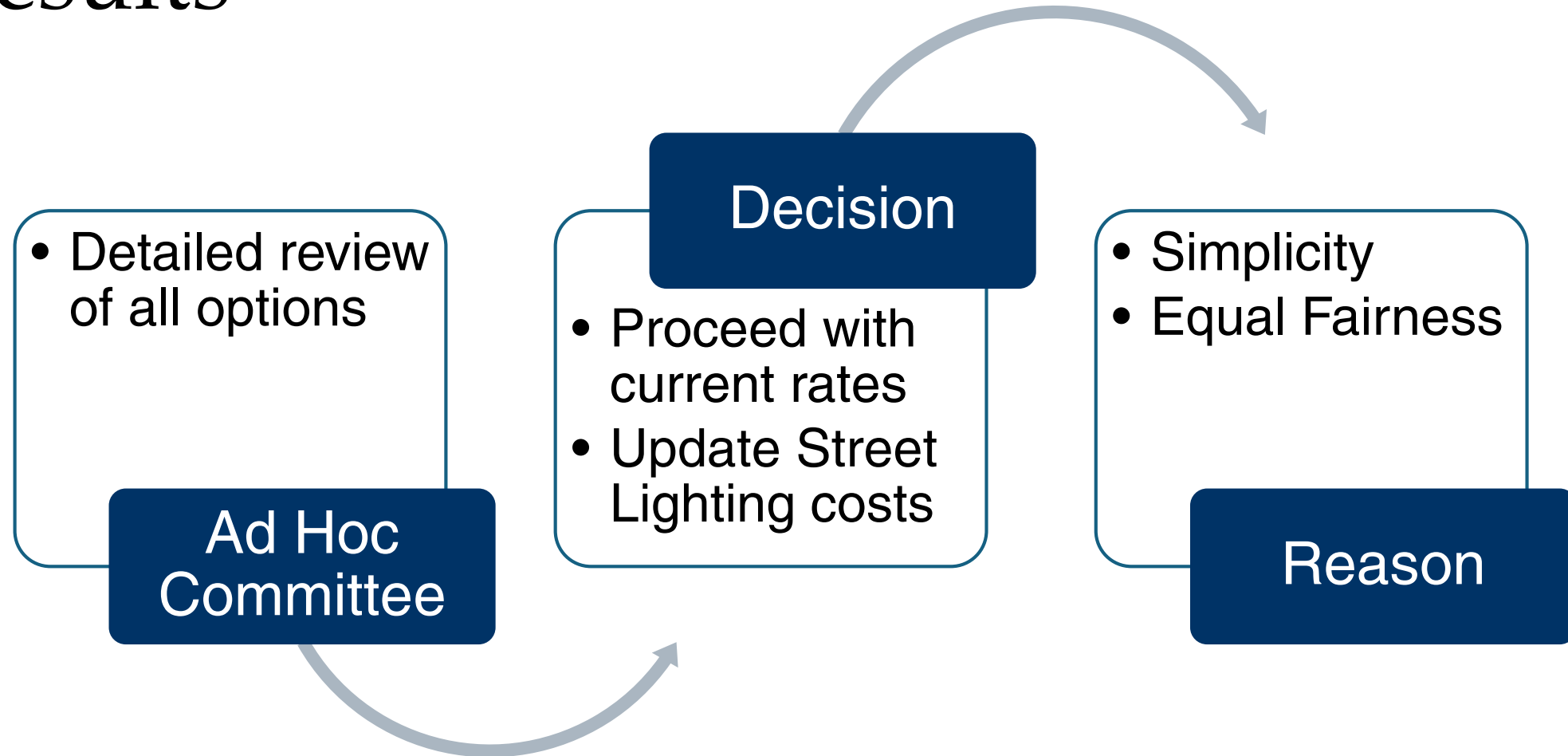
Street Light Pricing

Proposed Rate Change

STREET LIGHTS					
Type	Size	KWh	Current Rate	Proposed Rate	
Decorator	100	43	\$11.74	\$22.39	
Sodium	100	43	\$8.62	\$22.39	
Sodium	200	85	\$14.58	\$26.57	
Sodium	400	171	\$27.15	\$35.12	
LED	38	16	\$4.24	\$19.71	



Results



Thank You!

Questions?

Written questions or comments
can be sent to
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END OF DECK – SUPPORTING SLIDES FOLLOW



Financial Assumptions

Escalators Affecting Revenues



Energy Sales:

0.25%



Account Growth:

0.63%



CPI Inflation:

2.6%

Financial Assumptions

Escalators Affecting Expenses



Salaries & Wages:

3.8%



Health Insurance:

4.3%



Retirement:

3.2%



Fuel, Utilities, Chemicals:

5.5%



Contract Services:

