



## City of Needles, California Request for Council Action

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CITY COUNCIL       NPUA       BOARD OF PUBLIC UTILITIES  
 Regular       Special

**Meeting Date:** July 14, 2020

**Title:** Comprehensive Electric, Water and Wastewater Utility Cost of Service Ratemaking Study

**Background:** In November 2019 the Board of Public Utilities and Council awarded Stantec Consulting Services to complete the 2019-2020 Comprehensive Electric, Water and Wastewater Utility Cost of Service Ratemaking Study. An Ad Hoc Committee was created to work with staff to complete the study. The Committee, staff and Stantec have meet on several occasions to review fiscal policies, financial models and rate scenarios for each of the three utilities. The following are highlights of each utility;

### *Electric*

- No rate increase is forecasted until 2024
- Sufficient revenues are being collected to cover debt, O&M and asset replacement
- Maintain COLA increases to the Basic Service Charge and update summer/winter usage rates based on the Statement of Policies.

### *Water*

- Insufficient funds available for critical infrastructure improvements, rates were not collecting the adopted annual amounts
- Current rates were not collecting enough operating reserves
- Rate structure includes \$5M in revenue bond financing to fund infrastructure needs needed now

### *Wastewater*

- Insufficient funds available for critical infrastructure improvements, rates were not collecting the adopted annual amounts
- Current rates were not collecting enough operating reserves

**Fiscal Impact:** The fiscal impact to the utilities is;

- No recommended rate increase for electric an annual COLA adjustment effective October 1<sup>st</sup> per the Statement of Policies;
- Additional revenues are needed for water and wastewater utilities

**Recommended Action:** Approve the proposed financial plans and rates for Electric, Water and Wastewater, request Stantec to provide the final report for acceptance and, request staff to initiate the Prop 218 45-day public comment for the Needles Public Utility Authority to adopt rates for five (5) years.



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Submitted By: Rainie Torrance

City Management Review: \_\_\_\_\_

*Rick*

Date: \_\_\_\_\_

*2/9/20*

Approved:

Not Approved:

Tabled:

Other:

Agenda Item: \_\_\_\_\_

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