



City of Needles, California Request for Council Action

☐ CITY COUNCIL ☒ NPUA ☐ BOARD OF PUBLIC UTILITIES
☒ Regular ☐ Special

Meeting Date: October 10, 2023

Title: Approve a 3.6% cost-of-living (COLA) increase in electric basic service charge rate as of November 1, 2023; approve an over-hydro rate of \$0.1467 effective November 1, 2023; 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 2022 indicates a 3.6% 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 Nov 1, 2023</u>
Basic Service Charge	\$34.01	\$35.23
Winter Hydro (Oct – Feb)	\$0.0417 (532 kwh)	\$0.0665- 447 kwh allotment
Summer Hydro (Mar – Sept)	\$0.0427 (771 kwh)	\$0.0585- 841 kwh allotment
Over-hydro	**\$0.1399	**\$0.1467
CA Energy Efficiency Program	\$0.0030	\$0.0026
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

**current over-hydro rate is .1499 as adjusted by the power cost calculations

The revised statement of policies adopted increased the power cost adjustment (PCA) balance from \$750,000 to be twenty percent (20%) of the yearly over-hydro budgeted power costs for the fiscal year (annual budget or revised budget as applicable). The proposed rate can be reduced by the PCA. **The Board of Public Utilities approved the recommended action on 10/3/23.**

Fiscal Impact: Increase in revenues for COLA adjustment to counteract current inflation rates.

Recommended Action: Approve a 3.6% cost-of-living (COLA) increase in electric basic service charge rate as of November 1, 2023; approve an over-hydro rate of \$0.1467 effective November 1, 2023; 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, Assistant Utility Manager

City Management Review: Rick

Date: 10/5/23

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 9

NEEDLES PUBLIC UTILITY AUTHORITY

ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2023/2024

MUST MANUALLY CALCULATE SHEET (F9)

Basic Service Charge for New Rate Year

	\$35.23
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- PY Non-Power Carry Forward
- Asset Replacement Fund Target
- Total - Non Power Related Expenses

	-\$66,533
	\$488,992
	\$4,806,679

Power Supply with Line Losses

- Total Power Supply - Sales KWHRS
- Power Supply - Winter Hydro
- Power Supply - Summer Hydro
- Power Supply - Total Hydro
- Power Supply - Non Hydro

	87,166,746
	6,702,291
	17,664,318
	24,366,609
	62,800,137

Hydro Allotment/Cust

	447
	841

Power Supply Expenses

- Total Power Purchased
- Power Supply - Winter Hydro
- Power Supply - Summer Hydro
- Power Supply - Non Hydro

	\$7,400,795
	\$193,114
	\$366,764
	\$6,840,917

Cost Per Kwhr

	\$0.0849
	\$0.0288
	\$0.0208
	\$0.1089

Revenue From Other Than Power Sold

- Basic Service Charge
- Other Revenue
- Total Non-Power Revenue

	\$1,268,860
	\$49,000
	\$1,317,860

Total Expenses

- Non-Power Related Expenses
- Total Power Cost
- Total Operating Expense

	\$4,806,679
	\$7,400,795
	\$12,207,474

Cost Per Kwhr

	\$0.0849
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Use this rate for PCA Annual Base Rate for power purchased.

Rate Calculations

- Rate For Non-Power Related Expenses
- Winter Hydro Sales - (Oct - Feb)
- Summer Hydro Sales - (Mar - Sept)
- Over Hydro Allotment Sales
- California Energy Efficiency Program

	\$3,288,820
	\$193,114
	\$366,764
	\$6,840,917
	\$200,000

Bill Rate Per Kwhr

	0.0665
	0.0585
	0.1467
	0.0023

NEEDLES PUBLIC UTILITY AUTHORITY

ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2023/24

EXPENSES

	DOLLARS
O & M ⁶	\$2,558,308
Taxes*	\$15,375
Purchase Payment	\$313,223
Trustee Fee	\$13,842
Conservation Program*	\$16,667
Debt Service	\$682,351
City of Needles "Fair Share" Fee	\$584,454
California Energy Efficiency Program*	\$200,000
PY Non-Power Rate Component	\$0.0242
Power Supply Total ¹	\$7,400,795
Power Supply, Hydro - Winter ²	\$193,114
Power Supply, Hydro - Summer ³	\$366,764
Other Income* not adjusted for utt	\$49,000
Basic Service Charge PY	\$34.01
Asset Replacement Fund PY	\$472,000

KWHR

Power Supply Total ¹	87,254,000
Power Supply, Hydro - Winter ²	6,709,000
Power Supply, Hydro - Summer ³	17,682,000
PY Estimated Power Sales	75,705,480
PY Actual Power Sold	78,454,760

PERCENT

JUNE CPI %	3.60
Line Loss %	0.10
Number of Customers	3001

US West

3 year average line loss
using the Electric Database
calculation.

Proposed

Sample Winter Bill - (Oct - Feb)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			\$35.23
2	Winter Hydro Allotment Usage	447	0.0665	\$29.72
3	Above Hydro Usage	1000	0.1467	\$146.66
4	CA Energy Efficiency Program	1447	0.0023	\$3.32
Total Electric Bill Charge				\$214.94

Sample Summer Bill - (Mar - Sept)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			\$35.23
2	Sumer Hydro Allotment	841	0.0585	\$49.19
3	Above Hydro Usage	1500	0.1467	\$219.99
4	CA Energy Efficiency Program	2341	0.0023	\$5.37
Total Electric Bill Charge				\$309.78

Previous

Sample Winter Bill - (Oct - Feb)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			\$32.39
2	Winter Hydro Allotment Usage	390	0.0660	\$25.74
3	Above Hydro Usage	1000	0.1499	\$149.90
4	CA Energy Efficiency Program	1390	0.0030	\$4.17
Total Electric Bill Charge				\$212.20

Sample Summer Bill - (Mar - Sept)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			\$39.39
2	Sumer Hydro Allotment	730	0.0619	\$45.19
3	Above Hydro Usage	1500	0.1499	\$224.85
4	CA Energy Efficiency Program	2230	0.0030	\$6.69
Total Electric Bill Charge				\$316.12

Difference **-\$6.33**