5.1%



Revenue Requirements

No Rate Intervention

OPERATING REVENUES	2024	2025	2026	2027	2028	2029	2030
Base Usage Charge	\$ 12,358,070	\$ 13,047,723	\$ 13,079,864	\$ 13,112,266	\$ 13,144,930	\$ 13,177,858	\$ 13,211,053
Excess Usage Charge	\$ 1,249,648	\$ 1,479,141	\$ 1,488,404	\$ 1,497,743	\$ 1,507,156	\$ 1,516,646	\$ 1,526,213
Other Operating Revenues	\$ 1,264,294	\$ 277,567	\$ 278,483	\$ 279,411	\$ 280,354	\$ 281,311	\$ 282,282
Non-Operating Revenues	\$ 32,277	\$ 210,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenues From Sales	\$ 14,904,289	\$ 15,014,432	\$ 14,856,751	\$ 14,899,420	\$ 14,942,440	\$ 14,985,815	\$ 15,029,548

OPERATING EXPENSES							
Cost of Purchased Power	\$ 6,544,362	\$ 5,703,290	\$ 6,077,077	\$ 6,350,087	\$ 6,392,963	\$ 6,364,016	\$ 6,548,287
Distribution Expense - Operation	\$ 68,694	\$ 109,666	\$ 114,842	\$ 120,263	\$ 125,939	\$ 131,883	\$ 138,108
Distribution Expense - Customer	\$ 219,922	\$ 330,252	\$ 343,811	\$ 360,400	\$ 377,687	\$ 395,824	\$ 414,256
Accounting	\$ 14,547	\$ 21,500	\$ 22,605	\$ 23,767	\$ 24,989	\$ 26,273	\$ 27,624
Ab32 Surcharge Rps/C&T	\$ 1,799,997	\$ 1,912,000	\$ 2,002,246	\$ 2,096,751	\$ 2,195,717	\$ 2,299,354	\$ 2,407,883
Fairshare Allocation	\$ 469,547	\$ 483,633	\$ 498,142	\$ 513,086	\$ 528,479	\$ 544,333	\$ 560,663
Administrative and General Expense	\$ 2,483,050	\$ 2,944,897	\$ 2,917,543	\$ 2,993,183	\$ 3,071,958	\$ 3,154,014	\$ 3,239,503
Total Cash Operating Expenses	\$ 11,600,119	\$ 11,505,238	\$ 11,976,266	\$ 12,457,538	\$ 12,717,731	\$ 12,915,697	\$ 13,336,323

Net Cash From Operations	\$ 3,304,170	\$ 3,509,194	\$ 2,880,486	\$ 2,441,882	\$ 2,224,709	\$ 2,070,118	\$ 1,693,225
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Revenue Requirements

No Rate Intervention

	2024	2025	2026	2027	2028	2029	2030
BALANCE AVAILALE FOR DEBT SERVICE	\$ 3,304,170	\$ 3,509,194	\$ 2,880,486	\$ 2,441,882	\$ 2,224,709	\$ 2,070,118	\$ 1,693,225

Debt Service Coverage Test

Annual Debt Service Payment	\$ 682,350	\$ 682,350	\$ 682,351	\$ 682,351	\$ 682,351	\$ 682,351	\$ 682,350
Calculated Debt Service Coverage	4.84	5.14	4.22	3.58	3.26	3.03	2.48

Debt Covenants (Req. 1.2)	Pass	Pass	Pass	Pass	Pass	Pass	Pass
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Beginning Unresetricted Cash & Equivalent	\$ 1,115,726	\$ 3,153,092	\$ 4,978,909	\$ 6,237,020	\$ 7,056,527	\$ 7,658,861	\$ 8,106,605
Cash from Operations	\$ 3,304,170	\$ 3,509,194	\$ 2,880,486	\$ 2,441,882	\$ 2,224,709	\$ 2,070,118	\$ 1,693,225
ARF Transfers	\$ (584,454)	\$ (672,670)	\$ (611,667)	\$ (611,667)	\$ (611,667)	\$ (611,667)	\$ (611,667)
Debt Service Outlays	\$ (682,350)	\$ (682,350)	\$ (682,351)	\$ (682,351)	\$ (682,351)	\$ (682,351)	\$ (682,350)
Purchase Payment		\$ (313,223)	\$ (313,223)	\$ (313,223)	\$ (313,223)	\$ (313,223)	\$ (313,223)
Bank & Trustee Charges		\$ (15,134)	\$ (15,134)	\$ (15,134)	\$ (15,134)	\$ (15,134)	\$ (15,134)
End of Year Unrestricted Cash & Equivalent	\$ 3,153,092	\$ 4,978,909	\$ 6,237,020	\$ 7,056,527	\$ 7,658,861	\$ 8,106,605	\$ 8,177,456

Days Cash on Hand	99.21	157.95	190.09	206.75	219.81	229.09	223.81
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Unbundled Results

	Residential	Small Commercial (0-25kW)	Medium Commercial (25kW-100kW)	Large Commercial (100kW+)	Street Lights
Unbundled					
Metering & Billing	\$20.32	\$20.88	\$34.44	\$170.89	\$0.09
Service Connection	\$22.82	\$45.63	\$114.08	\$159.71	\$17.21
Delivery					
Per MWh	\$36.00	\$35.85			\$6.85
Per kW			\$6.29	\$5.51	
Generation - Energy per MWh	\$28.79	\$28.79	\$28.80	\$64.67	\$64.67
Generation - Capacity Per MWh	\$64.99	\$75.21	\$50.78		\$23.50
Generation - Capacity Per kW				\$9.01	

