



# City of Needles, California Request for Council Action

CITY COUNCIL       NPUA       BOARD OF PUBLIC UTILITIES  
 Regular       Special

**Meeting Date:** January 26, 2021

**Title:** Report of the Power Purchase Cost Adjustment for September – November 2020

**Background:** The current policy statement that was approved by City Council on electric utility rates stated that a PCA would be calculated at the end of every month.

The revised PCA spreadsheet calculates the upcoming purchase period calculation.

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 and was reduced by .01 per the Utility Board effective June 2020 billing. Beginning June 1, 2020 the PCA fund balance was reduced from .0207 to .0107.

As of June 30, 2020 the PCA balance was \$689,926 and the Board of Public Utilities reduced the over hydro rate to .0860 effective September 1, 2020.

The PCA balance is \$918,814 as of November 30, 2020 and is projected to increase through March, 2020. Staffs recommendation to reduce the over hydro rate from .0860 to .0775 will generate a reduction of the PCA balance approximately \$160,113 from February through March, 2021.

The Board approved the recommended action on January 19, 2021.

**Fiscal Impact:** Positive PCA balancing fund as of November 30, 2020. Additional funds have been collected since last reconciliation.

**Recommended Action:** The PCA fund balance is positive \$918,814 as of November 2020 therefore, electric over hydro rate shall be **reduced** from .0860 to .0775

**Submitted By:** Rainie Torrance, Assistant Utility Manager

**City Management Review:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
			Agenda Item: <u>5</u>

**NEEDLES PUBLIC UTILITY AUTHORITY**  
**POWER COST ADJUSTMENT CALCULATION**

TEST

**September 2020 PCA Adjustment**

Actual Over-Hydro Purchased Kwhr	5,049,711
Actual Over-Hydro Purchased Dollars	\$161,341
Over-Hydro Annual Base Rate Component	\$0.0438
Line Loss Percentage	9.50
Current Over-Hydro Rate	\$0.0860
Non-Power Expense Rate Component	\$0.0422

**February and March Reduction**

Actual Over-Hydro KWH	555,834
Actual Over-Hydro Dollars	\$177,872
Over-Hydro Prior Period Rate Power Component	\$0.0353

Over-Hydro with Line Losses  
 Over-Hydro Cost/Kwhr  
 Difference from Base Rate  
 Revenue Expected from Base Rate  
 Revenue Difference from Base

Over-Hydro KWH w/ Line Loss	503,030
Over-Hydro Revenue Generated for the Period	\$17,759
Revenue Difference from Required	-\$160,113

Over-Hydro with Line Losses  
 Over-Hydro Cost/Kwhr  
 Difference from Base Rate  
 Revenue Expected from Base Rate  
 Revenue Difference from Base

Over-Hydro with Line Losses	503,030
Over-Hydro Cost/Kwhr	\$0.3536
Difference from Base Rate	\$0.3098
Revenue Expected from Base Rate	\$22,033
Revenue Difference from Base	-155,839

**PREVIOUS PERIOD REVENUE ACTUAL BASE RATE**

Over-Hydro with Line Losses	503,030
Over-Hydro Cost/Kwhr	\$0.3536
Difference from Base Rate	\$0.3098
Revenue Expected from Base Rate	\$22,033
Revenue Difference from Base	-155,839

**.0107 PCA Fund Adjustment (as of June 2020)**

Amount to off set New PCA Fund Balance

**OVER-HYDRO RATE**

New Over-Hydro Rate Component	\$0.0353
New Over-Hydro Rate	\$0.0775

**BALANCING FUND**

Previous PCA Period Balance	\$918,814
PCA Collected	\$0
** New PCA Fund Balance	\$758,701

\*\* New PCA Fund Balance

# NEEDLES PUBLIC UTILITY AUTHORITY

## POWER COST ADJUSTMENT CALCULATION

30-Sep

### UPCOMING PURCHASE PERIOD CALCULATION

* Actual Over-Hydro Purchased Kwhr	5,049,711	**
* Actual Over-Hydro Purchased Dollars	\$161,341	**
Over-Hydro Annual Base Rate Component	\$0.0438	
Line Loss Percentage	9.50	
Current Over-Hydro Rate	\$0.0860	
Non-Power Expense Rate Component	\$0.0422	
Over-Hydro with Line Losses	4,569,988	
Over-Hydro Cost/Kwhr	\$0.0353	
Difference from Base Rate	-\$0.0085	
Revenue Expected from Base Rate	\$200,165	
Revenue Difference from Base	\$38,825	
.0107 PCA Fund Adjustment (as of June 2020)	\$0	
Amount to off set New PCA Fund Balance	\$38,825	

### PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	6,524,134
Actual Over-Hydro Dollars	\$186,665
Over-Hydro Prior Period Rate Power Component	\$0.0438
Over-Hydro KWH w/ Line Loss	5,904,341
Over-Hydro Revenue Generated for the Period	\$258,610
Revenue Difference from Required	\$71,945

### PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	5,904,341
Over-Hydro Cost/Kwhr	\$0.0316
Difference from Base Rate	-\$0.0122
Revenue Expected from Base Rate	\$258,610
Revenue Difference from Base	71,945

### OVER-HYDRO RATE

New Over-Hydro Rate Component	\$0.0353
New Over-Hydro Rate	\$0.0775

### BALANCING FUND

Previous PCA Period Balance	\$786,635
PCA Collected	\$0
** New PCA Fund Balance	\$858,580

