



City of Needles, California

Request for Commission Action

☐ CITY COUNCIL ☒ BOARD OF PUBLIC UTILITIES

☒ Regular ☐ Special

Meeting Date: September 1, 2026

Title: Approve a 2.9% cost-of-living (COLA) increase in electric basic service charge and streetlight rates as of October 1, 2026; approve an over-hydro rate of \$0.1058 effective October 1, 2026; apply a \$0.01 Power Cost Adjustment reducing the over-hydro rate to \$0.0958; and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets

Background: The Statement of Policies, revised April 2022, provides that power rates will be designed to provide for operation and maintenance, bond payments, purchase payments, taxes, fair share allocation, trustee fee, mandated (but unfunded) state or federal program (conservation program), the asset replacement fund, and the actual costs to purchase power. The calculated rate will consist of two components: power purchase costs, and non-power purchase costs. The CPI for the USDLS U.S. West – Size Class B/C for June 2026 indicates a 2.9% cost of living increase. The policy sets a cap at 5%. The attached spreadsheets are in accordance with the revised Statement of Policies and will set the new rates as follows:

	<u>Current</u>	<u>Effective Oct 1, 2026</u>
Basic Service Charge	\$37.20	\$38.28
Winter Hydro (Oct – Feb)	\$.0923– 376 kwh	\$.0981– 376 kwh
Summer Hydro (Mar – Sept)	\$.0832 –707 kwh	\$.0874 –709 kwh
Over-hydro	\$0.1159	*\$0.1058
CA Energy Efficiency Program	\$0.0022	\$0.0022
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

As of July 2026, the Power Cost Adjustment has a positive balance of \$946,310. Applying a \$0.01 over-hydro rate reduction to \$0.0958 will reduce the Power Cost Fund Balance by approximately \$182,426.94.

Over-Hydro				PCA Rebate Projections
	October	November	December	
\$/Kwhr	7,024,296	6,208,785	5,009,613	
0.1058	743,170.52	656,889.45	530,017.06	
0.0958	672,927.56	594,801.60	479,920.93	
	\$ 70,242.96	\$ 62,087.85	\$ 50,096.13	\$ 182,426.94

Streetlight cost of living adjustment is 2.9%. Below is the current and proposed new rates:

Type	Size	KWh	Current Rate	Proposed Rates (2.9%) COLA
Decorator	100	43	\$ 22.39	\$ 23.04
Sodium	100	43	\$ 22.39	\$ 23.04
Sodium	200	85	\$ 26.57	\$ 27.34
Sodium	400	171	\$ 35.12	\$ 36.14
LED	38	16	\$ 19.71	\$ 20.28

Fiscal Impact: Cost-of-living adjustment applied to the basic service charge and streetlights; decrease in over-hydro rate from \$0.1159 to \$0.0958.

Environmental Impact: None

Recommended Action: Approve a 2.9% cost-of-living (COLA) increase in electric basic service charge and streetlight rates as of October 1, 2026; approve an over-hydro rate of \$0.1058 effective October 1, 2026; apply a \$0.01 Power Cost Adjustment reducing the over-hydro rate to \$0.0958; and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 8/25/2026

Other Department Approval (when required): _____

Date: _____