



City of Needles, California Request for Commission Action

CITY COUNCIL BOARD OF PUBLIC UTILITIES

Regular Special

Meeting Date: March 3, 2026

Title: Power Purchase Cost Adjustment (PCA) August through November 2025

Background: In April 2022, the Board adopted a revised Statement of Policies that 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 FY 2026, the over-hydro budget is \$5,280,000, resulting in a policy target PCA balance of \$1,056,000. As of November 2025, the actual PCA fund balance is \$321,227. Although below the 20% policy target, current power purchase costs remain stable, and staff will continue monitoring PCA balances to ensure rate stability and compliance with Board policy.

In October 2025, the Board of Public Utilities reduced the over-hydro rate from \$0.1423 to \$0.1159 per kWh due to historically low power purchasing costs. As of November 2025, the actual **PCA fund balance is \$321,227**.

The PCA had a balance of \$980,524 in July 2025, and through November 2025, **\$659,927 has been refunded** to the ratepayers.

Fiscal Impact: Continuation of the current over-hydro rate maintains lower electric rates for customers. No impact to the General Fund.

Environmental Impact: This action is not a project under CEQA.

Recommended Action: Continue the over-hydro rate of \$0.1159/kWh as adopted in October 2025

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 2/25/2026

Other Department Approval (when required): _____

Date: _____