Upcoming Term: October  
 Total Over-Hydro Kwhr  
 Total Over-Hydro Purchase + Spot Estimate

Previous Period Consumption:  
 September Over-Hydro Consumption : 6,524,134  
 Cost:  
 Term Purchase: \$139,720 Spot Purchase: \$34,775 Exchanges: \$0.00  
 Transmission & Regulation Cost: (71% over hydro)  
 Total Over Hydro Costs \$186,665

5,049,711
\$ 170,000.00

\*

**NEEDLES PUBLIC UTILITY AUTHORITY**  
**POWER COST ADJUSTMENT CALCULATION**

31-Oct

**UPCOMING PURCHASE PERIOD CALCULATION**

Actual Over-Hydro Purchased Kwhr	**	3,326,882
Actual Over-Hydro Purchased Dollars	**	\$110,000
Over-Hydro Annual Base Rate Component		\$0.0438
Line Loss Percentage		9.50
Current Over-Hydro Rate		\$0.0860
Non-Power Expense Rate Component		\$0.0422

Over-Hydro with Line Losses	<b>3,010,828</b>
Over-Hydro Cost/Kwhr	<b>\$0.0365</b>
Difference from Base Rate	<b>-\$0.0073</b>
Revenue Expected from Base Rate	<b>\$131,874</b>
Revenue Difference from Base	<b>\$21,874</b>
.0107 PCA Fund Adjustment <i>(as of June 2020)</i>	<b>\$0</b>
Amount to off set New PCA Fund Balance	<b>\$21,874</b>

**OVER-HYDRO RATE**

New Over-Hydro Rate Component	<b>\$0.0365</b>
New Over-Hydro Rate	<b>\$0.0787</b>

\*

Upcoming Term: November	
Total Over-Hydro Kwhr	3,326,882
Total Over-Hydro Purchase + Spot Estimate	<u>\$ 120,000.00</u>

**PREVIOUS PERIOD REVENUE GENERATED**

Actual Over-Hydro KWH	5,049,711
Actual Over-Hydro Dollars	\$161,341
Over-Hydro Prior Period Rate Power Component	<u>\$0.0438</u>
Over-Hydro KWH w/ Line Loss	<b>4,569,988</b>
Over-Hydro Revenue Generated for the Period	<b>\$200,165</b>
Revenue Difference from Required	<b>\$38,825</b>

**PREVIOUS PERIOD REVENUE ACTUAL BASE RATE**

Over-Hydro with Line Losses	4,569,988
Over-Hydro Cost/Kwhr	\$0.0353
Difference from Base Rate	-\$0.0085
Revenue Expected from Base Rate	\$200,165
Revenue Difference from Base	<b>38,825</b>

**BALANCING FUND**

Previous PCA Period Balance	\$858,580
PCA Collected	\$0
** New PCA Fund Balance	<b>\$897,405</b>

Previous Period Consumption:  
 October Over-Hydro Consumption : 5,049,711  
 Cost:  
 Term Purchase: \$83,004 Spot Purchase: \$66,118 Exchanges: \$0.00  
 Transmission & Regulation Cost: (75% over hydro)  
 Total Over Hydro Costs \$161,340.55

# NEEDLES PUBLIC UTILITY AUTHORITY

## POWER COST ADJUSTMENT CALCULATION

30-Nov

### UPCOMING PURCHASE PERIOD CALCULATION

* Actual Over-Hydro Purchased Kwhr	4,024,363	**
* Actual Over-Hydro Purchased Dollars	\$265,000	**
Over-Hydro Annual Base Rate Component	\$0.0438	
Line Loss Percentage	9.50	
Current Over-Hydro Rate	\$0.0860	
Non-Power Expense Rate Component	\$0.0422	
<b>Over-Hydro with Line Losses</b>	<b>3,642,049</b>	
Over-Hydro Cost/Kwhr	\$0.0728	
Difference from Base Rate	\$0.0290	
Revenue Expected from Base Rate	\$159,522	
Revenue Difference from Base	-\$105,478	
-0107 PCA Fund Adjustment ( <i>as of June 2020</i> )	\$0	
Amount to off set New PCA Fund Balance	-\$105,478	

### OVER-HYDRO RATE

New Over-Hydro Rate Component	\$0.0728
New Over-Hydro Rate	\$0.1150

\*

Upcoming Term: December  
 Total Over-Hydro Kwhr 4,024,363  
 Total Over-Hydro Purchase + Spot Estimate \$ 265,000.00

### PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	3,326,882
Actual Over-Hydro Dollars	\$110,465
Over-Hydro Prior Period Rate Power Component	\$0.0438
<b>Over-Hydro KWH w/ Line Loss</b>	<b>3,010,828</b>
Over-Hydro Revenue Generated for the Period	\$131,874
Revenue Difference from Required	\$21,409

### PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	3,010,828
Over-Hydro Cost/Kwhr	\$0.0367
Difference from Base Rate	-\$0.0071
Revenue Expected from Base Rate	\$131,874
Revenue Difference from Base	21,409

### BALANCING FUND

Previous PCA Period Balance	\$897,405
PCA Collected	\$0
** New PCA Fund Balance	\$918,814

Previous Period Consumption:  
 November Over-Hydro Consumption : 3,326,882  
 Cost:  
 Term Purchase: \$73,135 Spot Purchase: \$26,397.24 Exchanges: \$0.00  
 Transmission & Regulation Cost: (68% over hydro)  
 Total Over Hydro Costs \$110,465.00