(ACT) ACTION NEEDED
(INF) INFORMATION ONLY
(DIS) DISCRETIONARY

REGULAR MEETING OF THE
BOARD OF PUBLIC UTILITIES OF
THE CITY OF NEEDLES, CALIFORNIA
TUESDAY, SEPTEMBER 2, 2025 AT 4:00 PM
CITY COUNCIL CHAMBERS
1111 BAILEY AVENUE, NEEDLES

THE PUBLIC MAY ATTEND VIA TEAMS AND MAY SUBMIT ANY COMMENTS IN WRITING PRIOR TO NOON ON THE DAY OF THE MEETING BY EMAILING csallis@cityofneedles.com

TO JOIN THE LIVE TEAMS MEETING: log into the City of Needles website at www.cityofneedles.com to access the agenda and Click here to join the meeting

If asked, enter the following: Meeting ID: 402 006 064#
OR listen in and participate by calling Teams: 1-323-488-2227 - Meeting ID: 402 006 064#
Meetings are being recorded

CALL TO ORDER - ROLL CALL

APPROVAL OF AGENDA (ACT)

CORRESPONDENCE

PUBLIC APPEARANCE: Persons wishing to address the Board on subjects other than those scheduled are requested to do so at this time. When called by the Chairman, please come to the podium and announce your name and address for the record. In order to conduct a timely meeting, a three minute time limit per person has been established by Municipal Code Section 2-18. Amendments to California Government Code Sec. 54950 prohibits the Board from taking action on a specific item until it appears on the agenda.

CONSENT CALENDAR: All matters listed on the Consent Calendar are considered to be routine and will be enacted by one motion in the form listed. The Chairman or any Member of the Board may pull an item from the Consent Calendar for discussion. Prior to Board action, a member of the public may address the Board on matters scheduled on the Consent Calendar. A three-minute time limit per person applies. **Recommended Action:** Approve Items 1 through 4 on the Consent Calendar by affirmative vote (ACT)

1. Approve the minutes of the regular meeting held August 5, 2025

2. Accept the proposal of and authorize Lincus Incorporated to complete the 2025-2027 AB 32 Greenhouse Gas (GHG) Third Party Verification Services for a total cost not to exceed $26,014

3. Accept the Comprehensive Water and Wastewater Cost of Service Ratemaking Study dated August 2025

4. Accept the Comprehensive Electric Service Ratemaking Study dated August 2025

REGULAR ITEMS (A three minute time limit per person has been established per Municipal Code Section 2-18)

5. Approve a 2.7% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2025; approve an over-hydro rate of $0.1159 effective October 1, 2025; eliminate the $.0300 Power Cost Adjustment and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets

6. Authorize the Board Chairman to Execute a Letter dated September 2, 2025, to the Environmental Protection Agency (EPA) Supporting the Revoking of the Greenhouse Gas Emission Rule

7. Approve Survalent providing Electric SCADA Software not to exceed $137,126 utilizing the Electric System Improvement Fund

REPORTS

8. Western Area Power Administration FY26 Q2 Term Purchase

9. Present Perfected Rights Report July 2025

10. EUSI, LLC operational support services relating to the wastewater treatment facility and collection system July 2025

MANAGER'S REPORT

11. Manager's Report August 15 and 22, 2025

BOARD REQUESTS

ADJOURNMENT

INTERNET ACCESS TO BOARD AGENDA AND STAFF REPORT MATERIAL IS AVAILABLE PRIOR TO THE MEETING AT: HTTP://WWW.CITYOFNEEDLES.COM

Posted: August 28, 2025

SB 343-DOCUMENTS RELATED TO OPEN SESSION AGENDAS -- Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the Administrative Office, 817 Third Street, Needles, CA 92363.

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact Cheryl Sallis, Secretary to the Board, at (760) 326-2113 ext 115. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-104 ADA Title II).

BOARD OF PUBLIC UTILITIES

August 5, 2025

The regular meeting of the Board of Public Utilities held on the 5th day of August, 2025, was called to order at 4:00 p.m. with CHAIRMAN CAMPBELL presiding and the following COMMISSIONERS present:

COMMISSIONERS JONES, BROWN AND CAIRNS

Also Present: SECRETARY SALLIS, CITY MANAGER MARTINEZ, UTILITY MANAGER TORRANCE AND OTHER KEY STAFF

EX ABSNC COMMISSIONER JONES MOVED, SECONDED BY COMMISSIONER CAIRNS, to grant an excused absence to COMMISSIONER WALTERS. Motion carried by the following roll call vote:

AYES:	CHAIRMAN CAMPBELL, COMMISSIONERS JONES, BROWN AND CAIRNS
NOES:	NONE
ABSENT:	COMMISSIONER WALTERS, McNEIL AND POWELL

APPROVAL AGENDA COMMISSIONER CAIRNS MOVED, SECONDED BY COMMISSIONER BROWN, to approve the agenda. Motion carried by the following roll call vote:

AYES:	CHAIRMAN CAMPBELL, COMMISSIONERS JONES, BROWN AND CAIRNS
NOES:	NONE
ABSENT:	COMMISSIONER WALTERS, McNEIL AND POWELL

CORSPNDN: None

PBLC APRN: None

PRESENTN; ELECTRIC RATE STDY Utility Manager Torrance made reference to the update at the last meeting on the water and wastewater rate study results and now an overview of electric. The Ratemaking Ad Hoc Committee has participated in the process and she introduced consultant Ashley Blank, K.R. Saline & Associates, PLC, a sub-contractor to Raftelis.

Ms. Blank reviewed the PowerPoint Presentation that provided three options which were reviewed by the Ad Hoc Committee. Those options included Option 1 - Current Rate Structure - No Rate Change; Option 2 - Customer & Energy Charge; and Option 3 - Customer, Demand and Energy Rates. The findings, after review by the Ad Hoc Committee, were to remain status quo with the current rate structure.

Utility Manager Torrance explained that the Ad Hoc Committee looked at the financial analysis and rate structures and the most cost effective is the current

hydro/over-hydro structure. The Ad Hoc Committee is recommending leaving the rate structure as-is as electric is meeting the current requirements and is successful financially. A brief discussion followed on the rate study, customer classes and how it's determined which is small, medium and large users. Utility Manager Torrance agreed to provide the number of customers determined by the electric rate study by customer class (small/medium/large). She wanted to make clear that tiered or demand rates may be in the future but right now our current rates are working.

Utility Manager Torrance noted the PowerPoint is for information only and that AB2257 will be going on the City Council agenda which allows residents to protest the water and wastewater adjustments. It will be on the Board's next agenda for approval to begin the 218 process.

CNST CAL: COMMISSIONER BROWN MOVED, SECONDED BY COMMISSIONER CAIRNS, to approve consent calendar agenda items 2 through 6.

2. Approval of minutes of the regular meeting held July 1, 2025
3. Accept the AB32 Greenhouse Gas (GHG) Emissions Verification Report 2024 Emissions prepared by WZI Inc.
4. Approve Change Order #1 with Raftelis Financial Consultants, Inc. to include a Joint Pole Cost of Service Analysis in the Comprehensive Electric, Water and Wastewater Utility Cost of Service Ratemaking Study at a cost not to exceed $5,000 to be funded from the adopted FY26 electric budget
5. Approve the First Amendment to the Non-Exclusive License Agreement for Joint Use of Poles between the City of Needles and Fort Mojave Telecommunications, Inc. authorizing additional attachments along Erin Drive, Washington Street, and Highland Avenue
6. Authorize a not to exceed expenditure of $15,000 for Brooks Consulting, LLC for Professional Electrical Engineering Services for FY26 to be funded from the adopted electric budget (Amended)

Motion carried by the following roll call vote:

AYES:	CHAIRMAN CAMPBELL, COMMISSIONERS JONES, BROWN AND CAIRNS
NOES:	NONE
ABSENT:	COMMISSIONER WALTERS, McNEIL AND POWELL

REG ITEMS:

CPUC ELCT DISTRIBTN AUDIT

Utility Manager Torrance explained that this is the first audit for GO (general order) 95 safety on the electric system. Staff did address all audited items and are making corrections. Better controls have been set up and a patrol log/line inspection record has been created along with a tailboard form for the crews to use. A brief discussion ensued on the audit results and resolution of the issues.

COMMISSIONER CAIRNS MOVED, SECONDED BY COMMISSIONER BROWN, to accept the California Public Utilities Commission (CPUC) Electric Distribution Audit covering the period of March 10-14, 2025, as documented in

the final report dated June 25, 2025. Motion carried by the following roll call vote:

AYES:	CHAIRMAN CAMPBELL, COMMISSIONERS JONES, BROWN AND CAIRNS
NOES:	NONE
ABSENT:	COMMISSIONER WALTERS, McNEIL AND POWELL

REPORTS: CHAIRMAN CAMPBELL acknowledged the following reports: 1) Monthly Activity Report May 2025; 2) Present Perfected Rights Report June 2025; 3) EUSI, LLC operational support services relating to the wastewater treatment facility and collection system June 2025

MGR'S RPT: Utility Manager Torrance reported that staff transacted for 26FY Q1 term purchase with Western Area Power Administration so the city is good through December. Waiting to close this week with good pricing. She also referenced the August 5, 2025 manager's report provided at this meeting.

BRD RQSTS: CHAIRMAN CAMPBELL spoke on the article provided by Utility Manager Torrance "EPA to revoke greenhouse gas emissions rules" and explained the history of this action. He requested staff draft a letter in support of eliminating the greenhouse gas rule to submit to the Environmental Protection Agency (EPA) during the 45 day comment period. Bring a draft back at the next meeting to decide if the Board wants to send comments on the greenhouse gas rule. This rule affects costs to the ratepayers due to the cost of vehicles and price of energy.

CHAIRMAN CAMPBELL declared the regular meeting of the Board of Public Utilities held on the 5th day of August, 2025, adjourned at 4:34 p.m.

ATTEST:_____ _____

Chairman Secretary

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Accept the proposal of and authorize Lincus Incorporated to complete the 2025-2027 AB 32 Greenhouse Gas (GHG) Third Party Verification Services for a total cost not to exceed $26,014

Background: California Air Resources Board (CARB) has established and implemented a verification program to support mandatory greenhouse gas (GHG) reporting. Two primary components are an accreditation program for GHG verification bodies and individual verifiers, and a verifier performance oversight program. CARB is responsible for evaluating the verification services provided by CARB-accredited verification bodies and verifiers to ensure California's high-quality standards are achieved.

Only CARB-accredited verification bodies may provide verification services to reporting entities. Staff requested proposals from several verification bodies provided by CARB. The city received two responses; one from Lincus Incorporated and Carbon Verification Services, LLC.

	2025	2026	2027		Total
Lincus	8,640.00	8,214.00	9,160.00	$	26,014
Carb Verification	9,850.00	9,850.00	9,850.00	$	29,550

WZI Inc. has completed the verification services for the past 5 years. CARB established a term limit and requires third-party verification providers be switched every 5 years.

Fiscal Impact: The fiscal impact of contracting with Lincus Incorporated is $8,640 in FY 2025–26, $8,214 in FY 2026–27, and $9,160 in FY 2027–28, funded by the adopted electric operations and maintenance budget.

Environmental Impact: N/A

Recommended Action: Accept the proposal of and authorize Lincus Incorporated to complete the 2025–2027 AB 32 Greenhouse Gas (GHG) Third Party Verification Services for a total cost not to exceed $26,014

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

Proposal to Provide:

Mandatory Reporting Regulation Verification Services

City of Needles

(RY 2025 – RY 2027 Data Reports)
(ARB ID#: 3047)

Prepared for:
Rainie Torrance
Utility Manager
City of Needles
Email: rtorrance@cityofneedles.com

Prepared By:
Ramanujan Vetrivel
Project Manager
Lincus, Inc.
Ph: 626-550-5196
Email: rvetrivel@lincus.com

August 20, 2025

LINCUS, INC.
Tempe, AZ
Chicago, IL
Monrovia and
Emeryville, CA

(877) 525-8898
lincusenergy.com

Energy Engineering Consultants

Table of Contents

A. COVER LETTER

Lincus, Inc. ("Lincus") is pleased to respond to City of Needles ("Reporter") request for a proposal for Greenhouse Gas Emissions verification services for reporting years 2025 to 2027 data reports under the Mandatory Reporting Regulation administered by the California Air Resources Board. It is Lincus' understanding that City of Needles is responsible for submitting emissions reports for the following reporting entity.

Reporting Entity	ARB ID#	Industry Sector
City of Needles - EPE	3047	Electricity Transactions

Lincus is an ARB-accredited greenhouse gas verification body under Executive Order H-22-021. The Lincus team has experience in providing GHG verification and consulting services to over two hundred electricity transactions, electricity generation, cogeneration, and stationary combustion facilities. Lincus also has a 100% track record of completing verification services before the ARB deadline and passing ARB audits for all selected projects with no/minimal comments.

The complete proposal, including the scope, verification cost, and schedule is attached for your review.

Thank You,

Ramanujan Vetrivel

Project Manager & ARB Lead Verifier

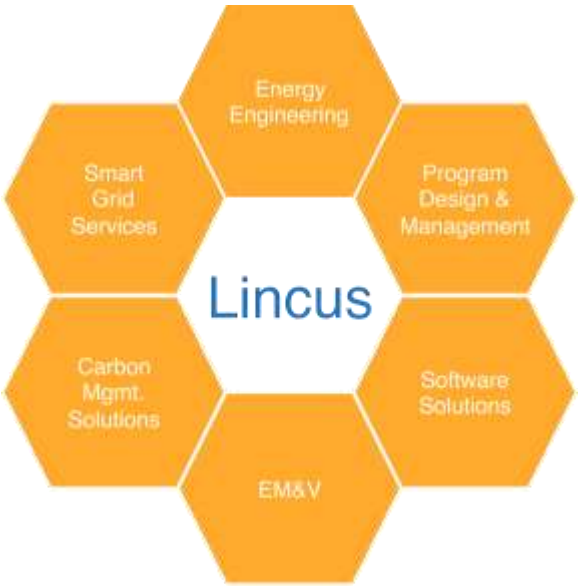
B. COMPANY INFORMATION

As a CPUC Clearinghouse certified **Women Business Enterprise ("WBE")**, Lincus serves its customers from four offices – Monrovia and San Francisco, California; Tulsa, Oklahoma; and Tempe, Arizona. Established in 2003, Lincus specializes in providing energy, carbon management, and information solutions to a client base that spans the commercial, industrial, governmental, utility, and design communities. Lincus is one of the very few companies in the United States which are accredited by the California Air Resource Board (ARB), Oregon DEQ, and Washington's Department of Ecology to provide Greenhouse Gas (GHG) verification services. Our decarbonization services also include Low Carbon Fuel Standard (LCFS), Carbon Disclosure Project (CDP) reporting & verification, along with developing strategies for Building Electrification, Distributed Energy Resources, and EV infrastructure evaluation.

We have a total of six accredited lead and general verifiers who have successfully completed the ARB training and exam for general stationary combustion with three accredited for transactions and one for the oil & gas market sector. Our GHG verification services are conducted exclusively by ARB-accredited verifiers. Our clients have benefitted from our deep knowledge and understanding of the reporting and verification process. In assisting its customers, *Lincus* aims to provide individual attention to each GHG reporting or verification project along with excellent customer service. The table below shows the list of Lincus' accredited GHG verifiers under MRR.

Verifier Name (EO#)	ARB Accredited	Lead Verifier	Stationary Combustion	Oil and Gas	Transactions
Hob Issa (H-24-049)	✓	✓	✓		
Yeshpal Gupta (H-24-043)	✓	✓	✓	✓	✓
Cristalle Mauleon (H-24-122)	✓	✓	✓		✓
Ramanujan Vetrivel (H-23-021)	✓	✓	✓		✓
Alyza Khan (H-24-175)	✓		✓		
Grecia Hernandez (H-24-166)	✓		✓		

The following picture and description provide *Lincus*' overall services and capabilities.



Carbon Management Solutions

GHG Validation/Verification, Carbon Disclosure Project, Low Carbon Fuel Standard, Decarbonization strategies, Building Electrification, etc.

Energy Engineering

Strategic Energy Planning, Energy Simulation, ASHRAE Audits, Performance Contract Evaluation and Support, CX and RCx, M&V, New Construction Review and Compliance, Demand Response, and Smart Grid Integration

Program Design and Management

Prescriptive and Custom Program Development and Support; and Comprehensive Program Development (upstream, midstream, and downstream)

Software Solutions

Program Management Software, Commercial Energy Auditor, PM Tool, GGA Analyzer, Home Energy and Carbon Analyzer, Lighting Calculator, and Power Pledge

Evaluation Monitoring and Verification

Market Potential Studies, Program Process and Impact Evaluations, and EM&V Studies

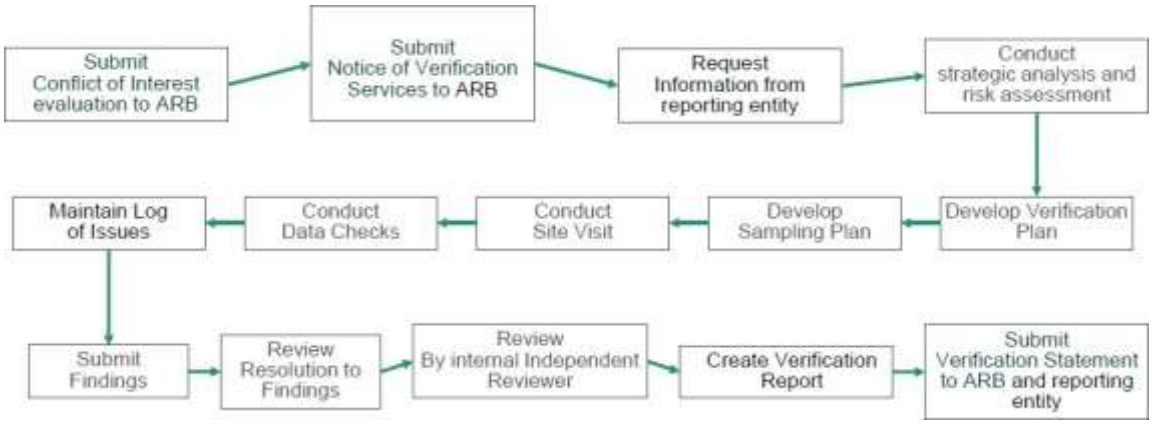
C. STATEMENT OF UNDERSTANDING AND APPROACH

c.1 Lincus' Work Plan

The purposes of the GHG verification exercise are, by review of objective evidence, to independently verify that the submitted emissions data reports are:

- Free of material misstatement; and
- In full conformance with the requirements of the Regulation.

Lincus' verification team follows a very well defined and tested approach to achieve these objectives. The diagram below shows the key steps in the verification process.



Here is the detailed description of various tasks involved in the verification process:

Task 1: COI/NOVS Evaluation – Prior to beginning any verification project, *Lincus* conducts an evaluation to identify any potential conflicts of interest (COI) as per the guidelines provided in the regulation section 95133. The *Reporter* may be asked to provide emissions information to *Lincus* in order to proceed with this evaluation. Once *Lincus*' internal review is completed and approved for the verification services, *Lincus* will assign a Lead Verifier to coordinate various verification activities. The Lead Verifier will then select other verification team members based on their expertise. The lead verifier will have operational control over the verification team and will be the primary point of contact for all verification activities. After completion of the internal COI evaluation, *Lincus* will submit a COI form and a Notice of Verification Service (NOVS) form to ARB for each facility. After CARB approves the COI and NOVS, Lincus will begin verification services for the *Reporter*.

Task 2: Project Kickoff and Information Request – After receiving ARB's approval, a kick-off meeting (or a conference call) with the *Reporter* will be held to discuss the scope of verification, and considerations for the verification including but not limited to verification activities, verification schedule, site access clearance/safety issues, and other applicable project details. *Lincus* will also request a point-of-contact to coordinate and follow up for information during verification. Copies of emissions-related information for the verification year, including a copy of the GHG monitoring plan, will also be requested to develop a complete understanding of the facility. Based on the reported transactions, the following documents and information will be required, at a minimum, to conduct the necessary document and data reviews:

- GHG monitoring/inventory plan
- Details of all transactions and calculations
- Sample NERC e-tags
- Accounting reports
- Lesser of analysis for applicable Sources
- Power contracts
- RECs tracking

Task 3: Verification Plan Development – Once the information outlined in Task 2 is obtained, Lincus will conduct strategic analysis and risk assessment based on the received data in concert with information regarding the Reporter's operation to formally document the Verification Plan. The Verification Plan will include dates of proposed meetings and site visits; a list of personnel to be interviewed; a list and types of document and data reviews; and an expected date for completing verification services.

Task 4: Sampling Plan Development – In this task, the verification team will develop a Sampling Plan based on a strategic analysis developed from initial document reviews and update the plan after conducting the site visit described in Task 5. The Sampling Plan will be created to assess the likely nature, scale, and complexity of the verification services and shows how the verifier plans to get to reasonable assurance with the submitted report. The Sampling Plan will also address the three types of uncertainty risk (inherent, control, and detection), and assesses the potential level of risk. The sampling plan will include:

1. Ranking of all emission sources by magnitude on a CO_2e (Carbon Dioxide equivalent) basis;

2. Ranking of emission sources with the largest calculation uncertainty
3. Qualitative description of uncertainty risk assessment of
    - Data acquisition equipment
    - Data sampling and frequency
    - Data processing and tracking
    - Emission calculations
    - Data reporting
    - Management policies or practices in developing emission data reports

Task 5: Site visit – Once the verification plan is complete and agreed upon, in-person site visits will be scheduled/conducted to verify the facility's emission sources, data management systems, and to interview personnel associated with their GHG emission program. Facility visits for each facility undergoing full verification are mandatory per AB 32 regulations. During less intensive verification years, online meetings will be held in lieu of the in-person site visit. During the site visit, Lincus will inspect facility operations, emissions-related documentation, data management systems, and other areas. The verification team will also interview key personnel involved in recording, storing, managing, and generating reports related to emissions reporting. Every effort will be made to schedule interviews with key personnel to minimize disruption to facility operations. Depending upon the pre-site visit data provided by the facility, Lincus verifiers will survey the facility for data gathering, inspection, and interview of various facility personnel. Project status updates and follow-up site visits (if necessary) will be coordinated through the Lincus Lead Verifier assigned to that facility.

Task 6: Compliance Assessment/Data Checks – Based on the sampling plan, the verification team will conduct a thorough review of the *Reporter*'s submitted data to verify compliance with the regulation. The verification team will also verify the *Reporter*'s compliance with other non-data-driven portions of the regulation as specified in regulation sections 95103 to 95109. In essence, the verification team will verify that the submitted emission data report is "free of

material misstatement" and is in "full conformance with the requirements of regulation". In some cases, the verification team may re-create a part of the emission calculations to verify its accuracy. If required, the lead verifier may request additional documentation and/or explanations. If any errors/issues are found in the emission data report, the verification team will provide an Issues Log to the *Reporter* via email. The reporter will be provided up to ten business days to address the Issues Log. At the end of this step, the verification team will revise the sampling plan to describe in detail how the identified risks were addressed during verification.

Task 7: Internal Quality Control – Once the compliance assessment process is completed and the verification team makes a recommendation, all documentation will be submitted to independent Lead Verifier. The Independent Lead Verifier's role is to ensure that all verification procedures have been properly followed and that the conclusions are well-supported. The Independent Lead Verifier will then decide to either approve or reject the verification team's recommendation. In the case of rejection, the Verification Team will address the issues identified by the Independent Lead Verifier and resubmit.

Task 8: Verification Report & Verification Opinion – As an outcome of the verification process, *Lincus* will provide to the *Reporter*, a detailed verification report for each site. The verification report will include the verification plan, the detailed comparison of the data checks with the submitted emission data report, the log of issues identified in the course of verification activities and their resolution, and any qualifying comments on findings during verification services. The verification team will also provide a verification opinion to the *Reporter*. In the event of an adverse verification opinion, the *Reporter* will be provided at least ten working days to modify the emission data report to correct any material misstatement or nonconformance found by the verification team, per regulation section 95131(c)(4). If needed, Lincus verification team will conduct a meeting (online) to discuss the verification report and opinion with the *Reporter* staff. Once all issues are addressed and prior to the verification deadline, *Lincus* will submit the verification opinion to ARB (through Cale-GGRT) and a final copy of the verification report and verification opinion to the *Reporter* no later than by the ARB verification deadline for each year or mutually agreed upon date.

D. PROJECT SCHEDULE AND COST ESTIMATE

d.1 Project Schedule

Lincus proposes to complete the verification activities anywhere between 6-8 weeks after receiving a notice to proceed and certification of emissions data report on the Cal-eGGRT website. Verification activities are assumed to start no later than the reporting deadline of June 1st (or next business day) for power transactions but can be started as soon as reports are certified in Cal-eGGRT. Lincus is committed to completing all verifications on/before the ARB verification deadline for each year or mutually agreed upon date assuming a timely response from the Reporter to the Issues Log (maximum 10 business days). The Table below shows a tentative timeframe (in business days) for each task to be followed for this verification services.

Verification Tasks	Estimated Timeframe (business days)
Task 1: COI/NOVS Evaluation*	5 Days
Task 2: Project Kickoff and Coordination	1 Day
Task 3: Verification Plan Development	3 Days
Task 4: Sampling Plan Development	5 Days
Task 5: Site Visit	3 Days
Task 6: Compliance Assessment	5-10 Days
Task 7: Internal Quality Control	3 Days
Task 8: Verification Report & Verification Opinion**	5 - 10 Days*
Total	**30 – 40 Days**

**COI/NOVS will be completed before the submission of the emissions data report.*
***Adverse opinion requires a minimum of ten days of notice to the Reporter.*

d.2 Budget Estimate

The following fixed cost estimate has been prepared based on the GHG verification process outlined earlier in this document, as well as our understanding of transactions sources (including Specified Imports – primarily from EIM, Unspecified Imports, and Unspecified Exports). The scope of work for each task is detailed in the proposal. *Costs cover the review of one set of revisions to the submitted data report. Reviews of any additional revisions will be billed on a time and materials basis.*

Task Description	RY 2025 Cost	RY 2026	RY 2027
Task 1: COI/NOVS Evaluation	$216	$222	$229
Task 2: Project Kickoff and Coordination	$432	$444	$458
Task 3: Verification Plan Development	$864	$888	$916
Task 4: Sampling Plan Development	$1,080	$1,110	$1,145
Task 5: Site Visit	$1,296	$666	$1,374
Task 6: Compliance Assessment	$3,456	$3,552	$3,664
Task 7: Internal Quality Control	$432	$444	$458
Task 8: Verification Report & Verification Opinion	$864	$888	$916
Total Price	**$8,640**	**$8,214**	**$9,160**

** Virtual site visits will be conducted during the expected less-intensive verification for RY 2026.*

Work Not Included In This Proposal

This section includes the work not included in this proposal and additional reimbursable expenses (if applicable).

1. Additional site visits, presentations, meetings times outside this Scope of Work, if required, will be billed at $216/hr for RY 2025 data, $222/hr for RY 2026 data, and $229/hr for RY 2027 data.
2. More detailed verification services that exceed the standard set forth in MRR
3. Any work not specifically included in Tasks 1 through 8 (above)
4. Any verification work for the following verification years other than the years specified in this scope of work.

E. INVOICING

Lincus will submit invoices after the site visit and after verification completion, as outlined in the Table below. The Reporter shall make payment net 30 days after receipt of an invoice.

Milestone	% of the Contract Amount	RY 2025	RY 2026	RY 2027
After Site Visit	50.00%	$4,320.00	$4,107.00	$4,580.00
After Verification Completion	50.00%	$4,320.00	$4,107.00	$4,580.00
Total	**100.00%**	**$8,640.00**	**$8,214.00**	**$9,160.00**

Terms and Conditions

1. If the above-stated terms are agreeable, please sign and return one copy of this proposal to our office. If this agreement is not signed and returned and we are asked to proceed with the project, all conditions contained herein shall constitute a contract for services. *Lincus* reserves the right to revise the fee stated herein if not accepted within a period of 30 days from the date of the proposal.
2. Your acceptance below will represent an agreement between us for MRR verification services for the facilities noted above. Any changes made to this agreement shall be initiated by both *Lincus* and the Reporter.

Thank you for the opportunity to offer our services.

Sincerely Yours,

Ramanujan Vetrivel, Project Manager & Accredited Lead Verifier

ACCEPTED By: City of Needles (Reporter)

Authorized Person Name	Authorized Person Title
Authorized Person Signature	Date Signed

Appendix A: MRR Verification References

Customer Name	Report Types	Reporting Years Verified	Contact Person
Pasadena Water & Power	Power Generation, Electricity Transactions	2018 - 2023	Christina Schieber Email: cschieber@cityofpasadena.net
City of Azusa	Electricity Transactions	2017 - 2022	Tim Vuong Ph: 626-812-5015 Email: tvuong@azusaca.gov
Calpine Corporation	Power Generation, Electricity Transactions, Fuel Supplier	2022 - 2023	Betty Chu Ph: (530) 821-5321 Email: betty.chu@calpine.com
OLS Energy	Power Generation	2016 - 2021	Steve Bean Ph: 909-597-0338 sbean@olsenergy.com
Los Angeles Department of Water & Power	Power Generation, Electricity Transactions	2017 - 2020	Cindy Parsons Ph: 213-367-0636 Email: Cindy.Parsons@ladwp.com

1178 Broadway, 3rd Floor, #1123
New York, NY 10001
646-499-0083
www.CarbonVerificationService.com

August 22, 2025

Rainie Torrance, Utility Manager
City of Needles
817 Third Street
Needles, CA 92363

Re: City of Needles
California Air Resources Board
GHG Report Verification – Reporting Years 2025, 2026 and 2027

Dear Ms. Torrance:

Carbon Verification Service appreciates the opportunity to submit a proposal to verify the City of Needles's Greenhouse Gas Emission Report for the California Air Resources Board for reporting years 2025, 2026, and 2027. A scope of work, cost estimate and general terms and conditions are outlined below.

Scope of Work

Carbon Verification Service will conduct verification services in accordance with the following general verification principles:

Verification Criteria	CARB Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, 17 CCR 95100 to 95158
Boundaries of the Project	The electricity transactions by City of Needles subject to reporting by 17 CCR 95111
GHGs to be Verified	CO_2e
Level of Assurance	Reasonable assurance
Time Period Included	GHG emissions during calendar year 2025, 2026 and 2027
Definition of Materiality	The materiality determination will be based on the following equation: Percent error (emissions) = $\sum$ [Discrepancies + Omissions + Misreporting] x 100% / Total reported covered emissions The result of this equation must be 5% or greater to find that there is a material misstatement of emissions.

Carbon Verification Service will use its best efforts to complete the project according to the following schedule:

1178 Broadway, 3rd Floor, #1123
New York, NY 10001
646-499-0083
www.CarbonVerificationService.com

Task #	Task	Deadline
1	Submit Conflict of Interest/Notice of Verification Service certification to CARB	5 Days after contract award
2	Issue Request for Information	5 days after CARB approval of COI/NOVS
3	Prepare Verification Plan and Sampling Plan	5 days after receipt of requested information.
4	Perform Site Visit at WAPA's office in Phoenix, AZ (year 1 only)	15 days
5	Perform Data Review and Assessment	20 days
6	Prepare Verification Report	10 days
7	Conduct Independent Technical Review	5 days
8	Issue Verification Statement	No later than August 11 of each year.

Carbon Verification Service will:

- Perform the services in an efficient, prompt, skillful and careful manner in accordance with current industry standards, practices and accredited procedures.
- Provide at least one opportunity for City of Needles to respond to corrective action requests, if any, and verify any final version of the corrected emission report.
- For each year, issue a Verification Report and Verification Statement substantially as defined in the

Reporting Rule. City of Needles will:

- Make commercially reasonable efforts to cooperate with Carbon Verification Service to comply with the schedule set forth in this Proposal.
- Submit an Emission Report in the Cal-eGGRT reporting tool and provide access to the Report to Carbon Verification Service.
- Promptly and appropriately respond to requests from Carbon Verification Service for correct, accurate and complete background and supporting documentation, including e-tags. This includes making employees available for interviews in a timely fashion. Personnel to be interviewed include those who prepared the GHG Report, traders and data management personnel.
- If feasible, provide read-only access to the City of Needles's tagging agent (OATI) to review import and export e-tags and conduct data queries.
- Promptly correct all material misstatements and respond to any other corrective action requests from Carbon Verification Service.
- Pay the fee, as specified below.

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Cost

The cost to complete the tasks identified above is $ 9,850 per year. Travel expenses for the site visit are estimated to be an additional $950. A deposit of $1,970 will be invoiced upon execution of the contract for year 1. The deposit for years 2 and 3 will be invoiced on or around June 1, 2027 and June 1, 2028 for the same amount as year 1.

Fees in addition to that specified above may be charged for tasks that are not identified in the proposal, for repeats of any or all the tasks that are identified, or for work required due to non-conformances with the Reporting Rule. The City of Needles will be notified in writing in advance if additional fees are necessary.

General Terms and Conditions

General Terms and Conditions applicable to this Verification Project are attached and are hereby incorporated into this Agreement.

Should this Proposal meet with your approval, please sign below to signify your agreement with the terms and conditions of this Agreement and return a fully executed original to me. Thank you for the opportunity to submit this Proposal. If you have any questions, please contact me at 916-208-9389.

Sincerely,
For Carbon Verification Service, LLC

James J. Groome
President

AGREED TO AND ACCEPTED:
City of Needles

By: _____

Title: _____

Date: _____

Attachment - General Terms and Conditions

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New York, NY 10001
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General Terms and Conditions

This Verification Agreement ("Agreement") is entered into by and between Carbon Verification Service, LLC, (hereinafter referred to as "the Verification Body" or "the VB") and the City of Needles (the "Client"). The Verification Body and the Client to be referred to individually as a "Party" and collectively, when the context so permits, as the "Parties". All capitalized terms not defined herein have the definition set forth in the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions sections 95100 to 95158, Title 17, California Code of Regulations (The "Reporting Rule") which is incorporated herein by reference, as applicable.

1. Scope of Agreement

1.1 The VB shall perform the Services in accordance with the Proposal dated August 22, 2025.

1.2 The Client recognizes that its compliance with the Deadlines identified in the Proposal and its timely cooperation is critical to receiving the Services from the VB in a timely manner. If the Client fails to meet its responsibilities as outlined in the Proposal, the VB provides no guarantees regarding completion of the Services, including submission of the final verification statement, by the schedule indicated in the Proposal and Client agrees that additional fees may be charged to Client to complete the Services.

1.3 The Services will be conducted in English unless otherwise agreed upon by both the VB and the Client. Language requirements include oral communication, written communication and document review.

1.4 The VB retains authority and responsibility for its verification activities, decisions and Verification Statement.

2. Representations, Warranties, and Disclaimer

2.1. Any Services provided by VB will be provided pursuant to industry standards by competent and qualified personnel.

2.2. Each Party has entered into this Agreement as principal and for its own account (and not as advisor, agent, broker or in any other capacity, fiduciary or otherwise), with a full understanding of, and the ability to assume, the material terms and risks of the same.

2.3. Each Party represents and warrants that it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing and has the authority and power to execute this Agreement or other document relating hereto to which it is a party, to deliver this Agreement or other document relating hereto that it is required hereby to deliver, and to perform its obligations under this Agreement or other document relating hereto to which it is a party, and has taken all necessary action to authorize such execution, delivery and performance. Each Party further represents and warrants that the person executing this Agreement on behalf of each Party has full power and authority to enter into this Agreement.

2.4. This Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency or other similar laws affecting creditor's rights generally.

2.5. The VB makes no further representations regarding the Services provided. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

3. Use of the Deliverable

3.1. The VB will provide the Deliverable set forth in the Proposal in its entirety to the Client. The Client may include the Deliverable in its annual report or may be issued by the Client in any separate report that it may publish or be provided to any other interested parties or entities. The name and/or logo of the VB may not appear in the report or publication without prior written consent of the VB. The VB reserves its right to seek legal remedies for unauthorized use of the VB name or logo.

3.2. Except as expressly permitted in this Agreement, the Client hereby represents and warrants that it will not publish, nor otherwise refer to, the Deliverable or any portion thereof unless the prior written consent of the VB is received.

4. Compensation and Payment

4.1. VB shall deliver to the Client, at the address provided below, invoices every month for the duration of the project, which invoices shall be calculated in accordance with the pricing terms set forth in the Proposal or as agreed to by the Parties from time to time. VB may require a deposit in the amount set forth on a separate invoice to be applied to the last invoice before performing the Services. Other than the deposit, the Client shall pay the amount specified on the invoice in US Dollars directly to the VB within thirty (30) calendar days from the date of Client's receipt of such invoice (the "Due Date"). Any amounts not paid by the applicable Due Date shall accrue interest at a rate of 1.5% per month beginning the day after the Due Date, up to and including the date payment is actually received by the VB. The VB reserves the right to cease or suspend work for reason of unpaid fees and/or to seek legal remedies for unpaid fees. The Client shall pay all of the VB's reasonable collection costs including reasonable attorney's fees.

Invoicing Information (to be completed by the Client):

Client Contact Name:	
Client Billing Address:	
Contact Telephone:	
P.O. Number:	
Client Federal Tax ID (EIN):	

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4.2. All fees and charges payable to the VB shall be net of any and all taxes, sales or use taxes, fees, value added taxes, or other government charges (collectively "Taxes") charged or which may be imposed in the future in relation to the VB's Services (other than VB's income taxes), directly in relation to the rendering of the Services, and Client agrees that it will be responsible for the payment of all such taxes. The Client shall pay all Taxes associated with the Services to VB as required by law.

4.3. Notwithstanding the dispute resolution provisions of Section 9.2 below, should the Client wish to dispute an invoice, it must do so in writing, within thirty (30) calendar days of receipt, and shall provide sufficient detail in the notice to fully describe the nature, detail, and evidence in support of the dispute along with the amount in dispute. Otherwise, invoices shall be deemed accurate and payable according to the terms thereof. If VB has received notice of such an invoice dispute, the Client will pay the full undisputed amount when due and shall not be entitled to retain or defer payment of any sums to the VB on account of any dispute, counter claim or set off which Client may allege against the VB. The VB may elect to bring action for the collection of unpaid fees in any court having competent jurisdiction, and upon a judgment in VB's favor, the Client shall pay all of the VB's collection costs, including attorneys' fees and related expenses.

5. Marketing and Claims

5.1. Client may not state in marketing efforts and other publications that its Report was verified by VB without VB's express prior written consent.

5.2. Client may not use the Verification Statement, the mark of or the logo of Carbon Verification Service, LLC in marketing efforts and publications without express prior written consent of VB.

6. Term and Termination of the Agreement

6.1. Term. The Term of this Agreement shall commence on the Effective Date and terminate on the first anniversary date of the Effective Date. The Effective Date is the date both parties execute the contract.

6.2. Termination for Cause. Either Party may terminate this Agreement upon the other Party's material breach of a material provision of this Agreement, if such breach is not cured within ten (10) calendar days of notice from the non-breaching Party, provided that if this Agreement is terminated by the VB, the VB shall be entitled to the *pro rata* portion of the fees agreed to for the Services under this Agreement for the Services performed by VB prior to the Client's breach, and other than as stated in Section 6.3 (Conflict of Interest), no refunds will be due in the event of Termination of this Agreement.

6.3. Termination for Conflict of Interest. In the event that any applicable government agency determines that VB has a conflict of interest in performing the Services, which VB determines in its sole judgment and discretion cannot be mitigated or the cost of such mitigation is too expensive, then VB shall have the right to immediately terminate this Agreement without any penalty or further obligation. In such event, VB shall refund all fees received for Services not yet performed.

7. Limitation of Liability and Indemnification

7.1. **LIMITATION OF LIABILITY.** THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE LIABLE PARTY'S LIABILITY SHALL BE LIMITED TO THE DIRECT ACTUAL DAMAGES (INCLUDING ANY FEES PREVIOUSLY PAID UNDER THIS AGREEMENT) ONLY AND SUCH DIRECT, ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER, AND ALL OTHER REMEDIES OR DAMAGES SHALL BE WAIVED. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR REVENUES OR LOSS OF USE OF EITHER, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER THIS AGREEMENT.

7.2. **The VB shall not be liable for:**

7.2.1. ANY DELAYED OR PARTIAL PERFORMANCE OF THE SERVICES, OR ANY DAMAGES SUFFERED BY CLIENT AS A RESULT OF SUCH DELAYED OR PARTIAL PERFORMANCE OF THE SERVICES, ARISING DIRECTLY OR INDIRECTLY FROM ANY EVENT OUTSIDE THE VB'S CONTROL; OR

7.2.2. ANY PARTIAL OR TOTAL NON-PERFORMANCE OF THE SERVICES OR ANY DAMAGES SUFFERED BY CLIENT AS A RESULT OF SUCH PARTIAL OR TOTAL NON-PERFORMANCE OF THE SERVICES, DIRECTLY OR INDIRECTLY ARISING OUT OF AN ACT OR OMISSION BY THE CLIENT.

7.3. Indemnity. Except for cases of proven negligence or fraud by Party, the other Party agrees to indemnify, defend and hold harmless such Party and its officers, directors, employees, agents, representatives and subcontractors against all claims (actual or potential) of any third party for loss, damage or expense of whatever nature, including all legal expenses and related costs arising from, related to or in connection with this Agreement.

7.4. Defense. VB shall: (i) give prompt written notice, in accordance with the provisions of Section 10.3, of any third-party claim, suit, expense or the like related to or in connection with this Agreement; (ii) permit the Client to control and direct the defense or settlement of any such claim, suit or the like, provided, however, that (a) the Client shall not enter into any settlement agreement that would result in any admission by VB or payment by VB without VB's prior written consent, (b) VB may at its election participate in the defense of such claim, suit or the like through separate counsel at its own expense, and (c) VB provides the Client all reasonable assistance (at the expense of Client) in connection with the defense or settlement of any such claim or suit.

