



CITY OF NEEDLES, CALIFORNIA STAFF REPORT

MEETING TYPE: Regular

MEETING DATE: July 2, 2024

TITLE: Power Purchase Cost Adjustment (PCA) for January through May 2024 and continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 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 the 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 The rates above were rescinded and effective December 1, 2023 the over-hydro rate is \$0.1538 with an additional \$0.01 PCA adjustment.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 May 2024 is **+\$284,109**. WAPA has not requested additional spot purchase funds however, summer is just approaching. The recommended action is to keep the PCA fund balance through September 2024.

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.

N/A

**ENVIRONMENTAL
IMPACT:**

**RECOMMENDED
ACTION:** Power Purchase Cost Adjustment (PCA) for January through May 2024 and continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 2023
Rainie Torrance, Utility Manager

SUBMITTED BY:

City Manager Approval: Patrick J. Martinez Date: 6/24/2024
Other Department Approval (when required): _____ Date: _____