



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☒ NPUA

☒ Regular ☐ Special

Meeting Date: January 21, 2025

Title: Power Purchase Cost Adjustment (PCA) for months of July through November 2024 and decrease the over-hydro rate from \$0.1538 to \$0.1338 with a reduction of .02 power cost adjustment as effective February 1, 2025.

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 25) over-hydro budget is \$5,280,000. Twenty percent (20%) of the over-hydro budget for FY 25 is \$1,056,000 which is the current PCA fund balance.

Due to historic low power purchasing costs, the PCA has a fund balance of \$1,830,284 as of November 2025. Term purchasing has been concluded through March 2025.

Fiscal Impact: Forecasted rate reduction impact to the rate payers.

	Forecast			
	Over-Hydro KWH	.02 rate reduction		
		0.1338	New Overhydro Rate	
February	4,804,342.00	96,086.84		
March	5,440,841.00	108,816.82		
April	4,472,384.00	89,447.68		
May	5,760,637.00	115,212.74		
June	7,459,366.00	149,187.32		
July	9,397,720.00	187,954.40		
August	10,133,982.00	202,679.64		
September	9,503,363.00	190,067.26		
	Total estimated	\$ 1,139,452.70		
	to be refunded to			
	customers class			

Environmental Impact: None.

Recommended Action: Power Purchase Cost Adjustment (PCA) for months of July through November 2024 and decrease the over-hydro rate from \$0.1538 to \$0.1338 with a reduction of .02 power cost adjustment as effective February 1, 2025.

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez

Date: 1/16/2025

Other Department Approval (when required): _____

Date: _____

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
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