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8. Confidentiality

8.1. As used herein, "Confidential Information" shall include any and all oral and written information provided to a Party by the Other, provided, however, that Confidential Information shall not include any information which (i) is, or hereafter becomes (but not in violation of this Agreement), generally known to the public, (ii) was available to a Party on a non-confidential basis prior to the time it was disclosed by the other Party, (iii) is disclosed by an independent third party with a right (or apparent right) to make such disclosure. Unless required by law or upon request of a governmental authority with competent jurisdiction, neither Party shall disclose the Confidential Information to any person or entity except for its directors, employees or outside consultants retained by it in connection with this Agreement.

8.2. The VB agrees that any Confidential Information disclosed to it by the Client will not be used for any purpose other than in connection with the performance of its duties and obligations under this Agreement. The VB shall use its best efforts to prevent access by unauthorized persons to such Confidential Information, such efforts to reflect at least the same degree of security that the VB accords its own confidential information. The VB shall ensure that any outside consultant retained by the VB is made aware of, and is bound by, this Article 8.

8.3. In the event that a Party, or anyone to whom Confidential Information is disclosed pursuant to this Agreement, becomes legally compelled to disclose any of the Confidential Information, or such disclosure is requested by any governmental authority with jurisdiction over the subject of this Agreement or the Parties hereto (the "Compelled Party"), the Compelled Party shall provide the Party whose Confidential Information will be affected by such disclosure (the "Affected Party") with prompt notice so that the Affected Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. In the event that such protective order or other remedy is not obtained or in the event that the Affected Party waives compliance with the provisions of this Section, the Compelled Party will furnish only that portion of the Confidential Information which the Compelled Party is legally required or requested to disclose and will seek to obtain reliable assurance that confidential treatment will be accorded the Confidential Information so disclosed.

8.4. Notwithstanding the foregoing, except as required by witness assessments or other accreditation assessments by accreditation bodies or oversight authorities of GHG regimes and sector schemes, the VB will not disclose to a third party, without prior written consent from the Client, any information that comes into its possession, the possession of its employees, agents or others in the course of the engagement. Where disclosure is required by a relevant reporting program, the VB will give timely notification to the Client prior to any release of information to such reporting program. The Client acknowledges, understands and agrees that on occasion, a representative of the accreditation body or relevant GHG program may request to witness the VB's verification activities. Client agrees that granting access is an accreditation body requirement and therefore cannot be denied by the VB or the Client. The VB shall notify the Client in advance of granting such access.

8.5. The Parties acknowledge and agree that any breach of this Section 8 would cause irreparable harm to the nonbreaching party. Therefore, the breaching party consents to injunctive relief in such event.

9. Governing Law and Jurisdiction; Dispute Resolution

9.1. Governing Law. This Agreement shall be governed by, and interpreted in accordance with the substantive laws of the State of California exclusive of any rules contained therein with respect to conflicts of laws.

9.2. Dispute Resolution. Prior to filing any action or suit, the Parties shall negotiate in good faith to amicably resolve the dispute.

10. Miscellaneous

10.1. Entire Agreement. The text of this Agreement shall constitute the entire agreement between the Parties with respect to its subject matter, all prior contracts, proposals, representations, negotiations and understandings, either orally or in writing, including any nondisclosure and use of information agreement as may have been signed by the Parties, being hereby expressly superseded, and is not intended to confer upon any person other than the Parties any rights or remedies hereunder.

10.2. Amendment / Change Orders. Changes in the scope of the Services, either by Client request or necessitated by other events or conditions (including, without limitation, changes in law or regulation) must be agreed to in writing by the Parties. The Parties may execute one or more change orders detailing any additional Services along with associated fees upon the mutual agreement of the Parties.

10.3. Notices. Any communications required or permitted to be given by one Party to another shall be sent to the other Party by personal delivery or by first class mail, or overnight courier, or facsimile at the address shown in the introduction to this Agreement or any other address subsequently notified by any Party to the other Party and deemed delivered 5 days after mailing or when received, whichever is earlier. Unless a particular method has been required by any provision of this Agreement, facsimile communications shall be accepted if there is confirmation of the transmission and such communication is followed up by paper copy thereof sent by messenger, overnight or other express delivery service.

10.4. Assignment. Save as expressly provided for in this Agreement, no Party shall assign this Agreement in whole or in part without the prior written consent of the other Party, which shall not be unreasonably withheld. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

10.5. Independent Contractors**.** In performance of any services subject to this Agreement, each of the parties will operate as, and have the status of, an independent contractor.

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10.6. Severability. If any provision of this Agreement is deemed invalid by a court of competent jurisdiction, then the invalid or unenforceable provision will be deemed superseded by a valid, enforceable provision that most closely matches the intent of the original provision and the remaining provisions of this Agreement shall govern. Client acknowledges and agrees that each provision of this Agreement that provides for a disclaimer of warranties or an exclusion or limitation of damages represents an express allocation of risk, and is part of the consideration of this Agreement. Invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions of this Agreement.

10.7. Interpretation. This Agreement shall not be construed against any party by reason of the fact that such party drafted any particular provision so construed.

10.8. Force Majeure**.** Except as otherwise set forth in this Agreement, VB will not be deemed to have materially breached this Agreement to the extent that performance of its obligations or attempts to cure any breach are delayed or prevented by reason of any act of God, fire, natural disaster, accident, act of government, shortage of materials or supplies beyond the reasonable control of VB, strike, labor dispute or walkout, or any other cause beyond the reasonable control of VB, provided that the VB resumes performance of its obligations as soon as practicable.

10.9. No Partnership. Neither Party's employees shall be entitled to represent itself/themselves to any third parties, whether orally or on business cards or letterhead, as the agents of the other Party. Nothing in this Agreement shall constitute or create or be deemed to constitute or create a partnership, joint venture, agency, fiduciary or trust relationship or other legal association of any kind. Neither Party has the authority under this Agreement to bind the other with respect to third parties. Neither Party will represent itself to third parties as the partner of or joint venturer with the other, nor as having the authority to bind the other, except as may be otherwise expressly agreed in writing. Under no circumstances shall the VB's employees be deemed to be employees of the Client or vice versa nor shall either Party be liable for any compensation or benefits for the other Party's employees. In addition, neither Party shall use any of the other Party's trademarks without the prior written approval of such other Party.

10.10. No Waiver. Nothing shall constitute, or have the effect of, a waiver except an instrument in writing signed by a duly authorized officer or representative of the Party against whom such waiver is sought to be enforced which expressly, and not impliedly, waives a right or rights under this Agreement. The failure of any Party hereto to enforce at any time any of the provisions of this Agreement or to exercise any right which is herein provided shall in no way be construed to be a waiver of such provisions nor in any way affect the validity of this Agreement or any part thereof or the right of any Party to enforce thereafter each and every such right or option. No waiver of any breach of this Agreement shall be considered or held to be a waiver of any other or subsequent breach.

10.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

10.12. Attorneys' Fees. The prevailing party in any action or lawsuit shall be entitled to receive its attorneys' fees and costs of suit from the nonprevailing party.

10.13. Duty to Comply with Applicable Laws. The Parties will comply with all applicable laws, regulations, and orders in connection with each of their obligations pursuant to this Agreement.

10.14. Document Retention and Record Keeping Requirements. Client shall establish and maintain procedures for document retention and record keeping for all documents relating to the design, development, and maintenance of the GHG inventory, in paper, electronic or other usable format, for a period of not less than ten years after the termination of this Agreement.

10.15. Survival. Sections 2 through 10 and any portion of the Proposal that by its terms should survive, shall survive for two (2) years after the termination of this Agreement.

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Accept the Comprehensive Water and Wastewater Cost of Service Ratemaking Study dated August 2025

Background: In October 2024 the Board of Public Utilities and Council awarded Raftelis to complete the 2025-2030 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 Raftelis have met on several occasions to review fiscal policies, financial models, and rate scenarios for each of the three utilities.

During July and August 2025 the Board of Public Utilities reviewed and provided comments to the proposed financial plans and rates for Water and Wastewater utilities.

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water and wastewater rates can adequately fund the City's projected expenses over the five-year period. Raftelis projects that with no rate increases over the five-year study period, the City will draw down reserves below the existing policy and below a zero balance by the end of FY 2028.

The proposed revenue adjustments were determined to provide financial sufficiency (including a financial reserve) for the City while minimizing impacts to rate payers.

Table 1: Proposed Water Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	3.0%	3.0%	3.0%	3.0%	3.0%

Table 2: Proposed Wastewater Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	6.0%	6.0%	6.0%	6.0%	6.0%

Key factors influencing the need for proposed revenue adjustments include:

Planned capital expenditures: CIP projects scheduled over the next five years total about $6.9 million (M) for water and $1.4 M for wastewater. Key infrastructure projects include the construction of a 1.5 million-gallon water reservoir, pipeline, main, and fire hydrant replacements, upsizing pumps and sewer lines, rehabbing manholes, and other treatment, transmission, storage, and distribution improvements.

Inflationary pressure: The City's operating environment is not immune to the effects of inflation. The price of materials, chemicals, construction, professional services, energy, and other costs have increased at a historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.

Staff are requesting the Board of Public Utilities to accept the final Comprehensive Water and Wastewater Cost of Service Report and recommend acceptance to the Needles Public Utility Authority and initiate the Prop 218 45-day public comment to adopt the proposed water and wastewater rates for five (5) years.

Fiscal Impact: Increase in the cost to provide water and wastewater services.

Environmental Impact: None

Recommended Action: Accept the Comprehensive Water and Wastewater Cost of Service Ratemaking Study dated August 2025

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

CITY OF NEEDLES

Water & Wastewater Rate Study

DRAFT REPORT / AUGUST 2025

RAFTELIS

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RAFTELIS

August 22, 2025

Ms. Rainie Torrance
Utility Manager
City of Needles
817 Third Street
Needles CA 92363

Subject: Water and Wastewater Cost of Service and Rate Design Study

Dear Ms. Torrance,

Raftelis is pleased to provide this Water and Wastewater Cost of Service and Rate Design Study Report (Report) to the City of Needles (City). The study develops a five-year schedule of water and wastewater rates for the City for Fiscal Years (FY) 2026 through FY 2030 that are fair, equitable, fully recover the cost of providing service, and align with the legal requirements of Proposition 218.

The major tasks of the study were to:

- Develop a sustainable five-year financial plan to ensure financial sufficiency, meet operating costs, fund the long-term Capital Improvement Plan (CIP), and maintain prudent reserves.
- Conduct a cost-of-service analysis to develop a nexus between proposed water and wastewater rates and the cost to provide service to customer classes.
- Review the City's existing water and wastewater rate structures against alternatives.
- Design cost-justified water and wastewater rates that fairly recover costs while considering other City policy objectives
- Document the study work in a comprehensive Report, walking the reader through the rate derivation from start to finish

This report summarizes key results and recommendations and details the development of the proposed financial plan, cost-of-service analysis, and water rate calculations. It has been a pleasure working with you, and we thank you and other City staff for the support you provided to Raftelis during this study.

Sincerely,

Todd Cristiano
Vice President

Brian Bass
Project Manager

Lindsay Roth
Senior Consultant

Contents

Tables

Figures

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1. Executive Summary

1.1. Study Overview

Public water and wastewater agencies in California conduct cost-of-service studies roughly once every five years to establish a strong nexus between rates charged to customers and costs incurred to provide service, as required by Proposition 218. The City of Needles (City) last conducted a cost-of-service study in 2020, which established proposed water and wastewater rates over a five-year period from Fiscal Year (FY[1]) 2021 through FY 2025. The City engaged Raftelis in October 2024 to conduct a new Water and Wastewater Cost of Service and Rate Design Study to establish proposed water and wastewater rates over the next five-year period from FY 2026 to FY 2030. Note that the proposed rates presented in this study report may not be implemented until formally adopted by the City Council after a public hearing.

The major objectives of this study are to:

- Develop a sustainable five-year financial plan that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and Capital Improvement Plan (CIP) while adequately funding reserves and meeting debt coverage requirements.
- Conduct a cost-of-service analysis to develop a nexus between proposed rates and the cost to provide service to customer classes.
- Review the City's existing rate structures against alternatives.
- Design cost-justified water and wastewater rates that fairly recover costs while considering other City policy objectives.
- Document the study work in a comprehensive Report, walking the reader through the rate derivation from start to finish.

1.2. Proposed Financial Plans

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water and wastewater rates can adequately fund the City's projected expenses over the five-year financial forecast period. Annual projections of rate and non-rate revenues, O&M expenses, debt service payments, and capital expenditures through FY 2030 were developed with adopted budgets from City staff. Raftelis projects that with no rate increases over the five-year study period, the City will draw down reserves below the existing policy and below a zero balance by the end of FY 2028. This demonstrates a clear need for revenue adjustments[2] (i.e., rate revenue increases relative to the status quo). Raftelis worked with City staff to develop the following proposed revenue adjustments over the five-year study period (see **Table 1-1** and **Table 1-2**). The proposed revenue adjustments were selected to provide financial sufficiency (including a more robust financial reserves policy) for the City while minimizing impacts on City customers.

[1] Fiscal Year (FY) refers to the period beginning July 1 of a given year and ending June 30 of the following year, referred to using the last calendar year of the period (e.g. FY 2025 is the fiscal year beginning July 1, 2024 running through June 30, 2025)

[2] The term revenue adjustment is used to describe the overall change to rate revenues required. Individual rates, and rate changes, are a combination of the revenue adjustments and updated cost of service analysis.

Table 1-1: Proposed Water Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	3.0%	3.0%	3.0%	3.0%	3.0%

Table 1-2: Proposed Wastewater Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	6.0%	6.0%	6.0%	6.0%	6.0%

Key factors influencing the need for proposed revenue adjustments include:

- **Planned capital expenditures:** CIP projects scheduled over the next five years total about $6.9 million (M) for water and $1.4 M for wastewater. Key infrastructure projects include the construction of a 1.5 million-gallon water reservoir, pipeline, main, and fire hydrant replacements, upsizing pumps and sewer lines, rehabbing manholes, and other treatment, transmission, storage, and distribution improvements.
- **Inflationary pressure:** The City's operating environment is not immune to the effects of inflation. The price of materials, chemicals, construction, professional services, energy, and other costs have increased at a historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.

Figure 1-1 and **Figure 1-2** show the proposed CIP financing plans for water and wastewater over the study period. Average CIP expenditures in FY 2026 through FY 2030 are $1.4 M per year for water and $280 thousand per year for wastewater. To maintain healthy wastewater reserve levels, annual CIP expenditures are scaled up over the five-year period. Years 1 and 2 represent 25% of the original CIP, year 2 is 50%, year 4 is 75%, and year 5 meets 100% of the original CIP schedule. The proposed financial plan assumes that most CIP over the study period will be cash-funded by rates or reserves, except for the water reservoir project, which is planned to be funded through grant proceeds.

Figure 1-1: Water Infrastructure Improvement Plan

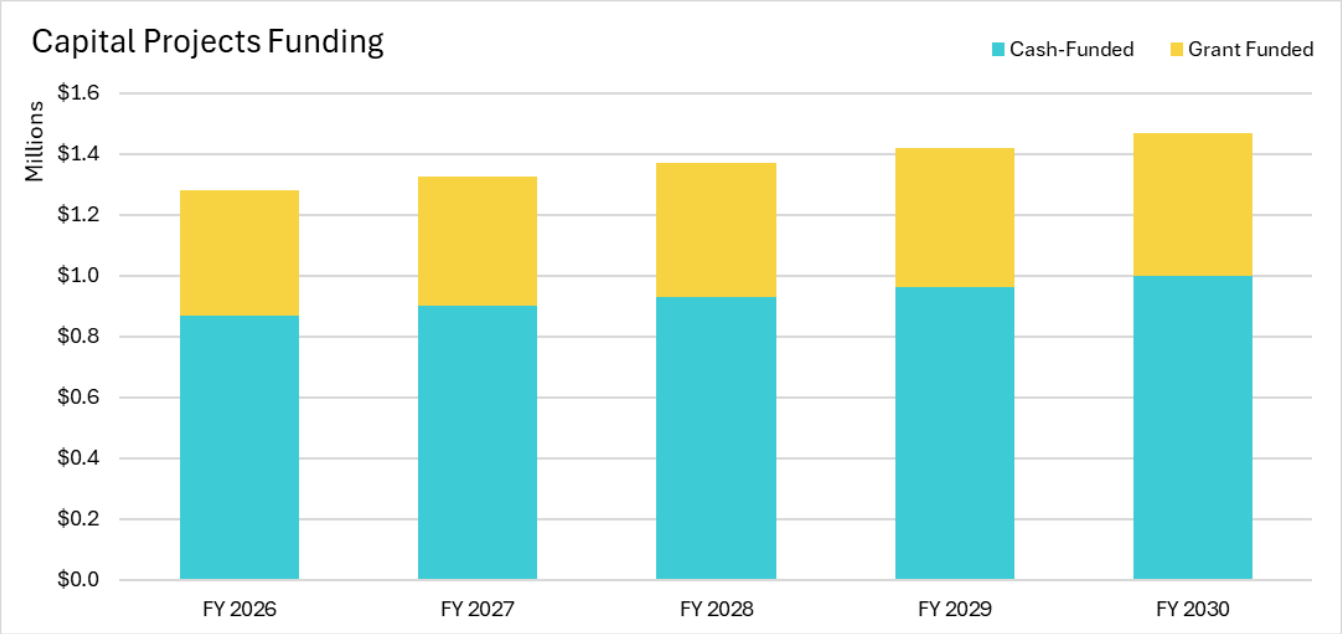


Figure 1-2: Wastewater Infrastructure Improvement Plan

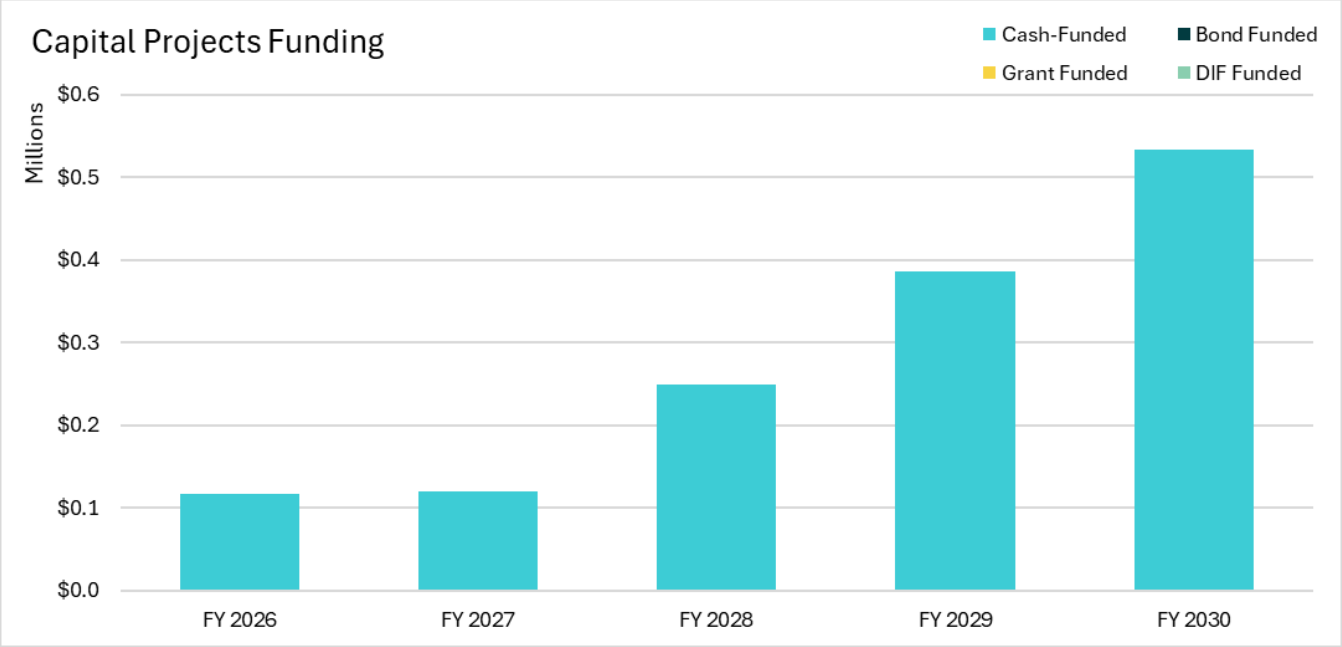


Figure 1-3 and **Figure 1-4** show the status quo and proposed five-year water and wastewater financial plans. Although current rates result in adequate recovery of O&M expenses and water debt service payments, revenue adjustments are required to generate sufficient revenue to cover cash-funded CIP over the study period and achieve the proposed future cash reserves. With the proposed financial plan, the City can fully recover costs, increase cash reserves to build resiliency and provide the ability to respond to unexpected events, maintain healthy debt coverage, and maintain a positive financial trajectory for the next rate cycle, which will include a new CIP for FY 2031-2035.

Figure 1-3: Water Status Quo vs. Proposed Financial Plan

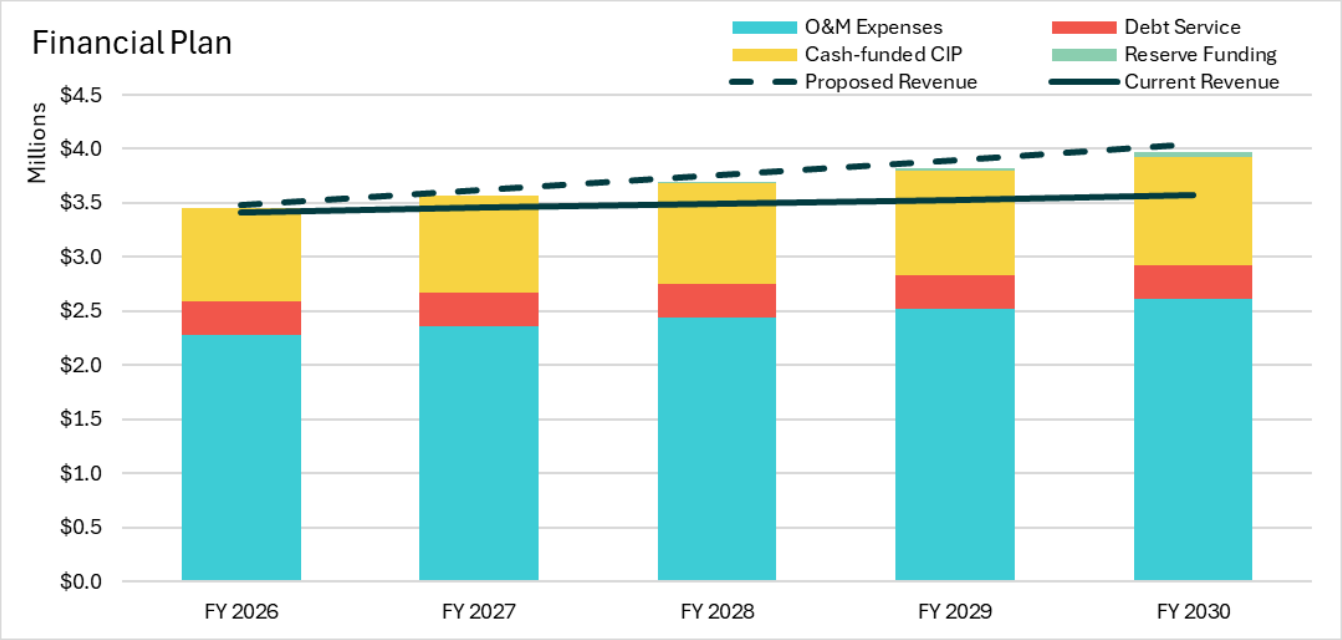


Figure 1-4: Wastewater Status Quo vs. Proposed Financial Plan

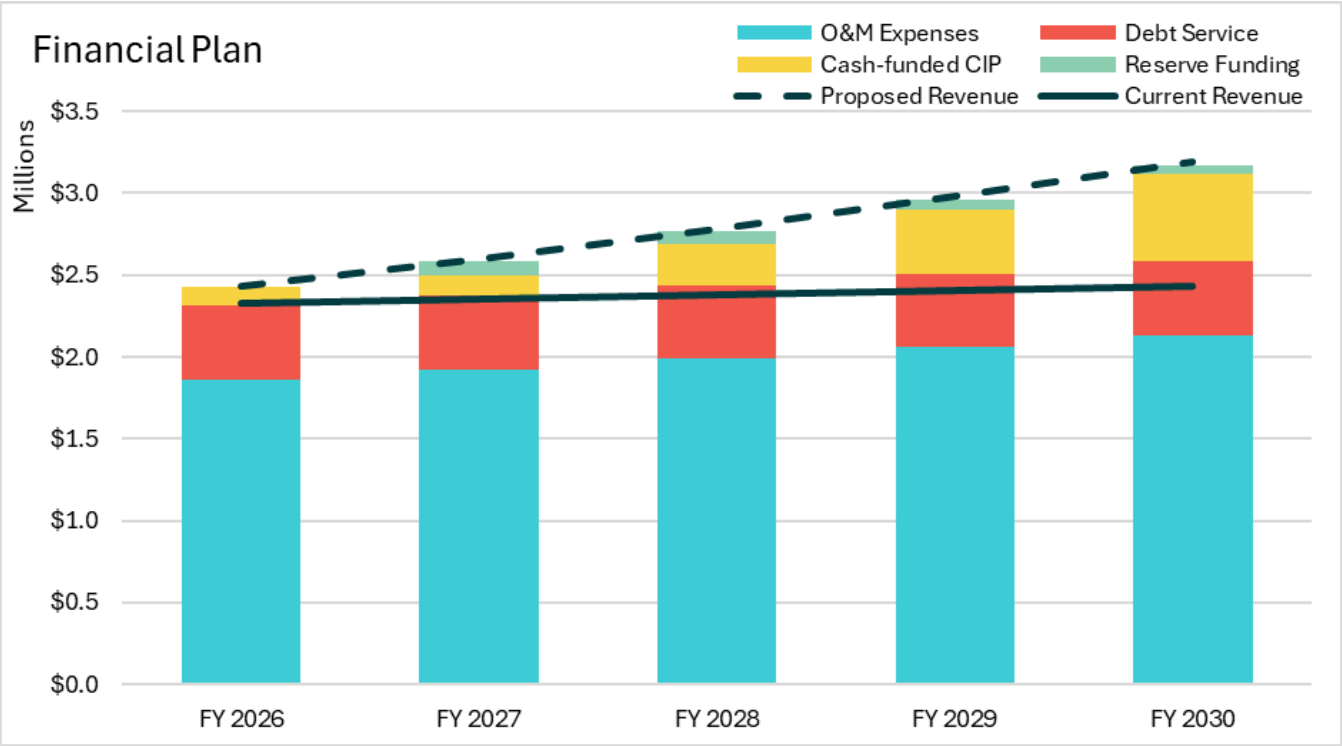


Figure 1-5 and **Figure 1-6** show projected ending balances over the study period relative to the City's operating and total reserve targets under the proposed financial plan. The blue bars represent the operating fund balances, the green bars represent the capital fund balances, and the yellow bars represent the combined operating and capital fund balances. The dark blue line represents the operating reserve target. Reserves for

both utilities increase in FY 2026 through FY 2030. Although not displayed on the chart, the City is projected to meet its debt coverage requirement under the proposed financial plan in all years.

Figure 1-5: Water Proposed Financial Plan – Projected Ending Balances

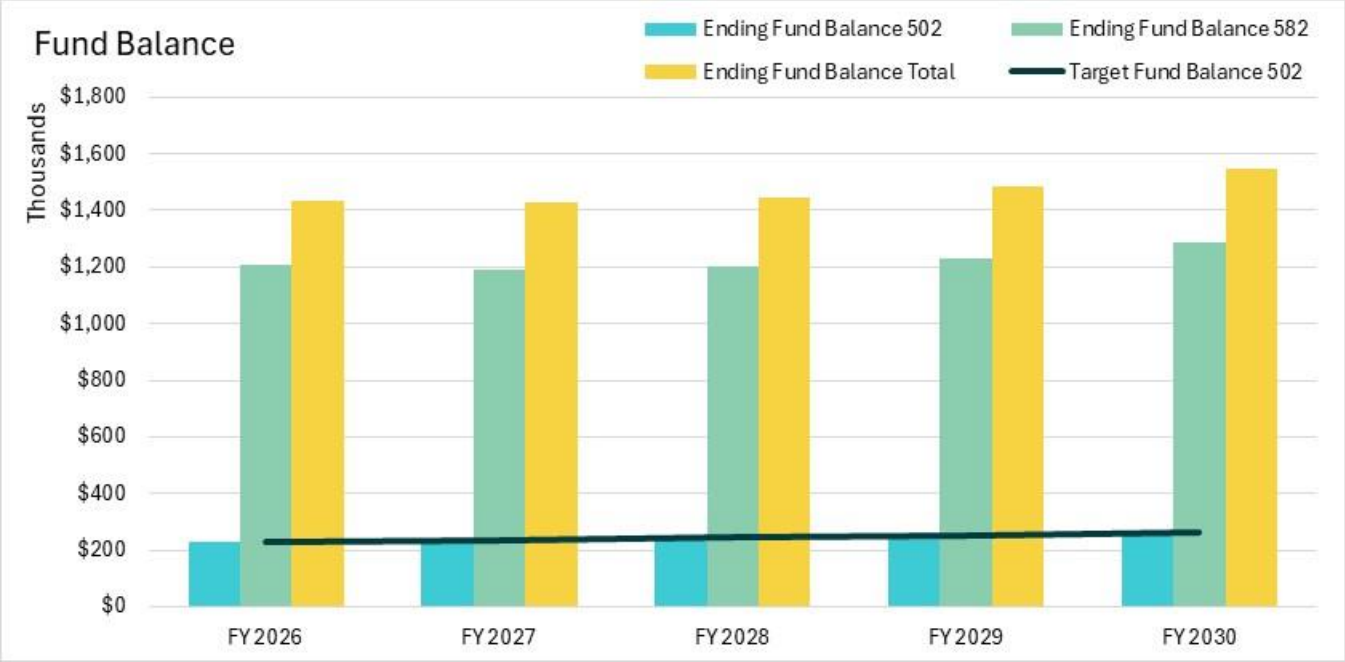
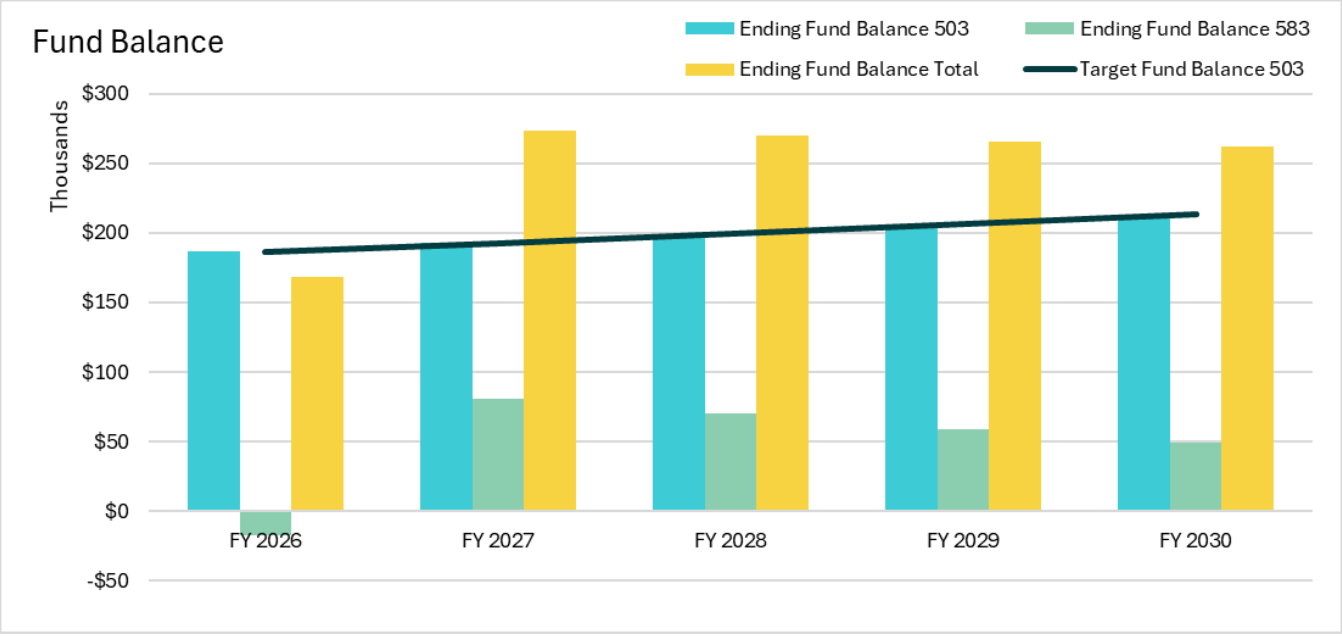


Figure 1-6: Wastewater Status Quo vs. Proposed Financial Plan



1.3. Cost-of-Service Analysis

The proposed financial plan determines the amount of revenue that must be recovered from water rates in each year over the study period. The purpose of the cost-of-service (COS) analysis is to objectively and fairly

allocate this total rate revenue requirement to the City's various user groups. Raftelis performed a COS analysis for FY 2026 based on industry-standard principles outlined in the *American Water Works Association Manual M1* for water and the Water Environment Federation (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater (2018)* for wastewater. Raftelis adheres to cost-of-service principles to yield cost-justified rates that align with California Proposition 218.

1.4. Proposed Water Rates

Table 1-3 and **Table 1-4** show the proposed five-year water and wastewater rate schedules through FY 2030. Proposed FY 2026 rates are calculated based on the results of the COS analysis. As a result of the financial plan, FY 2026 rates collect three percent more rate revenue for water and six percent more rate revenue for wastewater over current FY 2025 rates. FY 2026 rates, therefore, consider both the overall revenue adjustment and the COS results. Proposed rates for FY 2027 through FY 2030 are calculated by applying the proposed revenue adjustment in those years to the prior year rates. All rates are rounded up to the whole penny.

Table 1-3: Proposed Five-Year Water Rate Schedule

Description	FY 2025 (Current)	FY 2026 (10/1/2025)	FY 2027 (10/1/2026)	FY 2028 (10/1/2027)	FY 2029 (10/1/2028)	FY 2030 (10/1/2029)
Proposed Revenue Adjustment		**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Fixed Service Charges (per Month)						
5/8 & 3/4-inch	$48.86	$48.78	$50.25	$51.76	$53.32	$54.92
1-inch	$79.10	$75.75	$78.03	$80.38	$82.80	$85.29
1.5-inch	$177.30	$143.17	$147.47	$151.90	$156.46	$161.16
2-inch	$225.36	$224.07	$230.80	$237.73	$244.87	$252.22
3-inch	$611.58	$439.82	$453.02	$466.62	$480.62	$495.04
4-inch	$801.89	$682.54	$703.02	$724.12	$745.85	$768.23
6-inch	$1,437.60	$1,356.76	$1,397.47	$1,439.40	$1,482.59	$1,527.07
8-inch	$2,259.31	$2,165.82	$2,230.80	$2,297.73	$2,366.67	$2,437.68
10-inch	$1,977.70	$5,671.75	$5,841.91	$6,017.17	$6,197.69	$6,383.63
Commodity Charges (per hcf)						
All Customers	$3.07	$3.37	$3.48	$3.59	$3.70	$3.82

Table 1-4: Proposed Five-Year Wastewater Rate Schedule

Description	FY 2025 (Current)	FY 2026 (10/1/2025)	FY 2027 (10/1/2026)	FY 2028 (10/1/2027)	FY 2029 (10/1/2028)	FY 2030 (10/1/2029)
Proposed Revenue Adjustment		**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**
Fixed Service Charges (per Month)						
All Customers ($/EDU)	$52.85	$56.03	$59.40	$62.97	$66.75	$70.76

The proposed rate increases result in monthly bill changes to City customers. Note that monthly changes to customer water bills vary in FY 2026 because of the cost-of-service analysis; beyond FY 2026, estimated monthly bill increases in each year simply equal the proposed annual revenue adjustment of 3.0 percent.

Because the structure of the wastewater rates did not change, the bill increases are equal to the rate adjustment in each year.

Table 1-5 shows a comparison of sample water monthly bills. All bills are calculated using the most common meter size and show three levels of monthly water usage. **Table 1-6** compares sample wastewater monthly bills for the four largest customer classes (based on number of accounts) using the average number of units for each class. Estimated monthly bills are based on both the City's current FY 2025 and proposed FY 2026 rates.

Table 1-5: Water Sample Bill Impacts

Bill Impacts, 5/8" & 3/4" Meter	Low	Average	High
Monthly Usage (hcf)	10	15	25
Current Bill	$79.56	$94.91	$125.61
Proposed Bill	**$82.48**	**$99.33**	**$133.03**
Difference ($)	$2.92	$4.42	$7.42
Difference (%)	3.7%	4.7%	5.9%

Table 1-6: Wastewater Sample Bill Impacts

Bill Impacts	Residential	Hotel	Gen. Com.	Food Est.
# of Units	1	45	1	58
EDU Ratio	1.00	0.70	1.65	0.18
Units	per account	per room	per account	per seat
Current Bill	$52.85	$1,664.78	$87.20	$551.75
Proposed Bill	**$56.03**	**$1,764.95**	**$92.45**	**$584.95**
Difference ($)	$3.18	$100.17	$5.25	$33.20
Difference (%)	6.0%	6.0%	6.0%	6.0%

2. Introduction

2.1. Agency Overview

The City of Needles (City) provides water and wastewater service to a population of approximately 5,000 people through about 1,900 metered water connections and sewer connections within 3,175 acres in San Bernardino County. The City delivers potable water entirely from two local groundwater wells through more than 60 miles of distribution pipeline and two booster pump stations. The City has four reservoir tanks with a total capacity of 4.6 million gallons (MG). The City's wastewater system is comprised of more than 25 miles of sewer pipe, five lift stations, over 500 manholes, and a mechanical wastewater treatment plant. The treatment plant has an average daily flow capacity of 1.2 million gallons per day (MGD) and a peak instantaneous flow capacity of 3.0 MGD.

2.2. Study Overview

Public water agencies in California perform a cost-of-service analysis approximately every five years to ensure that customers are appropriately charged for water service commensurate with the cost to provide service. The City last conducted a cost-of-service study in 2020, which established proposed rates over a five-year period from FY 2021 through FY 2025. The City engaged Raftelis in October 2024 to conduct this Water and Wastewater Cost of Service and Rate Design Study to establish proposed water and wastewater rates for the City for FY 2026 through FY 2030. Note that proposed rates cannot be implemented until formally adopted by the City Council after a public hearing. Proposition 218 requires that City customers be mailed a public hearing notice detailing any proposed rate changes no fewer than 45 days before the public hearing.

2.2.1. Objectives of the Study

The major objectives and primary tasks of this study are to:

- Develop a five-year financial plan for each utility that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and CIP expenditures while adequately funding reserves and meeting debt coverage requirements.
- Conduct a cost-of-service analysis to establish a nexus between the cost to serve customers and the water and wastewater rates charged to customers, per Proposition 218 requirements.
- Develop a five-year schedule of water and wastewater rates that are fair, equitable, and align with the requirements of Proposition 218.

3. Legal Requirements and Rate Setting Methodology

3.1. Legal Requirements

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water and wastewater service, are as follows:

1. A property-related charge (such as water and wastewater rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the property owner.
5. A written notice of the proposed charge shall be mailed to both the customer of record and owner of record of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices - M1 Seventh Edition* (Manual M1), "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry standard rate-setting methodologies set forth by the AWWA Manual M1 and Water Environment Federation (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater (2018),* to ensure this study meets Proposition 218 requirements and establishes rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodologies in the Manual M1 and the WEF Manual of Practice No. 27 are a nationally recognized industry ratemaking standard, which courts have recognized as consistent with Proposition 218.

3.2. Rate-Setting Methodology

This study was conducted using industry-standard principles outlined by the AWWA Manual M1 and WEF Manual of Practice No. 27. The process and approach Raftelis utilized in the study to determine water and wastewater rates is informed by the City's policy objectives, the current water and wastewater system and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plan, cost of service analysis, and rate design process follows five key steps, outlined below, to determine proposed rates that fulfill the City's objectives, meet industry standards, and comply with relevant regulations.

1. **Financial Plan:** The first study step is to develop a multi-year financial plan that projects the City's revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine any adjustments to rate revenues so that the City may adequately fund projected expenses, cash reserves, and debt obligations.

2. **Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins with determining the revenue requirement for the test year, also known as the rate-setting year. For this study, the test year is FY 2026. The revenue requirement should sufficiently fund the City's operating costs, annual debt service (including coverage requirements), CIP, and reserve funding.

3. **Cost-of-Service Analysis:** The annual cost of providing water or wastewater service, or the revenue requirement, is then distributed to customer classes and tiers commensurate with their use of and burden on the water or wastewater system. A cost-of-service analysis involves the following steps:

    - Functionalize costs – the different components of the revenue requirement are categorized into functions such as supply, treatment, storage, customer service, etc.
    - Allocate to cost causation components – the functionalized costs are then allocated to cost causation components such as supply, base delivery, extra-capacity, etc.
    - Develop unit costs – unit costs for each cost causation component are determined using units of service, such as total water use, peak water use, equivalent meters, number of customers, etc., for each component.
    - Distribute cost components – the cost components are allocated to each customer class and tier using the unit costs in proportion to their demand and burden on the system.

    A water cost of service analysis considers both the average water demand and peak demand using the best available data. Peaking costs are incurred during periods of peak consumption, most often coinciding with summer water use. Additional capacity-related costs are associated with designing, constructing, operating, maintaining, and replacing facilities to meet peak demands on the water system. Patterns of use impose additional costs on a water utility and are used to fairly apportion the cost burden on extra capacity-related facilities.

4. **Rate Design**: After allocating the revenue requirement to each customer class and tier, the rate design and calculation process can begin. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the City's policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.

5. **Administrative Record Preparation and Rate Adoption:** The final step in a rate study is to develop the administrative record in conjunction with the rate adoption process. This report serves as the administrative record for this study. The administrative record documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates. A thorough and methodological administrative record serves two important functions: maintaining defensibility in a stringent legal environment and communicating the rationale for revenue adjustments and proposed rates to customers and key stakeholders.

4. Key Inputs and Assumptions

Raftelis developed a water rate model in Microsoft Excel to project financial and rate calculations over a five-year study period through FY 2030. The City's fiscal year spans from July 1 through June 30. Projections in future years are generally made based on actual or estimated FY 2024 or FY 2025 data using key assumptions outlined below. All assumptions and estimates were discussed with and reviewed by City staff to ensure that the City's unique characteristics are accurately accounted for. Note that most table values shown throughout this report are rounded to the last digit shown and may therefore not add precisely to the totals shown.

4.1. Current Water and Wastewater Rates

Error! Reference source not found. and **Table 4-2** show the current adopted rates developed during the prior rate study. Customers are subject to two charge components for water: 1) Monthly Service Charges and 2) Commodity Charges per hundred cubic feet (hcf)[3] of water delivered. The Monthly Service Charges vary based on meter size. The Commodity Rate is a uniform rate for all customer classes. Wastewater customers are charged a Fixed Charge per equivalent dwelling unit (EDU) per month.

Table 4-1: Current Water Rates

Description	FY 2025 (Current)
Fixed Service Charges (per Month)	
5/8 & 3/4-inch	$48.86
1-inch	$79.10
1.5-inch	$177.30
2-inch	$225.36
3-inch	$611.58
4-inch	$801.89
6-inch	$1,437.60
8-inch	$2,259.31
10-inch	$1,977.70
Commodity Rate (per hcf)	
All Customers	$3.07

[3] One hcf equates to 748 gallons.

Table 4-2: Current Wastewater Rate

Description	EDU Ratio	Units	FY 2025 (Current)
Fixed Service Charges (per Month)			
All Customers ($/EDU)			$52.85
Residential	1.00	per account	$52.85
Hotel	0.70	per room	$37.00
Hospitals	0.75	per bed	$39.64
Multi-Family	1.00	per account	$52.85
Garden & Nurseries	1.00	per account	$52.85
Schools	0.23	per student	$12.16
General Commercial	1.65	per account	$87.20
Beauty Salon & Barber Shop	0.50	per sink	$26.43
Needles Marina	0.55	custom	$29.23
Religious Organizations	0.02	per seat	$1.20
Seventh Day Adventist	0.01	custom	$0.60
Food Establishments	0.18	per seat	$9.51
Government	1.65	per employee	$87.20
Gas Stations	2.90	per pump (side)	$153.27
Shell/Dairy Queen	0.74	custom	$38.93
Native Village	109	per account	$5,760.65

4.2. Financial Projection - Estimates and Assumptions

Inflationary escalation assumptions shown in **Table 4-3** are used to project annual non-rate revenues and operations and maintenance (O&M) expenses beyond FY 2025. All inflationary factors were determined with City staff based on historical and anticipated cost increases. Other miscellaneous revenues (excluding interest earnings on cash reserves) are increased by 2 percent annually.

For O&M expenses, a general inflation rate of 3 percent is consistent with long-term changes in the Consumer Price Index (CPI). Salary, Health Insurance, Retirement, and Other Benefits costs were inflated based on City staff input and recent cost-of-living adjustments. The inflationary factors shown below are used to project the O&M expenses over the study period.

Table 4-3: Inflationary Escalation

Inflationary Categories	Annual Escalation
Non-Rate Revenues	
Miscellaneous	2.0%
Expenses	
General	3.0%
Salary	2.5%
Health Insurance	10.0%
Retirement	1.5%
Other Benefits	7.0%
Fuel, Utilities, Chemicals	4.0%
Contract Services	3.0%
Capital	3.5%

Additional financial assumptions relating to interest earnings are shown in **Table 4-4**. Interest earnings on cash reserves are projected at a 1.5 percent annual rate.

Table 4-4: Additional Financial Assumptions

Description	Value
Interest Earnings	
Annual Interest Rate	1.5%

4.3. Projected Service Connections

Customer account growth projections are necessary to estimate water demand and rate revenues over the study period. City staff provided Raftelis with detailed customer billing data from which to derive the number of water meters by connection size and wastewater accounts and EDUs by customer class for FY 2024. To account for expected growth, the estimate is 1.2% growth for both utilities from FY 2025 through FY 2030. **Table 4-5** shows projected water connections over the study period.

Table 4-5: Projected Water Accounts

Water Accounts	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
All Customer Classes							
5/8" & 3/4"	1,633	1,652	1,671	1,691	1,711	1,731	1,751
1"	111	112	113	114	115	116	117
1 1/2"	40	40	40	40	40	40	40
2"	102	103	104	105	106	107	108
3"	0	0	0	0	0	0	0
4"	10	10	10	10	10	10	10
6"	4	4	4	4	4	4	4
8"	1	1	1	1	1	1	1
10"	0	0	0	0	0	0	0
Total	1,901	1,922	1,943	1,965	1,987	2,009	2,031

Table 4-6 shows the projected number of wastewater accounts and EDUs by customer class over the study period.

Table 4-6: Projected Wastewater Accounts and EDUs

Wastewater Customer Data	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Wastewater Accounts							
Residential	1,390	1,406	1,422	1,439	1,456	1,473	1,490
Hotel	14	14	14	14	14	14	14
Hospitals	1	1	1	1	1	1	1
Multi-Family	451	456	461	466	471	476	481
Garden & Nurseries	1	1	1	1	1	1	1
Schools	1	1	1	1	1	1	1
General Commercial	95	96	97	98	99	100	101
Beauty Salon & Barber Shop	1	1	1	1	1	1	1
Needles Marina	1	1	1	1	1	1	1
Religious Organizations	14	14	14	14	14	14	14
Seventh Day Adventist	1	1	1	1	1	1	1
Food Establishments	14	14	14	14	14	14	14
Government	22	22	22	22	22	22	22
Gas Stations	6	6	6	6	6	6	6
Shell/Dairy Queen	1	1	1	1	1	1	1
Native Village	1	1	1	1	1	1	1
Total	**2,012**	**2,034**	**2,056**	**2,079**	**2,102**	**2,125**	**2,148**
Wastewater EDUs							
Residential	1,390	1,406	1,422	1,439	1,456	1,473	1,490
Hotel	405	409	413	417	422	427	432
Hospitals	20	20	20	20	20	20	20
Multi-Family	595	602	609	616	623	630	637
Garden & Nurseries	1	1	1	1	1	1	1
Schools	209	211	213	215	217	219	221
General Commercial	167	169	171	173	175	177	179
Beauty Salon & Barber Shop	1	1	1	1	1	1	1
Needles Marina	110	111	112	113	114	115	116
Religious Organizations	28	28	28	28	28	28	28
Seventh Day Adventist	3	3	3	3	3	3	3
Food Establishments	133	134	135	136	137	138	139
Government	203	205	207	209	211	213	215
Gas Stations	102	103	104	105	106	107	108
Shell/Dairy Queen	38	38	38	38	38	38	38
Native Village	110	111	112	113	114	115	116
Total	**3,515**	**3,552**	**3,589**	**3,627**	**3,666**	**3,705**	**3,744**

4.4. Projected Water Use

City staff provided Raftelis with total annual water use data by customer class for FY 2023 and FY 2024. Water demand projections were kept stable at FY 2024 levels while accounting for population growth. **Table 4-7** shows projected water use over the study period.

Table 4-7: Projected Water Use

Description	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Water Demand Factor	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WATER DEMAND (hcf)							
All Classes	442,354	447,662	453,034	458,470	463,972	469,540	475,174

5. Water Financial Plan

Section 5 details the development of a proposed five-year water financial plan for the City over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2030. The overall purpose of the financial plan is to determine the annual revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

5.1. Revenues from Current Rates

The City's water revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown assume that current FY 2025 rates are effective throughout the study period; and therefore, represent estimated revenues in the absence of any revenue adjustments (i.e., rate increases). This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments.

5.1.1. Calculated Water Rate Revenues

Raftelis projected water rate revenues from Monthly Service Charges and Commodity Rates for FY 2025 through FY 2030 based on current FY 2025 water rates, the current and projected number of water meters/private fire lines, and projected annual water use.

Table 5-1 shows projected Monthly Service Charge revenues under current rates over the study period. Monthly Service Charge Revenues are calculated by connection size/type in each year as follows, based on current FY 2025 water rates (from Error! Reference source not found.), projected number of water meters (from **Table 4-6**), and the projected number of fire lines (from Error! Reference source not found.):

Annual Monthly Service Charge Revenue = [FY 2025 monthly rate] × [Number of connections] × [12 Bills per year]

Table 5-1: Projected Monthly Service Charge Revenues under Current Rates

Meter Size	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
5/8 & 3/4-inch	$968,601	$979,741	$991,467	$1,003,194	$1,014,920	$1,026,646
1-inch	$106,310	$107,260	$108,209	$109,158	$110,107	$111,056
1.5-inch	$85,104	$85,104	$85,104	$85,104	$85,104	$85,104
2-inch	$278,545	$281,249	$283,954	$286,658	$289,362	$292,067
3-inch	$0	$0	$0	$0	$0	$0
4-inch	$96,227	$96,227	$96,227	$96,227	$96,227	$96,227
6-inch	$69,005	$69,005	$69,005	$69,005	$69,005	$69,005
8-inch	$27,112	$27,112	$27,112	$27,112	$27,112	$27,112
10-inch	$0	$0	$0	$0	$0	$0
Total	**$1,630,903**	**$1,645,697**	**$1,661,077**	**$1,676,457**	**$1,691,837**	**$1,707,217**

Table 5-2 shows projected Commodity Charge revenues under current rates over the study period. Commodity Charge revenues are calculated by customer class in each year as follows, based on current FY 2025 water rates (from Error! Reference source not found.) and projected water use (from **Table 4-7**):

Annual Commodity Charge Revenue = [FY 2025 rate per hcf] × [Annual Water Use in hcf]

Table 5-2: Projected Commodity Charge Revenues under Current Rates

Customer Class	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
All Customers	$1,374,322	$1,390,814	$1,407,503	$1,424,394	$1,441,488	$1,458,784

5.1.2. Other Revenues

Table 5-3 shows all other revenues. All FY 2024 other revenues are based on the City's FY 2024 budget. Other revenues from FY 2025 through FY 2030 were projected by Raftelis, relying on the assumptions detailed in **Section 4**. Beginning in FY 2026, interest revenue is estimated based on projected cash balances and the assumed interest rate (from **Table 4-4**). All other revenues are estimated by the miscellaneous inflation rate (from **Table 4-3**).

Table 5-3: Projected Other Revenues

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Fund 502 - Water							
Sales	$69,209	$69,209	$69,209	$69,209	$69,209	$69,209	$69,209
Connect Fee	$6,114	$6,114	$6,114	$6,114	$6,114	$6,114	$6,114
Establishment Fee	$4,017	$4,097	$4,179	$4,262	$4,348	$4,435	$4,523
Miscellaneous	$5,937	$6,056	$6,177	$6,300	$6,426	$6,555	$6,686
Interest Earnings Other	$2,220	$0	$7,311	$7,076	$6,820	$6,544	$6,245
Reimburse Water Labor/Mat	$1,829,976	$0	$0	$0	$0	$0	$0
Subtotal – Fund 502	**$1,917,473**	**$85,476**	**$92,990**	**$92,962**	**$92,918**	**$92,857**	**$92,777**
Fund 582 – NPUA Capital Water							
SWRCB State Water Res Contr	$5,973,969	$0	$0	$0	$0	$0	$0
Bureau of Reclamation	$24,876	$0	$0	$0	$0	$0	$0
Transfers From Gen'l Fund	$15,901	$15,901	$15,901	$15,901	$15,901	$15,901	$15,901
Water Asset Replacement	$259,308	$264,494	$269,784	$275,180	$280,683	$286,297	$292,023
Subtotal – Fund 582	**$6,274,054**	**$280,395**	**$285,685**	**$291,080**	**$296,584**	**$302,197**	**$307,923**
Total	**$8,191,527**	**$365,870**	**$378,675**	**$384,042**	**$389,501**	**$395,054**	**$400,701**

Table 5-4 summarizes projected revenues under current rates over the study period. It represents expected revenues in the absence of any rate increase over the study period.

Table 5-4: Summary of Projected Revenues under Current Rates

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Monthly Service Charges	$1,399,519	$1,630,903	$1,645,697	$1,661,077	$1,676,457	$1,691,837	$1,707,217
Commodity Charges	$1,371,887	$1,374,322	$1,390,814	$1,407,503	$1,424,394	$1,441,488	$1,458,784
Interest Earnings	$2,220	$0	$7,311	$7,076	$6,820	$6,544	$6,245
Miscellaneous Revenue	$8,191,527	$365,870	$378,675	$384,042	$389,501	$395,054	$400,701
Total	**$10,962,933**	**$3,371,096**	**$3,415,186**	**$3,452,622**	**$3,490,352**	**$3,528,379**	**$3,566,701**

5.2. Operations and Maintenance Expenses

Error! Reference source not found. shows O&M expenses over the study period. All projections shown beyond FY 2024 were calculated based on inflationary assumptions (from **Table 4-3**) and any anticipated structural changes to the O&M budget due to either non-recurring expenses or future expenses not currently incurred.

Table 5-5: Projected Operating & Maintenance Expenses

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Fund 502 - Water							
Salaries	$579,994	$594,493	$609,356	$624,590	$640,204	$656,209	$672,615
Overtime	$59,688	$61,180	$62,710	$64,278	$65,885	$67,532	$69,220
FICA Soc Sec/M-Care Ins	$43,608	$47,968	$52,765	$58,042	$63,846	$70,230	$77,253
Unemployment	$1,913	$2,046	$2,190	$2,343	$2,507	$2,682	$2,870
Group Insurance	$68,961	$75,858	$83,443	$91,788	$100,966	$111,063	$122,169
Workers' Compensation	$17,328	$18,541	$19,839	$21,228	$22,713	$24,303	$26,005
PERS/Retirement Contrib.	$48,547	$49,275	$50,014	$50,764	$51,526	$52,299	$53,083
PERS-Unfunded Liability	$52,832	$53,625	$54,429	$55,246	$56,074	$56,915	$57,769
Lwr Col Multi-SP Cons Pro	$4,856	$5,001	$5,151	$5,306	$5,465	$5,629	$5,798
Engineering Services	$693	$714	$735	$757	$780	$803	$828
Medical Exams	$200	$220	$242	$266	$293	$322	$354
Educational Training	$3,681	$3,791	$3,905	$4,022	$4,143	$4,267	$4,395
Audit Fees	$13,307	$13,706	$14,117	$14,541	$14,977	$15,426	$15,889
Legal Fees-Water	$76,618	$78,916	$81,284	$83,722	$86,234	$88,821	$91,486
Other Professional Svs.	$21,416	$22,058	$22,720	$23,401	$24,103	$24,827	$25,571
Electric Utilities	$83,489	$86,829	$90,302	$93,914	$97,670	$101,577	$105,640
Water Utilities	$100	$104	$108	$112	$117	$121	$126
Vehicle Maint/Repair	$3,246	$3,359	$3,477	$3,599	$3,725	$3,855	$3,990
Equipment Maint/Repair	$432	$447	$463	$479	$496	$513	$531
Meter Maint/Repair	$6,906	$7,148	$7,398	$7,657	$7,925	$8,202	$8,489
Wells Maint/Repair	$1,400	$1,449	$1,500	$1,552	$1,607	$1,663	$1,721
Tools & Equipm Maint/Repl	$8,514	$8,812	$9,120	$9,440	$9,770	$10,112	$10,466
Valves-Maint/Repair	$14,140	$14,635	$15,148	$15,678	$16,226	$16,794	$17,382
Streets-Asphalt Materials	$5,887	$6,093	$6,307	$6,527	$6,756	$6,992	$7,237
Liability Insurance	$12,817	$13,714	$14,674	$15,701	$16,800	$17,976	$19,235
Blanket Bond Insurance	$161	$172	$184	$197	$211	$226	$242
Property Insurance	$24,348	$26,052	$27,876	$29,827	$31,915	$34,149	$36,540
Telephone/Cell	$11,090	$11,423	$11,765	$12,118	$12,482	$12,856	$13,242
Postage	$182	$187	$193	$199	$205	$211	$217
Advertising	$503	$518	$534	$550	$566	$583	$601
Economic Dev. Consulting	$11,435	$11,778	$12,132	$12,496	$12,871	$13,257	$13,654
Public Education	$5,615	$5,784	$5,957	$6,136	$6,320	$6,510	$6,705
Travel Per Diem	$1,623	$1,672	$1,722	$1,774	$1,827	$1,882	$1,938
Dues and Membership	$3,027	$3,117	$3,211	$3,307	$3,406	$3,509	$3,614
Licensing	$467	$481	$496	$511	$526	$542	$558
Utility Business Office	$134,988	$139,038	$143,209	$147,505	$151,930	$156,488	$161,183
Central Purchasing Adm	$63,264	$65,162	$67,117	$69,130	$71,204	$73,340	$75,541
Mgmt Info Sys/O&M	$31,404	$32,346	$33,317	$34,316	$35,345	$36,406	

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Fleet Maintenance	$43,692	$45,221	$46,804	$48,442	$50,138	$51,892	$53,709
Vehicle Replacement Fund	$42,000	$43,470	$44,991	$46,566	$48,196	$49,883	$51,629
Finance Dept. Services	$452	$466	$480	$494	$509	$525	$540
Lab Testing	$11,133	$11,467	$11,811	$12,165	$12,530	$12,906	$13,293
Encroachment Permits	$18,559	$19,116	$19,689	$20,280	$20,888	$21,515	$22,160
Lab Supplies	$693	$714	$735	$757	$780	$803	$828
Back Flow Prevention	$360	$371	$382	$393	$405	$417	$430
Boots	$1,799	$1,853	$1,908	$1,966	$2,025	$2,085	$2,148
Chlorine/Chemical Supplies	$43,336	$45,069	$46,872	$48,747	$50,697	$52,725	$54,834
Purchased Inventory	$57,383	$59,104	$60,878	$62,704	$64,585	$66,523	$68,518
Office Supplies	$641	$660	$680	$701	$722	$743	$766
Computer/Printer Supplies	$5	$5	$5	$5	$6	$6	$6
Uniforms	$4,171	$4,296	$4,425	$4,558	$4,695	$4,835	$4,980
Safety Equipment	$3,479	$3,583	$3,691	$3,802	$3,916	$4,033	$4,154
Vehicle Fuel	$23,277	$24,208	$25,176	$26,183	$27,231	$28,320	$29,453
Regulatory Fees	$15,632	$16,101	$16,584	$17,082	$17,594	$18,122	$18,666
Employee Meals	$25	$26	$27	$28	$28	$29	$30
Fair Share Allocations	$145,564	$149,931	$154,429	$159,062	$163,834	$168,749	$173,811
Vac/Sl/Comp Accrual	$9,529	$9,815	$10,110	$10,413	$10,725	$11,047	$11,378
Purchased Inventory	$13,910	$14,327	$14,757	$15,200	$15,656	$16,125	$16,609
Bad Debts Expense	$16,331	$16,331	$16,331	$16,331	$16,331	$16,331	$16,331
Transfer-O&M Reimb	$1,829,976	$0	$0	$0	$0	$0	$0
Trf-Asset Replacement	$259,308	$268,384	$277,777	$287,499	$297,562	$307,977	$318,756
Subtotal – Fund 502	**$3,959,936**	**$2,202,235**	**$2,277,652**	**$2,356,396**	**$2,438,669**	**$2,524,687**	**$2,614,684**
Fund 582 – NPUA Capital Water							
Booster Pump Lift Station	$440	$455	$471	$488	$505	$523	$541
Wells	$58,903	$60,964	$63,098	$65,307	$67,592	$69,958	$72,407
Reservoirs	$1,260	$1,304	$1,350	$1,397	$1,446	$1,496	$1,549
Transfer Expense	$6,445,583	$0	$0	$0	$0	$0	$0
Subtotal – Fund 582	**$3,959,936**	**$2,202,235**	**$2,277,652**	**$2,356,396**	**$2,438,669**	**$2,524,687**	**$2,614,684**
Total	**$10,466,122**	**$2,264,959**	**$2,342,571**	**$2,423,587**	**$2,508,212**	**$2,596,664**	**$2,689,180**

5.3. Debt Service

Table 5-6 shows the City's existing debt service obligations associated with its 2016 Revenue Refunding Bonds. The 2016 Bond is scheduled to be fully repaid in FY 2031.

Table 5-6: Schedule of Debt Service Payments

Debt Service	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
2016 Revenue Refunding Bonds						
Principal	$239,622	$248,961	$258,664	$268,745	$279,218	$290,100
Interest	$70,537	$61,198	$51,496	$41,415	$30,941	$20,059
Total Debt Service	**$310,159**	**$310,159**	**$310,159**	**$310,159**	**$310,160**	**$310,160**

5.4. Capital Improvement Plan

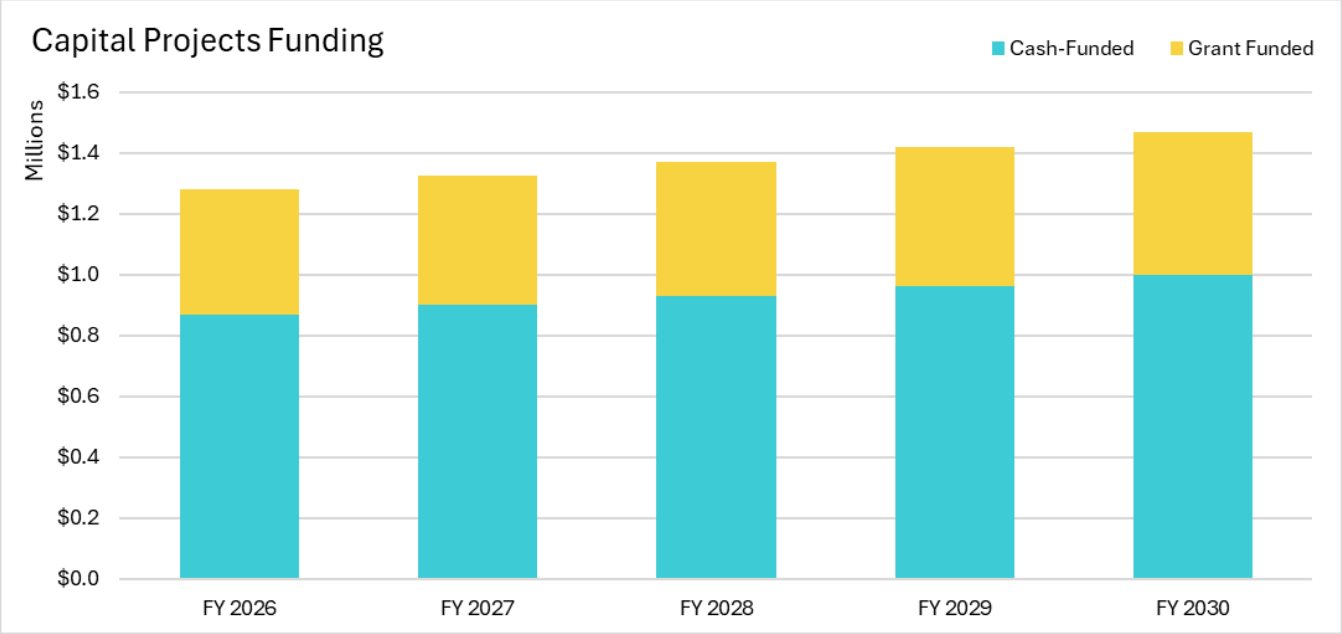
The City has approximately $8.1M in water Capital Improvement Plan (CIP) capital project costs from FY 2025 through FY 2030. These projects are shown in detail in **Table 5-7** and amount to approximately $1.37M in average annual costs over the next five years, driven primarily by aging infrastructure. All projects listed are going to be funded through rate revenue and reserves except for the 1.5 MG water reservoir, which will be funded through grant proceeds.

Table 5-7: Capital Improvement Plan

Project Description	Planned FY 2025	Planned FY 2026	Planned FY 2027	Planned FY 2028	Planned FY 2029	Planned FY 2030
Jet Vac / Trailer	$83,333	$86,250	$89,269	$92,393	$95,627	$98,974
Construct 1.5 Million Gallon Water Reservoir	$396,667	$410,550	$424,919	$439,791	$455,184	$471,116
Main replacement in the Vista Street area & new services	$216,667	$224,250	$232,099	$240,222	$248,630	$257,332
Replace Deteriorating Pipe in Chestnut Street	$32,528	$33,666	$34,844	$36,064	$37,326	$38,632
Replace Deteriorating Pipe in Chesney's Subdivision (Housing)	$69,440	$71,870	$74,385	$76,989	$79,683	$82,472
Replace Deteriorating Pipe in Coronado Street area	$230,278	$238,338	$246,680	$255,313	$264,249	$273,498
Replace Deteriorating Pipe in Casa Linda Street area	$88,432	$91,527	$94,730	$98,046	$101,477	$105,029
Main replacement at Verde Shores under the pond and Chesney development (Fire line into Verde Shores)	$66,667	$69,000	$71,415	$73,915	$76,502	$79,179
Fire hydrant Replacements	$2,500	$2,588	$2,678	$2,772	$2,869	$2,969
Well #15 Steel Building	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384
Total CIP Expenses	**$1,236,510**	**$1,279,788**	**$1,324,580**	**$1,370,941**	**$1,418,923**	**$1,468,586**

Figure 5-1 shows the proposed CIP over the study period. Total CIP expenditures in each year (from **Table 5-7**) are represented by the blue and yellow stacked bars below. The blue bars represent cash-funded CIP, and the yellow bars represent grant-funded CIP.

Figure 5-1: Capital Improvement Plan



5.5. Financial Policies

Agency-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

5.5.1. Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure that it meets the associated debt covenants. The required debt coverage ratio is 1.2, which means the City's net revenue from operations must amount to at least 1.2 times the annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outside debt.

5.5.2. Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The City's current reserve policy consists of an operating target balance:

- **Operating Reserve target:** The target balance for the Operating Reserve is 10% of annual operating costs.

5.6. Status Quo Water Financial Plan

To evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2025 water rates remain unchanged over the study period. **Table 5-8** combines projected revenues (from **Table 5-4**), O&M expenses (from **Tabl**

5-5), debt service (from **Table 5-6**), CIP expenditures (from **Table 5-7**), and reserve targets to generate estimated cash flow, projected ending cash balance, and debt coverage projections under the status quo.

Under the status quo financial plan, net operating cash flow (revenue less O&M and debt service) is projected to be positive in all years throughout the study period. However, while current rates are sufficient to recover the City's operating costs over the study period, it is insufficient to recover CIP expenditures and maintain target reserve levels. After cash-funded CIP is accounted for, net cash change is negative in all years except FY 2027, and reserves fall far below target by FY 2030. The status quo financial plan is thus insufficient to meet the City's needs. This demonstrates a need for revenue adjustments over the study period to increase rate revenues to achieve full cost recovery of projected expenditures and achieve the City's financial policies.

Table 5-8: Status Quo Financial Plan – Pro Forma

Line	Description			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**REVENUE**								
2	**Rate Revenue Under Existing Rates**								
3	Monthly Service Charges			$1,630,903	$1,645,697	$1,661,077	$1,676,457	$1,691,837	$1,707,217
4	Commodity Charges			$1,374,322	$1,390,814	$1,407,503	$1,424,394	$1,441,488	$1,458,784
5	**Total Rate Revenue Under Existing Rates**			**$3,005,226**	**$3,036,511**	**$3,068,580**	**$3,100,851**	**$3,133,324**	**$3,166,001**
6									
7	**Additional Rate Revenue Required from Revenue Adjustments**[4]								
8	**Fiscal Year**	**Revenue Adjustment**	**Month Effective**						
9	FY 2026	0.00%	October		$0	$0	$0	$0	$0
10	FY 2027	0.00%	October			$0	$0	$0	$0
11	FY 2028	0.00%	October				$0	$0	$0
12	FY 2029	0.00%	October					$0	$0
13	FY 2030	0.00%	October						$0
14	**Total Revenue Adjustments**			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
15									
16	**Revenue Summary (including Revenue Adjustments)**								
17	Revenue from Rates [Line 5 +Line 14]			$3,005,226	$3,036,511	$3,068,580	$3,100,851	$3,133,324	$3,166,001
18	Miscellaneous Revenue			$807,761	$681,145	$783,606	$857,434	$639,633	$370,291
19	Interest Earnings			$903,307	$921,374	$939,801	$958,597	$977,769	$997,324
20	Fund: 582 - NPUA Capital Water			$280,395	$285,685	$291,080	$296,584	$302,197	$307,923
21	**TOTAL REVENUE**			**$3,371,096**	**$3,415,698**	**$3,453,845**	**$3,492,324**	**$3,531,135**	**$3,570,283**
22									
23	**O&M EXPENSES**								
24	Fund 502			$2,202,235	$2,277,652	$2,356,396	$2,438,669	$2,524,687	$2,614,684
25	Fund 582			$62,724	$64,919	$67,191	$69,543	$71,977	$74,496
26	**TOTAL O&M EXPENSES**			**$2,264,959**	**$2,342,571**	**$2,423,587**	**$2,508,212**	**$2,596,664**	**$2,689,180**
27									
28	**NET REVENUE** [Line 21 – Line 26]			**$1,106,137**	**$1,072,615**	**$1,029,034**	**$982,140**	**$931,715**	**$877,521**
29									

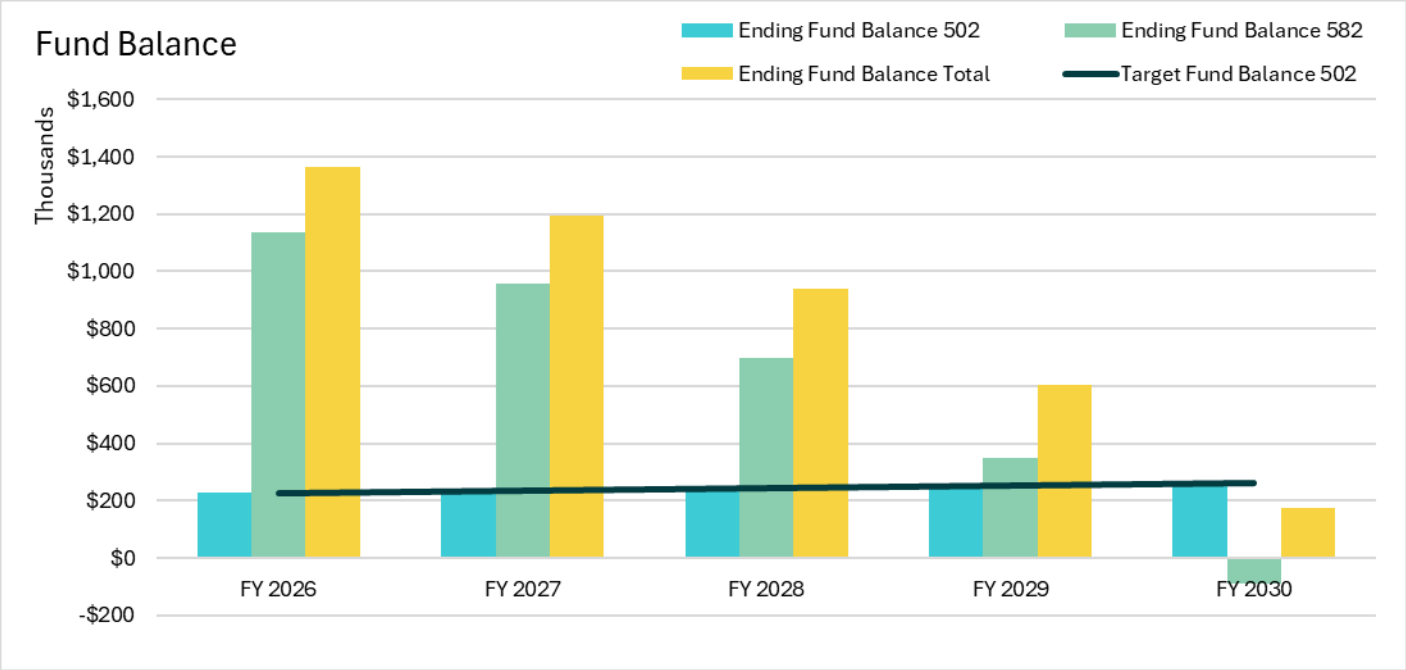
[4] The increase in rate revenues resulting from each year's revenue adjustment is calculated individually in Lines 9-13. This is necessary to account for revenue increases resulting from prior year revenue adjustments. However, revenue adjustments equal zero dollars under the status quo, which assumes no revenue adjustments (i.e. rate increases) over the study period.

Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
30	**DEBT SERVICE**						
31	Existing Debt Service	$310,159	$310,159	$310,159	$310,159	$310,160	$310,160
32	Proposed Debt Service	$0	$0	$0	$0	$0	$0
33	**TOTAL DEBT SERVICE**	**$310,159**	**$310,159**	**$310,159**	**$310,159**	**$310,160**	**$310,160**
34							
35	**NET OPERATING CASH FLOW** [Line 28 – Line 33]	**$795,978**	**$762,455**	**$718,875**	**$671,981**	**$621,555**	**$567,361**
36							
37	**CAPITAL EXPENDITURES**						
38	Cash-Funded	$839,843	$869,238	$899,661	$931,149	$963,739	$997,470
39	**TOTAL CAPITAL EXPENDITURES**	**$839,843**	**$869,238**	**$899,661**	**$931,149**	**$963,739**	**$997,470**
40							
41	**UNRESTRICTED CASH BALANCE**						
42	Combined 502 and 582 Beginning Balance[5]	$1,505,754	$1,461,889	$1,365,213	$1,193,251	$941,027	$603,269
43	Net Cash Change [Line 35 – Line 39]	-$43,865	-$106,782	-$180,786	-$259,168	-$342,184	-$430,109
44	**Combined 502 and 582 ENDING BALANCE**	**$1,461,889**	**$1,365,213**	**$1,193,251**	**$941,027**	**$603,269**	**$174,392**
45							
46	*Operating Reserve Target*	*$220,224*	*$227,765*	*$235,640*	*$243,867*	*$252,469*	*$261,468*
47							
48	**DEBT COVERAGE**						
49	Projected Debt Coverage [Line 49 ÷ Line 54]	3.77	3.67	3.53	3.39	3.24	3.07
50	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20

[5] Beginning FY 2025 unrestricted cash balance of $891,681 for Fund 502 and $614,073 for Fund 582 was provided by District staff. All other beginning and ending balances shown are projections by Raftelis.

Figure 5-2 shows the City's projected ending balances under the status quo (from **Table 5-8**Table 5-8). The existing reserve target is represented by the dark blue line. The blue bars represent the Fund 502 ending balance, the green bars represent the Fund 582 ending balance, and the yellow bars represent the combined ending balance. The City is projected to fall below its existing target in FY 2030, with the projected combined ending cash balance at only $174k.

Figure 5-2: Status Quo Financial Plan – Projected Ending Balances



5.7. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period to adequately fund its operating and capital expenditures and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 5-9**. Revenue adjustments represent annual percent increases in rate revenue relative to the prior year. All CIP over the study period is assumed to be cash-funded (i.e., funded by water rates and cash reserves) except for the 1.5 MG water reservoir (**Table 5-7**), which is planned to be funded through grant proceeds; otherwise, no new debt is planned.

Table 5-9: Proposed Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	3.0%	3.0%	3.0%	3.0%	3.0%

Table 5-10 shows the proposed financial plan pro forma. This combines projected revenues (from **Table 5-4**), O&M expenses (from Error! Reference source not found.), debt service (from **Table 5-6**), CIP expenditures (from **Table 5-7**), and reserve targets to generate estimated cash flow, projected ending cash balances, and debt coverage projections under the proposed financial plan. Revenue adjustments over the study period

generate increases in rate revenues. This results in positive net cash flow beginning in FY 2028 and sufficient debt coverage in all years.

Table 5-10: Proposed Financial Plan – Pro Forma

Line	Description			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**REVENUE**								
2	**Rate Revenue Under Existing Rates**								
3	Monthly Service Charges			$1,630,903	$1,645,697	$1,661,077	$1,676,457	$1,691,837	$1,707,217
4	Commodity Charges			$1,374,322	$1,390,814	$1,407,503	$1,424,394	$1,441,488	$1,458,784
5	**Total Rate Revenue Under Existing Rates**			**$3,005,226**	**$3,036,511**	**$3,068,580**	**$3,100,851**	**$3,133,324**	**$3,166,001**
6									
7	**Additional Rate Revenue Required from Revenue Adjustments**[6]								
8	**Fiscal Year**	**Revenue Adjustment**	**Month Effective**						
9	FY 2026	3.00%	October		$68,322	$92,057	$93,026	$94,000	$94,980
10	FY 2027	3.00%	October			$71,114	$95,816	$96,820	$97,829
11	FY 2028	3.00%	October				$74,018	$99,724	$100,764
12	FY 2029	3.00%	October					$77,037	$103,787
13	FY 2030	3.00%	October						$80,176
14	**Total Revenue Adjustments**			**$0**	**$68,322**	**$163,172**	**$262,860**	**$367,581**	**$477,537**
15									
16	**Revenue Summary (including Revenue Adjustments)**								
17	Revenue from Rates [Line 5 +Line 14]			$3,005,226	$3,104,833	$3,231,751	$3,363,711	$3,500,905	$3,643,537
18	Miscellaneous Revenue			$807,761	$681,145	$783,606	$857,434	$639,633	$370,291
19	Interest Earnings			$903,307	$921,374	$939,801	$958,597	$977,769	$997,324
20	Fund: 582 - NPUA CAPITAL WATER			$280,395	$285,685	$291,080	$296,584	$302,197	$307,923
21	**TOTAL REVENUE**			**$3,371,096**	**$3,484,020**	**$3,617,017**	**$3,755,184**	**$3,898,716**	**$4,047,819**
22									
23	**O&M EXPENSES**								
24	Fund 502			$2,202,235	$2,277,652	$2,356,396	$2,438,669	$2,524,687	$2,614,684
25	Fund 582			$62,724	$64,919	$67,191	$69,543	$71,977	$74,496
26	**TOTAL O&M EXPENSES**			**$2,264,959**	**$2,342,571**	**$2,423,587**	**$2,508,212**	**$2,596,664**	**$2,689,180**
27									
28	**NET REVENUE** [Line 21 – Line 26]			**$1,106,137**	**$1,141,449**	**$1,193,430**	**$1,246,972**	**$1,302,052**	**$1,358,639**
29									
30	**DEBT SERVICE**								

[6] The increase in rate revenues resulting from each year's revenue adjustment is calculated individually in Lines 9-13. This is necessary to account for revenue increases resulting from prior year revenue adjustments. However, revenue adjustments equal zero dollars under the status quo, which assumes no revenue adjustments (i.e. rate increases) over the study period.

Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
31	Existing Debt Service	$310,159	$310,159	$310,159	$310,159	$310,160	$310,160
32	Proposed Debt Service	$0	$0	$0	$0	$0	$0
33	**TOTAL DEBT SERVICE**	**$310,159**	**$310,159**	**$310,159**	**$310,159**	**$310,160**	**$310,160**
34							
35	**NET OPERATING CASH FLOW** [Line 28 – Line 33]	**$795,978**	**$831,289**	**$883,270**	**$936,812**	**$991,893**	**$1,048,479**
36							
37	**CAPITAL EXPENDITURES**						
38	Cash-Funded	$839,843	$869,238	$899,661	$931,149	$963,739	$997,470
39	**TOTAL CAPITAL EXPENDITURES**	**$839,843**	**$869,238**	**$899,661**	**$931,149**	**$963,739**	**$997,470**
40							
41	**UNRESTRICTED CASH BALANCE**						
42	Combined 502 and 582 Beginning Balance[7]	$1,505,754	$1,461,889	$1,434,563	$1,428,750	$1,445,109	$1,484,248
43	Net Cash Change [Line 35 – Line 39]	-$43,865	-$37,948	-$16,391	$5,663	$28,153	$51,009
44	**Combined 502 and 582 ENDING BALANCE**	**$1,461,889**	**$1,434,563**	**$1,428,750**	**$1,445,109**	**$1,484,248**	**$1,546,704**
45							
46	*Operating Reserve Target*	*$220,224*	*$227,765*	*$235,640*	*$243,867*	*$252,469*	*$261,468*
47							
48	**DEBT COVERAGE**						
49	Projected Debt Coverage [Line 49 ÷ Line 54]	3.77	3.68	3.85	4.02	4.20	4.38
50	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20

[7] Beginning FY 2025 unrestricted cash balance of $891,681 for Fund 502 and $614,073 for Fund 582 was provided by District staff. All other beginning and ending balances shown are projections by Raftelis.

Figure 5-3 shows the debt coverage under the proposed financial plan. The required debt coverage ratio of 1.20 is denoted by the dark blue line, with projected debt coverage represented by the light blue line. The City is projected to exceed its required debt coverage requirement in all years of the study period.

Figure 5-3: Proposed Financial Plan –Debt Coverage

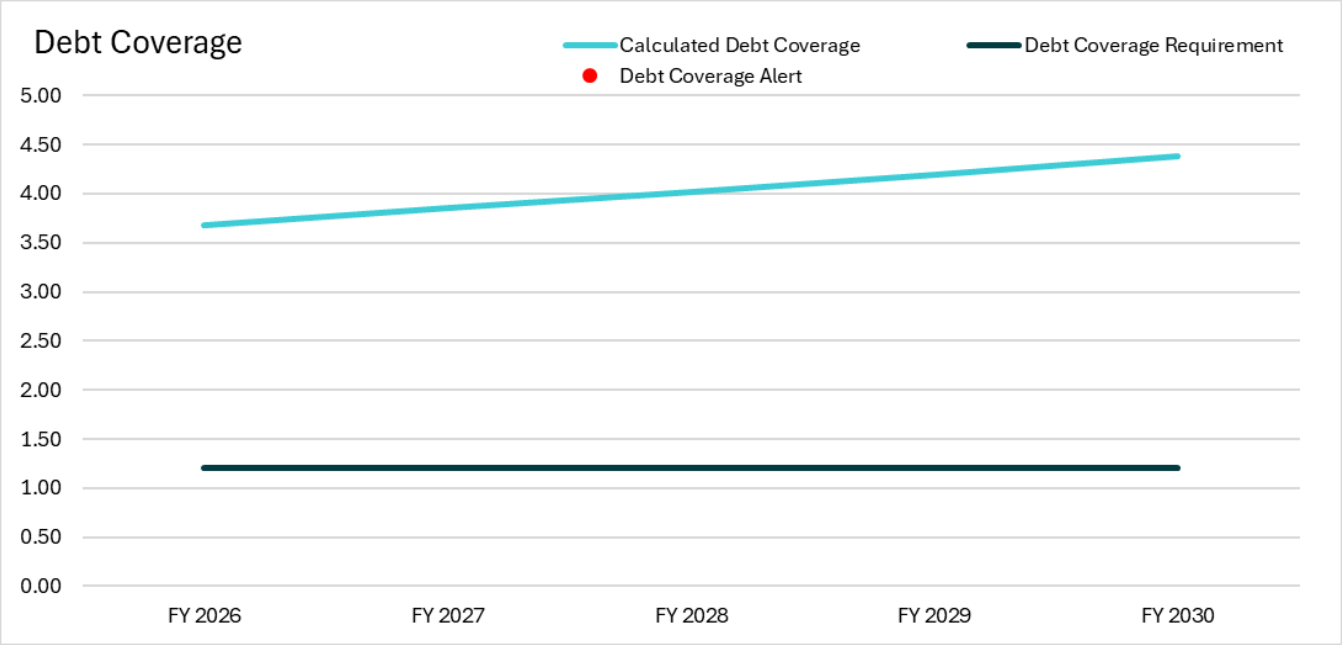


Figure 5-4 shows the proposed annual funding for the CIP. The grant-funded water reservoir project expenditures are shown in the yellow stacked bars. The rest of the CIP is planned to be funded through rate revenues and reserves, shown in the light blue stacked bars.

Figure 5-4: Proposed CIP Financing Plan

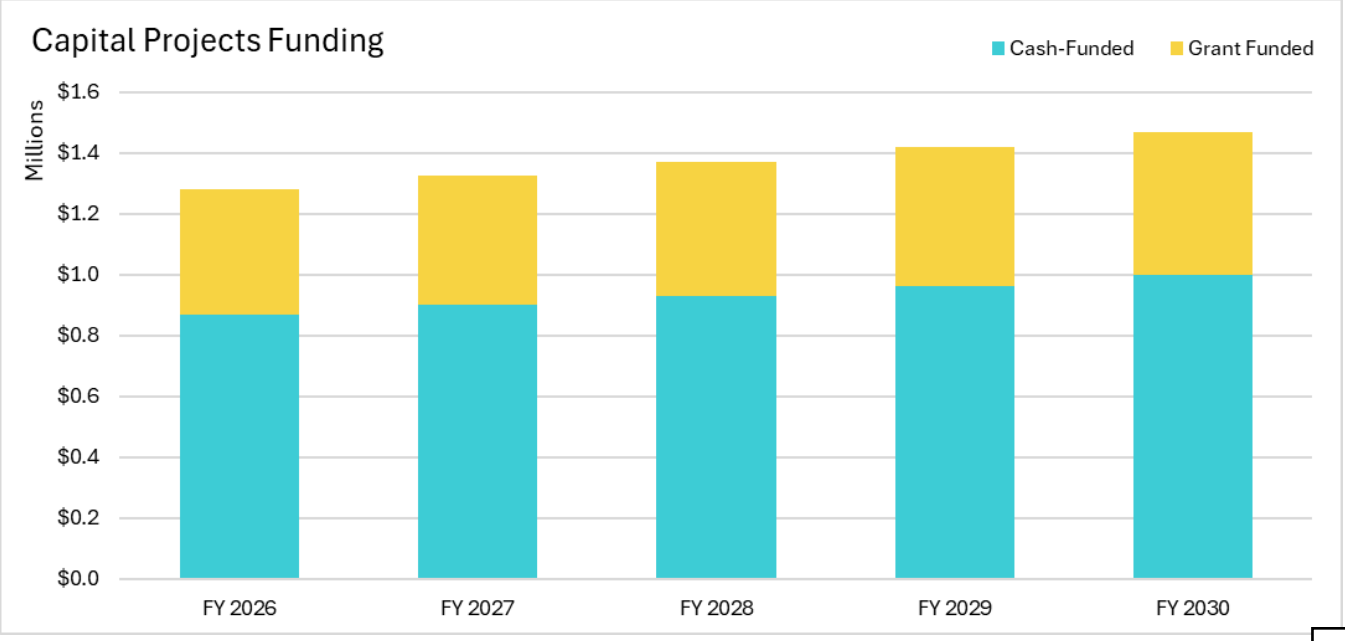


Figure 5-5 shows the City's projected ending balances under the proposed financial plan. The light blue bars represent the Fund 502 ending balance, the green bars represent the Fund 582 ending balance, and the yellow bars represent the combined ending balance. The City is projected to maintain steady reserves through FY 2030. The proposed plan is advantageous in several ways including: reducing risk relative to the present day; providing flexibility in future CIP financing or cash-funding; and providing a sufficient revenue base to support any potential increases to the CIP in the next rate cycle (FY 2031-2035) given continued inflation and the amount of aging equipment projected to exceed its expected service life.

Figure 5-5: Proposed Financial Plan – Projected Ending Balances

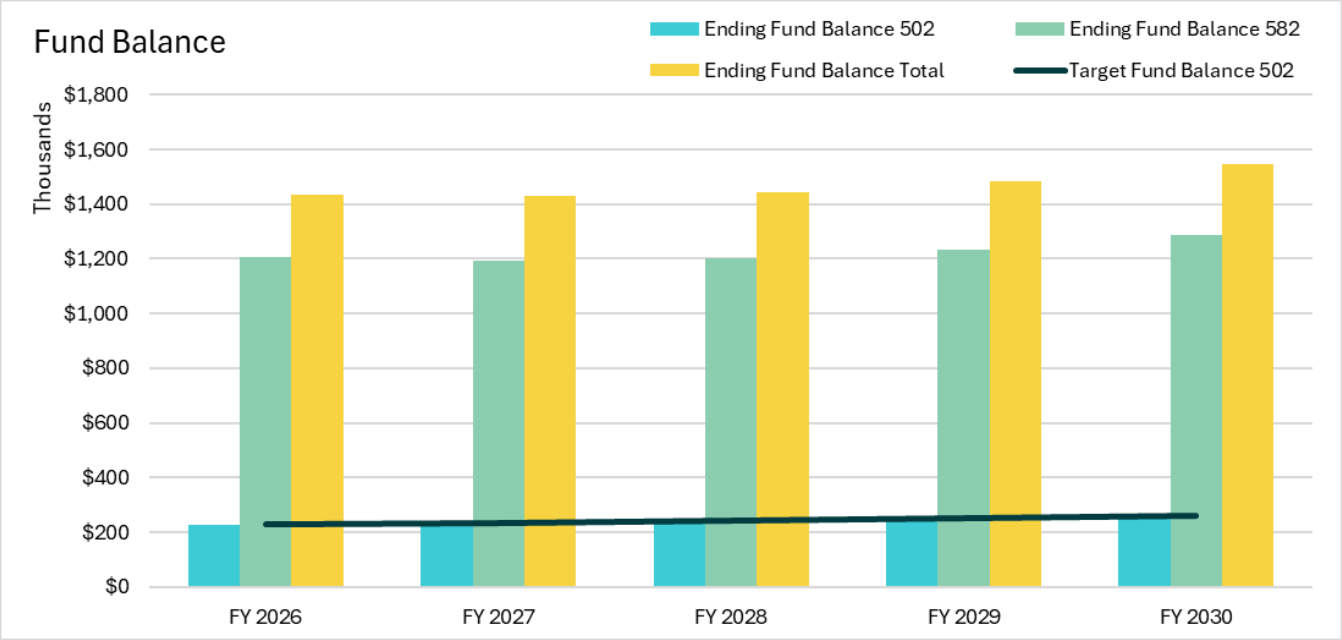
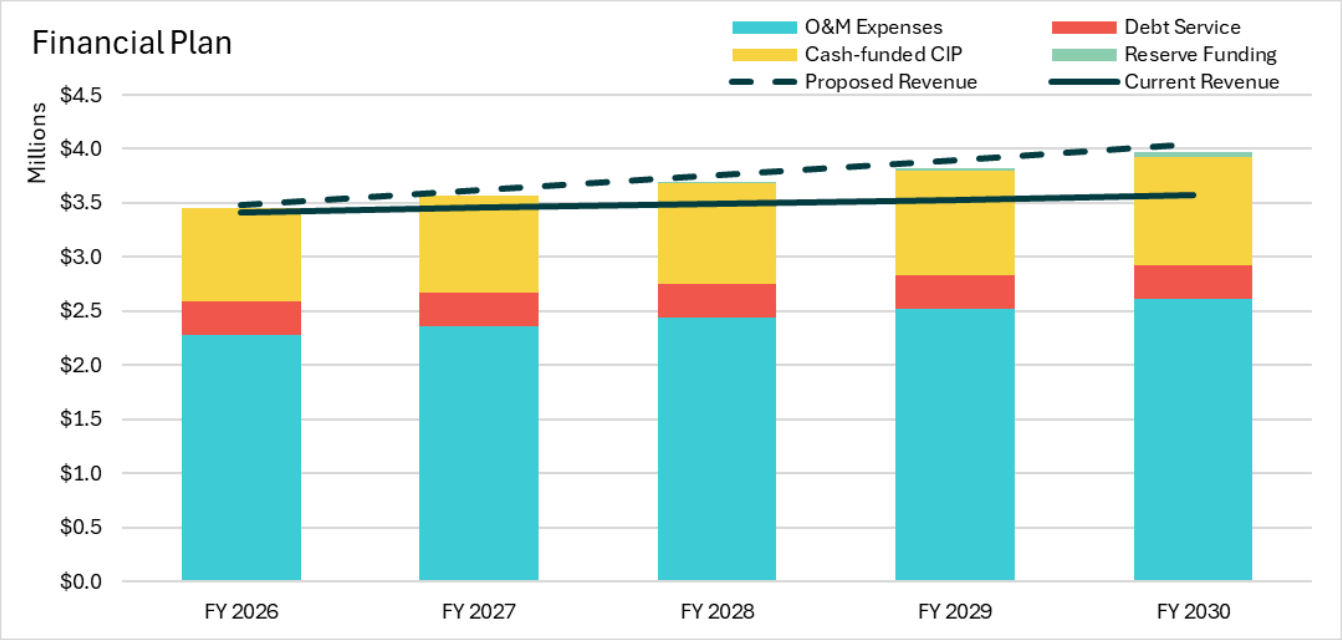


Figure 5-6 shows the proposed versus the status quo financial plan. Revenues under the proposed financial plan and the status quo financial plan are represented by the dashed and solid dark blue lines, respectively. Revenue requirements, including O&M expenses, debt service, cash-funded CIP, and reserve funding, are represented by the various stacked bars. Although current rates result in adequate recovery of O&M expenses and debt service payments, revenue adjustments are required to generate sufficient revenue to cover cash-funded CIP and maintain reserves.

Figure 5-6: Proposed vs. Status Quo Financial Plan



6. Water Cost of Service Analysis

Section 6 details the COS analysis performed for the City for FY 2026. The COS analysis fairly allocates the overall rate revenue requirement to customer classes based on their proportion of use and burden on the City's water systems. The COS provides the basis for the development of proposed FY 2026 water rates.

6.1. Methodology

The first step in the COS analysis is to determine the revenue required from rates. The total revenue requirement is determined by the financial plan and the proposed revenue adjustments in **Section 5**The framework and methodology utilized to develop the COS analysis and apportion the revenue requirement to each customer class and tier are informed by the processes outlined in the AWWA Manual M1.

COS analyses are tailored specifically to meet the unique needs of each water system. However, there are four distinct steps in every COS analysis to recover costs from customers in an accurate, equitable, and cost-justified manner:

1. **Cost functionalization:** O&M expenses and capital assets are categorized by their function in the system. Sample functions may include wells, treatment, distribution, meters, customer service, etc.
2. **Cost causation component allocation:** Functionalized costs are then allocated to cost causation components based on their burden on the system. The cost causation components include volume, meters, customers, etc. The revenue requirement is allocated to the cost causation components, resulting in the total revenue requirement for each cost causation component.
3. **Unit cost development:** The revenue requirement for each cost causation component is divided by the appropriate units of service to determine the unit cost for each cost causation component.
4. **Revenue requirement distribution:** The unit cost is utilized to distribute the revenue requirement for each cost causation component to customer classes based on each customer class's individual service units and cost responsibility.

This method of functionalizing costs is consistent with the AWWA Manual M1 and is used in the water industry to perform COS analyses and align with Proposition 218's requirements.

6.2. Revenue Requirement

Table 6-1 shows the rate revenue requirement for FY 2026 (also referred to as the test year or rate-setting year). The revenue requirement is divided into operating and capital categories (Columns C and D), which are later allocated based on O&M expenses and capital assets, respectively. The revenue requirements (Lines 2-4) are equal to FY 2026 expenses. The revenue offsets (Lines 8-10) include Fund 582 revenue, interest earnings, and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The cash adjustment (Line 14) is equal to the FY 2026 positive net cash change to reserves less the operating expenses for Fund 582. The adjustment to annualize the rate increase (Line 15) represents the revenue that would have been collected if the rates were implemented for all 12 months of the fiscal year. All values are from the proposed financial plan pro forma (**Table 5-10**). The final rate revenue requirement (Line 18) is calculated as follows:

Total revenue required from rates (Line 18) = Revenue requirements (Line 5) - Revenue offsets (Line 11) - Adjustments (Line 16)

Table 6-1: FY 2026 Revenue Required from Water Rates

[A]	[B]	[C]	[D]	[E]
Line	Description	Operating	Capital	Total
1	**Revenue Requirements**			
2	O&M Expenses	$2,277,652		$2,277,652
3	Debt Service	$310,159		$310,159
4	Cash Funded CIP		$869,238	$869,238
5	**Total Revenue Requirements**	**$2,587,811**	**$869,238**	**$3,457,049**
6				
7	**Less Revenue Offsets**			
8	Fund 582 Revenue		$285,685	$285,685
9	Miscellaneous Revenue	$85,679		$85,679
10	Interest Income	$7,824		$7,824
11	**Total Revenue Offsets**	**$93,502**	**$285,685**	**$379,187**
12				
13	**Less Adjustments**			
14	Cash from (to) Reserves	-$26,971		-$26,971
15	Adjustment to Annualize Rate Increase	-$23,705		-$23,705
16	**Total Adjustments**	**-$50,676**	**$0**	**-$50,676**
17				
18	**Total Revenue Required from Rates**	**$2,544,984**	**$583,553**	**$3,128,538**

6.3. System Peaking Factors

A significant portion of the costs of the water system is based on the peaking characteristics of its customers. Different facilities of a water system are designed to meet different extra-capacity (i.e., peaking) requirements. The Max Day demand is the maximum amount of water required in a single day over a full year. For example, storage and treatment components of the water system are designed for system Max Day requirements.

Table 6-2 shows the system-wide peaking factors provided by City staff for the most recent year, FY 2024, which are used to derive the cost component allocation bases for Base Delivery (i.e., Average Day Demand (ADD), Max Day, and Max Hour costs. Base Delivery use is considered ADD over one year, which is normalized to a factor of 1.00 (Column C, Line 1). The Max Day peaking factor (Column C, Line 2) indicates that the Max Day demand is 1.42 times greater than the average daily demand. The allocation bases (Columns D to E) are calculated using the equations outlined below. Columns are represented in these equations as letters, and rows are represented as numbers. For example, Column D, Line 2 is shown as D2.

The Max Day allocations are calculated as follows:

- Base Delivery: *C1 / C2 x 100% = D2*
- Max Day: *(C2 - C1) / C2 x 100% = E2*

Table 6-2: Water System Peaking Factor Allocations

[A]	[B]	[C]	[D]	[E]	[F]
Line	Description	Factor	Base	Max Day	Total
1	Base	1.00	100.0%	0.0%	**100.0%**
2	Max Day	1.42	70.4%	29.6%	**100.0%**

6.4. Functionalization and Allocation of Expenses

After determining the revenue requirement and systemwide peaking allocation basis, the next step of the COS analysis is to allocate O&M expenses and capital assets to the following functional categories:

- **Wells**: costs of well maintenance, operations, and groundwater production
- **Treatment**: costs associated with the City's water treatment system
- **Distribution**: costs related to the City's water distribution system
- **Meters**: costs of meter servicing, maintenance, and repair
- **Customer Service**: costs of meter reading, billing, and other customer service-related activities
- **General**: costs for general administration and operational expenses, or any other costs that do not clearly relate to a specific functional category

The functionalization of costs allows for the allocation of costs to cost causation components. Some cost causation components correspond directly to a functional category listed above. Other cost components do not directly correspond with one functional category but are spread among several. The cost causation components include:

- **Volume**: costs associated with providing water (supply, treatment, and distribution)
- **Meters**: directly associated with the Meters functional category
- **Customer**: directly associated with the Customer functional category

Most functional categories are allocated entirely to the corresponding cost causation component. The only allocation basis for functional categories not allocated entirely to a single cost causation component is Distribution, which is allocated to Volume and Meter based on Base and Max Day, respectively.

6.5. O&M Expense Allocation

The next step of the COS analysis is to develop an allocation basis for the operating revenue requirement based on the functionalization of the City's O&M expenses. **Table 6-3** shows the City's FY 2026 O&M expenses (from Error! Reference source not found.). Each line item is allocated to the most appropriate functional category.

Table 6-3: Functionalization of Water O&M by Cost Center

Operating Expenses	FY 2026	Wells	Treatment	Distribution	Meter	Customer Service	General
Fund: 502 - Water							
Salaries	$609,356	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Overtime	$62,710	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Fica Soc Sec/M-Care Ins	$52,765	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Unemployment	$2,190	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Group Insurance	$83,443	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Workers' Compensation	$19,839	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Pers/Retirement Contrib.	$50,014	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Pers-Unfunded Liability	$54,429	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Lwr Col Multi-Sp Cons Pro	$5,151	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Engineering Services	$735	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Medical Exams	$242	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Educational Training	$3,905	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Audit Fees	$14,117	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Legal Fees-Water	$81,284	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Other Professional Svs.	$22,720	13.00%	25.00%	30.00%	20.00%	2.00%	10.00%
Electric Utilities	$90,302	50.00%		50.00%			
Water Utilities	$108		35.00%	65.00%			
Vehicle Maint/Repair	$3,477	10.00%		80.00%	10.00%		
Equipment Maint/Repair	$463	10.00%	15.00%	75.00%			
Meter Maint/Repair	$7,398				100.00%		
Wells Maint/Repair	$1,500	100.00%					
Tools & Equipm Maint/Repl	$9,120			100.00%			
Valves-Maint/Repair	$15,148			100.00%			
Streets-Asphalt Materials	$6,307			100.00%			
Liability Insurance	$14,674						100.00%
Blanket Bond Insurance	$184						100.00%
Property Insurance	$27,876						100.00%
Telephone/Cell	$11,765					20.00%	80.00%
Postage	$193					100.00%	
Advertising	$534					100.00%	
Economic Dev. Consulting	$12,132						100.00%
Public Education	$5,957					100.00%	
Travel Per Diem	$1,722						100.00%

Operating Expenses	FY 2026	Wells	Treatment	Distribution	Meter	Customer Service	General
Dues And Membership	$3,211						100.00%
Licensing	$496						100.00%
Utility Business Office	$143,209						100.00%
Central Purchasing Adm	$67,117					100.00%	
Mgmt Info Sys/O & M	$33,317					100.00%	
Fleet Maintenance	$46,804			100.00%			
Vehicle Replacement Fund	$44,991			100.00%			
Finance Dept. Services	$480						100.00%
Lab Testing	$11,811		100.00%				
Encroachment Permits	$19,689						100.00%
Lab Supplies	$735		100.00%				
Back Flow Prevention	$382			100.00%			
Boots	$1,908						100.00%
Chlorine/Chemical Supplie	$46,872		100.00%				
Purchased Inventory	$60,878	25.00%	25.00%	25.00%	25.00%		
Office Supplies	$680						100.00%
Computer/Printer Supplies	$5					20.00%	80.00%
Uniforms	$4,425						100.00%
Safety Equipment	$3,691						100.00%
Vehicle Fuel	$25,176			100.00%			
Regulatory Fees	$16,584						100.00%
Employee Meals	$27						100.00%
Fair Share Allocations	$154,429						100.00%
Vac/Sl/Comp Accrual	$10,110						100.00%
Purchased Inventory	$14,757						100.00%
Bad Debts Expense	$16,331						100.00%
Trf-Asset Replacement	$277,777	25.00%	25.00%	25.00%	25.00%		
Total	**$2,277,652**	**$269,885**	**$409,914**	**$599,812**	**$304,989**	**$130,730**	**$562,321**

Table 6-4 shows a summary of FY 2026 expenses by functional category based on the allocation of cost centers to functional categories (from **Table 6-3**). This intermediate step is necessary to allocate total O&M to the appropriate cost causation components.

Table 6-4: Summary of Water O&M Expenses by Functional Category

[A]	[B]	[C]
Line	Functional Category	FY 2026 Expenses
1	Wells	$269,885
2	Treatment	$409,914
3	Distribution	$599,812
4	Meter	$304,989
5	Customer Service	$130,730
6	General	$562,321
7	**Total O&M Expenses**	**$2,277,652**

Table 6-5 shows the allocation of FY 2026 O&M expenses by functional category to each cost causation component. The percentage allocation of each functional category (Columns C-E) to the various cost causation components was determined in **Table 6-3**. The total dollar amount allocated to each cost causation component (Line 7) is determined by multiplying the total expense associated with each functional category by the corresponding percentage allocation and then summing across all functional categories.

For example, 100 percent (Column C, Line 1) of Well costs (Column P, Line 1) are allocated to the Volume cost causation factor total (Column C, Line 17). The same calculation is performed for the remaining functional categories (i.e. Column C × Column F in Lines 2-16). The subtotals of Column C × Column F in Lines 1-6 are summed to determine the total dollar amount allocated to the Volume cost causation factor (Column C, Line 7). The same calculations are repeated for the remaining cost causation components (Columns D-E) to determine the allocation of O&M expenses to each cost causation component (Line 17).

The final O&M Allocation percentages (Line 9) represent the proportion of total O&M expenses allocated to each cost causation component (Line 7). These O&M allocation percentages are used to allocate the total operating revenue requirement. The total operating revenue requirement (Column F, Line 11) equals the operating revenue requirement (from **Table 6-1**, Column C, Line 5) less operating adjustments (from **Table 6-1**, Column C, Line 14). This total is allocated to each cost causation component (Columns C-E, Line 11) based on the final O&M allocation percentages (Columns C-E, Line 9). Note that the total operating revenue requirement (Line 11) simply equals total O&M (Line 7). This is because the total operating revenue requirement consists solely of O&M expenses.

Table 6-5: Allocation of Water O&M Expenses to the Cost Causation Components

[A]	[B]	[C]	[D]	[E]	[F]
Line	Functional Category	Volume	Meter	Customer	FY 2026 Expense
1	Wells	100.00%			$269,885
2	Treatment	100.00%			$409,914
3	Distribution	29.58%	70.42%		$599,812
4	Meter		100.00%		$304,989
5	Customer Service			100.00%	$130,730
6	General	49.97%	42.41%	7.62%	$562,321
7	**Total O&M**	**$1,138,219**	**$965,847**	**$173,586**	**$2,277,652**
8					
9	**O&M Allocation**	**49.97%**	**42.41%**	**7.62%**	**100.0%**
10					
11	**Operating Revenue Requirement**	**$1,318,541**	**$1,118,860**	**$201,086**	**$2,638,487**

6.6. Capital Allocation

Capital assets are utilized in COS analyses to allocate the proportion of capital revenue requirement to the various cost causation components. The distribution of a short-term CIP can be heavily weighted to specific cost causation components based on the type of projects. Using short-term planned CIP to allocate capital costs may cause rates to fluctuate and cause customer confusion. Conversely, the overall capital asset base is considerably more stable in the long-term, and therefore is more representative of long-term capital re-investment in a water system. Thus, functionalized capital assets are used to allocate capital costs.

City staff provided Raftelis with a detailed asset listing that included the original cost of each individual asset. Raftelis calculated the estimated replacement cost of each asset based on original cost and acquisition year using the Engineering News-Record's 20-City Average Cost Construction Index (CCI) to account for capital cost escalation. This financial reporting methodology does not reflect the true current replacement cost. This approach is to illustrate the asset base in present value terms, however, it does not represent an appraisal of the water system. Rather, the estimates are used to apportion capital costs across water system components in relation to the relative share of each. As part of the capital asset analysis, Raftelis assigned each individual asset to the most appropriate functional category. Total asset value, in estimated replacement cost dollars less depreciation, by functional category is shown in **Table 6-6**.

Table 6-6: Summary of Water Capital Assets by Functional Category

[A]	[B]	[C]
Line	Functional Category	Asset Value (Replacement Cost less Depreciation)
1	Wells	$2,013,274
2	Treatment	$486,649
3	Distribution	$6,269,146
4	Meter	$1,207,976
5	Customer Service	$0
6	General	$12,604
10	Total Asset Value[8]	$9,989,650

Table 6-7 shows the allocation of capital assets by functional category to each cost causation component. The percentage allocation of each functional category (Columns C-E) to the various cost causation components was determined in **Table 6-3**. Total asset value associated with each functional category (Column F) was determined in **Table 6-6**. The Capital Revenue Requirement in Column F, Line 11 was determined in **Table 6-1**, Column D, Line 17 and is multiplied by the percent capital allocations in Line 9 to calculate the revenue requirement for each cost causation component in Columns C to E, Line 11.

Table 6-7: Allocation of Functionalized Water Capital Assets to Cost Causation Components

[A]	[B]	[C]	[D]	[E]	[F]
Line	Functional Category	Volume	Meters	Customer	Asset Value
1	Wells	100.00%			$2,013,274
2	Treatment	100.00%			$486,649
3	Distribution	29.58%	70.42%		$6,269,146
4	Meter		100.00%		$1,207,976
5	Customer Service			100.00%	$0
6	General	43.64%	56.36%	0.00%	$12,604
7	**Total Assets**	**$4,359,679**	**$5,629,971**	**$0**	**$9,989,650**
8					
9	**Capital Allocation**	**43.64%**	**56.36%**	**0.00%**	**100.00%**
10					
11	**Capital Revenue Requirement**	**$379,352**	**$489,885**	**$0**	**$869,238**

6.7. Revenue Requirement Adjustment Allocation

Revenue offsets (from **Table 6-1**, Column E, Lines 8 and 9) are allocated to each cost causation factor based on either the Capital allocation or the Operating allocation. Fund 582 revenues are allocated based on the Capital allocation since those revenues contribute to funding capital expenditures. Miscellaneous revenues and interest income are allocated based the Operating allocation. The total adjustment allocations are shown in **Table 6-8**.

[8] Total asset value in this study is based on escalating the original cost by historical construction cost inflation and is therefore an estimate of replacement cost. It does not represent an appraisal of system infrastructure or relate to the book value of the system documented in financial reports of the District.

Table 6-8: Water Adjustment Allocation

[A]	[B]	[C]	[D]	[E]	[F]
Line	Functional Category	Volume	Meters	Customer	Adjustment Value
1	Fund 582 Revenue	43.64%	56.36%	0.00%	-$285,685
2	Miscellaneous Revenue	49.97%	42.41%	7.62%	-$85,679
3	Interest Income	49.97%	42.41%	7.62%	-$7,824
4	**Total Adjustments**	**-$171,405**	**-$200,656**	**-$7,126**	**-$379,187**

6.8. Cost of Service Allocation

Table 6-9 shows the allocation of the total FY 2026 rate revenue requirement to the various cost causation components. The results shown in **Table 6-9** are calculated as follows based on intermediate results developed in the preceding subsections:

1. **Operating Revenue Requirement** (Column C): The total operating revenue requirement consists of the City's O&M expenses and debt service payments. The allocation of the total operating revenue requirement to each cost causation component was previously determined in **Table 6-5**, Columns C-E, Line 11.

2. **Capital Revenue Requirement** (Column D): The total capital revenue requirement consists solely of CIP expenditures. The allocation of the total capital revenue requirement to each cost causation component was previously determined in **Table 6-7**, Columns C-E, Line 11.

3. **Revenue Offsets** (Column E)**:** Total revenue offsets (from **Table 6-1**, Column E, Line 10) are allocated to each cost causation factor based on the values in **Table 6-8**, Column C-E, Line 3.

Table 6-9: Water Cost of Service Allocation

[A]	[B]	[C]	[D]	[E]	[F]
Line	Revenue Requirement	Volume	Meters	Customer	FY 2026 Total
1	Operating	$1,318,541	$1,118,860	$201,086	$2,638,487
2	Capital	$379,352	$489,885	$0	$869,238
3	Revenue Offsets	-$171,405	-$200,656	-$7,126	-$379,187
4	Total	$1,526,488	$1,408,089	$193,960	$3,128,538

6.9. Unit Cost Development

Units of service are used to convert total adjusted costs allocated to each cost causation component (from **Table 6-9**) into unit costs, which are directly incorporated into the proposed rate calculations for FY 2026 in **Section 7**. Units of service relating to water use were previously determined (see **Table 4-7**). However, additional units of service must be determined to develop the customer and meters unit costs.

6.9.1. Additional Units of Service

Table 6-10 shows the development of additional units of service needed to develop unit costs for Customer and Meters cost causation components. Customer unit costs are calculated on a per account basis, as these

costs do not vary based on connection type or size. Total accounts are approximated by summing total water meters in Column C, Lines 1-9 (from **Table 4-5**).

Meter unit costs are calculated per equivalent meter unit. Equivalent meter units are used to allocate meter-related costs appropriately and equitably. Larger meters generally impose larger demands, are more expensive to install, maintain, and replace than smaller meters, and require greater capacity within the water system. Equivalent meter units in this study are based on AWWA-rated hydraulic capacities and are calculated to represent the potential demand of a connection on the water system relative to a base meter size.

Capacity ratios are calculated by dividing larger meter capacities by the base meter capacity. The base meter in this study is a 3/4-inch meter, which is used to approximate the capacity of 5/8-inch and 3/4-inch meters. AWWA capacity ratios (Column E) are calculated by dividing the capacity of each meter size (Column D) by the capacity of a 3/4-inch meter (Column D, Line 1). The projected number of meters (Column C) is multiplied by the AWWA capacity ratios (Column E) to determine equivalent meter units (Column F).

Table 6-10: Water Monthly Service Charge Units of Service

[A]	[B]	[C]	[D]	[E]	[F]
Line	Water Meter Size	Number of Meters	AWWA Capacity (gpm)	AWWA Capacity Ratio	Equivalent Meter Units
1	5/8" & 3/4"	1,671	30	1.0	1,671
2	1"	113	50	1.7	188
3	1 1/2"	40	100	3.3	133
4	2"	104	160	5.3	555
5	3"	0	320	10.7	0
6	4"	10	500	16.7	167
7	6"	4	1,000	33.3	133
8	8"	1	1,600	53.3	53
9	10"	0	4,200	140.0	0
10	**Total**	**1,943**			**2,901**

6.9.2. Unit Costs

Unit costs comprise the constituent parts from which proposed FY 2026 rates are calculated in **Section 7**. **Table 6-11** shows unit costs for each cost causation component (Column F), which are calculated by dividing the final COS allocation in Column C (**Table 6-9**, Line 4) by the relevant annual units of service (Line 2). The units of service vary by cost component and are based on either projected FY 2026 water use (from **Table 4-7**) or the number of accounts or equivalent meter units (from **Table 6-10**) multiplied by the number of bills per year (12).

Table 6-11: Development of Water Unit Costs

[A]	[B]	[C]	[D]	[E]	[F]
Line	Unit Cost Calculation	FY 2026 Total	Volume	Meters	Customer
1	Revenue Requirement	$3,128,538	$1,526,488	$1,408,089	$193,960
2	Units of Service		453,034	34,808	23,316
3	**Unit Cost**		**$3.37**	**$40.45**	**$8.32**

7. Proposed Water Rates

Section 7 details the proposed water rate calculations. Proposed FY 2026 rates are calculated directly from the results of the COS analysis (from **Section 6**). All proposed rates beginning in FY 2027 are calculated by increasing the prior year rate by the annual revenue adjustment (from **Table 5-9**).

7.1. Proposed FY 2026 Monthly Service Charges

Monthly Service Charges are designed to recover the portion of the revenue requirement allocated to the Customer and Meters cost causation components. **Table 7-1** shows the detailed calculation of proposed FY 2026 Monthly Service Charges based on Customer, Meters, and Fire Protection unit rates. Customer costs do not vary by connection type or size. Therefore, the Customer unit rate (from **Table 6-11**, Column F, Line 3) is applied uniformly to all Monthly Service Charges (Column E). Because Meters costs vary by meter size based on hydraulic capacity, AWWA capacity ratios in Column C (from **Table 6-10**, Columns E) are used to differentiate the Meters unit rates by meter size. The Meters rate components (Column F) are calculated by multiplying the Meters unit rate (from **Table 6-11**, Column E, Lines 3) by the AWWA capacity ratio (Column C).

Table 7-1: Proposed FY 2026 Water Monthly Service Charge Calculation

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Line	Water Meter Size	AWWA Capacity Ratio	Meter	Customer	Proposed	Current	Difference ($)	Difference (%)
1	5/8" & 3/4"	1.0	$40.45	$8.32	$48.78	$48.86	-$0.08	-0.2%
2	1"	1.7	$67.42	$8.32	$75.75	$79.10	-$3.35	-4.2%
3	1 1/2"	3.3	$134.84	$8.32	$143.17	$177.30	-$34.13	-19.2%
4	2"	5.3	$215.75	$8.32	$224.07	$225.36	-$1.29	-0.6%
5	3"	10.7	$431.50	$8.32	$439.82	$611.58	-$171.76	-28.1%
6	4"	16.7	$674.22	$8.32	$682.54	$801.89	-$119.35	-14.9%
7	6"	33.3	$1,348.43	$8.32	$1,356.76	$1,437.60	-$80.84	-5.6%
8	8"	53.3	$2,157.50	$8.32	$2,165.82	$2,259.31	-$93.49	-4.1%
9	10"	140.0	$5,663.43	$8.32	$5,671.75	$1,977.70	$3,694.05	186.8%

7.2. Proposed FY 2026 Commodity Rate

Commodity Charges are designed to recover the portion of the rate revenue requirement allocated to the Volume cost causation components. The City will maintain the same flat rate structure for all customers. Because the commodity rate is uniformly charged to all customers, the proposed FY 2026 volumetric rate is equal to the unit rate (**Table 6-11**, Column D, Line 3).

Table 7-2 shows the difference between proposed FY 2026 Commodity Charges and current FY 2025 Commodity Charges (from Error! Reference source not found.). Distributional impacts to the various customer classes are a result of the cost of service analysis including changes to cost structure, water use patterns relative to the prior rate study, and due to refinements in methodology to ensure fair and objective cost recovery.

Table 7-2: Proposed FY 2026 Water Commodity Rate

[A]	[B]	[C]	[D]	[E]	[F]
Line	Customer Class	Proposed Rate ($/hcf)	Current Rate ($/hcf)	Difference ($)	Difference (%)
1	All Classes	**$3.37**	$3.07	$0.30	10%

7.3. Proposed Five-Year Rate Schedule

Table 7-3 shows the proposed five-year schedule of water rates through FY 2030. Proposed FY 2026 Monthly Service Charges (see **Table 7-1**) and Commodity Charges (see **Table 7-2**) were calculated in the preceding subsections. All proposed rates beginning in FY 2027 are calculated by increasing the prior year's proposed rate by the proposed annual revenue adjustment (from **Table 5-9**). For example, the proposed FY 2027 5/8" & 3/4" Monthly Service Charge ($64.30) is calculated by increasing the proposed FY 2026 5/8" & 3/4" Monthly Service Charge ($62.64) by 3.0 percent. All proposed rates are rounded up to the nearest cent to ensure full cost recovery. Current FY 2025 water rates (from **Table 4-1**) are also shown.

Table 7-3: Proposed Five-Year Water Rate Schedule

Description	FY 2025 (Current)	FY 2026 (7/1/2025)	FY 2027 (7/1/2026)	FY 2028 (7/1/2027)	FY 2029 (7/1/2028)	FY 2030 (7/1/2029)
Proposed Revenue Adjustment		**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Monthly Service Charges						
5/8" & 3/4"	$48.86	$48.78	$50.25	$51.76	$53.32	$54.92
1"	$79.10	$75.75	$78.03	$80.38	$82.80	$85.29
1 1/2"	$177.30	$143.17	$147.47	$151.90	$156.46	$161.16
2"	$225.36	$224.07	$230.80	$237.73	$244.87	$252.22
3"	$611.58	$439.82	$453.02	$466.62	$480.62	$495.04
4"	$801.89	$682.54	$703.02	$724.12	$745.85	$768.23
6"	$1,437.60	$1,356.76	$1,397.47	$1,439.40	$1,482.59	$1,527.07
8"	$2,259.31	$2,165.82	$2,230.80	$2,297.73	$2,366.67	$2,437.68
10"	$1,977.70	$5,671.75	$5,841.91	$6,017.17	$6,197.69	$6,383.63
Commodity Charges (per hcf)						
All Customers	$3.07	$3.37	$3.48	$3.59	$3.70	$3.82

Table 7-4 shows projected rate revenues by charge and customer class over the next five years. Revenues beyond FY 2026 are calculated based on estimated units of service consistent with the growth assumptions outlined in **Section 4**. Note that total rate revenues slightly exceed projected rate revenues under the proposed financial plan in **Section 5** due to rounding up of rates to the nearest whole penny.

Table 7-4: Projected Water Rate Revenue

Description	FY 2025	FY 2026	Difference (%)
Monthly Service Charges			
5/8" & 3/4"	$979,741	$978,137	-0.2%
1"	$107,260	$102,717	-4.2%
1 1/2"	$85,104	$68,722	-19.2%
2"	$281,249	$279,639	-0.6%
3"	$0	$0	0.0%
4"	$96,227	$81,905	-14.9%
6"	$69,005	$65,124	-5.6%
8"	$27,112	$25,990	-4.1%
10"	$0	$0	0.0%
Commodity Charges (per hcf)			
All Customers	$1,390,814	$1,526,725	9.8%
Total	**$3,036,511**	**$3,128,958**	**3.0%**

7.4. Monthly Bill Impacts

Table 7-5 shows sample monthly bills for customers with a 5/8-inch or 3/4-inch water meter at varying levels of water use. Note that approximately 86 percent of customers have either a 5/8-inch or 3/4-inch water meter. The three water use levels represent low, average, and high water users in the system.

Table 7-5: Water Bill Impacts

Bill Impacts, 5/8" & 3/4" Meter	Low	Average	High
Monthly Usage (hcf)	10	15	25
Current Bill	$79.56	$94.91	$125.61
Proposed Bill	$82.48	$99.33	$133.03
Difference ($)	$2.92	$4.42	$7.42
Difference (%)	**3.7%**	**4.7%**	**5.9%**

8. Wastewater Financial Plan

Section 8 details the development of a proposed wastewater five-year financial plan for the City over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2030. The overall purpose of the financial plan is to determine annual revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

8.1. Revenues from Current Rates

The City's wastewater revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown assume that current FY 2025 rates are effective throughout the study period; and therefore, represent estimated revenues in the absence of any revenue adjustments (i.e., rate increases). This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments.

8.1.1. Calculated Wastewater Rate Revenues

Raftelis projected wastewater rate revenues from Monthly Service Charges FY 2025 through FY 2030 based on current FY 2025 rates and the current and projected number of equivalent dwelling units (EDUs).

Table 8-1 shows projected Monthly Service Charge revenues under current rates over the study period. Monthly Service Charge Revenues are calculated in each year as follows based on current FY 2025 wastewater rates (from **Table 4-2**) and the projected number of wastewater EDUs (from **Table 4-6**):

Annual Monthly Service Charge Revenue = [FY 2025 monthly rate] × [Number of EDUs] × [12 Bills per year]

Table 8-1: Projected Monthly Service Charge Revenues under Current Rates

Meter Size	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Residential	$885,611	$901,832	$912,614	$923,395	$934,177	$944,958
Hotel	$257,621	$261,925	$264,461	$267,632	$270,803	$273,974
Hospitals	$12,598	$12,684	$12,684	$12,684	$12,684	$12,684
Multi-Family	$379,188	$386,228	$390,667	$395,107	$399,546	$403,985
Garden & Nurseries	$630	$634	$634	$634	$634	$634
Laundromats	$0	$0	$0	$0	$0	$0
Schools	$132,905	$135,085	$136,353	$137,621	$138,890	$140,158
General Commercial	$106,450	$108,448	$109,717	$110,985	$112,253	$113,522
Beauty Salon & Barber Shop	$630	$634	$634	$634	$634	$634
Needles Marina	$69,917	$71,030	$71,665	$72,299	$72,933	$73,567
Religious Organizations	$17,637	$17,758	$17,758	$17,758	$17,758	$17,758
Seventh Day Adventist	$1,890	$1,903	$1,903	$1,903	$1,903	$1,903
Food Establishments	$84,404	$85,617	$86,251	$86,885	$87,520	$88,154
Government	$129,125	$131,279	$132,548	$133,816	$135,085	$136,353
Gas Stations	$64,878	$65,957	$66,591	$67,225	$67,859	$68,494
Shell/Dairy Queen	$23,935	$24,100	$24,100	$24,100	$24,100	$24,100
Native Village	$69,917	$71,030	$71,665	$72,299	$72,933	$73,567
Total	**$2,237,334**	**$2,276,144**	**$2,300,243**	**$2,324,977**	**$2,349,711**	**$2,374,445**

8.1.2. Other Revenues

Table 8-2 shows all other revenues. All FY 2024 other revenues are based on the City's FY 2024 budget. Other revenues from FY 2025 through FY 2030 were projected by Raftelis relying on the assumptions detailed in **Section 4**. Beginning in FY 2026, interest revenue is estimated based on projected cash balances and the assumed interest rate (from **Table 4-4**). All other revenues are estimated by the miscellaneous inflation rate (from **Table 4-3**).

Table 8-2: Projected Other Revenues

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Fund 503 - Wastewater							
Connect Fee	$4,710	$4,710	$4,710	$4,710	$4,710	$4,710	$4,710
Establishment Fee	$4,975	$5,075	$5,176	$5,280	$5,385	$5,493	$5,603
Miscellaneous	$2,638	$2,691	$2,745	$2,800	$2,856	$2,913	$2,971
Interest Earnings Other	$1,949	$0	$2,523	$1,911	$699	$0	$0
Reimburse Wastewater Labor/Mat	$1,209,678	$0	$0	$0	$0	$0	$0
Subtotal – Fund 503	**$1,223,950**	**$12,475**	**$15,154**	**$14,700**	**$13,650**	**$13,115**	**$13,284**
Fund 583 – NPUA Capital Wastewater							
Wastewater Asset Replacement	$35,676	$35,676	$35,676	$35,676	$35,676	$35,676	$35,676
Subtotal – Fund 583	**$35,676**	**$35,676**	**$35,676**	**$35,676**	**$35,676**	**$35,676**	**$35,676**
Total	**$1,259,626**	**$48,151**	**$50,830**	**$50,376**	**$49,326**	**$48,791**	**$48,960**

Table 8-3 shows a summary of projected revenues under current rates over the study period. This represents expected revenues in the absence of any rate increase over the study period.

Table 8-3: Summary of Projected Revenues under Current Rates

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Monthly Service Charges	$2,179,180	$2,237,334	$2,276,144	$2,300,243	$2,324,977	$2,349,711	$2,374,445
Interest Earnings	$1,949	$0	$2,523	$1,911	$699	$0	$0
Miscellaneous Revenue	$1,257,677	$48,151	$48,307	$48,465	$48,627	$48,791	$48,960
Total	**$3,438,805**	**$2,285,485**	**$2,326,974**	**$2,350,619**	**$2,374,303**	**$2,398,502**	**$2,423,404**

8.2. Operations and Maintenance Expenses

Table 8-4 shows O&M expenses over the study period. All projections shown beyond FY 2024 were calculated based on inflationary assumptions (from **Table 4-3**) and any anticipated structural changes to the O&M budget due to either non-recurring expenses or future expenses not currently incurred.

Table 8-4: Projected Operating & Maintenance Expenses

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Fund 503 - Wastewater							
Salaries	$579,994	$594,493	$609,356	$624,590	$640,204	$656,209	$672,615
Overtime	$59,688	$61,180	$62,710	$64,278	$65,885	$67,532	$69,220
Fica Soc Sec/M-Care Ins	$43,608	$47,968	$52,765	$58,042	$63,846	$70,230	$77,253
Unemployment	$1,913	$2,046	$2,190	$2,343	$2,507	$2,682	$2,870
Group Insurance	$68,961	$75,858	$83,443	$91,788	$100,966	$111,063	$122,169
Workers' Compensation	$17,328	$18,541	$19,839	$21,228	$22,713	$24,303	$26,005
Pers/Retirement Contrib.	$48,547	$49,275	$50,014	$50,764	$51,526	$52,299	$53,083
Pers-Unfunded Liability	$52,832	$53,625	$54,429	$55,246	$56,074	$56,915	$57,769
Lwr Col Multi-Sp Cons Pro	$4,856	$5,001	$5,151	$5,306	$5,465	$5,629	$5,798
Engineering Services	$693	$714	$735	$757	$780	$803	$828
Medical Exams	$200	$220	$242	$266	$293	$322	$354
Educational Training	$3,681	$3,791	$3,905	$4,022	$4,143	$4,267	$4,395
Audit Fees	$13,307	$13,706	$14,117	$14,541	$14,977	$15,426	$15,889
Legal Fees-Ww	$76,618	$78,916	$81,284	$83,722	$86,234	$88,821	$91,486
Other Professional Svs.	$21,416	$22,058	$22,720	$23,401	$24,103	$24,827	$25,571
Sewer Operation Contract	$83,489	$85,994	$88,574	$91,231	$93,968	$96,787	$99,690
Electric Utilities	$100	$104	$108	$112	$117	$121	$126
Water Utilities	$3,246	$3,376	$3,511	$3,651	$3,797	$3,949	$4,107
Plant Maint/Repair	$432	$447	$463	$479	$496	$513	$531
Equipment Maint/Repair	$6,906	$7,148	$7,398	$7,657	$7,925	$8,202	$8,489
Security Monitoring	$1,400	$1,449	$1,500	$1,552	$1,607	$1,663	$1,721
Tools Maint/Repair	$8,514	$8,812	$9,120	$9,440	$9,770	$10,112	$10,466
Usa Alert	$14,140	$14,635	$15,148	$15,678	$16,226	$16,794	$17,382
Liability Insurance	$5,887	$6,300	$6,741	$7,212	$7,717	$8,257	$8,835
Blanket Bond Insurance	$12,817	$13,714	$14,674	$15,701	$16,800	$17,976	$19,235
Property Insurance	$161	$172	$184	$197	$211	$226	$242
Telephone/Cell	$24,348	$25,078	$25,831	$26,606	$27,404	$28,226	$29,073
Postage	$11,090	$11,423	$11,765	$12,118	$12,482	$12,856	$13,242
Advertising	$182	$187	$193	$199	$205	$211	$217
Economic Dev. Consulting	$503	$518	$534	$550	$566	$583	$601
Travel Per Diem	$11,435	$11,778	$12,132	$12,496	$12,871	$13,257	$13,654
Dues And Membership	$5,615	$5,784	$5,957	$6,136	$6,320	$6,510	$6,705
Licensing	$1,623	$1,672	$1,722	$1,774	$1,827	$1,882	

Description	Budgeted FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Utility Business Office	$3,027	$3,117	$3,211	$3,307	$3,406	$3,509	$3,614
Central Purchasing Adm	$467	$481	$496	$511	$526	$542	$558
Mgmt Info Sys/O & M	$134,988	$139,038	$143,209	$147,505	$151,930	$156,488	$161,183
Fleet Maintenance	$63,264	$65,162	$67,117	$69,130	$71,204	$73,340	$75,541
Finance Dept. Services	$31,404	$32,346	$33,317	$34,316	$35,345	$36,406	$37,498
Sludge Disposal	$43,692	$45,003	$46,353	$47,743	$49,176	$50,651	$52,171
Lab Testing	$42,000	$43,260	$44,558	$45,895	$47,271	$48,690	$50,150
Encroachment Permits	$452	$466	$480	$494	$509	$525	$540
Boots	$11,133	$11,467	$11,811	$12,165	$12,530	$12,906	$13,293
Chlorine/Chemical-Plant	$18,559	$19,301	$20,073	$20,876	$21,711	$22,580	$23,483
Chlorine/Chemical-Lft Stn	$693	$721	$750	$780	$811	$843	$877
Purchased Inventory	$360	$371	$382	$393	$405	$417	$430
Office Supplies	$1,799	$1,853	$1,908	$1,966	$2,025	$2,085	$2,148
Computer/Printer Supplies	$43,336	$44,636	$45,975	$47,354	$48,775	$50,238	$51,745
Uniforms	$57,383	$59,104	$60,878	$62,704	$64,585	$66,523	$68,518
Safety Equipment	$641	$660	$680	$701	$722	$743	$766
New Tools	$5	$5	$5	$5	$6	$6	$6
Vehicle Fuel	$4,171	$4,338	$4,511	$4,692	$4,880	$5,075	$5,278
Regulatory Fees	$3,479	$3,583	$3,691	$3,802	$3,916	$4,033	$4,154
Employee Meals	$23,277	$23,975	$24,695	$25,435	$26,198	$26,984	$27,794
Buildings	$15,632	$16,101	$16,584	$17,082	$17,594	$18,122	$18,666
Fair Share Allocations	$25	$26	$27	$28	$28	$29	$30
Vac/Sl/Comp Accrual	$6,212	$6,398	$6,590	$6,788	$6,992	$7,201	$7,417
Purchased Inventory	$3,174	$3,269	$3,367	$3,468	$3,572	$3,679	$3,789
Bad Debts Expense	$15,832	$15,832	$15,832	$15,832	$15,832	$15,832	$15,832
Transfer - O & M Reimb	$1,209,678	$0	$0	$0	$0	$0	$0
Trf-Asset Replacement	$35,676	$36,925	$38,217	$39,555	$40,939	$42,372	$43,855
Subtotal – Fund 502	**$2,955,889**	**$1,803,424**	**$1,863,170**	**$1,925,608**	**$1,990,914**	**$2,059,275**	**$2,130,897**
Fund 582 – NPUA Capital Water							
Capital Equipment	$16,150	$16,715	$17,300	$17,906	$18,533	$19,181	$19,853
Transfer Expense	$145,913	$0	$0	$0	$0	$0	$0
Subtotal – Fund 582	**$162,064**	**$16,715**	**$17,300**	**$17,906**	**$18,533**	**$19,181**	**$19,853**
Total	**$3,117,952**	**$1,820,140**	**$1,880,470**	**$1,943,514**	**$2,009,447**	**$2,078,456**	**$2,150,749**

8.3. Debt Service

Table 8-5 shows the City's existing debt service obligations associated with its 2016 Revenue Refunding Bonds. The 2016 Bond is scheduled to be fully repaid in FY 2031.

Table 8-5: Schedule of Debt Service Payments

Debt Service	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
2016 Revenue Refunding Bonds						
Principal	$347,564	$361,109	$375,183	$389,805	$404,996	$420,779
Interest	$102,311	$88,766	$74,693	$60,071	$44,879	$29,095
Total Debt Service	**$449,875**	**$449,875**	**$449,876**	**$449,875**	**$449,875**	**$449,875**

8.4. Capital Improvement Plan

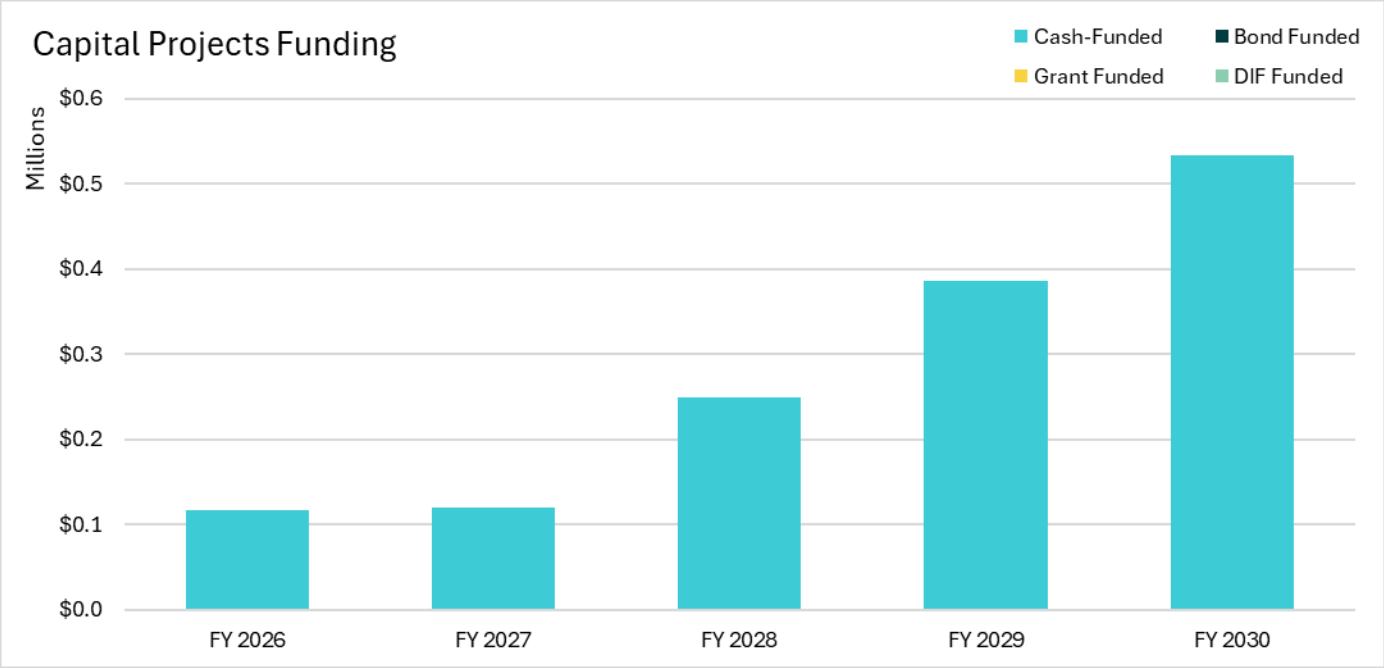
The City has approximately $1.9 M in wastewater Capital Improvement Plan (CIP) capital project costs from FY 2025 through FY 2030. These projects are shown in detail in **Table 8-6** and amount to approximately $280 thousand in average annual costs over the next five years, driven primarily by aging infrastructure. To ensure reserves remain stable and customers are not impacted by large rate adjustments, CIP expenditures are scaled up over the next five years. The first two years are 25 percent of planned expenditures, year three is 50 percent of planned, year four is 75 percent of planned, and year five is back to 100 percent of planned expenditures.

Table 8-6: Capital Improvement Plan

Project Description	Planned FY 2025	Planned FY 2026	Planned FY 2027	Planned FY 2028	Planned FY 2029	Planned FY 2030
Railroad crossing at Bazoobuth lift station	$15,455	$15,995	$16,555	$17,135	$17,734	$18,355
Upsize effluent pump	$1,818	$1,882	$1,948	$2,016	$2,086	$2,159
Mini excavator & tilt trailer	$10,909	$11,291	$11,686	$12,095	$12,518	$12,957
Jet Vac / Trailer	$13,636	$14,114	$14,608	$15,119	$15,648	$16,196
Plant grit separator	$27,273	$28,227	$29,215	$30,238	$31,296	$32,391
Upsize deficient sewer lines on 15 blocks of Front St.	$134,975	$139,699	$144,588	$149,649	$154,887	$160,308
Upsize deficient sewer lines from T St. to Front St.	$80,468	$83,284	$86,199	$89,216	$92,339	$95,570
Manhole rehab program (ongoing)	$13,636	$14,114	$14,608	$15,119	$15,648	$16,196
Manhole replacement and upsize project	$150,993	$156,277	$161,747	$167,408	$173,268	$179,332
Total Planned CIP	**$449,163**	**$464,883**	**$481,154**	**$497,995**	**$515,424**	**$533,464**
Percent of planned CIP to spend		*25%*	*25%*	*50%*	*75%*	*100%*
Total Proposed CIP Expenses	**$449,163**	**$116,221**	**$120,289**	**$248,997**	**$386,568**	**$533,464**

Figure 8-1 shows the proposed CIP over the study period. Total CIP expenditures in each year (from **Table 8-6**) are represented by the blue stacked bars below. The blue bars represent cash-funded CIP.

Figure 8-1: Capital Improvement Plan



8.5. Financial Policies

Agency-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

8.5.1. Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure it meets the associated debt covenants. The required debt coverage ratio is 1.2, which means the City's net revenue from operations must amount to at least 1.2 times the annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outside debt.

8.5.2. Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to award construction contracts, and provide funding during emergencies efficiently. The City's current reserve policy consists of an operating target balance:

- **Operating Reserve target:** The target balance for the Operating Reserve is 10% of annual operating costs.

8.6. Status Quo Water Financial Plan

To evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2025 wastewater rates remain unchanged over the study period. **Table 8-7** combines projected revenues (from **Table 8-3**), O&M expenses (from **Table 8-4**), debt service (from **Table 8-5**), CIP expenditures (from **Table 8-6**), and reserve targets to

generate estimated cash flow, projected ending cash balance, and debt coverage projections under the status quo.

Under the status quo financial plan, net operating cash flow (revenue less O&M and debt service) is projected to be negative in all years throughout the study period, and total operating and capital reserves fall below zero by FY 2028. The status quo financial plan is thus insufficient to meet the City's needs. This demonstrates a need for revenue adjustments over the study period to increase rate revenues to achieve full cost recovery of projected expenditures and achieve the City's financial policies.

Table 8-7: Status Quo Financial Plan – Pro Forma

Line	Description			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**REVENUE**								
2	**Rate Revenue Under Existing Rates**			**$2,237,334**	**$2,276,144**	**$2,300,243**	**$2,324,977**	**$2,349,711**	**$2,374,445**
3									
4	**Additional Rate Revenue Required from Revenue Adjustments**[9]								
5	**Fiscal Year**	**Revenue Adjustment**	**Month Effective**						
6	FY 2026	0.00%	October		$0	$0	$0	$0	$0
7	FY 2027	0.00%	October			$0	$0	$0	$0
8	FY 2028	0.00%	October				$0	$0	$0
9	FY 2029	0.00%	October					$0	$0
10	FY 2030	0.00%	October						$0
11	**Total Revenue Adjustments**			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
12									
13	**Revenue Summary (including Revenue Adjustments)**								
14	Revenue from Rates [Line 2 +Line 11]			$2,237,334	$2,276,144	$2,300,243	$2,324,977	$2,349,711	$2,374,445
15	Miscellaneous Revenue			$12,475	$12,631	$12,789	$12,951	$13,115	$13,284
16	Interest Earnings			$0	$2,523	$1,911	$699	$0	$0
17	Fund: 583 - NPUA Capital Wastewater			$35,676	$35,676	$35,676	$35,676	$35,676	$35,676
18	**TOTAL REVENUE**			**$2,285,485**	**$2,326,974**	**$2,350,619**	**$2,374,303**	**$2,398,502**	**$2,423,404**
19									
20	**O&M EXPENSES**								
21	Fund 503			$1,803,424	$1,863,170	$1,925,608	$1,990,914	$2,059,275	$2,130,897
22	Fund 583			$16,715	$17,300	$17,906	$18,533	$19,181	$19,853
23	**TOTAL O&M EXPENSES**			**$1,820,140**	**$1,880,470**	**$1,943,514**	**$2,009,447**	**$2,078,456**	**$2,150,749**
24									
25	**NET REVENUE** [Line 18 – Line 23]			**$465,345**	**$446,503**	**$407,105**	**$364,857**	**$320,046**	**$272,655**
26									
27	**DEBT SERVICE**								
28	Existing Debt Service			$449,875	$449,875	$449,876	$449,875	$449,875	$449,875
29	Proposed Debt Service			$0	$0	$0	$0	$0	$0

[9] The increase in rate revenues resulting from each year's revenue adjustment is calculated individually in Lines 9-13. This is necessary to account for revenue increases resulting from prior year revenue adjustments. However, revenue adjustments equal zero dollars under the status quo, which assumes no revenue adjustments (i.e. rate increases) over the study period.

Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
30	**TOTAL DEBT SERVICE**	**$449,875**	**$449,875**	**$449,876**	**$449,875**	**$449,875**	**$449,875**
31							
32	**NET OPERATING CASH FLOW** [Line 25 – Line 30]	**$15,470**	**-$3,371**	**-$42,771**	**-$85,019**	**-$129,829**	**-$177,219**
33							
34	**CAPITAL EXPENDITURES**						
35	Cash Funded	$449,163	$116,221	$120,289	$248,997	$386,568	$533,464
36	**TOTAL CAPITAL EXPENDITURES**	**$449,163**	**$116,221**	**$120,289**	**$248,997**	**$386,568**	**$533,464**
37							
38	**UNRESTRICTED CASH BALANCE**						
39	Combined 503 and 583 Beginning Balance[10]	$1,057,170	$503,109	$64,858	-$4,464	-$235,962	-$520,505
40	Net Cash Change [Line 35 – Line 39]	-$433,692	-$119,592	-$163,059	-$334,016	-$516,397	-$710,684
41	**Combined 502 and 582 ENDING BALANCE**	**$503,109**	**$64,858**	**-$4,464**	**-$235,962**	**-$520,505**	**-$861,115**
42							
43	*Operating Reserve Target*	*$180,342*	*$186,317*	*$192,561*	*$199,091*	*$205,928*	*$213,090*
44							
45	**DEBT COVERAGE**						
46	Projected Debt Coverage [Line 49 ÷ Line 54]	1.03	0.99	0.90	0.81	0.71	0.61
47	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20

[10] Beginning FY 2025 unrestricted cash balance of $936,801 for Fund 503 and $120,369 for Fund 583 was provided by District staff. All other beginning and ending balances shown are projections by Raftelis.

Figure 8-2 shows the City's projected ending balances under the status quo (from **Table 8-7**Table 5-8). The dark blue line represents the existing reserve target. The blue bars represent the Fund 503 ending balance, the green bars represent the Fund 583 ending balance, and the yellow bars represent the combined ending balance. The City's combined reserves are projected to fall to zero in FY 2028.

Figure 8-2: Status Quo Financial Plan – Projected Ending Balances

8.7. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period to adequately fund its operating and capital expenditures and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 8-8**. Revenue adjustments represent annual percent increases in rate revenue relative to the prior year. All CIP over the study period is assumed to be cash funded (i.e., funded by wastewater rates and cash reserves) (**Table 8-6**).

Table 8-8: Proposed Revenue Adjustments

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Revenue Adjustment	6.0%	6.0%	6.0%	6.0%	6.0%

Table 8-9 shows the proposed financial plan pro forma. This combines projected revenues (from **Table 8-3**), O&M expenses (from **Table 8-4**), debt service (from **Table 8-5**), CIP expenditures (from **Table 8-6**), and reserve targets to generate estimated cash flow, projected ending cash balances, and debt coverage projections under the proposed financial plan. Revenue adjustments over the study period generate increases in rate revenues. This results in positive net cash flow beginning in FY 2027 and sufficient debt coverage starting in FY 2026.

Table 8-9: Proposed Financial Plan – Pro Forma

Line	Description			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**REVENUE**								
2	**Rate Revenue Under Existing Rates**			**$2,237,334**	**$2,276,144**	**$2,300,243**	**$2,324,977**	**$2,349,711**	**$2,374,445**
3									
4	**Additional Rate Revenue Required from Revenue Adjustments**[11]								
5	**Fiscal Year**	**Revenue Adjustment**	**Month Effective**						
6	FY 2026	0.00%	October		$102,426	$138,015	$139,499	$140,983	$142,467
7	FY 2027	0.00%	October			$109,722	$147,869	$149,442	$151,015
8	FY 2028	0.00%	October				$117,555	$158,408	$160,076
9	FY 2029	0.00%	October					$125,934	$169,680
10	FY 2030	0.00%	October						$134,896
11	**Total Revenue Adjustments**			**$0**	**$102,426**	**$247,736**	**$404,923**	**$574,767**	**$758,133**
12									
13	**Revenue Summary (including Revenue Adjustments)**								
14	Revenue from Rates [Line 2 +Line 11]			$2,237,334	$2,378,570	$2,547,980	$2,729,900	$2,924,478	$3,132,578
15	Miscellaneous Revenue			$12,475	$12,631	$12,789	$12,951	$13,115	$13,284
16	Interest Earnings			$0	$3,291	$4,184	$5,154	$6,200	$7,327
17	Fund: 583 - NPUA Capital Wastewater			$35,676	$35,676	$35,676	$35,676	$35,676	$35,676
18	**TOTAL REVENUE**			**$2,285,485**	**$2,430,168**	**$2,600,629**	**$2,783,680**	**$2,979,469**	**$3,188,864**
19									
20	**O&M EXPENSES**								
21	Fund 503			$1,803,424	$1,863,170	$1,925,608	$1,990,914	$2,059,275	$2,130,897
22	Fund 583			$16,715	$17,300	$17,906	$18,533	$19,181	$19,853
23	**TOTAL O&M EXPENSES**			**$1,820,140**	**$1,880,470**	**$1,943,514**	**$2,009,447**	**$2,078,456**	**$2,150,749**
24									
25	**NET REVENUE** [Line 18 – Line 23]			**$465,345**	**$549,698**	**$657,115**	**$774,234**	**$901,013**	**$1,038,115**
26									
27	**DEBT SERVICE**								
28	Existing Debt Service			$449,875	$449,875	$449,876	$449,875	$449,875	$449,875
29	Proposed Debt Service			$0	$0	$0	$0	$0	$0
30	**TOTAL DEBT SERVICE**			**$449,875**	**$449,875**	**$449,876**	**$449,875**	**$449,875**	**$449,875**

[11] The increase in rate revenues resulting from each year's revenue adjustment is calculated individually in Lines 6-10. This is necessary to account for revenue increases resulting from prior year revenue adjustments.

Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
31							
32	**NET OPERATING CASH FLOW** [Line 25 – Line 30]	**$15,470**	**$99,823**	**$207,239**	**$324,358**	**$451,138**	**$588,240**
33							
34	**CAPITAL EXPENDITURES**						
35	Cash Funded	$449,163	$116,221	$120,289	$248,997	$386,568	$533,464
36	**TOTAL CAPITAL EXPENDITURES**	**$449,163**	**$116,221**	**$120,289**	**$248,997**	**$386,568**	**$533,464**
37							
38	**UNRESTRICTED CASH BALANCE**						
39	Combined 503 and 583 Beginning Balance[12]	$1,057,170	$503,109	$168,619	$273,608	$269,654	$265,152
40	Net Cash Change [Line 35 – Line 39]	-$433,692	-$16,398	$86,951	$75,361	$64,569	$54,776
41	**Combined 502 and 582 ENDING BALANCE**	**$503,109**	**$168,619**	**$273,608**	**$269,654**	**$265,152**	**$261,949**
42							
43	*Operating Reserve Target*	*$180,342*	*$186,317*	*$192,561*	*$199,091*	*$205,928*	*$213,090*
44							
45	**DEBT COVERAGE**						
46	Projected Debt Coverage [Line 49 ÷ Line 54]	1.03	1.22	1.46	1.72	2.00	2.31
47	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20

[12] Beginning FY 2025 unrestricted cash balance of $936,801 for Fund 503 and $120,369 for Fund 583 was provided by District staff. All other beginning and ending balances shown are projections by Raftelis.

Figure 8-3 shows the debt coverage under the proposed financial plan. The required debt coverage ratio of 1.20 is denoted by the dark blue line, with projected debt coverage represented by the light blue line. The City is projected to exceed its required debt coverage requirement in all years of the study period.

Figure 8-3: Proposed Financial Plan –Debt Coverage

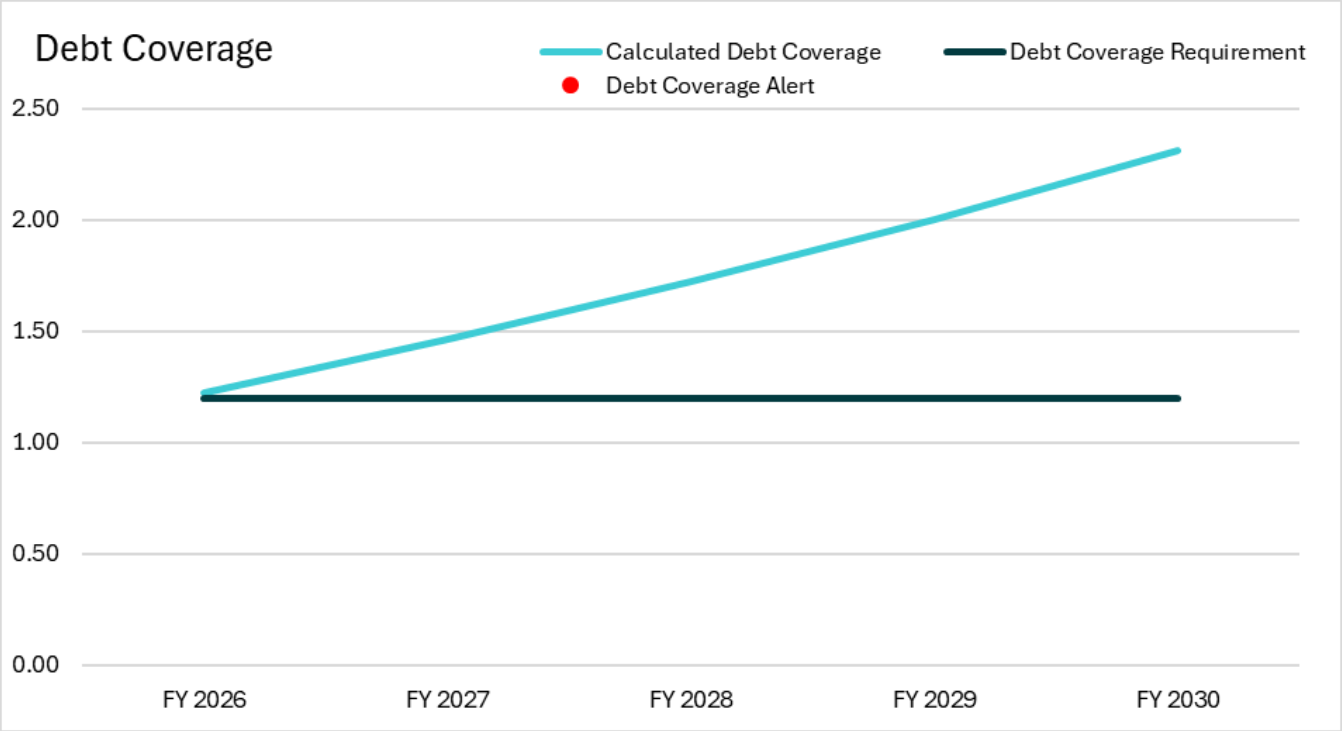


Figure 8-4 shows the proposed annual funding for the CIP. The CIP is planned to be funded through rate revenues and reserves, shown in the light blue bars.

Figure 8-4: Proposed CIP Financing Plan

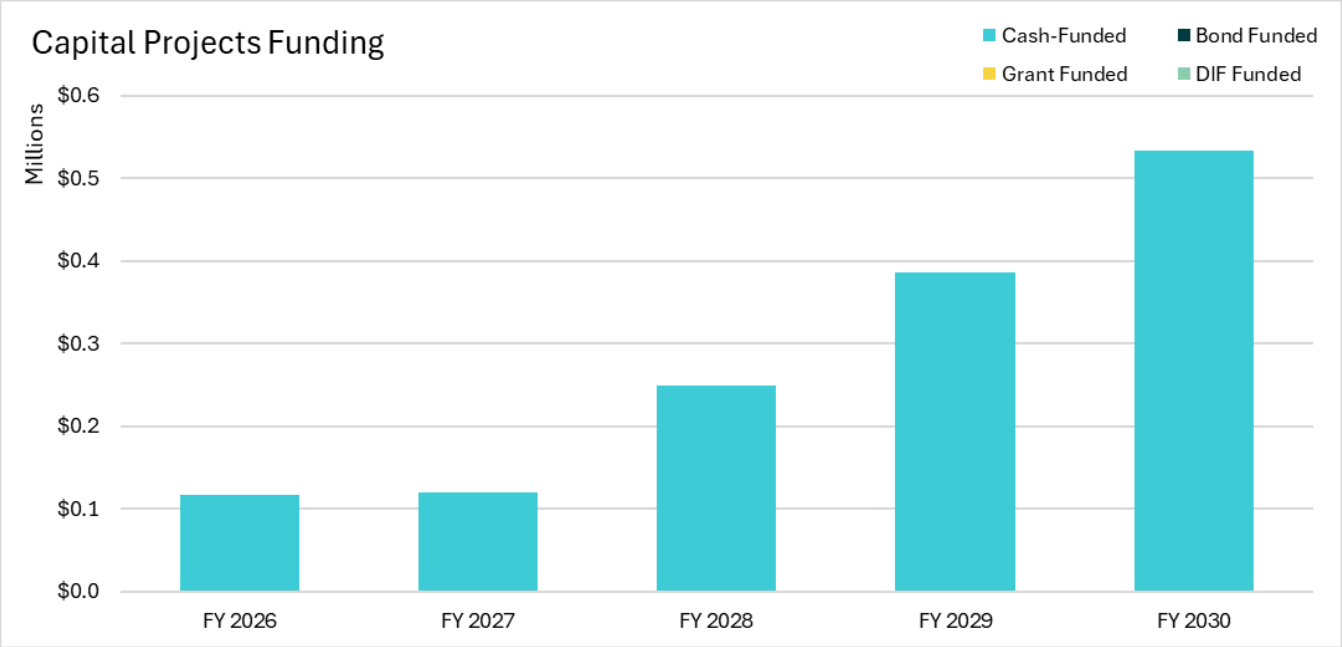


Figure 8-5 shows the City's projected ending balances under the proposed financial plan. The light blue bars represent the Fund 503 ending balance, the green bars represent the Fund 583 ending balance, and the yellow bars represent the combined ending balance. The City is projected to build reserves from FY 2026 to FY 2027 and then maintain steady reserves through FY 2030. The proposed plan is advantageous in several ways including: reducing risk relative to the present day; providing flexibility in future CIP financing or cash-funding; and providing a sufficient revenue base to support any potential increases to the CIP in the next rate cycle (FY 2031-2035) given continued inflation and the amount of aging equipment projected to exceed its expected service life.

Figure 8-5: Proposed Financial Plan – Projected Ending Balances

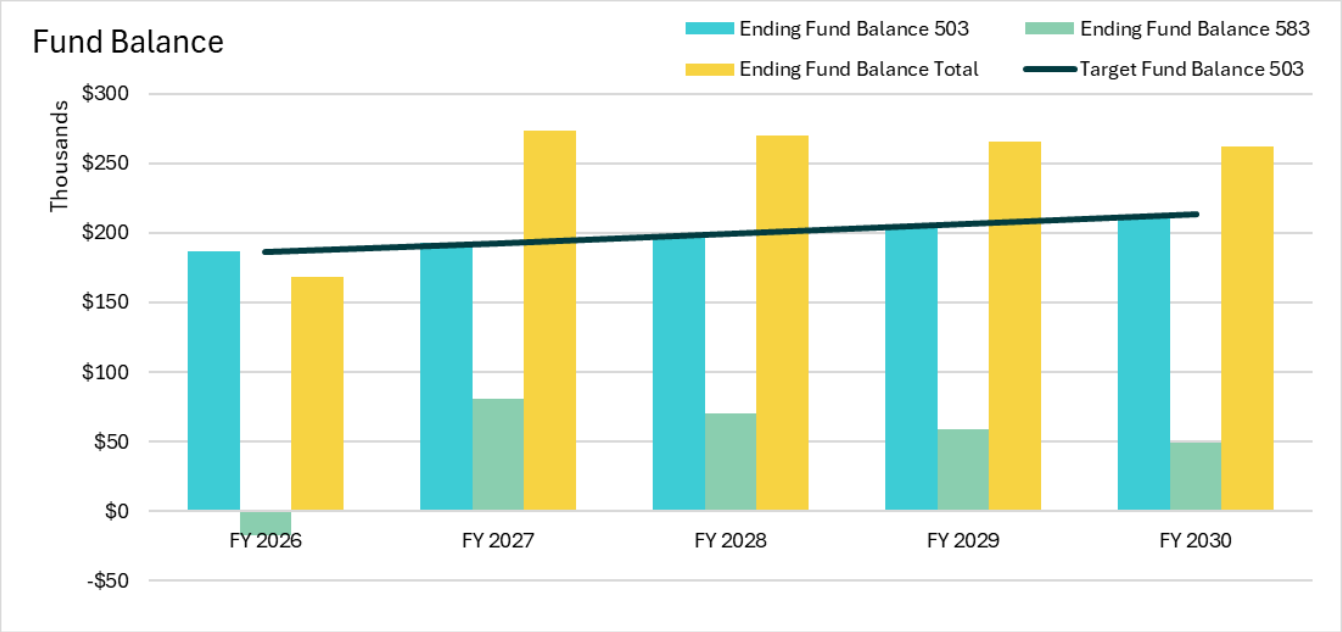
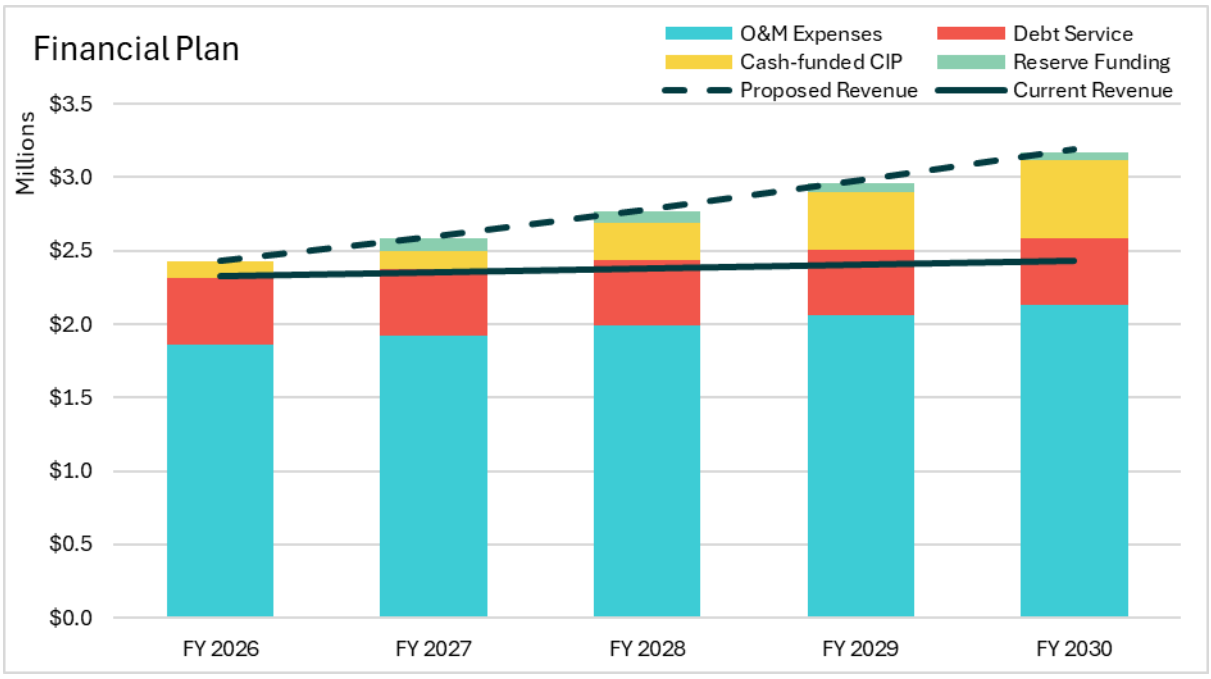


Figure 8-6 shows the proposed versus status quo financial plan. Revenues under the proposed financial plan and the status quo financial plan are represented by the dashed and solid dark blue lines, respectively. Revenue requirements, including O&M expenses, debt service, cash-funded CIP, and reserve funding, are represented by the various stacked bars. Although current rates result in adequate recovery of O&M expenses and debt service payments, revenue adjustments are required to generate sufficient revenue to cover cash-funded CIP and maintain reserves.

Figure 8-6: Proposed vs. Status Quo Financial Plan



9. Wastewater Revenue Requirement and Rate Calculation

Section 9 details the revenue requirement and rate calculation for the proposed wastewater monthly service charges. Because the wastewater service charge is a flat monthly rate per EDU and the EDU ratios did not change during this study, the increase in the rate for FY 2026 will align with the overall revenue adjustment from **Table 8-8**. To calculate the FY 2026 rate, we will determine the revenue requirement and divide that by the projected number of EDUs.

9.1. Wastewater Revenue Requirement

Table 9-1 shows the rate revenue requirement for FY 2026 (also referred to as the test year or rate-setting year). The revenue requirements (Lines 2-4) are equal to FY 2026 expenses. The revenue offsets (Lines 8-10) include Fund 583 revenue, interest earnings, and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The cash adjustment (Line 14) is equal to the FY 2026 positive net cash change to reserves, less the operating expenses for Fund 583. The adjustment to annualize the rate increase (Line 15) represents the revenue that would have been collected if the rates were implemented for all 12 months of the fiscal year. All values are from the proposed financial plan pro forma (**Table 8-9**). The final rate revenue requirement (Line 18) is calculated as follows:

Total revenue required from rates (Line 18) = Revenue requirements (Line 5) - Revenue offsets (Line 11) - Adjustments (Line 16)

Table 9-1: FY 2026 Revenue Required from Wastewater Rates

[A]	[B]	[C]
Line	Description	Total
1	**Revenue Requirements**	
2	O&M Expenses	$1,863,170
3	Debt Service	$449,875
4	Cash Funded CIP	$116,221
5	**Total Revenue Requirements**	**$2,429,265**
6		
7	**Less Revenue Offsets**	
8	Fund 583 Revenue	$35,676
9	Miscellaneous Revenue	$12,631
10	Interest Income	$3,291
11	**Total Revenue Offsets**	**$51,598**
12		
13	**Less Adjustments**	
14	Cash from (to) Reserves	-$903
15	Adjustment to Annualize Rate Increase	-$34,142
16	**Total Adjustments**	**-$35,045**
17		
18	**Total Revenue Required from Rates**	**$2,412,712**

9.2. Rate Calculation

Table 9-2 shows the FY 2026 rate per EDU calculation. The rate is calculated by dividing the FY 2026 revenue requirement (from **Table 9-1**) by the projected number of EDUs for FY 2026 (from **Table 4-6**).

Table 9-2: Wastewater Rate Calculation

[A]	[B]	[C]
Line	Rate Calculation	FY 2026
1	Revenue Requirement	$2,412,712
2	Units of Service	43,068
3	**Rate per EDU**	**$56.02**
4	Current Rate	$52.85
5	Difference ($)	$3.17
6	Difference (%)	6.0%

9.3. Proposed Five-Year Rate Schedule and Bill Impacts

Table 9-3 shows the proposed five-year wastewater rate schedule through FY 2030. Proposed rates for FY 2027 through FY 2030 are calculated by applying the proposed revenue adjustment in those years to the prior year rates. All rates are rounded up to the whole penny.

Table 9-3: Proposed Five-Year Wastewater Rate Schedule

Description	FY 2025 (Current)	FY 2026 (10/1/2025)	FY 2027 (10/1/2026)	FY 2028 (10/1/2027)	FY 2029 (10/1/2028)	FY 2030 (10/1/2029)
Proposed Revenue Adjustment		**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**
Fixed Service Charges (per Month)						
All Customers ($/EDU)	$52.85	$56.03	$59.40	$62.97	$66.75	$70.76

Table 9-4 shows the proposed wastewater rates for each customer class based on their EDU ratios. Each customer class is charged the EDU rate multiplied by their respective EDU ratio and the number of units for their account.

Table 9-4: Proposed Five-Year Wastewater Rates by Customer Class

Description	EDU Ratio	Units	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Service Charges (per Month)							
All Customers ($/EDU)			$56.03	$59.40	$62.97	$66.75	$70.76
Residential	1.00	per account	$56.03	$59.40	$62.97	$66.75	$70.76
Hotel	0.70	per room	$39.22	$41.58	$44.08	$46.73	$49.53
Hospitals	0.75	per bed	$42.02	$44.55	$47.23	$50.06	$53.07
Multi-Family	1.00	per account	$56.03	$59.40	$62.97	$66.75	$70.76
Garden & Nurseries	1.00	per account	$56.03	$59.40	$62.97	$66.75	$70.76
Schools	0.23	per student	$12.89	$13.66	$14.48	$15.35	$16.27
General Commercial	1.65	per account	$92.45	$98.01	$103.90	$110.14	$116.75
Beauty Salon & Barber Shop	0.50	per sink	$28.02	$29.70	$31.49	$33.38	$35.38
Needles Marina	0.55	custom	$30.99	$32.85	$34.82	$36.91	$39.13
Religious Organizations	0.02	per seat	$1.27	$1.35	$1.43	$1.52	$1.61
Seventh Day Adventist	0.01	custom	$0.64	$0.68	$0.72	$0.76	$0.80
Food Establishments	0.18	per seat	$10.09	$10.69	$11.33	$12.02	$12.74
Government	1.65	per employee	$92.45	$98.01	$103.90	$110.14	$116.75
Gas Stations	2.90	per pump (side)	$162.49	$172.26	$182.61	$193.58	$205.20
Shell/Dairy Queen	0.74	custom	$41.27	$43.75	$46.38	$49.16	$52.12
Native Village	109	per account	$6,107.27	$6,474.60	$6,863.73	$7,275.75	$7,712.84

Table 9-5 compares sample wastewater monthly bills for the four largest customer classes (based on number of accounts) using the average number of units for each class. Estimated monthly bills are based on both the City's current FY 2025 and proposed FY 2026 rates.

Table 9-5: Wastewater Sample Bill Impacts

Bill Impacts	Residential	Hotel	Gen. Com.	Food Est.
# of Units	1	45	1	58
EDU Ratio	1.00	0.70	1.65	0.18
Units	per account	per room	per account	per seat
Current Bill	$52.85	$1,664.78	$87.20	$551.75
Proposed Bill	**$56.03**	**$1,764.95**	**$92.45**	**$584.95**
Difference ($)	$3.18	$100.17	$5.25	$33.20
Difference (%)	6.0%	6.0%	6.0%	6.0%

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Accept the Comprehensive Electric Service Ratemaking Study dated August 2025

Background: In October 2024 the Board of Public Utilities and Council awarded Raftelis to complete the 2025-2030 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, Raftelis and K.R. Saline & Associates, PLC have met on several occasions to review fiscal policies, financial models, and rate scenarios for each of the three utilities.

During July and August 2025 the Board of Public Utilities reviewed and provided comments to the proposed financial plans and rates for the electric utility.

To ensure fair, sustainable, and transparent electric rates, three-rate design options and a separate evaluation of street lighting charges were presented to the Alternative Rate Ad Hoc Committee for review and discussion.

1) Current Rate Structure – No Rate Change
2) Customer & Energy Charge Structure
3) Customer, Demand, and Energy Charge Structure

Following a review with the Alternative Rate Ad Hoc Committee, the rate structures were evaluated for equity across customer classes. The Committee's feedback highlighted that the largest commercial customers are sharing the cost burden under the existing structure, effectively subsidizing residential customers. The recommendation is to continue the current rate structure and adopt increased street lighting rates.

The proposed financial plan for FY 2025 through FY 2030 maintains rate stability while meeting all operational, capital, and debt service obligations. No rate increases are proposed during the planning horizon.

Staff are requesting the Board of Public Utilities to accept the final Comprehensive Electric Cost of Service Report and recommend acceptance to the Needles Public Utility Authority.

Fiscal Impact: Minimal increase in street light fees

Environmental Impact: None

Recommended Action: Accept the Comprehensive Electric Cost of Service Ratemaking Study dated August 2025

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

K. R. Saline
& Associates, PLC

Electric Cost-of-Service and Rate Study

Prepared For:

City of Needles Public Utility Authority

Submitted By:
K. R. Saline & Associates, PLC.
160 N. Pasadena, Ste 101
Mesa, AZ 85201
+1.480.610.8741

August 22, 2025

krsaline.com

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K. R. Saline
& Associates, PLC

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August 22, 2025

Ms. Rainie Torrance
Utility Manager
City of Needles
817 Third Street
Needles, CA 92363

Subject: NPUA 2025 Electric Rate Study Report

Dear Ms. Torrance,

K.R. Saline and Associates, PLC, is pleased to submit this 2025 Electric Rate Study Report to the Needles Public Utility Authority. This report documents the results and recommendations of the City of Needles' electric rate study. The overall goal of the study was to develop a cost-of-service study and related rate options that would support Needles' Public Utility Authority revenue requirements as well as rate options based off of the study results.

This study used standard rate-setting methods based on widely accepted industry principles, such as cost causation and fairness, and guidance from the City's policymakers. Our team has a proven track record of developing fair and equitable electric rates for many public power agencies in Arizona over the past 30 years. We are confident in our ability to create effective electric rates that meet the City's needs.

It has been our pleasure to assist the city, and we appreciate the support provided by yourself and other City staff over the course of the study.

Sincerely,

Ashley Blank
Project Manager

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Forward

K.R. Saline and Associates, PLC (KRSA) prepared this report for the sole use of Needles Public Utility Authority (NPUA) for the intended purpose as stated in the agreement between NPUA and KRSA under which this work was completed. The report may not be relied upon by any other party without the expressed written agreement of KRSA or NPUA.

In conducting this report KRSA has exercised due and customary care but has not, save as specifically stated, independently verified information provided by others. No other warranty expressed or implied is made in relation to the conduct of KRSA or any specific content of this report. Therefore, KRSA assumes no liability for any loss resulting from errors, omissions, or misrepresentations made by others. This report was prepared at the request of NPUA. Use of this report by unauthorized third parties without written authorization from KRSA shall be at their own risk, and KRSA accepts no duty of care to any such third party.

Any recommendations, opinions, or findings stated in this report are based on circumstances and facts as they existed at the time KRSA performed the work. Any changes in such circumstances and facts upon which this report is based may adversely affect any recommendations, opinions, or findings contained in this report. No part of this report may be modified or deleted to change the context, without the expressed written permission of KRSA. KRSA does not have responsibility for updating this report for events occurring after the date of this report.

Acknowledgements

KRSA wishes to extend our appreciation to the city and its staff for their cooperation during the progress of this study. We would like to especially thank Ms. Rainie Torrance, Utility Manager, for her guidance and assistance with this project.

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Contents

1 Executive Summary

The City of Needles, through the Needles Public Utility Authority (NPUA), engaged in this Cost of Service Study (COSS) to review the electric utility's rate structure, evaluate the allocation of costs among customer classes, and assess rate design options. The analysis was conducted using Test Year 2024 data and is intended to ensure rates remain cost-based, equitable, and sufficient to meet operational and financial obligations.

1-1 Revenue Requirements

The total Test Year 2024 cost of service is $12,267,384, inclusive of purchased power, operations and maintenance, administrative and general expenses, depreciation, and capital program funding. Purchased power costs comprise the majority of the requirement, representing approximately 75% of total expenses. Current rates are sufficient to recover this amount and produce total allocated revenues of $14,856,751, resulting in an overall surplus of $2,589,367.

This surplus exceeds the minimum return required to meet the City's Annual Revenue Fund (ARF) contribution and scheduled debt service obligations, providing adequate coverage for contingencies and future capital investments.

1-2 Cost Allocation Results

Costs were allocated to each rate class based on cost-causation principles, with separate consideration for customer-related, demand-related, and energy-related costs. The table below summarizes the allocated revenues, allocated expenses, and the resulting over- or under-recovery by class.

Rate Class	Allocated Revenues	Allocated Expenses	Over / (Under) COSS	as %
Residential	$4,633,573	$4,331,735	$301,838	7%
Small Commercial (0-25kW)	$1,590,967	$1,601,352	-$10,385	-1%
Medium Commercial (25kW-100kW)	$1,010,181	$680,601	$329,579	33%
Large Commercial (100kW+)	$7,582,689	$5,567,862	$2,014,828	27%
Streetlights	$39,342	$85,834	-$46,492	-118%
Total	$14,856,751	$12,267,384	$2,589,367	17%

Results show the Residential, Medium Commercial, and Large Commercial classes generating revenues above their allocated costs, while Small Commercial and Streetlights are under-recovering.

1-3 Rate Design Options Considered

Four rate options were developed:

1. **Option 1 – Current Structure**: Maintains existing rates for all classes.
2. **Option 2 – Class-Differentiated Rates**: Introduces separate rate schedules for each major class, with a fixed monthly customer charge and separate Delivery and Power charges.
3. **Option 3 – Demand-Based Rates**: Builds on Option 2 by adding a demand charge for commercial classes.
4. **Street Lighting Rates**: Evaluated separately, with planned increases for cost recovery and a phased transition to LED fixtures.

1-4 Selected Rate Design

The Alternative Rate Ad Hoc Committee and City elected to retain the current rate structure (Option 1) for all customer classes. In addition, the City approved an update to Street Lighting rates to move toward cost-of-service recovery, with the City continuing to assume direct responsibility for these costs in its budget. The City will also proceed with a phased transition from sodium to LED fixtures as replacements are needed.

1-5 Recommendations

- The City adopt the proposed financial plan and proposed increases to the street lighting rates,
- Continue to actively monitor NPUA's evolving power resources and evolving market conditions,
- Modernize customer programs to make adoption of more complicated rate designs more feasible and data collection and reporting more accessible,
- Revisit its cost-of-service analysis periodically to ensure ongoing alignment with operational needs and ratepayer expectations.

The adopted approach maintains rate stability for all customer classes, addresses Street Lighting under-recovery, and ensures sufficient revenues to meet ARF and debt obligations.

2 Introduction

Section 2 Study Overview

2-1 Study Purpose

The purpose of this report is to evaluate the adequacy of Needles Public Utility Authority ("NPUA") existing rate charges and to recommend fair and equitable adjustments to the rates, if deemed necessary. K. R. Saline designed utility rate studies encompasses three principal steps, each intended to answer questions typically asked by utility boards, city councils, and utility management.

These questions are -

Revenue Requirements – What is the overall adjustment in rates needed to meet forecast cash requirements of the utility, meet capital requirements, and maintain debt service coverage and appropriate cash reserves?

Cost of Service – What is each class's equitable share of the utility's revenue requirements?

Rate Design – How should rates be adjusted to meet utility revenue requirements and remain sensitive to customer rate impacts?

2-2 Study Objectives

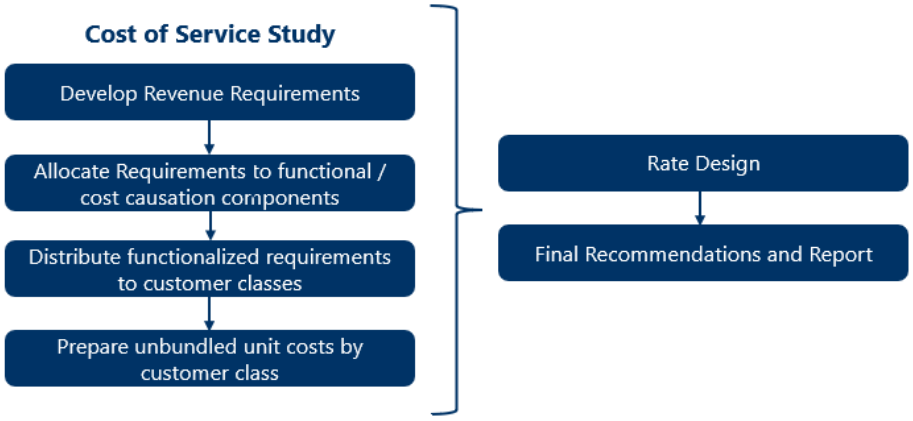
The major objectives of this study are to:

- ✓ Identify the cost of serving each of the Department's customer classes, including fixed and variable costs.
- ✓ Evaluate the current rate structure to ensure the operation & maintenance, capital and debt costs are covered.
- ✓ Currently Needles has a base meter rate only that is fixed throughout the year. Review the current rate component.
- ✓ The proposed rate structure should promote conservation through pricing strategies that are easy for the customer to understand.
- ✓ The City is particularly interested in a review of the current rate policy and corresponding annual rate calculations to ensure sufficient collection of revenues.

2-3 Study Methodology

This study follows general industry standards for cost-of-service analysis. KRSA used a process and approach based on the City's policy objectives, the City's operating needs and the current revenue projections to develop a financial plan. The resulting financial plan, cost of service analysis, and rate design follow five key steps to establish proposed rates that meet the Utility's objectives and adhere to industry standards.

1. **Revenue Requirements:** Determination of financial plan / revenue requirements,
2. **Cost-of-Service Analysis:** The revenue requirement is separated into its functional components and distributed to customer classes commensurate with their use of and burden on the system,
3. **Development of Unit Costs:** After costs are distributed to the customer classes, costs are unbundled into fixed and volumetric units of measures to determine unit costs that can be used for the basis of rate design,
4. **Rate Design:** After allocating the revenue requirement to each customer class and preparing the unit costs, the rate design and calculation process can begin. Rates do more than simply recover costs; properly designed rates should also support and optimize the City's policy objectives,
5. **Written Report and Rate adoption:** The final step in a rate study is to develop the written report for the benefit of the City's administrative record.



K. R. Saline has performed a cost-of-service and rate design study for NPUA's electric utility. The study included an analysis of estimated revenue requirements for fiscal years FY2026 through FY2030 (the "Study Period"), the preparation of detailed cost-of-service analyses based on an FY2026 Test Year, rate analysis, and the development of proposed new electric rates for each customer classification. This report summarizes the analyses undertaken in our study of NPUA's retail electric rates and describes

the results of our study and our recommendations. Pursuant to instructions, and in order to perform the study, KRSA created customer class groupings appropriate for residential customers and commercial customers based on common sizes for small, medium, and large, incorporating all historical operating and capital expenses. The rate design portion of the study includes recommendations on retail rates for each customer classification.

2-4 Key Changes Since Prior Rate Study

PDP Remarketing Plan Overview and Impact on Needles. The Parker-Davis Project (PDP), administered by the Western Area Power Administration (WAPA), is undergoing a remarketing process that will take effect upon expiration of the current contracts in September 2028. Under the proposed 2024 PDP Remarketing Plan [Federal Register Notice 89 FR 43819], WAPA will allocate new long-term hydroelectric power contracts from October 1, 2028, through September 30, 2058. These contracts are designed to promote broader access among existing and new preference customers while adjusting allocations based on resource availability and evolving grid demands.

For the City of Needles, a current PDP customer, the remarketing plan is expected to result in a 3% reduction in its existing hydropower allocation beginning in FY 2029. This change is in this study's power supply forecast, which assumes the reduced PDP allocation and increased reliance on market-based purchases beginning in October 2028. While the reduction is modest, it shifts a portion of Needles' dependable, low-cost power supply into the more volatile market space, potentially increasing cost variability and exposure to price swings.

Class-Based Analysis Using AMI Data. A significant enhancement in this 2025 rate study, compared to the 2020 analysis, is the inclusion of a detailed customer class breakout supported by one full year of Advanced Metering Infrastructure (AMI) data. This current study applies hourly interval data to allocate costs across distinct customer classes—residential, small commercial, medium commercial, large commercial, and street lighting—based on actual usage characteristics, load patterns, and service demands.

By contrast, the 2020 study lacked the data granularity necessary to functionalize and classify costs by customer type. Rate recommendations at that time were developed using system-level averages without the ability to differentiate cost causation among classes. As a result, class-level equity and cost-of-service alignment could not be evaluated or addressed.

The inclusion of AMI-driven class-level analysis in the 2025 study ensures that rate structures more accurately reflect the cost to serve each customer group. This improves transparency, strengthens the fairness of cost recovery, and supports the long-term financial and operational integrity of the utility.

3 Background and Overview

Section 3 Needles Public Utility Authority

3-1 About NPUA

The City of Needles assumed ownership of its electric distribution system in 1991 through the acquisition of infrastructure from CP National. This transition marked the formation of the Needles Public Utility Authority (NPUA), which now oversees the City's electric, water, and wastewater services. At the time of acquisition, the electric system was characterized by aging infrastructure, limited procurement flexibility, and frequent, extended outages—conditions exacerbated by the region's extreme summer temperatures. To address these challenges, the city entered into a strategic partnership with the Western Area Power Administration (WAPA) in the early 2000s. This collaboration enabled the City to access federal hydropower through the Parker-Davis Project, diversify its energy procurement across multiple suppliers, and improve operational reliability.

Today, NPUA provides electric service to approximately 3,700 customers across a 755-square-mile service area, leveraging a stable and cost-effective energy portfolio managed in coordination with WAPA.

3-2 Governance and Rate Setting Authority

The NPUA operates with guidance from the Utility Board, which makes recommendations to the City Council. The City Council members also serve as the managing body of the NPUA, ensuring that utility services are efficiently provided to the community and meet the city's needs.

3-3 Electric Enterprise

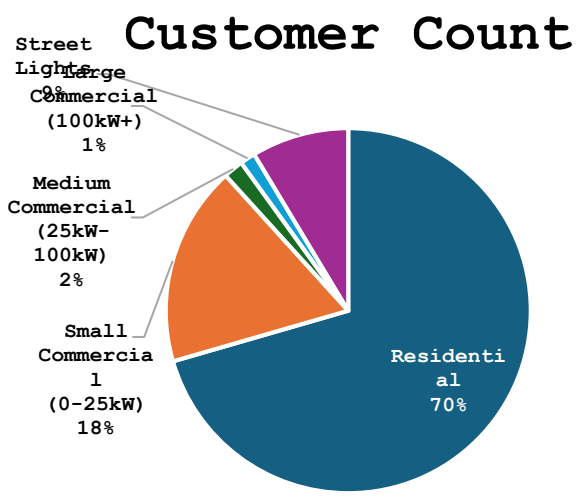
3-3-1 Service Territory

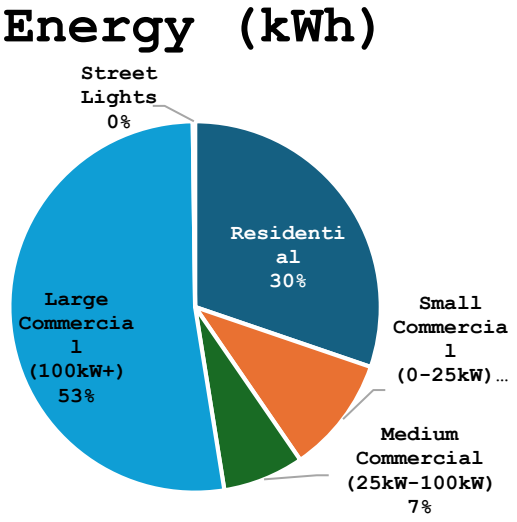
The City of Needles Electric Utility provides service to approximately 3,700 customers within the city and in certain contiguous areas extending beyond its municipal boundaries. The service territory spans from the Nevada state line—just south of Laughlin, Nevada—down to the vicinity of Topock, Arizona, along the western banks of the Colorado River. This area is part of the easternmost region of San Bernardino County and includes both residential and commercial customers. The utility operates within a 755-square-mile service area, managed by the Needles Public Utility Authority (NPUA), and is geographically isolated from other urban centers. Electricity is delivered via City-owned infrastructure, including four substations, approximately 30 miles of 69 kV transmission lines, and several hundred miles of 12 kV distribution lines.

3-3-2 *Customer Base*

The Needles Electric Utility serves a total of approximately 3,700 customers distributed across five primary customer classes. Residential customers make up about 70% of the total customer base, followed by small commercial customers at 18%. Medium commercial and large commercial customers represent approximately 2% and 1% of accounts, respectively, while street lighting accounts comprise the remaining 9%. Street lighting accounts and associated rates are paid for by the City of Needles and does not impact projected rates for other classes. Although residential users account for the majority of accounts, commercial and public infrastructure customers have a proportionally higher impact on system demand and cost allocation due to their greater load requirements. While Large Commercial accounts make up only 1% of the meter counts, they use 53% of the energy load.

Since 2018, the City has actively pursued economic development efforts to attract businesses in the marijuana cultivation industry. These efforts have successfully increased tax and utility revenues for the City and have become a notable component of NPUA's large commercial load. However, the addition of these high-demand facilities has also placed upward pressure on system peak demand, requiring adjustments to NPUA's long-term resource planning. In addition, the increased load from this sector carries implications for greenhouse gas (GHG) compliance and climate-related regulatory requirements, which must be considered in future operational and capital planning





3-3-3 Power Supply

The City of Needles maintains a diversified power supply portfolio to reliably meet customer demand across its service area. Its core supply includes federal hydropower allocations from the Parker-Davis Project (PDP), which provides a stable and renewable base supply. These contracted federal resources are supported by WAPA via the pooling, real-time balancing, and market transactions under Needles'

aggregated Energy Services contract, and further supplemented by standard term WSPP short-term purchases.

This layered procurement strategy allows Needles to respond effectively to variable load conditions while enhancing overall system reliability. Network transmission arrangements and contracted delivery services further support the consistent delivery of power across the utility's geographically dispersed service territory.

Needles' power supply planning also incorporates compliance with California's Renewable Portfolio Standard (RPS) requirements. As recent load growth, particularly from energy-intensive industries such as marijuana cultivation, has increased overall system demand, NPUA's resource planning must continue to balance reliability, cost-effectiveness, and compliance with state-mandated renewable and greenhouse gas reduction targets.

3-3-4 Transmission and Distribution

The City of Needles Electric Utility owns and operates its own transmission and distribution infrastructure to serve approximately 3,700 customers across a geographically dispersed service area. The transmission system consists of approximately 30 miles of 69 kV lines that connect the city to external power supply points, including federal hydropower resources. These transmission lines feed into four primary substations that step down voltage for local distribution. The distribution network operates primarily at 12 kV and includes several hundred miles of overhead and underground lines serving residential, commercial, and municipal loads. Given the region's extreme environmental conditions and remote location, maintaining system reliability is a top priority. The city has invested in system upgrades, redundancy, and coordination with the Western Area Power Administration (WAPA) to ensure consistent delivery and operational resilience. The utility's control of both transmission and distribution assets provides flexibility in power delivery and enhances the City's ability to respond to outages and system events promptly.

3-3-5 Electric Rates

Electric rates in the City of Needles are structured with a fixed monthly Basic Service Charge and variable consumption-based energy charges. Customers are billed based on seasonal hydro allocations—summer (March–September) and winter (October–February)—with energy usage beyond these allocations subject to a higher over-hydro rate. Additional charges include a California Energy Efficiency (CAEE) rate and a discretionary Power Cost Adjustment (PCA), which allows the utility to recover unforeseen power purchase costs. The rate structure reflects cost recovery needs as detailed in the revenue requirements forecast, with total revenues from sales increasing from approximately $11.1 million in 2023 to over $15 million by 2030. Operating expenses such as purchased power,

administrative costs, and surcharges are allocated across rate components using a previously defined cost allocation methodology, supporting both financial sustainability and operational efficiency.

4 Cost-of-Service study

Section 4 Financial Plan Overview

Financial planning is essential for a public power utility to ensure its long-term sustainability and operational efficiency. A prudent financial plan helps the utility manage its resources effectively, forecast future expenses and revenues, and allocate funds for maintenance, upgrades, and expansion projects. This planning process involves analyzing current financial status, understanding market trends, and assessing the impact of economic conditions. Moreover, utilities must anticipate changes in energy consumption patterns and technological advancements that could impact revenue streams. By establishing a solid financial foundation, a public power utility can maintain reliable service for its customers, invest in new technologies, and respond to unexpected challenges, such as natural disasters or significant shifts in energy demand.

One of the key considerations in financial planning for a public power utility is the management of capital and operating expenses. Capital expenses include long-term investments in infrastructure, such as the construction of new facilities or the upgrading of existing ones, while operating expenses cover the day-to-day costs of running the utility, including labor, maintenance, and fuel costs. Utilities must balance these expenses to ensure financial stability, often requiring careful budgeting and forecasting to avoid shortfalls or excesses. Additionally, utilities must consider depreciation of assets and plan for the timely replacement or upgrading of equipment to maintain efficient operations and meet safety and environmental standards.

Effective financial planning also involves maintaining adequate reserves and contingency funds to handle emergencies or unforeseen expenses without compromising service reliability or financial health. Therefore, a comprehensive financial plan reviews the following:

1. Historical electric sales and consumption patterns to determine an appropriate usage level for projecting future water demands.
2. Operating costs may change over the planning period because of inflation, unique circumstances of the city, new expenditures added to meet strategic goals, state mandates, or changes in operations.
3. Multi-year system improvement needs, and scheduling based on priority.
4. Satisfy debt service coverage ration requirements for any existing or proposed debt (120%).

5. Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and mitigating potential failures.

4-1 Planning Assumptions

Developing a long-term financial plan requires a comprehensive understanding of the electric utility's financial position, including an evaluation of existing revenue streams, operating and capital expenses, debt obligations, and reserve policies. To support accurate forecasting, this study incorporates a series of planning assumptions developed in consultation with City staff and based on historical trends, current obligations, and anticipated system needs.

Table 6 outlines the key assumptions used to project revenues over the rate-setting period. These include annual revenue escalation, reserve interest earnings, account growth, and changes in energy consumption. Specifically, the analysis assumes an annual account growth rate of 0.63%, which reflects the City's historical trend and translates into a modest increase in energy consumption each year. Residential consumption is projected to grow at 0.8% annually, while non-residential consumption remains flat. Overall, total system consumption (kWh) is projected to increase by 0.25% per year throughout the forecast period.

These assumptions serve as the foundation for estimating revenues, expenses, and ending fund balances, and ensure the financial plan reflects realistic growth and cost dynamics.

Table 6

Revenue Forecasting					
Key Assumptions	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Revenue Escalation	2.6%	2.6%	2.6%	2.6%	2.6%
Reserve Interest	1.5%	1.5%	1.5%	1.5%	1.5%
Account Growth	0.63%	0.63%	0.63%	0.63%	0.63%
Residential	0.8%	0.8%	0.8%	0.8%	0.8%
Non-Residential	0.0%	0.0%	0.0%	0.0%	0.0%
Total Consumption (kWh)	0.25%	0.25%	0.25%	0.25%	0.25%

4-2 NPUA's Financial Plan

4-2-1 Revenues Overview

The financial plan for NPUA begins with a detailed forecast of electric utility revenues over the 2024–2030 period, incorporating base usage charges, excess usage, and other non-operating sources. Revenue projections are built from historical actuals, applied account growth rates, and a modest consumption escalation aligned with population trends. The resulting forecast shows a stable and gradual revenue increase, supported by a solid base of electric sales. Revenues are expected to increase from $14.8 million in 2026 to $15.0 million in 2030, reflecting a well-balanced revenue framework with no need for additional rate increases over the forecast period. This consistent performance confirms the utility's strong revenue foundation and aligns with the goals of long-term rate stability and system sustainability.

OPERATING REVENUES	2024	2025	2026	2027	2028	2029	2030
Base Usage Charge	$12,358,070	$13,047,723	$13,079,864	$13,112,266	$13,144,930	$13,177,858	$13,211,053
Excess Usage Charge	$1,249,648	$1,479,141	$1,488,404	$1,497,743	$1,507,156	$1,516,646	$1,526,213
Other Operating Revenues	$1,264,294	$277,567	$278,483	$279,411	$280,354	$281,311	$282,282
Non-Operating Revenues	$32,277	$210,000	$10,000	$10,000	$10,000	$10,000	$10,000
Total Revenues from Sales	**$14,904,289**	**$15,014,432**	**$14,856,751**	**$14,899,420**	**$14,942,440**	**$14,985,815**	**$15,029,548**

4-2-2 Operating Expenses Overview

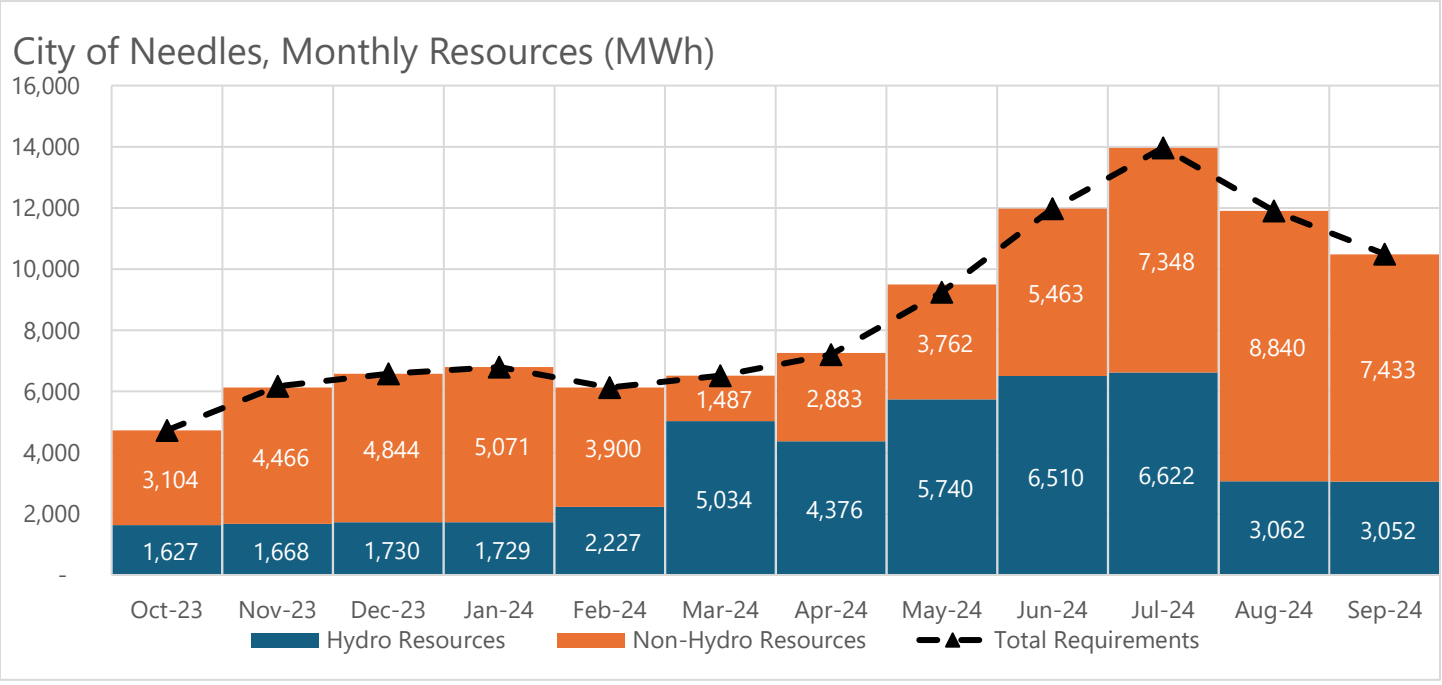
NPUA's projected operating expenses were modeled based on historical budget performance, planned capital investment activity, and power supply costs derived from forecasted market assumptions and contractual obligations. Major cost centers include purchased power, customer operations, administrative overhead, and AB32 compliance costs.

Purchase Power:

A key component of the financial forecast involves the City of Needles' evolving purchased power agreement, particularly the assumptions surrounding the Parker-Davis Project (PDP) and supplemental market purchases. The forecast assumes existing PDP capacity and energy allocations remain in place through September 2028, after which a proposed new contract reduces Needles' allocation by approximately 3% beginning in October 2028.

This change will shift a portion of energy procurement toward market-based spot purchases, subject to greater price volatility. To account for this, market power purchases from April 2025 onward include a 25% pricing adder to forward market price curves, reflecting a conservative estimate of the inherently volatility of market-based supplies. PDP rates for energy, capacity, and transmission were based on the latest apportionment study and assume 3% annual increases in transmission rates. Additionally, existing federal and non-federal energy exchanges remain unchanged, and the city continues to benefit from the Agua Caliente benefit credit contract that provides additional PDP resources to the City at an affordable rate.

While these assumptions provide a reasonable and conservative foundation for projecting future power costs, the planned reduction in PDP entitlements underscores the importance of maintaining financial flexibility in the event of higher-than-expected market prices or further shifts in the resource mix. Long-term, Needles' ability to balance cost-effective power procurement with system reliability will remain a central element of rate and capital planning.



AB32:

AB32 refers to California's Global Warming Solutions Act, which requires statewide reductions in greenhouse gas emissions to 1990 levels by 2020 and continued reductions thereafter. For electric utilities, this includes participation in the Cap-and-Trade program and Renewable Portfolio Standard (RPS) compliance, both of which result in direct costs for emission allowances and renewable energy procurement.

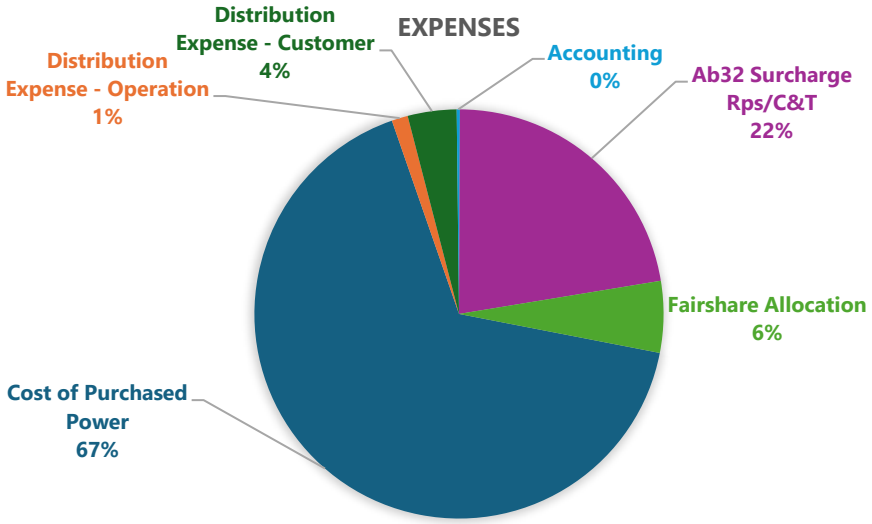
Senate Bill 100 (de León, 2018), California's latest Renewable Portfolio Standard (RPS) rules which requires Needles to power supply to be supplied from 60% of renewable resources by 2030 and from 100% of carbon-free resources by 2045.. In February 2024, the City entered a ten-year long-term transaction for the sale, purchase and delivery of Renewable Energy certificates (RECS), delivering 50,000 recs on or before March of the given year. The agreement is through December 31, 2033 at a cost of $412,500 per year. These RECs compensate for the City's non-renewable generation in accordance with AB 2514 and California Public Utilities Code § 399.11 et seq. For greenhouse gas compliance under AB 32, Needles is classified as an Electric Power Entity (EPE) and is subject to verified annual reporting. In 2024, verified CO_2-equivalent emissions totaled 23,130.26 metric tons, primarily from imports tagged at the WAPA delivery point. With an allocation of 30% free allowances, the city is responsible for offsetting the remaining 70%, or 15,491.18 metric tons. This obligation is met through the purchase of Direct Environmental Benefit (DEB) allowances or offsets, currently costing $1.138 million, paid in triennial installments. DEB credits are auction-based with an annually escalating pricing floor. However, recent auction results have seen prices float closer to the floor prices as continued uncertainty around when and how this key program will be extended continues to put a damper on near-term allowance price demand. Addressing these legislatively driven surcharges to the City's power planning, the utility is continuing to move forward in its capital improvement plans with the development of a 2-3 MW solar project to help offset these compliance obligations and augment its power supply.

Despite modest increases in personnel and administrative categories, total operating expenses remain within manageable bounds. The plan reflects expected increases in purchased power costs and distribution-related expenses, but these are offset by stable internal operations and cost containment measures. Over the planning period, expenses rise from $11.5 million in 2025 to $13.3 million in 2030, reflecting inflationary growth and power market adjustments. The financial position supports continued system reliability and compliance with operational goals without impacting customer rates.

Other Expenses:

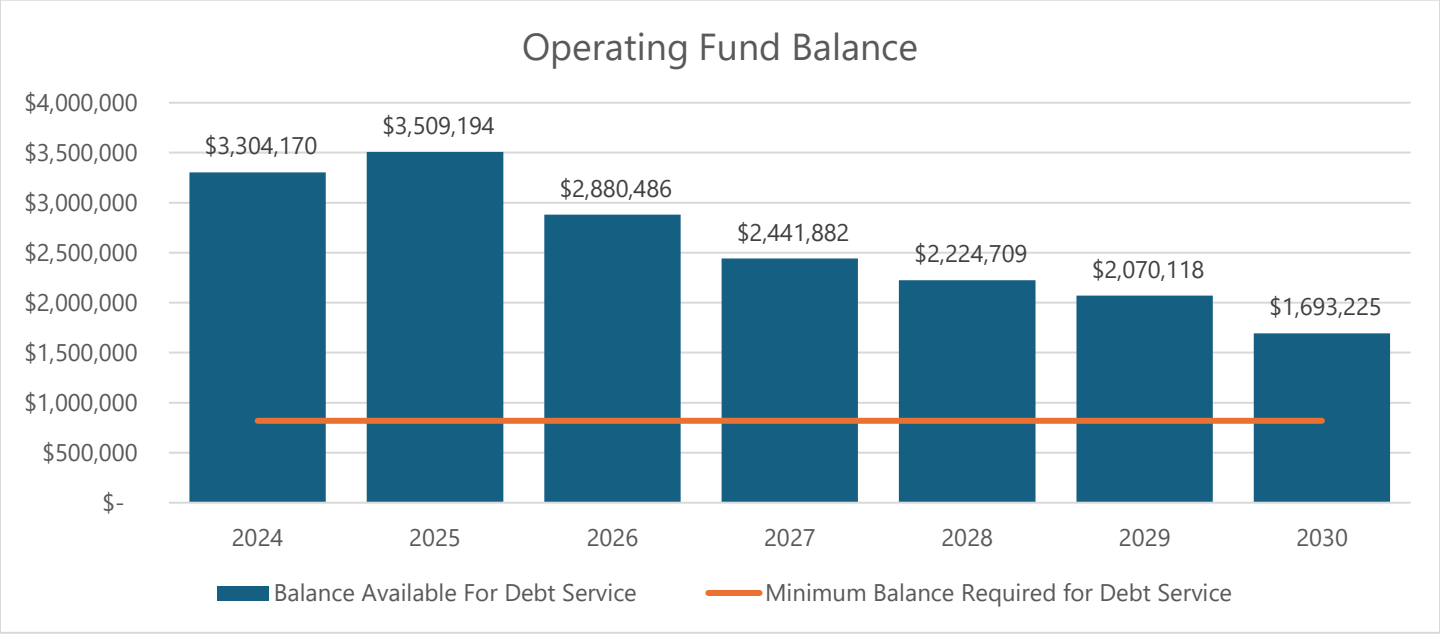
Additional expenses such as salary, labor, operating and maintenance expenses that are related to the distribution system, were calculated based on inflationary assumptions as seen in the above escalators.

OPERATING EXPENSES	2024	2025	2026	2027	2028	2029	2030
Cost of Purchased Power	$6,544,362	$5,703,290	$6,077,077	$6,350,087	$6,392,963	$6,364,016	$6,548,287
Distribution Expense - Operation	$68,694	$109,666	$114,842	$120,263	$125,939	$131,883	$138,108
Distribution Expense - Customer	$219,922	$330,252	$343,811	$360,400	$377,687	$395,824	$414,256
Accounting	$14,547	$21,500	$22,605	$23,767	$24,989	$26,273	$27,624
Ab32 Surcharge Rps/C&T	$1,799,997	$1,912,000	$2,002,246	$2,096,751	$2,195,717	$2,299,354	$2,407,883
Fairshare Allocation	$469,547	$483,633	$498,142	$513,086	$528,479	$544,333	$560,663
A&G Expense	$2,483,050	$2,944,897	$2,917,543	$2,993,183	$3,071,958	$3,154,014	$3,239,503
Total Expenses	**$11,600,119**	**$11,505,238**	**$11,976,266**	**$12,457,538**	**$12,717,731**	**$12,915,697**	**$13,336,323**



4-2-3 Debt Service Coverage

Debt obligations were evaluated against projected net revenues to assess compliance with NPUA's required 1.2x debt service coverage ratio. The model indicates that the utility consistently meets and significantly exceeds this benchmark each year, with coverage ranging from a high of 5.14x in 2025 to 2.48x in 2030. This strong coverage demonstrates the electric utility's capacity to support existing debt without jeopardizing financial stability or requiring additional revenue from rate increases.



Debt Service Coverage Test	2024	2025	2026	2027	2028	2029	2030
Annual Debt Service Payment	$682,350	$682,350	$682,351	$682,351	$682,351	$682,351	$682,350
Calculated Debt Service Coverage	4.84	5.14	4.22	3.58	3.26	3.03	2.48
Debt Covenants (Req. 1.2)	**Pass**	**Pass**	**Pass**	**Pass**	**Pass**	**Pass**	**Pass**

4-2-4 Capital Plan

The City of Needles Utility Authority maintains a comprehensive Capital Improvement Plan (CIP) that supports system reliability, modernization, and long-term capacity needs. The CIP spans FY 2025 through FY 2030 and totals approximately $47.1 million in project commitments, reflecting a mix of developer-driven infrastructure, system upgrades, fleet enhancements, and renewable energy integration.

Key Projects Include:

- **230kV Transmission Line** – A $30 million developer-funded transmission line to expand regional reliability.
- **Substation Projects** – Including the South Hwy 95 substation, Cure Farms substation, and SCADA upgrades, supporting load growth and control system modernization.
- **Solar Projects** – Continued development of a 2–3 MW solar farm on Wastewater Plant Road and planning for a future solar microgrid.
    - This was not included in power forecasts in the "power cost" section above.
- **Distribution System Enhancements** – Upgrades to lines feeding Park Moabi, the Mohave line, and Eagle Pass-to-Cemetery routing.

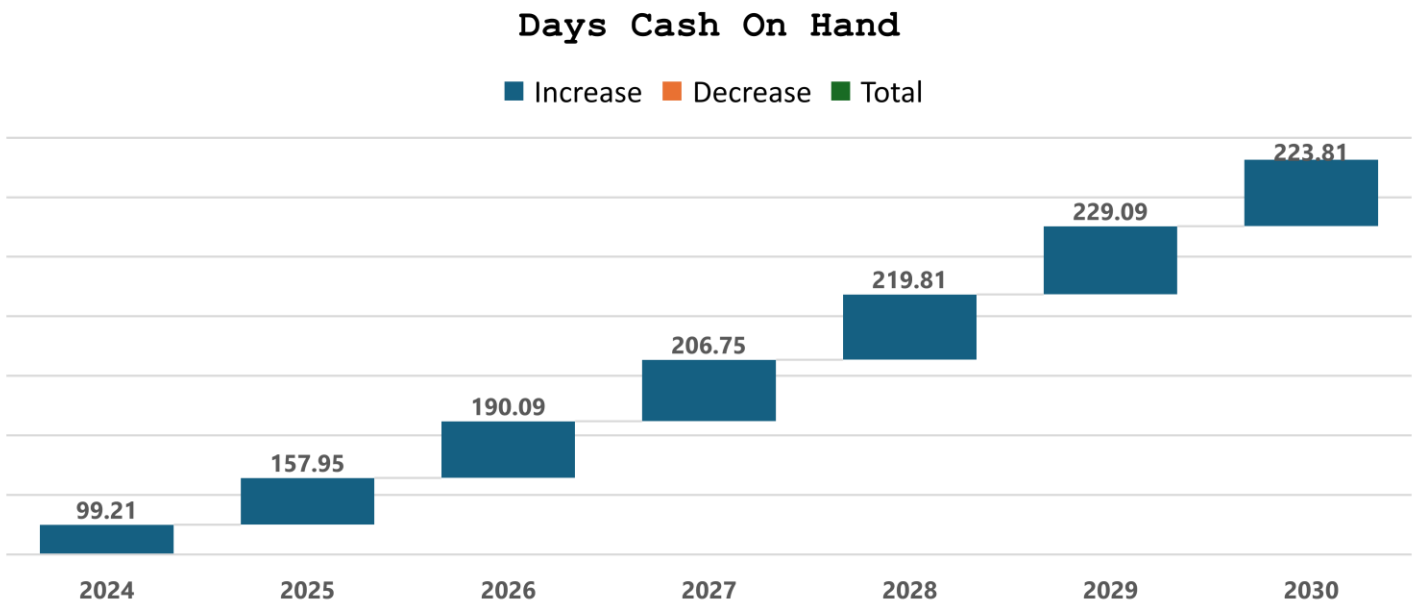
- **Streetlight & Fleet** – A citywide LED streetlight program and the purchase of an 80-ft double bucket truck to support operations.

The annual capital budget is allocated evenly across all forecast years at approximately $7.9 million per year, with funding sources distributed across multiple categories to ensure financial flexibility and sustainability. Developer contributions represent the largest share, providing approximately $7.3 million annually to support system expansion and interconnection infrastructure tied to growth-related projects. Rate-funded projects are supported through consistent transfers of approximately $611,667 per year from the Asset Replacement Fund, covering utility-owned infrastructure improvements, vehicle replacements, and operational facility needs. Additionally, projects such as the planned solar microgrid and SCADA upgrades remain scheduled within the planning window but currently unfunded, allowing the city to respond to future grant opportunities or allocate ARF reserves as needed. The capital plan is fully integrated into the long-term financial forecast and does not require any new debt issuance during the forecast period. By maintaining a stable, rate-supported infrastructure investment strategy and leveraging outside funding for expansion projects, the utility is well-positioned to preserve system reliability while accommodating future service demands.

4-2-5 Balance Sheet and Days Cash on Hand

The long-term financial plan also includes a forecast of NPUA's unrestricted cash balances and liquidity. Beginning with just over $4.9 million in 2025, the plan builds unrestricted reserves to over $8.1 million by 2030. Days cash on hand, a key financial health indicator, increases from approximately 158 days in 2025 to over 223 days by 2030, well above industry best practice thresholds of 180 days. These results reinforce that the utility maintains a strong balance sheet and is well-positioned to weather short-term financial stress or unanticipated capital needs. The financial strategy integrates ARF transfers, ongoing capital replacement, and consistent operating surpluses, all contributing to NPUA's ability to avoid rate increases while continuing to meet its service obligations.

Balance Sheet	2024	2025	2026	2027	2028	2029	2030
Beginning Unrestricted Cash & Equivalents	**$1,115,726**	**$3,153,092**	**$4,978,909**	**$6,237,020**	**$7,056,527**	**$7,658,861**	**$8,106,605**
Cash from Operations	$3,304,170	$3,509,194	$2,880,486	$2,441,882	$2,224,709	$2,070,118	$1,693,225
ARF Transfers	$(584,454)	$(672,670)	$(611,667)	$(611,667)	$(611,667)	$(611,667)	$(611,667)
Debt Service Outlays	$(682,350)	$(682,350)	$(682,351)	$(682,351)	$(682,351)	$(682,351)	$(682,350)
Purchase Payment		$(313,223)	$(313,223)	$(313,223)	$(313,223)	$(313,223)	$(313,223)
Bank & Trustee Charges		$(15,134)	$(15,134)	$(15,134)	$(15,134)	$(15,134)	$(15,134)
End of Year Unrestricted Cash & Equivalents	**$3,153,092**	**$4,978,909**	**$6,237,020**	**$7,056,527**	**$7,658,861**	**$8,106,605**	**$8,177,456**



4-3 Financial Reserves

Utilities' reserve balances are funds established and maintained for specific cash flow requirements, financial needs, project funding, or legal covenants. These balances are maintained to meet short-term cash flow requirements, mitigate potential rate shocks from sudden changes in revenue or expenditures, minimize the risk associated with financial obligations, and cover operational and capital needs under adverse conditions. Most utilities, rating agencies, and the investment community place significant emphasis on having sufficient reserves and designations. The level of reserves maintained by a utility is an important component when developing a multi-year financial management plan.

It is beneficial to periodically review reserve policies given changes in outstanding debt obligations, potential operational and financial risks, and the condition and vulnerability of system infrastructure. This type of review ensures reserve policies remain aligned with the present state of operations and financial management.

The Electric Utility currently maintains five designated reserves:

- **Unrestricted (Electric Revenue Fund)** – Serves as the primary operating reserve, providing liquidity for day-to-day operations, emergency expenses, and unforeseen cost fluctuations. The FY 2024 balance is **$3.15 million**, equivalent to 99 Days Cash on Hand, with a projected FY 2030 balance of **$8.18 million** (223 days). Recommended target is 180 days; adequately funded.

- **Administrative and Replacement Fund (ARF)** – Supports long-term capital reinvestment and asset replacement. The ARF balance grows from $1.90 million in FY 2024 to $2.54 million in FY 2025, after which it remains steady at that level through FY 2030. Annual contributions range from $584,454 in FY 2024 to $672,670 in FY 2025, with subsequent years receiving consistent transfers of $611,666.67. Annual outflows of $611,666.67 are planned beginning in FY 2026 for capital reinvestment, matching the annual contribution and maintaining the balance at the $2.54 million target. Current and projected funding levels meet identified capital contribution requirements and preserve the target balance; adequately funded.
- **Large User Connection Fee Fund –** Established to fund capital improvements or system upgrades required due to the addition of large-load customers. Funded through Connect Fee revenues, averaging $20,000 annually in the FY 2025–FY 2030 period, with a higher actual in FY 2024 of $38,726. While funding is consistent, the scale is modest relative to potential infrastructure costs for major large-user connections; partially funded.
- **Rate Stabilization Fund** – Intended to offset potential short-term rate increases caused by sudden changes in revenue or expenditure levels. Annual reserve transfers of $511,066 are programmed each year in the financial plan, indicating an active funding mechanism; adequately funded.
- **Power Cost Adjustment (PCA) Balancing Fund** – Established to mitigate unanticipated, significant changes in the cost of purchased power. When drawn upon, funds are replenished through a PCA rate applied to usage. Annual reserve transfers noted above may also contribute to this fund; based on planned contributions, adequately funded.

The financial plan ensures that reserves with defined targets—specifically the Unrestricted Fund, ARF, Rate Stabilization Fund, and PCA Balancing Fund—remain at or above minimum policy levels throughout the planning horizon. The Large User Connection Fee Fund should be periodically reviewed to confirm adequacy relative to anticipated load growth and system upgrade needs.

4-4 Financial Performance Criteria

The financial health of the electric utility is guided by three key performance criteria. These benchmarks ensure that electric rates remain sufficient to support operations, debt obligations, and long-term sustainability:

- **Reserve Balance**: The city maintains an electric resource reserve account designed to provide operating liquidity and capital flexibility. The minimum balance in this account is targeted at 180 days of operating expenses, consistent with industry best practices.

- **Financial Metrics:**
    - **Operating Ratio:** Determined by taking the operating expenses divided by the operating revenues and multiplied by 100**.** Results for the test year are 80.6%. Industry average is 87%.
    - **Debt Service Coverage Ratio (DSCR):** Tracks the utility's capacity to meet debt service requirements. The current plan maintains a DSCR of no less than 2.4x in all forecast years, well above the 1.2x covenant
    - **Days Cash on Hand**: Recommended days cash on hand is 180 days. The utility meets this for the forecasted years as part of this study.
    - **ARF Reserve Transfer** – This fund is used to pay for capital improvement projects and serves as a capital reserve. The City's current policy states that annual transfers should equate to 4% of net plant value. The forecast includes an estimate of this transfer amount based on the City's 2025 Capital Improvement Plan which equates to $611,667 annually over the forecasted period.
    - **PCA balancing fund** – 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. Balancing fund as of November 2024 was $1,830,284, exceeding policy requirements. Pursuant to the PCA policy, on January 21, 2025, the Public Utility Board voted to approve to reduce the PCA rate by $0.02 to refund the over collected reserve funds starting February 1.
    - **Rate Stabilization Fund** - The City's Financial Policies currently maintain a minimum operating reserve balance of 10% of budgeted annual O&M expenditures, or approximately 1.2 months of O&M expenses, consistent with General Fund policies.

4-5 Proposed Financial Plan

The proposed financial plan for FY 2025 through FY 2030 maintains rate stability while meeting all operational, capital, and debt service obligations. No rate increases are proposed during the planning horizon. The plan leverages stable electric sales revenue, conservative load growth assumptions, and prudent cost forecasting. Annual transfers to capital reserves and ARF accounts are preserved, and all debt covenants are satisfied throughout the forecast.

While the plan sustains adequate coverage ratios and reserve targets, projected net cash from operations narrows in the later years of the forecast, declining from $3.51 million in FY 2025 to $1.69 million in FY 2030. This tightening margin is primarily driven by rising operating costs—particularly purchased power and administrative expenses—outpacing the modest growth in revenues. Continued

monitoring of expenditure trends and load performance will be important to ensure the utility maintains sufficient flexibility to respond to unanticipated cost pressures or revenue fluctuations.

By aligning expenditures with actual consumption patterns and maintaining healthy financial metrics, the proposed plan supports both financial sustainability and long-term system reliability.

5 Cost-of-Service Analysis

Section 5 Cost of Service Overview

A Cost-of-Service Analysis (COSA) is an analysis of a utility's annual revenue requirements and a methodology for allocating these expenses across each customer category based on customer characteristics.

A utility's revenue requirement is the amount of revenue the utility must generate annually to recover the costs incurred by the utility in the provision of service. Costs may include typical operating expenses, capital investments, and a necessary margin of revenue to ensure the utility's ability to continue to safely operate. Costs included in a revenue requirement may be different whether the utility is privately or publicly held and will be based upon recent operating expenses and may include forecast adjustments.

In this study, the fiscal-year operating results for 2022 through 2024 were used as a starting point and projected forward to include changes from rising power costs, inflation, and other inputs made by NPUA staff. Needles Public Utility Authority must rely on its revenues from rates to fund operations and capital improvements to the electric system. Therefore, the following items have been included in NPUA's revenue requirements and are further detailed below:

Determination of Revenue Requirements

+ Purchased Power Expense

+ Operation & Maintenance Expense

+ Administration & General Expense

+ Capital Projects funded from Rates

+ Reserve fund

= Revenue Requirements

The next step in the cost-of-service study is to separate the revenue requirements into the functional areas of the utility such as power supply, power distribution, and customer metering and billing functions. Costs may be further classified based on whether the costs are related to the supply of energy or a function of system capacity. Customer-specific costs may also be directly assigned to their own functional category.

Once the revenue requirements have been functionalized and classified according to the proper cost components, they are allocated among the separate customer categories. The goal of cost allocation is to properly assign costs using a cost causation model, ensuring that each customer is being sufficiently charged for the impact they have on the utility. Many of the allocation methods are widely accepted across utilities as standard practice based on the type of expense and cost function that is being allocated. This includes the use of energy sales data to pass through variable related costs such as fuel supply costs, and customer demand data to assign fixed costs associated with customer capacity/sizing requirements.

5-1 Functionalization

NPUA's electric utility expenses were evaluated and assigned to various functional categories within the electric system. The functional categories include the following:

- **Power Supply – Capacity:** Fixed charges and capacity costs associated with the purchase of power.
- **Power Supply - Energy:** Volumetric or fuel-related costs associated with the production of power.
- **Power Supply - Transmission:** System delivery related charges for moving bulk power to the utility's service territory.
- **Delivery:** Local distribution or repair related costs associated with delivering power to end-use customers.
- **Customer: Connection:** Costs related to connecting customers to the distribution grid.
- **Customer: Metering & Billing:** Costs related to the metering, meter reading, and customer billing services provided to end-use customers.
- **Administrative & General:** Costs related to employee expenses and functioning of administrative services related to supporting end-use customers.
- **Direct Assignment:** Costs that may be purposefully assigned to cost-causers, i.e. Street Lights.

Table 7

Allocator	Power - Energy	Power - Capacity	Power - Transmission	Delivery	Customer Connection	Cust. Metering & Billing	A&G	Direct Assignment
Direct Assignment	0%	0%	0%	0%	0%	0%	0%	100%
DA Power-Energy	100%	0%	0%	0%	0%	0%	0%	0%
DA Power-Capacity	0%	100%	0%	0%	0%	0%	0%	0%
DA Power-Transmission	0%	0%	100%	0%	0%	0%	0%	0%
Purchased Power	40%	50%	10%	0%	0%	0%	0%	0%
Parker Davis Purchase Power	47%	41%	12%	0%	0%	0%	0%	0%
Power/Cap Split	50%	50%	0%	0%	0%	0%	0%	0%
Delivery	0%	0%	0%	50%	50%	0%	0%	0%
Service Drop	0%	0%	0%	0%	100%	0%	0%	0%
Metering	0%	0%	0%	0%	0%	100%	0%	0%
Billing	0%	0%	0%	0%	0%	100%	0%	0%
A&G	0%	0%	0%	0%	0%	0%	100%	0%
Salaries	0%	0%	15%	30%	30%	20%	5%	0%

Operating expenses for FY 2026 were evaluated and allocated to the most closely associated functional categories within the electric system, as shown in Table 7. The detailed functionalization of the operating budget is included below in Table 8.

Table 8

Line	Cost Function	Operating Expense
1	Power Supply – Capacity	$1,001,123
2	Power Supply – Energy	$1,499,265
3	Power Supply – Transmission	$229,241
4	Delivery	$1,062,869
5	Customer: Connection	$1,133,772
6	Customer: Metering & Billing	$330,683
7	Administrative & General	$160,977
8	Direct Assignment	$0
9	**Total**	$11,976,266

5-2 Cost Causation Classification

Cost causation classification is the process of attributing utility costs to the customers or services that generate those costs, ensuring equity in rate development. For this study, NPUA's FY 2026 operating expenses were functionalized into discrete categories—power supply, delivery, customer services, administration, and direct assignments—so that costs are aligned with the specific utility functions they support.

Power supply costs, including both capacity and energy, are assigned based on each customer class's contribution to system demand and total energy consumption. Delivery-related costs are allocated according to the infrastructure requirements necessary to serve each class, while customer-related expenses are distributed based on the level of service activity (e.g., billing, metering) required. Direct assignments are made where costs can be specifically attributed to a particular class or function.

This classification and allocation process also incorporates NPUA's minimum revenue requirement necessary to meet ongoing Administrative and Replacement Fund (ARF) transfers, debt service obligations, and other fixed financial commitments. For the test year, this equates to a minimum required return of approximately 17% above operating expenses to maintain compliance with reserve policies and debt covenants. The functionalized approach ensures that these fixed obligations are proportionally recovered from all customer classes based on cost responsibility, supporting both financial sustainability and rate fairness. The end results of the cost allocation process are detailed in the table below:

Rate Class	Allocated Revenues	Allocated Expenses	Over / (Under) COSS	as %
Residential	$4,633,573	$4,331,735	$301,838	7%
Small Commercial (0-25kW)	$1,590,967	$1,601,352	-$10,385	-1%
Medium Commercial (25kW-100kW)	$1,010,181	$680,601	$329,579	33%
Large Commercial (100kW+)	$7,582,689	$5,567,862	$2,014,828	27%
Streetlights	$39,342	$85,834	-$46,492	-118%
Total	$14,856,751	$12,267,384	$2,589,367	17%

5-3 Unbundling / Unit Costs

Following the classification of costs by functional category, the next step in the cost-of-service analysis is to unbundle those costs into unitized components that reflect how costs are incurred and recovered. Unbundling unit costs involves translating the total costs within each function—such as capacity, energy, delivery, customer service, and administration—into cost metrics that can be applied to specific billing units like kilowatts (kW), kilowatt-hours (kWh), meters, or customer accounts. This process provides the foundation for rate design by identifying the unit cost basis for each portion of the customer bill. For example, capacity-related costs are typically expressed on a $/kW basis to reflect demand-related cost recovery, while energy-related costs are expressed on a $/kWh basis to align with volumetric consumption. Customer-related costs are unbundled into a $/meter or $/account metric to support the development of fixed monthly charges. By unbundling costs in this way, the rate design process can ensure that each rate component corresponds to the service being provided, supporting transparency, equity, and alignment with cost causation principles.

Unbundled Unit Costs	TOTAL	Residential	Small Commercial (0-25kW)	Medium Commercial (25kW-100kW)	Large Commercial (100kW+)	Streetlights
Customer - Related						
Metering & Billing (Monthly)	$19.32	$18.73	$19.25	$31.75	$157.55	$0.09
Service Connection (Monthly)	$27.51	$21.03	$42.07	$105.17	$147.24	$15.87
Delivery						
Per MWh	$22.15	$33.19	$33.05			$6.31
Per kW				$5.79	$5.08	
Generation - Energy per MWh	$43.92	$26.54	$26.54	$26.55	$59.62	$59.62
Generation - Capacity Per MWh	$50.58	$59.92	$69.34	$46.81		$21.66
Generation - Capacity Per kW					$8.31	

6 Electric Rates

Section 6 Rate Options

6-1 General Rate-Making Principles

Utilities need to establish rates that are fair and equitable for customers while also covering all operational costs and providing for necessary capital investments. Rate structures should be designed to promote energy conservation and reflect the true cost of service delivery, which may vary by customer class or usage level.

Utility rates are typically required to be fair and not unduly discriminatory among customer classes. In addition to this equitable standard, rate experts also recognize other considerations in the setting of utility rates, including recovery of costs by the utility, efficient use of resources, simplicity, stability, and competition with other suppliers or alternatives. After a class COSA is prepared, it must be decided how much weight should be given to the COSA versus the results indicated by other analyses and considerations in adjusting the rates of each customer class. Though some agencies, councils and boards give great deference to the results recommended by the COSA, many others use it only as one of several considerations given weight in the rate setting process. In part, this willingness of regulatory agencies or boards to depart from the results of a COSA is because there is no single or right way to develop a COSA.

The results of designing electric rates, especially unbundled rates, are not as definitive or unassailable as designing the electric distribution system, which is paid for through electric rates. Nonetheless, the result (or a range of alternative results) of a class COSA provides valuable information as to the relationship between the electric service used by class and the utility's overall costs. While there is a range of reasonable results for a COSA, that range is not unbounded and there are clearly times when the rates of a class fall outside of this range, resulting in a class subsidizing or being subsidized by other customer classes. In the end, the principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility,
- Be equitable – that is, they should generate revenues from customer classes that are reasonably proportionate to the cost to provide service to that customer class,
- Be easy to understand by customers, and
- Be easy to administer by the utility.

Finding the right balance in ratemaking involves a thorough evaluation of revenue needs and service costs. This process determines how to design rates that comply with legal requirements and meet the utility's specific goals given its operating conditions.

6-2 Current Rate Design

The City of Needles electric utility employs a single rate structure for all NPUA customers that distinguishes between winter and summer periods to account for varying energy demand and hydro allocation availability. Winter rates, effective from December 1 through February 28, include a monthly Basic Service Charge and provide a 401-kWh hydroelectric allocation at the "under hydro" current rate. Any usage beyond this hydro allocation is charged at an Over Hydro rate.

In contrast, the summer rates, effective from June 1 through September 30, keep the same Basic Service Charge but increase the hydro allotment to 754 kWh, with a lower hydro rate than the summer hydro rate. The Over Hydro rate during the summer is also reduced due to a planned Power Cost Adjustment (PCA. Both seasonal periods include a California-mandated Conservation Charge of $0.0025 per kWh and a Utility User Tax—applied only in the summer—at a rate of 2.5%. This structure reflects a policy goal of distributing lower-cost hydro resources evenly amongst all customers, adjusted seasonally for resource availability.

6-3 Rate Design Theory

Rate Design is rooted in time and court-tested theories and aims for rates that are just and reasonable, are fair and avoid undue discrimination, are simple to understand, are stable, are designed to promote the efficient use of energy, and are effective at yielding the revenue requirements. The allocation process during the cost-of-service analysis plays a critical role in determining the starting point for the rate design. Continual investigation of costs and analysis of customer usage data can further our abilities to make sure rates are just and reasonable and are equitably allocated amongst revenue classes. The design of rates themselves plays the critical role in determining whether rates are effective to yield the revenue requirements, are understandable, and promote efficient use of energy. Several alternative rate options is provided below:

6-3-1 Flat Rates

Flat rates can come in several forms such as a monthly customer charge typical of streetlighting and unmetered devices, customer and energy charges that differentiate between the metering and billing costs from the delivery of power, or customer, energy, and demand charges that differentiate between billing, fixed system, and variable energy costs. The benefit of flat rates is that they typically are easy to understand and implement and may be well suited for yielding the revenue requirements. The

disadvantage of flat rates is that they might not promote efficient use of energy and may lead to costs being socializing across customers who may have different cost impacts on the system.

6-3-2 Inclining Block Rate

Inclining block rates are designed with rate charges that increase with the increased use of the system. Inclining block rates are great at promoting energy conservation, but may be more difficult to understand by customers, more difficult to implement, may disadvantage efficient users of the system, and may be less effective at yielding the revenue requirements.

6-3-3 Declining Block Rate

Opposite from inclining block rates, declining rates decline with greater use of the system. Often used as an alternative to demand-based rates, declining block rates can help ensure the revenue requirements are collected, but may be more difficult to understand and implement, discourages conservation, and may discriminate against low-use customers.

6-3-4 Time-of-Use Rates

Time-of-use rates may be implemented if the time-variance of system use affects the costs of operating the system. Examples of this would include power supply and transmission costs that increase during peak system hours. Time-of-Use rates would be designed to mimic the intervals of higher system costs through increased prices during peak periods. Time-of-Use rates may be considered fairer since they align power supply costs with the cost-causers to a better degree and maybe more efficient at yielding revenue requirements, however they are significantly more difficult to understand and to implement.

6-4 Proposed Rate Options

As part of the City's efforts to ensure fair, sustainable, and transparent electric rates, three-rate design options and a separate evaluation of street lighting charges were presented to the Alternative Rate Ad Hoc Committee for review and discussion. The Committee was tasked with evaluating how best to align the utility's cost of service findings with ratepayer expectations, affordability goals, and long-term financial stability. The rate options explored a range of structures—keeping the current approach, simplifying the allocation of power and delivery costs, and integrating demand-based billing—all with the goal of improving fairness and consistency across customer classes. The Committee's feedback was critical in shaping the recommendations included in this report.

6-4-1 Rate Option 1

Rate Option 1 keeps the City's existing pricing structure without change. This approach maintains the current rate design, customer classifications, and rate levels, offering continuity for customers while avoiding the need to revise any billing system components. It preserves the simplicity of the existing

structure, although it does not address underlying cost allocation imbalances shown in the cost-of-service study.

SAMPLE BILLING (SUMMER)		
	Residential (1500 kWh)	**Large Commercial (100kW+)**
Basic Service Charge	$36.22	$36.22
Hydro Allotment (754 kWh)	$53.08	$53.08
Over Hydro	$92.35	$29,351.25
CA Cons. Charge	$3.75	$594.60
	$185.41	**$30,035.15**

6-4-2 Rate Option 2

Rate Option 2 introduces a class-based rate structure that differentiates between Residential, Small Commercial (0–25 kW), Medium Commercial (25–100 kW), and Large Commercial (over 100 kW) customers. Each class includes a fixed customer charge, with remaining costs split between a Power Charge and a Delivery Charge. This unbundled structure creates greater transparency, improves cost alignment, and supports the utility's ability to adapt charges as wholesale power costs change.

SAMPLE BILLING (SUMMER)		
	Residential (1500 kWh)	**Large Commercial (100kW+)**
Customer Charge	$45.15	$346.08
Delivery Charge Per MWh	$29.75	$1,744.26
Power Charge Per MWh	$174.04	$24,001.19
CA Cons. Charge	$3.75	$594.60
	$252.69	**$26,686.12**

6-4-3 Rate Option 3

Rate Option 3 builds upon Option 2 by introducing a Demand Charge for Medium and Large Commercial customers. This component better reflects the cost of infrastructure needed to support higher usage and demand profiles. By recovering a portion of costs through a demand-based mechanism, the utility can more accurately assign costs to the customers who place the greatest load on the system, while incentivizing more efficient energy use.

SAMPLE BILLING (SUMMER)		
	Residential (1500 kWh)	**Large Commercial (100kW+)**
Customer Charge	$45.15	$346.08
Delivery Charge Per MWh	$29.75	$0.00
Delivery Charge Per kW	$0.00	$1,525.00
Power Capacity Charge Per kW	$0.00	$5,231.12
Power Energy Charge Per MWh	$174.04	$18,017.97
CA Cons. Charge	$3.75	$594.60
	$252.69	**$25,714.77**

6-4-4 Street Lighting Rate Option

Street Lighting Rate Option presents a separate analysis of streetlight charges, which have not been revisited in many years. The proposed rates were developed based on available records of bulb types and sizes and reflect a cost-to-serve model based on assumed dusk-to-dawn operation. While the analysis could be refined further with updated inventory data, the current proposal provides a more equitable baseline for recovering streetlight service costs and encourages future evaluation by lamp type, fixture style, and mounting method.

STREETLIGHTS				
Type	**Size**	**KWh**	**Current Rate**	**Proposed Rate**
Decorator	100	43	$11.74	$22.39
Sodium	100	43	$8.62	$22.39
Sodium	200	85	$14.58	$26.57
Sodium	400	171	$27.15	$35.12
LED	38	16	$4.24	$19.71

Section 7 Cost of Service Rate Summary and Recommendations

7-1 Proposed Rate Design

7-1-1 Electric Rate Adoption

The proposed rate design for the City of Needles maintains the current seasonal rate structure and customer class distinctions, preserving its familiar and easy-to-understand application for all users. Following a review with the Alternative Rate Ad Hoc Committee, the rate structure was evaluated for equity across customer classes. The Committee's feedback highlighted that the largest commercial customers are sharing the cost burden under the existing structure, effectively subsidizing residential customers. The retained design incorporates this input, ensuring a continued balanced cost recovery across classes while still supporting the City's overarching rate policy goals. These goals include maintaining affordable residential rates, offering a transparent and straightforward rate structure for all customers, and ensuring commercial rates stay competitive to attract and keep large commercial and industrial development. This design strategy aligns with the City's economic development goals while promoting fairness and long-term stability.

The Alternative Rate Ad Hoc Committee's decision does not shut the door on alternative rate designs in the future; however, given limitations in NPUA's customer billing system and likelihood of rate-shock inducing shifts between rate designs, it was not appropriate to change at this time.

7-1-2 Street Light Rate Adoption

The City has accepted the proposed adjustments to the streetlight rate structure, acknowledging the need to better align charges with the actual cost of service. As the City bears full financial responsibility for these assets, the updated rates provide a more accurate reflection of operating costs while preserving fiscal accountability. The rate modifications will be implemented to ensure that charges are proportional to usage and technology type. In addition, the city has started a transition plan to replace high-pressure sodium fixtures with LED alternatives as existing bulbs reach the end of their service life. This phased LED conversion is expected to enhance energy efficiency and reduce long-term maintenance and operating costs, further supporting the sustainability of the city's street lighting system.

7-2 Recommendations

Based on the comprehensive findings of this study, the City of Needles is well-positioned to maintain financial stability without requiring immediate rate increases. The utility's strong cash position, consistent revenue growth, and fully funded capital improvement plan demonstrate prudent financial stewardship. With a diverse customer base and a well-structured supply portfolio, Needles can continue

to meet its operational and capital obligations while investing in infrastructure that supports long-term system reliability and growth. The proposed rate design retains the simplicity and fairness of the current structure, aligns with community input received through the Alternative Rate Ad Hoc Committee, and supports the City's policy priorities of maintaining low residential rates, promoting transparency, and ensuring equitable cost recovery across all customer classes.

Based on our findings, we recommend that:

- The City adopt the proposed financial plan and proposed increases to the street lighting rates,
- Continue to actively monitor NPUA's evolving power resources and evolving market conditions,
- Modernize customer programs to make adoption of more complicated rate designs more feasible and data collection and reporting more accessible,
- Revisit its cost-of-service analysis periodically to ensure ongoing alignment with operational needs and ratepayer expectations.

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Approve a 2.7% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2025; approve an over-hydro rate of $0.1159 effective October 1, 2025; eliminate the $.0300 Power Cost Adjustment and approve the 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 April 2022, 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 2025 indicates a 2.7% cost of living increase. The policy sets a cap at 5%. The attached spreadsheets are in accordance with the revised Statement of Policies and will set the new rates as follows:

	Current	Effective Oct 1, 2025
Basic Service Charge	$36.22	$37.20
Winter Hydro (Oct – Feb)	$.0818 – 401 kwh allotment	$.0923– 376 kwh
Summer Hydro (Mar – Sept)	$.0704 – 754 kwh kwh allotment	$.0832 –707 kwh
Over-hydro	**$0.1423	*$0.1159
CA Energy Efficiency Program	$0.0025	$0.0022
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

As of July 2025, the Power Cost Adjustment has a positive balance of $889,349. Proposed rates eliminate the additional $.0300 Power Cost Adjustment.

Fiscal Impact: Cost of living adjustment applied to the basic service charge, decrease in over hydro rate from $0.1423 to $0.1159.

Environmental Impact: None

Recommended Action: Approve a 2.7% cost-of-living (COLA) increase in electric basic service charge rate as of October 1, 2025; approve an over-hydro rate of $0.1159 effective October 1, 2025; eliminate the $.0300 Power Cost Adjustment 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, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

NEEDLES PUBLIC UTILITY AUTHORITY

ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2025/2026

MUST MANUALLY CALCULATE SHEET (F9)

Basic Service Charge for New Rate Year	$37.20
PY Non-Power Carry Forward	-$191,131
Asset Replacement Fund Target	$566,912
Total - Non Power Related Expenses	$5,892,994

Power Supply with Line Losses

Total Power Supply - Sales KWHRs	90,084,120
Power Supply - Winter Hydro	5,637,240
Power Supply - Summer Hydro	14,851,200
Power Supply - Total Hydro	20,488,440
Power Supply - Non Hydro	69,595,680

Hydro Allotment/Cust

376
707

Power Supply Expenses

		Cost Per Kwhr
Total Power Purchased	$5,525,470	$0.0613
Power Supply - Winter Hydro	$251,381	$0.0446
Power Supply - Summer Hydro	$526,594	$0.0355
Power Supply - Non Hydro	$4,747,495	$0.0682

Revenue From Other Than Power Sold

Basic Service Charge	$1,339,572
Other Revenue	$54,000
Total Non-Power Revenue	$1,393,572

Streetlights

Type	Size	KWh	Current Rate	Proposed Rate
Decorator	100	43	$11.74	$ 22.39
Sodium	100	43	$8.62	$ 22.39
Sodium	200	85	$14.58	$ 26.57
Sodium	400	171	$27.15	$ 35.12
LED	38	16	$4.24	$ 19.71

Total Expenses

		Cost Per Kwhr
Non-Power Related Expenses	$5,892,994	
Total Power Cost	$5,525,470	$0.0613
Total Operating Expense	$11,418,464	

Use this rate for PCA Annual Base Rate for power purchased.

Rate Calculations

		Cost Per Kwhr	Bill Rate Per Kwhr
Rate For Non-Power Related Expenses	$4,299,422	0.0477	0.0923
Winter Hydro Sales - (Oct - Feb)	$251,381	0.0446	0.0832
Summer Hydro Sales - (Mar - Sept)	$526,594	0.0355	0.1159
Over Hydro Allotment Sales	$4,747,495	0.0682	0.0022
California Energy Efficiency Program	$200,000		

Proposed

Sample Winter Bill - (Oct - Feb)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			$37.20
2	Winter Hydro Allotment Useage	376	0.0923	$34.68
3	Above Hydro Useage	1000	0.1159	$115.94
4	CA Energy Efficiency Program	1376	0.0022	$3.05
	Total Electric Bill Charge			$190.88

Sample Summer Bill - (Mar - Sept)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			$37.20
2	Sumer Hydro Allotment	707	0.0832	$58.81
3	Above Hydro Useage	1500	0.1159	$173.91
4	CA Energy Efficiency Program	2207	0.0022	$4.90
	Total Electric Bill Charge			$274.82

Previous

Sample Winter Bill - (Oct - Feb)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			$32.39
2	Winter Hydro Allotment Useage	401	0.0818	$32.80
3	Above Hydro Useage	1000	0.1423	$142.30
4	CA Energy Efficiency Program	1401	0.0023	$3.22
	Total Electric Bill Charge			$210.71

Sample Summer Bill - (Mar - Sept)

Line	Decription	KWH	Cost/KWH	Total
1	Basic Service Charge			$39.39
2	Sumer Hydro Allotment	754	0.0704	$53.08
3	Above Hydro Useage	1500	0.1423	$213.45
4	CA Energy Efficiency Program	2254	0.0023	$5.18
	Total Electric Bill Charge			$311.11

Difference	-$36.29

NEEDLES PUBLIC UTILITY AUTHORITY

ANNUAL BASE RATE CALCULATION SPREADSHEET - FY 2025/26

EXPENSES	DOLLARS
O & M[6]	$3,630,066
Taxes*	$21,488
Purchase Payment	$251,648.00
Trustee Fee	$15,134.00
Conservation Program*	$16,667.00
Debt Service	$682,351.00
City of Needles "Fair Share" Fee	$699,859.00
California Energy Efficiency Program*	$200,000.00
PY Non-Power Rate Component	$0.0409
Power Supply Total[1]	$5,525,470.00
Power Supply, Hydro - Winter[2]	$251,381.00
Power Supply, Hydro - Summer[3]	$526,594.00
Other Income* not adjusted for utt	$54,000.00
Basic Service Charge PY	$36.22
Asset Replacement Fund PY	$552,008.00

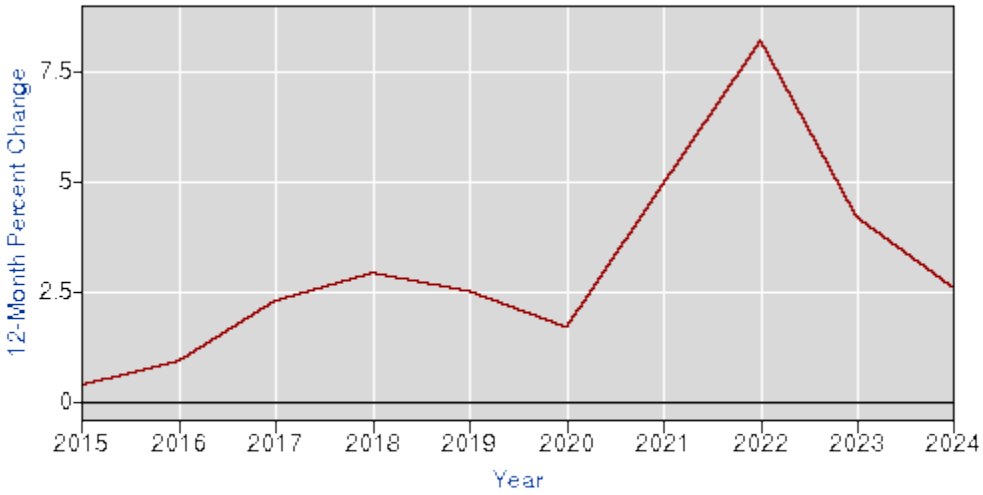
	KWHR
Power Supply Total[1]	107,243,000
Power Supply, Hydro - Winter[2]	6,711,000
Power Supply, Hydro - Summer[3]	17,680,000
PY Estimated Power Sales	85,484,672
PY Actual Power Sold	90,157,801

	PERCENT
JUNE CPI %	2.70
Line Loss %	16.00

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

Number of Customers	3001

12-Month Percent Change
Series Id: CUURN400SA0
Not Seasonally Adjusted
Series Title: All items in West - Size Class B/C, all urban consumers, not seasonally adjusted
Area: West - Size Class B/C
Item: All items
Base Period: DECEMBER 1996=100



Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2015	0.0	0.6	0.8	0.9	0.8	0.5	0.3	0.3	0.0	0.1	0.1	0.5	0.4	0.6	0.2
2016	1.3	0.8	0.3	0.5	0.4	0.5	0.6	0.7	1.1	1.3	1.7	1.8	0.9	0.6	1.2
2017	1.8	2.3	2.5	2.3	2.0	2.0	1.9	2.3	2.6	2.7	2.7	2.7	2.3	2.1	2.5
2018	2.8	2.5	2.6	2.6	3.0	3.2	3.2	3.0	2.8	2.9	3.1	2.9	2.9	2.8	3.0
2019	2.5	2.3	2.3	2.7	2.8	2.6	2.6	2.5	2.3	2.5	2.5	2.8	2.5	2.5	2.5
2020	2.8	2.9	2.5	1.5	0.5	0.8	1.5	1.8	2.0	1.6	1.6	1.5	1.7	1.8	1.7
2021	1.6	1.8	2.6	3.9	5.4	6.0	6.0	5.6	5.7	6.3	6.9	7.4	4.9	3.6	6.3
2022	8.1	8.5	9.0	8.6	8.4	8.5	8.3	8.3	8.3	8.3	7.2	6.3	8.2	8.5	7.8
2023	6.0	5.7	5.2	4.8	4.4	3.6	3.5	3.7	3.9	3.2	3.1	3.5	4.2	4.9	3.5
2024	3.7	3.2	3.6	3.7	3.1	2.6	1.9	1.7	1.6	1.7	2.1	2.3	2.6	3.3	1.9
2025	1.9	2.3	1.8	2.0	2.5	2.7	3.3							2.2	

NEEDLES PUBLIC UTILITY AUTHORITY

25-Apr

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	6,400,000	**
Actual Over-Hydro Purchased Dollars	$250,000	**
Over-Hydro Annual Base Rate Component	$0.0878	
Line Loss Percentage	10.40	
Current Over-Hydro Rate	$0.1399	
Non-Power Expense Rate Component	$0.0242	
Over-Hydro with Line Losses	5,734,400	
Over-Hydro Cost/Kwhr	$0.0436	
Difference from Base Rate	-$0.0442	
Revenue Expected from Base Rate	$503,480	
Revenue Difference from Base	$253,480	
PCA Fund Adjustment	$64,000	
Amount to off set New PCA Fund Balance	$317,480	

OVER-HYDRO RATE

New Over-Hydro Rate Component	$0.0436
New Over-Hydro Rate	$0.0678

Upcoming Term: May	
Total Over-Hydro Kwhr	6,400,000
Total Over-Hydro Purchase + Spot Estimate	$250,000

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	4,532,100
Actual Over-Hydro Dollars	$107,610
Over-Hydro Prior Period Rate Power Component	$0.0578
Over-Hydro KWH w/ Line Loss	4,060,762
Over-Hydro Revenue Generated for the Period	$234,712
Revenue Difference from Required	$127,102

PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	4,060,762
Over-Hydro Cost/Kwhr	$0.0265
Difference from Base Rate	-$0.0613
Revenue Expected from Base Rate	$356,535
Revenue Difference from Base	248,925

BALANCING FUND

	Previous PCA Period Balance	$1,355,646
	PCA Refunded	-$90,642
**	New PCA Fund Balance	$1,392,106

Previous Period Consumption:
April Over-Hydro Consumption :
Cost:
Term Purchase: $74,794.79 Spot Purchase: $0.00 Exchanges: $17,869.16
Transmission & Regulation Cost: (48% over hydro)
Total Over Hydro Costs: $108,610

APRIL 2025 Activity

			MWh	MW
Direct Bill	**Term Purchase**	$0.00	0	
Advanced	**Term Purchase**	$74,794.79	2,575	
Advanced	**Spot Purchase**	$0.00	0	
	Exchanges From WMK/YCWUA	$17,869.16	581	
Direct Bill	**Needles PDP**	$76,797.80	2,475	
Direct Bill	**Agua Caliente PDP**	$25,064.00	482	
Advanced	**Oasis Transmission**	$0.00	0	
Direct Bill	**Network Transmission**	$30,125.76		18.32
Direct Bill	**Regulation**	$1,250.01		12.26
	Total Expended	$225,901.52		
	Exchanges to WMK/YCWUA	$0.00	0	
	Net	$225,901.52		
	Total Load	**7,741.49**		
	$/Mw	**$29.18**		

Not Applicable

NEEDLES PUBLIC UTILITY AUTHORITY

25-May

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	6,660,000	**
Actual Over-Hydro Purchased Dollars	$450,000	**
Over-Hydro Annual Base Rate Component	$0.0878	
Line Loss Percentage	10.40	
Current Over-Hydro Rate	$0.1399	
Non-Power Expense Rate Component	$0.0242	
Over-Hydro with Line Losses	5,967,360	
Over-Hydro Cost/Kwhr	$0.0754	
Difference from Base Rate	-$0.0124	
Revenue Expected from Base Rate	$523,934	
Revenue Difference from Base	$73,934	
PCA Fund Adjustment	$66,600	
Amount to off set New PCA Fund Balance	$140,534	

OVER-HYDRO RATE

New Over-Hydro Rate Component	$0.0754
New Over-Hydro Rate	$0.0996

Upcoming Term: June

Total Over-Hydro Kwhr	6,660,000
Total Over-Hydro Purchase + Spot Estimate	$450,000

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	6,476,950
Actual Over-Hydro Dollars	$134,229
Over-Hydro Prior Period Rate Power Component	$0.0578
Over-Hydro KWH w/ Line Loss	5,803,347
Over-Hydro Revenue Generated for the Period	$335,433
Revenue Difference from Required	$201,205

PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	5,803,347
Over-Hydro Cost/Kwhr	$0.0231
Difference from Base Rate	-$0.0647
Revenue Expected from Base Rate	$509,534
Revenue Difference from Base	375,305

BALANCING FUND

Previous PCA Period Balance	$1,392,106	
PCA Refunded	-$129,539	
** New PCA Fund Balance	$1,463,772	

Previous Period Consumption:
May Over-Hydro Consumption :
Cost:
Term Purchase: $106,240.72 Spot Purchase: $0.00 Exchanges: $11,182.10
Transmission & Regulation Cost: (53% over hydro)
Total Over Hydro Costs: $164,229

MAY 2025 Activity

			MWh	MW	
Direct Bill	**Term Purchase**	$0.00	0		
Advanced	**Term Purchase**	$106,240.72	4,136		
Advanced	**Spot Purchase**	$0.00	0		
	Exchanges From WMK/YCWUA	$11,182.10	363		
Direct Bill	**Needles PDP**	$78,174.12	2,563		
Direct Bill	**Agua Caliente PDP**	$25,948.00	499		
Advanced	**Oasis Transmission**	$0.00	0		
Direct Bill	**Network Transmission**	$30,125.76		21.58	**Needles N**
Direct Bill	**Regulation**	$1,582.43		15.51	
	Total Expended	$253,253.13			
	Exchanges to WMK/YCWUA	$0.00	0		
	Net	$253,253.13			
	Total Load	**9,583.42**			
	$/Mw	**$26.43**			

Not Applicable

Estimated total

Calculated-Direct Billed to Needles

NEEDLES PUBLIC UTILITY AUTHORITY

25-Jun

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	8,200,000	**
Actual Over-Hydro Purchased Dollars	$780,000	**
Over-Hydro Annual Base Rate Component	$0.0878	
Line Loss Percentage	10.40	
Current Over-Hydro Rate	$0.1399	
Non-Power Expense Rate Component	$0.0242	
Over-Hydro with Line Losses	7,347,200	
Over-Hydro Cost/Kwhr	$0.1062	
Difference from Base Rate	$0.0184	
Revenue Expected from Base Rate	$645,084	
Revenue Difference from Base	-$134,916	
PCA Fund Adjustment	$82,000	
Amount to off set New PCA Fund Balance	-$52,916	

OVER-HYDRO RATE

New Over-Hydro Rate Component	$0.1062
New Over-Hydro Rate	$0.1304

Upcoming Term: July

Total Over-Hydro Kwhr	8,200,000
Total Over-Hydro Purchase + Spot Estimate	$780,000

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	6,663,692
Actual Over-Hydro Dollars	$134,229
Over-Hydro Prior Period Rate Power Component	$0.0578
Over-Hydro KWH w/ Line Loss	5,970,668
Over-Hydro Revenue Generated for the Period	$345,105
Revenue Difference from Required	$210,876

PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	5,970,668
Over-Hydro Cost/Kwhr	$0.0225
Difference from Base Rate	-$0.0653
Revenue Expected from Base Rate	$524,225
Revenue Difference from Base	389,996

BALANCING FUND

Previous PCA Period Balance	$1,463,772	
PCA Refunded	-$199,910	
** New PCA Fund Balance	$1,474,738	

Previous Period Consumption:
June Over-Hydro Consumption :
Cost:
Term Purchase: $257,689.60 Spot Purchase: $0.00 Exchanges: $59,272.20
Transmission & Regulation Cost: (53% over hydro)
Total Over Hydro Costs: $134,229

JUNE 2025 Activity

			MWh	MW	
Direct Bill	**Term Purchase**	$0.00	0		
Advanced	**Term Purchase**	$257,689.60	6,080		
Advanced	**Spot Purchase**	$0.00	0		
	Exchanges From WMK/YCWUA	$59,272.20	1,882		
Direct Bill	**Needles PDP**	$76,797.80	2,475		
Direct Bill	**Agua Caliente PDP**	$25,064.00	482		
Advanced	**Oasis Transmission**	$0.00	0		
Direct Bill	**Network Transmission**	$31,150.59		25.47	**Needles N**
Direct Bill	**Regulation**	$1,979.00		19.40	
	Total Expended	$451,953.19			
	Exchanges to WMK/YCWUA	$0.00	0		
	Net	$451,953.19			
	Total Load	**11,352.16**			
	$/Mw	**$39.81**			

Not Applicable

Estimated total

Calculated-Direct Billed to Needles

NEEDLES PUBLIC UTILITY AUTHORITY

25-Jul

POWER COST ADJUSTMENT CALCULATION

UPCOMING PURCHASE PERIOD CALCULATION

Actual Over-Hydro Purchased Kwhr	8,200,000	**
Actual Over-Hydro Purchased Dollars	$780,000	**
Over-Hydro Annual Base Rate Component	$0.0878	
Line Loss Percentage	10.40	
Current Over-Hydro Rate	$0.1399	
Non-Power Expense Rate Component	$0.0242	
Over-Hydro with Line Losses	7,347,200	
Over-Hydro Cost/Kwhr	$0.1062	
Difference from Base Rate	$0.0184	
Revenue Expected from Base Rate	$645,084	
Revenue Difference from Base	-$134,916	
PCA Fund Adjustment	$82,000	
Amount to off set New PCA Fund Balance	-$52,916	

OVER-HYDRO RATE

New Over-Hydro Rate Component	$0.1062
New Over-Hydro Rate	$0.1304

Upcoming Term: July

Total Over-Hydro Kwhr	8,200,000
Total Over-Hydro Purchase + Spot Estimate	$780,000

PREVIOUS PERIOD REVENUE GENERATED

Actual Over-Hydro KWH	6,476,950
Actual Over-Hydro Dollars	$662,732
Over-Hydro Prior Period Rate Power Component	$0.0578
Over-Hydro KWH w/ Line Loss	5,803,347
Over-Hydro Revenue Generated for the Period	$335,433
Revenue Difference from Required	-$327,299

PREVIOUS PERIOD REVENUE ACTUAL BASE RATE

Over-Hydro with Line Losses	5,803,347
Over-Hydro Cost/Kwhr	$0.1142
Difference from Base Rate	$0.0264
Revenue Expected from Base Rate	$509,534
Revenue Difference from Base	-153,198

BALANCING FUND

Previous PCA Period Balance	$1,463,772	
PCA Refunded	-$247,124	
** New PCA Fund Balance	$889,349	

Previous Period Consumption:
July Over-Hydro Consumption :
Cost:
Term Purchase: $576,215.94 Spot Purchase: $0.00 Exchanges: $57,949.75
Transmission & Regulation Cost: (86% over hydro)
Total Over Hydro Costs: $662,732.00

JULY 2025 Activity

			MWh	MW	
Direct Bill	**Term Purchase**	$0.00	0		
Advanced	**Term Purchase**	$576,215.94	7,428		
Advanced	**Spot Purchase**	$0.00	0		
	Exchanges From WMK/YCWUA	$57,949.75	1,290		
Direct Bill	**Needles PDP**	$78,174.12	2,563		
Direct Bill	**Agua Caliente PDP**	$25,948.00	499		
Advanced	**Oasis Transmission**	$0.00	0		
Direct Bill	**Network Transmission**	$31,150.59		26.71	**Needles N**
Direct Bill	**Regulation**	$2,106.20		20.65	
	Total Expended	$771,544.60			
	Exchanges to WMK/YCWUA	$0.00	0		
	Net	$771,544.60			
	Total Load	**12,766.73**			
	$/Mw	**$60.43**			

Not Applicable

Estimated total

Calculated-Direct Billed to Needles

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Authorize the Board Chairman to Execute a Letter dated September 2, 2025, to the Environmental Protection Agency (EPA) Supporting the Revoking of the Greenhouse Gas Emission Rule

Background: Chairman Campbell requested that City Staff prepare a letter of support to the United States Environmental Protection Agency supporting revoking the greenhouse gas emissions rule.

The current regulations tie power distributors to pay substantial fees for allowances and offsets annually. In addition, the current greenhouse gas regulations on new vehicles will force the City of Needles to replace all fleet. The greenhouse gas emission regulations proposed unfunded mandates on financially tight jurisdictions.

Fiscal Impact: None

Environmental Impact: None

Recommended Action: Authorize the Board Chairman to Execute a Letter dated September 2, 2025, to the Environmental Protection Agency (EPA) Supporting the Revoking of the Greenhouse Gas Emission Rule

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

City of Needles
817 Third Street, Needles, California 92363
(760) 326-2113 • FAX (760) 326-6765
www.cityofneedles.com

September 2, 2025

United States Environmental Protection Agency (EPA)
Docket Center
WJC West Building, Room 3334
1301 Constitution Avenue NW
Washington, DC 20004
Email: a-and-r-Docket@epa.gov

RE: Docket ID No. EPA-HQ-OAR-2025-0194 - Proposed Rule: Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards

To Whom It May Concern,

On behalf of the Board of Public Utilities for the City of Needles, we submit these comments in support of the EPA's proposal to repeal its 2009 Endangerment Finding.

For decades, small municipal utilities such as ours have faced significant financial strain from federal greenhouse gas regulations. These rules require utilities to purchase costly allowances and offsets annually, diverting scarce resources away from maintaining infrastructure and delivering reliable service. For the City of Needles, these costs translate into higher utility rates for working families and a reduced ability to invest in water, wastewater, and energy reliability.

In addition, greenhouse gas vehicle standards would force small jurisdictions to prematurely replace entire municipal fleets — an unfunded mandate that our residents cannot afford.

The 2009 Endangerment Finding has served as the legal foundation for wide-ranging regulations across multiple sectors. While intended to address climate and public health risks, compliance with these rules has placed disproportionate burdens on smaller communities with limited financial capacity. We believe EPA should re-examine the balance between the intended environmental benefits and the significant costs imposed on ratepayers and local governments.

Carbon dioxide (CO_2) is a greenhouse gas produced naturally and through human activity, including the combustion of hydrocarbons for energy. While CO_2 accounts for only about 0.04% of the Earth's atmosphere, it plays an important role in regulating global temperatures. At the same time, water vapor is the most abundant greenhouse gas, and natural processes such as wildfires and ocean cycles contribute significantly to overall greenhouse gas emissions.

Our concern is not to deny the role of CO_2 in the atmosphere, but to emphasize that the current regulatory framework does not adequately account for natural variability and the

high costs borne by small communities. Regulations should be based on a practical evaluation of both scientific evidence and economic impact, ensuring that compliance requirements are achievable without undermining local infrastructure investment or affordability for residents.

For these reasons, the City of Needles Board of Public Utilities supports EPA's proposal to repeal the 2009 Endangerment Finding and associated vehicle standards. A return to commonsense policy will allow local governments to focus on delivering affordable, reliable service rather than diverting scarce resources toward costly regulatory compliance.

If you have any questions, please contact Rainie Torrance, Utility Manager at rtorrance@cityofneedles.com or (760)326-5700 X140

Terry Campbell
Board of Public Utilities Chairman

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Approve Survalent providing Electric SCADA Software not to exceed $137,126 utilizing the Electric System Improvement Fund

Background: The electric department currently operates the city's infrastructure manually. There is a need for real-time monitoring and enhanced control over the electric processes and equipment. SCADA maximizes the efficiency of power distribution system by providing the features like real-time view into the operations, data trending and logging, maintaining desired voltages, currents and power factors, generating alarms, etc.

City staff reached out to adjacent and sister utilities to determine what software was being utilized to provide SCADA, all recommended Survalent. City staff completed a tutorial of the software and determined they are able to provide the following benefits to the electric system: The proposed software will be installed on the two main substations, Eagle Pass and Yoney Substation.

- Real-time monitoring of the system
  - Ability to visually determine what circuits are open and the amps on each circuit in real-time
  - Open and close circuits
  - Future ability for automatic switching capabilities
  - Voltage and fault reporting
  - Outage management
  - Increased safety for linemen and apprentices
  - Diagnostic reporting capabilities

Fiscal Impact: The Electric System Improvement Fund has a balance of $1,414,370.06 as of 6/11/2025.

Environmental Impact: None

Recommended Action: Approve Survalent providing Electric SCADA Software not to exceed $137,126 utilizing the Electric System Improvement Fund.

Submitted By: Justin Scott, Linecrew Supervisor
Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

Survalent.

Utiliverse™ ecosystem

Quotation:

City of Needles

SCADA

Quotation No. A25_7_611524

July 30, 2025

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Buffalo, New York ▪ USA 14221
T +1-905-826-5000 ▪ F +1-905-826-7144
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Item	Qty	Description	Price (USD)
		System Material	
001	1	**SMS Remote Alarm Annunciation Modem (for Verizon Wireless)** LTE Cat 4 Cellular Router compatible with AT Commands for SurvalentONE Remote Alarm Annunciation. The accessory kit includes a power supply with a US power plug, a cellular. antenna, and antenna cables. Note: Please note that the brand and model are subject to change based on availability at the time the order is received.	INCLUDED
		SurvalentONE SCADA Licenses	
002	1	**SurvalentONE Base SCADA Software [Single Server]** The base SCADA license includes data acquisition, data processing, alarm and event processing, and historical data management functions. It also includes the STC Explorer database editor which includes editing tools for database points, access control, control zones, system parameters, station cloning, point modelling, and setup of advanced applications. Other features include command sequencing, alarm suppression, event data recording and archiving, IED control panels, mapboard driver, and remote alarm annunciation. Note: SurvalentONE SCADA software licenses are valid for up to 10,000 points.	INCLUDED
003	3	**SurvalentONE SmartVU (Concurrent Users)** SmartVU provides a modern, intuitive, user friendly user interface for managing the distribution network using high quality graphics driven by a powerful graphics engine. The SmartVU environment includes a tabbed interface that provides quick access to a large number of graphic displays including single-line diagrams, geographical maps, trend graphs, summary displays, operations log, and tabular views of the distribution network. The graphic displays support layers, panning, zooming, decluttering, dynamic line coloring, hyperlinks, and other dynamic display features as well as standard graphics formats such as JPG, BMP, PDF, etc. One license is required for each concurrent user.	INCLUDED
004	1	**SurvalentONE Standard DNP3 Protocol** The DNP3 scan task is designed to communicate with one or more devices that use the DNP3 protocol over serial asynchronous or TCP/IP communication lines. The scan task conforms to Level 2 of the DNP3 Application Layer protocol as specified in the Subset Definitions published by the DNP3 User's Group. This license is for the standard DNP3 protocol implementation, Secure DNP3 Protocol is also available under a separate license.	INCLUDED

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Item	Qty	Description	Price (USD)
005	1	**SurvalentONE IED Wizard** IED Wizard is a tool that automates the creation of the database for an intelligent electronic device (IED). In just a few simple steps, the wizard creates the required points in the SCADA system database. All of the telemetry and control addresses are generated automatically. The IED Wizard completely eliminates the tedious error-prone data entry of telemetry addresses and mapping tables. The IED Wizard contains an extensive library of the most common IEDs available on the market, including SEL, Cooper, ABB, Beckwith, and PML.	INCLUDED
006	1	**SurvalentONE Network Topology Processor** The Network Topology Processor application calculates the energized/de-energized status of electric, gas and water line sections, and displays them on world maps. The calculation is based on the topology of the system and the current status of breakers and valves. For an electrical line section, the system supports 3-phase distribution, and computes the status of each phase independently, such that line sections that are downstream of non-ganged switching devices may contain a mix of energized and de-energized phases. The user can specify colors for "partially energized" or "partially looped" etc. The topology processor includes a feeder trace function that allows the user to select a trace color and have the extent of a feeder highlighted in the selected trace color. Multiple simultaneous traces in different colors are supported.	INCLUDED
		Survalent Professional Services	
007	1	**Project Management** Survalent will assign a Project Manager to coordinate the activities of the project including kickoff meeting, project schedule, project status report, managing resources, coordinating remote services, and coordinating on-site activities.	INCLUDED
008	1	**Remote Service of Workshops (Three Sessions)** Remote Services for the design workshops including architectural workshop, database & graphics initial workshop and follow up workshops. This meeting is intended to explain the requirements from the Customer's perspective, address any questions, and review the database and graphics design outlines for the Database & Graphics creation. It is typically conducted in three sessions, each lasting 2 hours.	INCLUDED
009	1	**Remote Service of Database and graphics generation for 2 substations** Included: 1)Database conversion with the utilization of method of direct mapping or with the use of IED Wizard for building database with the following specification:	INCLUDED

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Item	Qty	Description	Price (USD)
		a)Substations: 2 b)Total DB points: max. 1000 c)Typical reports: 1 d)Historical datasets: for a max. 200 points e)Calculations for max. 10 points Note: The following services are not included: a)Building new IED templates not in Survalent library . b)Building command sequence c)Creating calculated points 2)Graphics development: a)Views: 4 (max) -System overview (1) -Substation SLD (2) -Communication view (1) b)Trend Graphs: max. 15 c)Implementation of standard library or customized control panels for the devices in substation.	
010	1	**Remote Service of Network Topology Implementation for 2 substation SLDs** Included: a)Preparation of resources for network topology implementation (colors, color tables, fonts and pmacros); b)Applying network topology on substation level for 2 substations.	INCLUDED
011	1	**Onsite System Installation, Commissioning and Operation Training** Five consecutive days of on-site system engineering services for database and graphics, system installation, commissioning, testing, performance tuning, and/or training. Services purchased on a project order must be used before the end of system commissioning. Services purchased outside a project order will be invoiced on receipt of order, and must be used within 6 months unless mutually agreed by both parties. No refund will be provided for any unused hours.	INCLUDED

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Item	Qty	Description	Price (USD)
012	1	**Onsite SCADA Training - System Administration – Level 1** This 5-day onsite course is designed for individuals who will be responsible for installation, configuration, and maintenance of the SCADA System. Topics covered include SCADA client/server architecture, database generation and maintenance, display generation and maintenance, SCADA attributes (alarm priorities, analog limits, etc.), historical data, trend graphs, topology processor, system backups, trouble-shooting techniques, maintenance procedures, and more. Note: Training is for up to 5 attendees.	INCLUDED
		Total Price	**$130,876**
		Optional Survalent Professional Services	
013	1	**Bronze SCADA Support Plan [1 Year]** The Bronze SCADA Support Plan provides the following: a) Access to the latest software releases of the delivered software components, effectively providing an extended warranty on these software components and providing access to the latest product features. b) Access to the Survalent Support Portal which includes the ability to create and track support cases, and provides access to software downloads, product documentation, knowledge base articles, and support forums. c) Access to technical support from the Survalent Support Desk during business hours. Cases will be treated on a first-come, first serve basis.	$6,250

End User: City of Needles

Shipping Terms: EXW Ontario, Canada

Shipment approximately 14 To 16 weeks from receipt of purchase order.

Please send purchase order to stcorder@survalent.com

Unless otherwise noted, prices do not include applicable state, provincial, federal, withholding or other local taxes or tariffs. Applicable taxes will be included in each invoice. Should the purchaser claim an exemption from any applicable state, provincial, federal, withholding or other local taxes, the purchaser shall provide such exemption information to Survalent.

This quote is valid until September 28, 2025 and is based on Survalent (a) Standard Terms and Conditions of Sale, (b) Software License Agreement, and (c) Support and Maintenance Terms and Conditions, as applicable.

Note 1: SurvalentONE SCADA software licenses are valid for up to 10,000 points and includes 12 months warranty from date of operational use.

Note 2: Software licenses are non-refundable and cannot be exchanged.

Note 3: Survalent reserves the right to issue temporary licenses until payment has been received in full.

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Item	Qty	Description	Price (USD)

Note 4: Survalent reserves the right to periodically audit the end user system configuration to ensure the software has been deployed in accordance with the Survalent Software License Agreement.

Note 5: Standard payment terms are 40% at the end of project kickoff, 30% on completion of database and graphics, 20% at the end of commissioning, and 10% on project closure.

Note 6: Hardware delivery time may vary based on availability from the manufacturer when receiving the order.

Note 7: Services will be scheduled at a mutually agreeable time. Customer changes to the agreed schedule may result in an additional charges.

Note 8: All Hardware will be provided by the customer, except for SMS modem. Refer to the recommended components of SCADA Host and Workstation.

Note 9: Packing and Shipping - Hardware will be packaged and shipped to the designated destination under EXW terms. As such, Survalent will pack and label the equipment for shipment and provide notice to the Customer that the equipment is ready for pickup at our factory. Customer is responsible for all costs and risks from the point of pickup to the final destination. This includes loading the goods, arranging transportation, handling export and import procedures, paying export and import duties and taxes, and paying for all other associated costs.

Note 10: This quote assumes file-based licensing. If dongles are required, an additional cost will apply.

This quotation is not valid unless signed by an authorized representative of Survalent.

Prepared By: _____

Weijun Ren, Proposal Specialist

Approved By: Nivedita Pandit

Nivedita Pandit, Proposal Team Lead

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Physical Hardware Recommendations
Production ADMS Server **DELL PowerEdge R660xs Rack Server (or equivalent)** 1 x Intel® Xeon® Silver 4309Y 2.8G, 8C/16T 32GB RAM 2 x 480GB Solid State Drive (RAID-1) Windows Server 2022 Standard Edition (16 Cores) Accessories: + Dual, Hot-plug, Power Supply Fully Redundant (1+1), 1400W, Mixed Mode + Trusted Platform Module 2.0 V3 + ReadyRails Sliding Rails With Cable Management Arm Note: All the SSD should be SATA Mix 6Gbps, 2.5in Hot-plug, 3 DWPD.
Operator Workstation **DELL Precision T5860 Workstation (or equivalent)** 1 x Intel Xeon W-2235 3.8GHz 6C/12T 16GB RAM 2 x 512GB Solid State Drive (RAID-1) NVIDIA Quadro P400 (5820T) Windows 11 Professional Edition Accessories: + 1Gbit NIC add-in card (PCIe- Intel) + 8X DVD+/-RW

Better Software.
Better Decisions.

With Survalent, you can control your critical network operations with confidence. We're the most trusted provider of advanced distribution management systems (ADMS) and substation automation for electric, water/wastewater, oil & gas, renewable energy, and transit utilities across the globe.

Over 700 utilities in 40 countries rely on the SurvalentONE platform to effectively operate, monitor, analyze, restore, and optimize operations. By supporting critical utility operations with a fully integrated solution, our customers have significantly improved operational efficiencies, customer satisfaction and network reliability. Our comprehensive substation automation solution, Survalent StationCentral, delivers advanced control and monitoring for enhanced network performance and protection.

Our unwavering commitment to excellence and to our customers has been the key to our success for over 60 years.

100% Project Delivery. We Guarantee It. Ask Us How.

Survalent.

info@survalent.com • survalent.com • 905-826-5000

SurvalentONE

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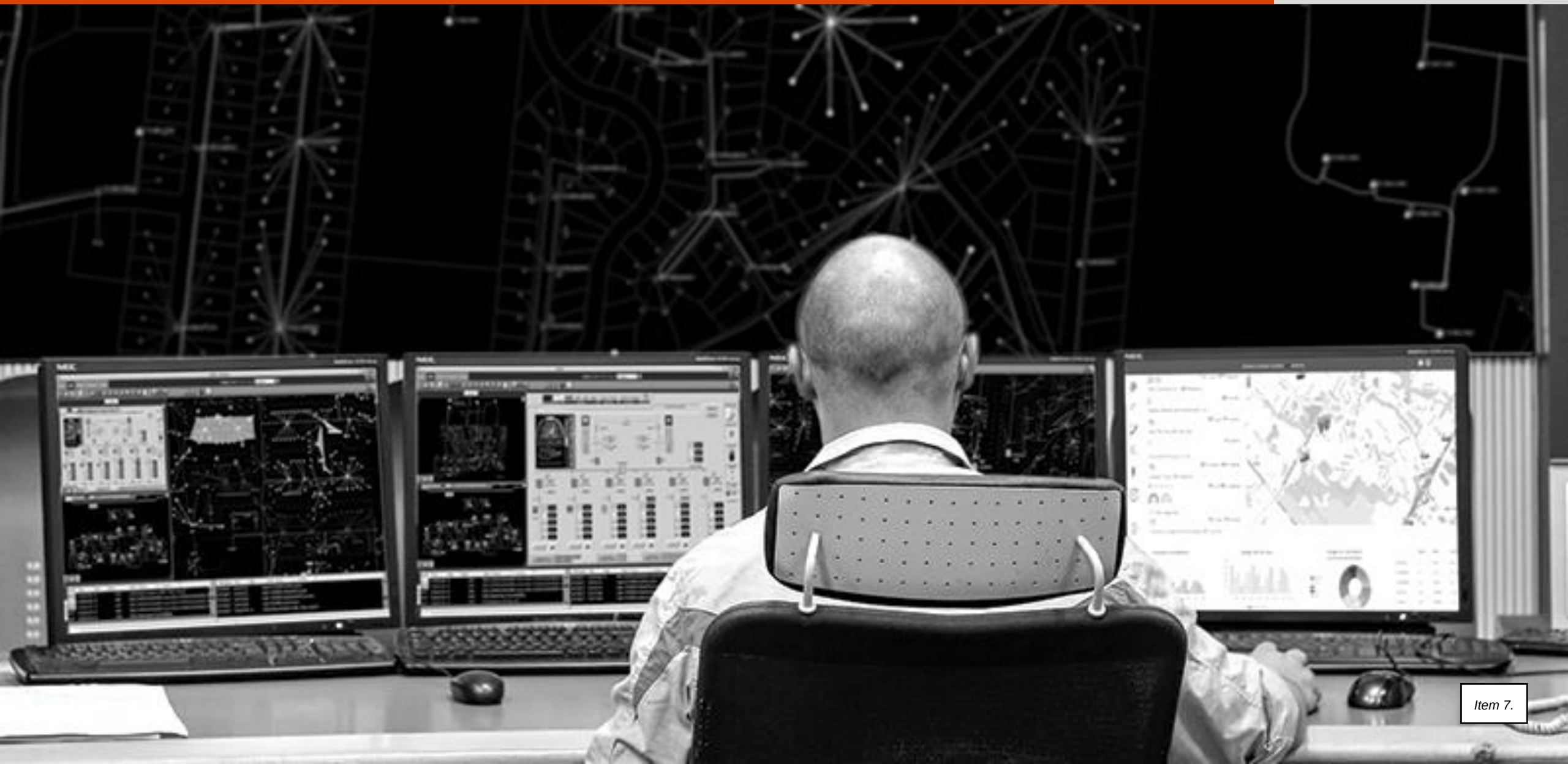


Your Survalent Team

Survalent.

Jason Rohlfing
Director of Sales, Western US

Zair Sajid
Presales Specialist

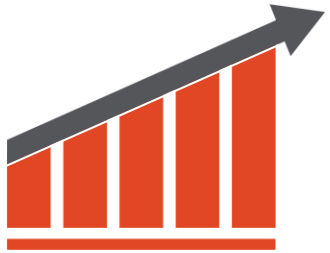
Today's Agenda

Survalent.

- Introductions
- Survalent Company Overview
- SurvalentONE Product Overview
- System Architecture Overview
- Product Demonstration
  - SCADA
  - Web Applications (optional)

About Us

Survalent.



50+ years of service in the utility industry	Consistent revenue growth & profitability	97.8% customer retention rate since 1983	21% of top line revenues invested in R&D

Zero debt

Tremendous Base of Experience

Survalent.

40
Countries

60
Customers

400+
Customers

800+
Customers Worldwide

300+
ADMS conversions

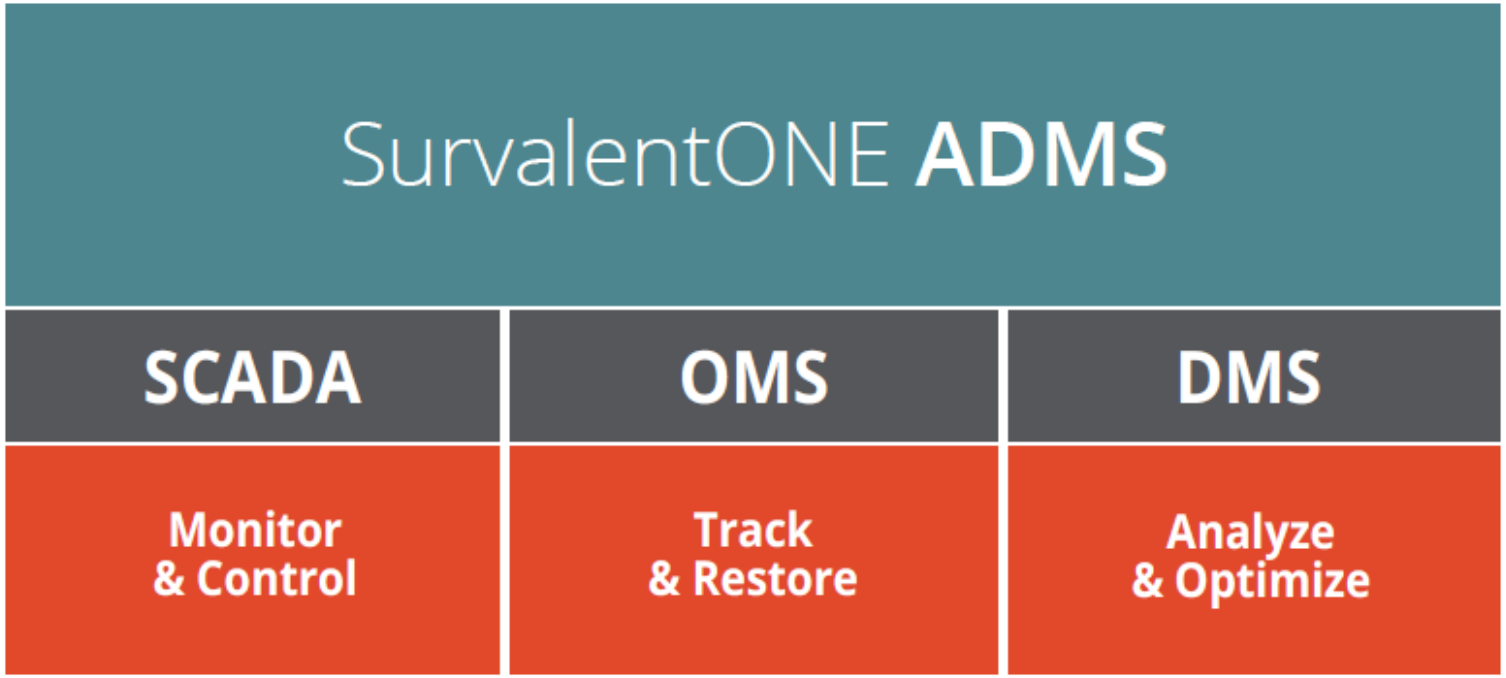
1,000,000+
Largest System

10,000,000+ meters
3 Largest Systems at PLN Indonesia

SurvalentONE ADMS Platform

Survalent.

- Common user interface for all roles for ease of operations
- Single hardware platform simplifies IT/OT maintenance & security
- Shared, as-operated network model & real-time database provides increased performance



SurvalentONE SCADA

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- Provides advanced supervisory control & data acquisition capabilities
- Real-time, automated network control & monitoring
  - Improves network reliability
  - Streamlines operations
- Offers advanced data collection capabilities to manage remote assets

Benefits

Survalent.

- Greater network reliability & improved performance indices
- Increased operational efficiency
- Improved situational awareness enables faster, more informed decision-making
- Cost savings achieved through remote monitoring & control of field devices

DMS Application Deployment

Survalent.

PHASE 1:
No network model/connectivity required

- Load Management
  - Power Factor Control
  - Dynamic Voltage Regulation (DVR)
  - Voltage Reduction
  - Load Curtailment
  - Rotational Load Shedding
- Short-term Load Forecasting / Load Estimation

PHASE 2:
Connectivity required

- Fault Location, Isolation and Service Restoration (FLISR) & Loss of Voltage (LOV)
- Protection Settings Manager (PSM)

PHASE 3:
Network model/connectivity required

- Distribution Power Flow (DPF)/Distribution State Estimation (DSE)
  - FLISR with DPF
  - Short-circuit analysis
- Contingency Analysis
- Fault Location
- Volt/VAR Optimization (VVO)
- Optimal Feeder Reconfiguration (OFR)

Offline Environments Available

Survalent. UC 19 2019 Global User Conference

Project Development System

Allows users to:
- Edit in an offline environment
- Publish changes to production once the user is ready

- Project-based – multiple concurrent projects can be active at any time
- Multiple users can edit concurrently as well
- Option to test changes in the offline environment before publishing to production

Quality Assurance System

Allows users to:
- Test software updates/patches
- Test configuration changes
- Perform hardware/software tests

- Replicate your production environment in a test setting

Operator Training Simulator

Allows users to:
- Train on the ADMS in an offline environment
- Test or validate scenarios (in testing phase)

- Take a snapshot of the production system
- Save multiple snapshots of DB into separate studies
- Global command sequence manager available for all studies
- Validate switch orders in OTS, then import into the production system

Operational Analysis

Allows users to:
- Investigate future hypothetical states of the network
- Offline power system simulator available to see how the network would react

- Available pool of VMs, allows multiple users to run separate studies at once
- Two modes available:
  - Real-time
  - What-if
- Optional licenses available:
  - Historical playback

** Data forwarding license can be used with any of these four servers to update the servers with real-time data*

SurvalentONE ADMS Value

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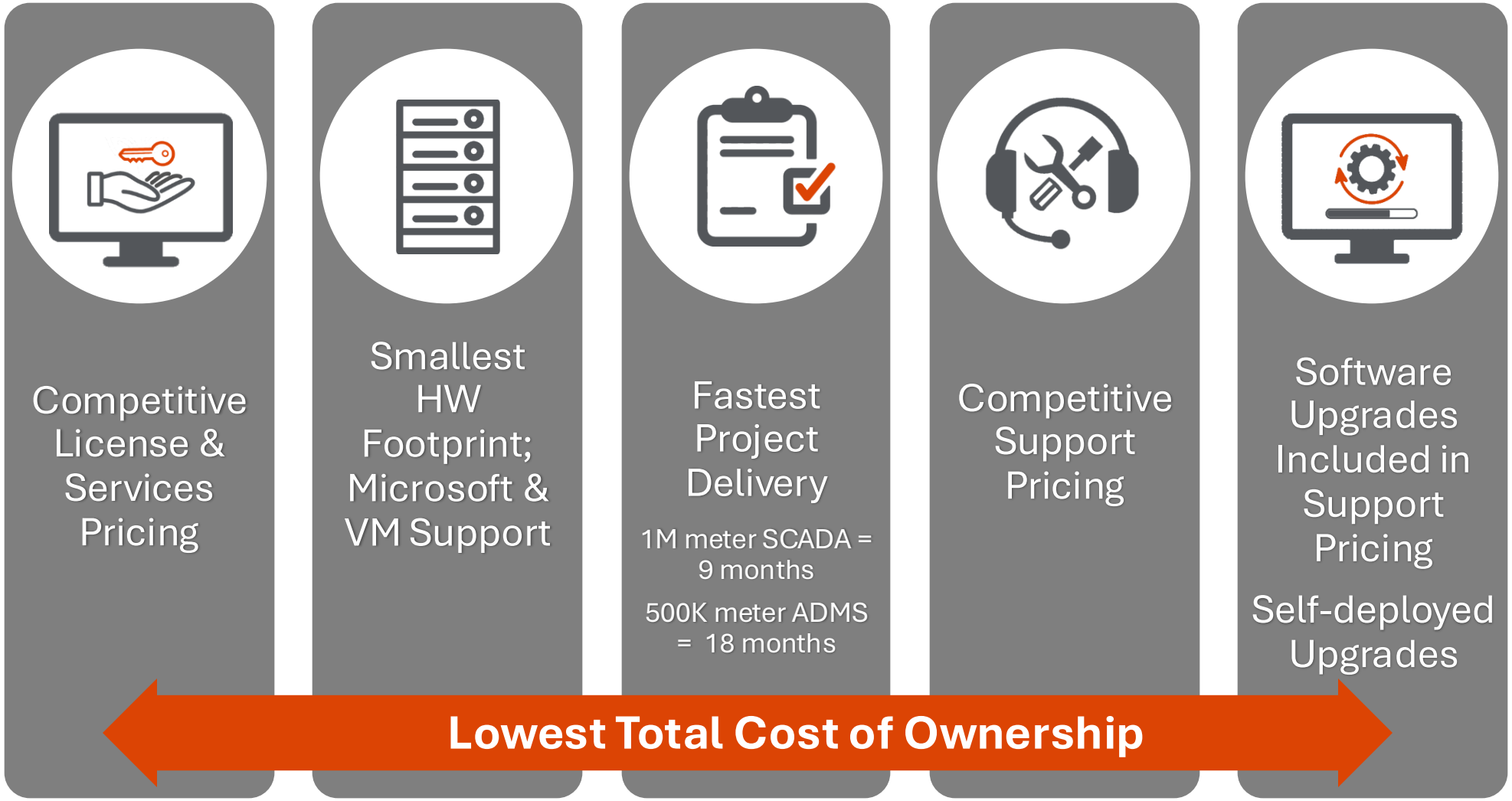


Survalent Commitments

Survalent.

50+ years

Partnership Recognition

"**Survalent** customer references gave the **highest overall satisfaction ratings** of any vendor covered in this report, pointing in particular to **product value, service & support**."

- Gartner, 2017

Easy to Use, