



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA
Meeting Date: January 28, 2025

Regular Special

Title: Power Purchase Cost Adjustment (PCA) for months of July through November 2024 and decrease the over-hydro rate from \$0.1538 to \$0.1338 with a reduction of .02 power cost adjustment as effective February 1, 2025.

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 budget or revised budget as applicable).

For the fiscal year (FY 25) over-hydro budget is \$5,280,000. Twenty percent (20%) of the over-hydro budget for FY 25 is \$1,056,000 which is the current PCA fund balance.

Due to historic low power purchasing costs, the PCA has a fund balance of \$1,830,284 as of November 2024. With term purchasing concluded through March 2025, the surplus allows for a rate reduction to benefit ratepayers while maintaining fund stability.

The Board of Public Utilities approved the recommended action on January 21, 2025.

Fiscal Impact: Forecasted rate reduction impact to the ratepayers.

	Forecast		
	Over-Hydro KWH	.02 rate reduction	
		0.1338	<i>New Overhydro Rate</i>
February	4,804,342.00	96,086.84	
March	5,440,841.00	108,816.82	
April	4,472,384.00	89,447.68	
May	5,760,637.00	115,212.74	
June	7,459,366.00	149,187.32	
July	9,397,720.00	187,954.40	
August	10,133,982.00	202,679.64	
September	9,503,363.00	190,067.26	
	Total estimated to be refunded to customers class	\$ 1,139,452.70	

Environmental Impact: None.

Recommended Action: Power Purchase Cost Adjustment (PCA) for months of July through November 2024 and decrease the over-hydro rate from \$0.1538 to \$0.1338 with a reduction of \$0.02 power cost adjustment as effective February 1, 2025.

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 1/23/2025

Other Department Approval (when required): _____

Date: _____

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
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