



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA Regular Special

Meeting Date: September 10, 2024

Title: Approve a 2.8% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2024; approve an over-hydro rate of \$0.1423 effective October 1, 2024; eliminate the \$.0100 Power Cost Adjustment 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 fees, 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 USDLS U.S. West – Size Class B/C CPI for June 2024 indicates a 2.8% 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, 2024</u>
Basic Service Charge	\$35.23	\$36.22
Winter Hydro (Oct – Feb)	\$.0740 – 402 kwh allotment	\$.0818– 401 kwh
Summer Hydro (Mar – Sept)	\$.0650 – 757 kwh kwh allotment	\$.0704 – 754 kwh
Over-hydro	**\$0.1638	*\$0.1423
CA Energy Efficiency Program	\$0.0025	\$0.0025
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

As of July 2024, the Power Cost Adjustment has a positive balance of \$622,462. Proposed rates eliminate the additional \$.0100 Power Cost Adjustment.

The Board of Public Utilities approved the recommended action on September 3, 2024.

Fiscal Impact: Cost of living adjustment applied to the basic service charge, decrease in over hydro rate from \$0.1638 to \$0.1423.

Recommended Action: Approve a 2.8% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2024; approve an over-hydro rate of \$0.1423 effective October 1, 2024; eliminate the \$.0100 Power Cost Adjustment 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: 09/04/2024

Other Department Approval (when required): Barbara Dileo Date: 09/05/2024

Approved: Not Approved: Tabled: Other:

Agenda Item: 10