



CITY OF NEEDLES, CALIFORNIA STAFF REPORT

MEETING TYPE: Regular Board of Public Utilities

MEETING DATE: January 16, 2024

TITLE: Power Purchase Cost Adjustment October – November 2023

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 fiscal year (FY 23) over-hydro budget is \$4,730,000. Twenty percent (20%) of the over-hydro budget for FY 23 is \$946,000 which is the current PCA fund balance.

Effective November 1, 2023 the over-hydro rate was set at \$0.1499 with an additional \$0.01 PCA adjustment. The rates above were rescinded and effective December 1, 2023 the over-hydro rate is \$0.1538 with an additional \$0.01 PCA adjustment.

The PCA fund has a peak balance in August 2023 of -\$1,491,123 due to high market prices, the fund balance as of November 30, 2023 is -\$1,044,440. The additional PCA adjustment is reducing the PCA fund balance as projected.

FISCAL IMPACT: Reduce the power cost adjustment fund to meet the adopted fund balance.

ENVIRONMENTAL IMPACT: Continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 2023

RECOMMENDED ACTION: No Action Needed – Information Only

SUBMITTED BY: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez Date: 1/10/2024
Other Department Approval (when required): _____ Date: _____

Approved:

Not Approved:

Tabled:

Other:

Agenda Item: 3