

Rate Study Results

Prepared For:



City of Needles



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



Revenue Requirements



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 & Equivalents	\$ 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 & Equivalents	\$ 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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Cost-of-Service Analysis

FY2026 Test Year



Purpose

A Cost-of-Service study is intended to allocate costs based on their functional purpose across different customer groups for the purpose of ensuring customers pay a fair and justifiable rate that is tied closely to their cost causation and is aligned with the utility's operational and financial needs.

Customer Groups

- Pursuant to the study requirements, KRSA evaluated the customer data and developed customer groupings consistent with other utilities and aligned with Needle's specific customer profiles. This resulted in the following customer groups that were incorporated into the cost-of-service analysis:
 - Residential
 - Small Commercial (0-25kW)
 - Medium Commercial (25-100 kW)
 - Large Commercial (100kW +)
 - Street Lighting



Unbundled Results

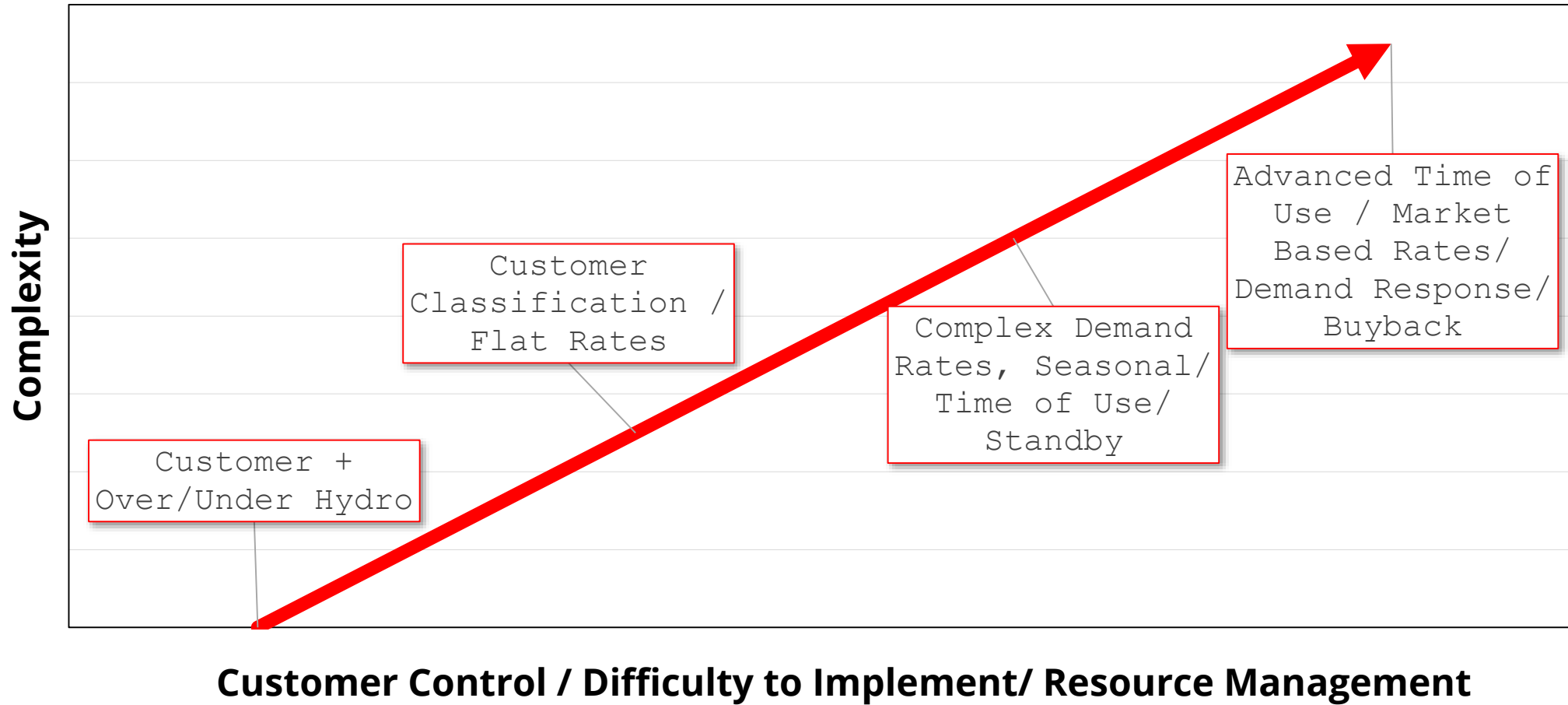
	Residential	Small Commercial (0-25kW)	Medium Commercial (25kW-100kW)	Large Commercial (100kW+)	Street Lights
Unbundled					
Metering & Billing	\$20.32	\$20.88	\$34.44	\$170.89	\$0.09
Service Connection	\$22.82	\$45.63	\$114.08	\$159.71	\$17.21
Delivery					
Per MWh	\$36.00	\$35.85			\$6.85
Per kW			\$6.29	\$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	



Rate Design



Rate Design



Option 1

Current Rate Structure – No Rate Change

Winter Rates

Charge Type	Charge Amount
Basic Service Charge	\$36.22
Hydro Allotment (401kWh)	\$0.0818
Over Hydro	\$0.1338
CA Cons. Charge	\$0.0025
Utility User Tax	

Summer Rates

Charge Type	Charge Amount
Basic Service Charge	\$36.22
Hydro Allotment (401kWh)	\$0.0704
Over Hydro	\$0.1238
CA Cons. Charge	\$0.0025
Utility User Tax	2.5%

Bill Sample

	Residential (1500 kWh)	Large Commercial (100kW+)
Basic Service Charge	\$36.22	\$36.22
Hydro Allotment (754 kWh)	\$53.08	\$53.08
Over Hydro	\$92.35	\$29,351.25
CA Cons. Charge	\$3.75	\$594.60
	\$185.41	\$30,035.15



Option 2

Customer & Energy Charge

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

Bill Sample

	Residential (1500 kWh)	Large Commercial (100kW+)
Customer Charge	\$45.15	\$346.08
Delivery Charge Per MWh	\$29.75	\$1,744.26
Power Charge Per MWh	\$174.04	\$24,001.19
CA Cons. Charge	\$3.75	\$594.60
	\$252.69	\$26,686.12



Option 3

Customer, Demand and Energy Rates

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 Sample

	Residential (1500 kWh)	Large Commercial (100kW+)
Customer Charge	\$45.15	\$346.08
Delivery Charge Per MWh	\$29.75	\$0.00
Delivery Charge Per kW	\$0.00	\$1,525.00
Power Capacity Charge Per kW	\$0.00	\$5,231.12
Power Energy Charge Per MWh	\$174.04	\$18,017.97
CA Cons. Charge	\$3.75	\$594.60
	\$252.69	\$25,714.77



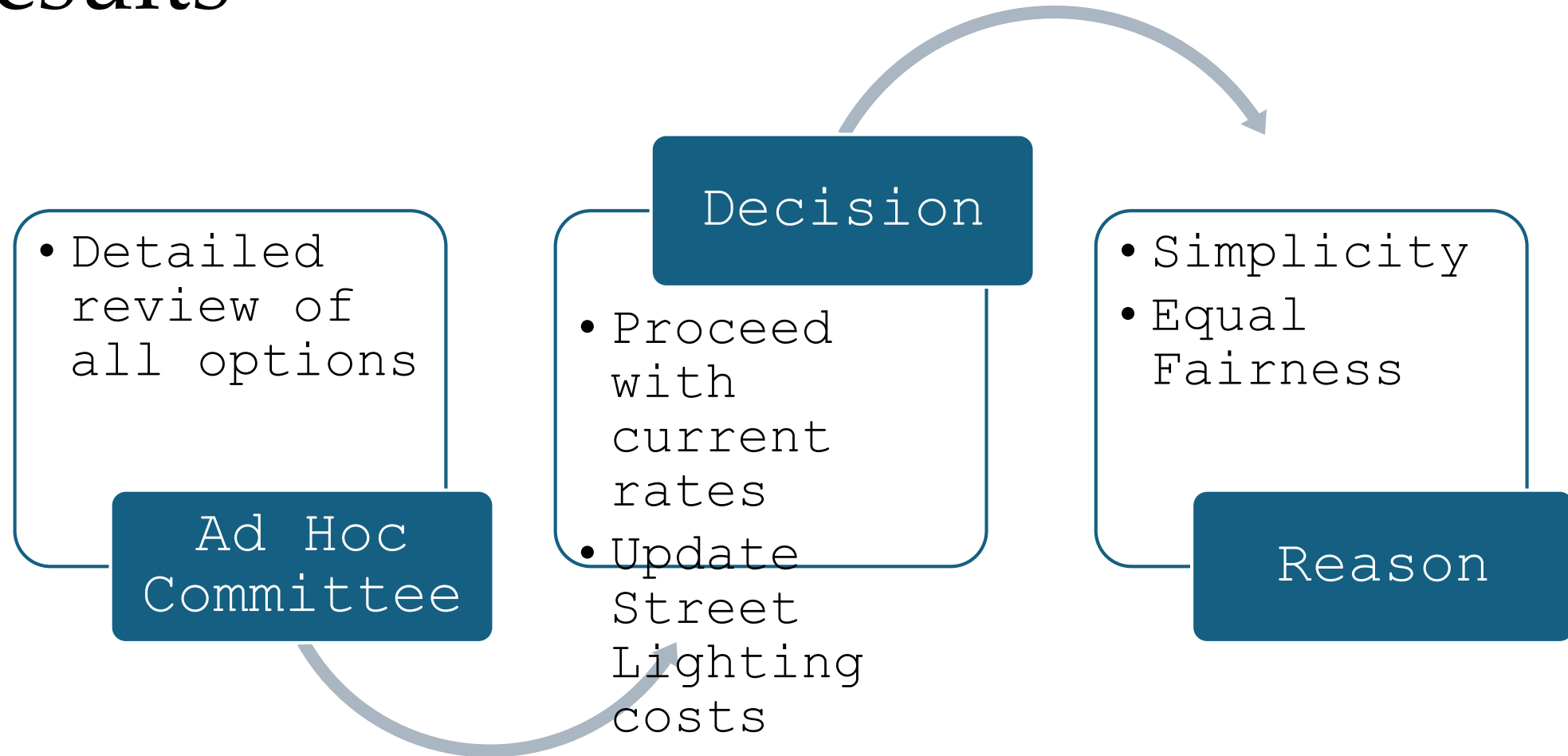
Street Light Pricing

Proposed Rate Change

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
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