City of Needles, California
Request for Council Action

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

Meeting Date: September 10, 2019

Title: Approve a 2.6% cost-of-living (COLA) increase in electric rates as of October 1, 2019; 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 August 2018, 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 2019 indicates a 2.6% cost of living increase. The attached spreadsheets are in accordance with the revised Statement of Policies and will set the new rates as follows:

	current	effective Oct 1, 2019
Basic Service Charge	$29.82	$30.60
Winter Hydro (Oct – Feb)	$0.0652 (406 kwh)	$0.0636- 405 kwh allotment
Summer Hydro (Mar – Sept)	$0.0621 (742 kwh)	$0.0594- 758 kwh allotment
Over-hydro	$0.0917	$0.0872
CA Energy Efficiency Program	$0.0033	$0.0032
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

The Power Cost Adjustment completed for June, 2019 concluded fiscal year 19 and reported a PCA Fund balance of $(777,920) due to power purchase costs. The electric over hydro rate shall increase by $0.0207 for a total over hydro rate of $0.1079 effective October 1, 2019. The rate shall remain in effect until the deficit is collected.

The Board of Public Utilities approved the recommended action on 9/3/19.

Fiscal Impact: Slight increase in revenues to collect deficit in power purchase related costs.

Environmental Impact: n.a

Recommended Action: I MOVE to approve a 2.6% cost-of-living (COLA) increase in electric rates as of October 1, 2019; 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, Senior Accountant

#11

City of Needles, California
Request for Council Action

City Management Review: Rick **Date:** 8/22/19

Approved: ☐	Not Approved: ☐	Tabled: ☐	Other: ☐
			Agenda Item: 11

NEEDLES PUBLIC UTILITY AUTHORITY
ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2018/2019

MUST MANUALLY CALCULATE SHEET (F9)

Basic Service Charge for New Rate Year	$30.60
PY Non-Power Carry Forward	-$138,139
Asset Replacement Fund Target	$529,349
Total - Non Power Related Expenses	$3,967,994

Power Supply with Line Losses		**Hydro Allotment/Cust**
Total Power Supply - Sales KWHRs	61,540,000	
Power Supply - Winter Hydro	6,072,550	405
Power Supply - Summer Hydro	15,920,760	758
Power Supply - Total Hydro	21,993,310	
Power Supply - Non Hydro	39,546,690	

Power Supply Expenses		**Cost Per Kwhr**
Total Power Purchased	$2,200,000	$0.0357
Power Supply - Winter Hydro	$131,538	$0.0217
Power Supply - Summer Hydro	$278,143	$0.0175
Power Supply - Non Hydro	$1,790,319	$0.0453

Revenue From Other Than Power Sold	
Basic Service Charge	$1,101,799
Other Revenue	$87,000
Total Non-Power Revenue	$1,188,799

Total Expenses		**Cost Per Kwhr**	
Non-Power Related Expenses	$3,967,994		
Total Power Cost	$2,200,000	$0.0357	Use this rate for PCA Annual Base Rate for power purchased.
Total Operating Expense	$6,167,994		

Rate Calculations		**Cost Per Kwhr**	**Bill Rate Per Kwhr**
Rate For Non-Power Related Expenses	$2,579,195	0.0419	
Winter Hydro Sales - (Oct - Feb)	$131,538	0.0217	0.0636
Summer Hydro Sales - (Mar - Sept)	$278,143	0.0175	0.0594
Over Hydro Allotment Sales	$1,790,319	0.0453	0.0872
California Energy Efficiency Program	$200,000		0.0032

NEEDLES PUBLIC UTILITY AUTHORITY

ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2018/2019

EXPENSES	DOLLARS
O & M[6]	$1,897,753
Taxes*	$23,168
Purchase Payment	$313,223
Trustee Fee	$13,630
Conservation Program*	$16,667
Debt Service	$682,640
City of Needles "Fair Share" Fee	$429,702
California Energy Efficiency Program*	$200,000
PY Non-Power Rate Component	$0.0467
Power Supply Total[1]	$2,200,000
Power Supply, Hydro - Winter[2]	$131,538
Power Supply, Hydro - Summer[3]	$278,143
Other Income* not adjusted for utt	$87,000
Basic Service Charge PY	$29.82
Asset Replacement Fund PY	$515,935

	KWHR
Power Supply Total[1]	68,000,000
Power Supply, Hydro - Winter[2]	6,710,000
Power Supply, Hydro - Summer[3]	17,592,000
PY Estimated Power Sales	60,486,000
PY Actual Power Sold	63,444,004

	PERCENT
JUNE CPI %	2.60
Line Loss %	9.50

US West 3 year average line loss using the Electric Database calculation.

Number of Customers	3001

NEEDLES PUBLIC UTILITY AUTHORITY

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	41,572,204
Actual Over-Hydro Purchased Dollars	$2,534,907
Over-Hydro Annual Base Rate Component	$0.0467
Line Loss Percentage	9.50
Current Over-Hydro Rate	$0.0917
Non-Power Expense Rate Component	$0.0419
Over-Hydro with Line Losses	37,622,844
Over-Hydro Cost/Kwhr	$0.0674
Difference from Base Rate	$0.0207
Revenue Expected from Base Rate	$1,756,987
Revenue Difference from Base	-$777,920

OVER-HYDRO RATE

New Over-Hydro Rate Component	$0.0674
New Over-Hydro Rate	$0.1093

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	41,572,204
Actual Over-Hydro Dollars	$2,534,907
Over-Hydro Prior Period Rate Power Component	$0.0467
Over-Hydro KWH w/ Line Loss	37,622,844
Over-Hydro Revenue Generated for the Period	$1,756,987
Revenue Difference from Required	-$777,920

BALANCING FUND

Previous PCA Period Balance	$0
New PCA Fund Balance	-$777,920

NEEDLES PUBLIC UTILITY AUTHORITY

30-Jun

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	5,501,684	**
Actual Over-Hydro Purchased Dollars	$364,982	**
Over-Hydro Annual Base Rate Component	$0.0467	
Line Loss Percentage	11.05	
Current Over-Hydro Rate	$0.0917	
Non-Power Expense Rate Component	$0.0450	
Over-Hydro with Line Losses	**4,893,748**	
Over-Hydro Cost/Kwhr	**$0.0746**	
Difference from Base Rate	**$0.0279**	
Revenue Expected from Base Rate	**$228,538**	
Revenue Difference from Base	**-$136,444**	

OVER-HYDRO RATE

New Over-Hydro Rate Component	**$0.0746**
New Over-Hydro Rate	$0.1196

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	4,474,657
Actual Over-Hydro Dollars	$147,365
Over-Hydro Prior Period Rate Power Component	$0.0329
Over-Hydro KWH w/ Line Loss	**3,980,207**
Over-Hydro Revenue Generated for the Period	**$131,081**
Revenue Difference from Required	**-$16,284**

BALANCING FUND

Previous PCA Period Balance	$66,709
New PCA Fund Balance	**$50,425**

Upcoming Term: July, 2019

Total Over-Hydro Kwhr	5,501,684
Total Over-Hydro Purchase + Spot Estimate	$ 364,982.40

Note: July's term purchase on peak was purchased at $78.25/MWh

** Previous Period Consumption:
June 2019 Over-Hydro Consumption : 4,474,657
Cost:
Term Purchase: $141,144.00 Spot Purchase:$0.00 Exchanges: $0.00
Transmission & Regulation Cost: $9,060.25 (69% over hydro)
Total Over Hydro Costs $147,365.00