



# City of Needles, California Request for Council Action

CITY COUNCIL       NPUA       BOARD OF PUBLIC UTILITIES  
 Regular       Special

**Meeting Date:** August 11, 2020

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

**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.

On July 7, 2020 the Board of Public Utilities approved the proposed financial plans 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. City Council also approved the above recommendation on July 14, 2020. Enclosed is the final draft of the cost of service for each of the utilities.

The Board of Public Utilities approved the recommended action on August 4, 2020.

**Fiscal Impact:** n/a

**Recommended Action:** Accept the Electric, Water, and Wastewater Utility Cost of Service Ratemaking Study dated July 20, 2020.

**Submitted By:** Rainie Torrance

**City Management Review:** Rick

**Date:** 8/5/20

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
			Agenda Item: <u>6</u>



## Technical Memorandum

**To:** City of Needles  
817 3<sup>rd</sup> Street  
Needles, CA 92363

**From:** Stantec Consulting Services Inc.

**Re:** Addendum to the 2020 Electric, Water,  
and Wastewater Utility Cost of Service  
Ratemaking Study Report

**Date:** August 3, 2020

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**Subject: Intended Use of Electric Utility Rate Forecasts Presented in Rate Study Report**

This addendum to the 2020 Electric, Water, and Wastewater Utility Cost of Service Ratemaking Study Report (Rate Study) is provided to clarify the results and findings for the Electric Utility rates analysis and their intended use.

As part of the Rate Study, a five-year forecast of proposed rate increases was prepared for all three utilities for fiscal years 2021 – 2025. The rate forecasts for the Water and Wastewater Utilities were developed to establish a schedule of rate increases for adoption in accordance with the requirements of Proposition 218. This schedule serves as the ceiling for rate increase in each fiscal year. The Electric Utility rates, on the other hand, are calculated by the City in accordance with the stated rate setting and cost allocation policies and approved by the California Public Utilities Commission on an annual basis. Therefore, the Electric Utility rates calculated in this report were developed to provide a forecast of approximate rate impacts associated with meeting the Electric Utility's long-term funding needs. The Electric Utility rates are not presented in this report for purposes of adoption under the Proposition 218 requirements.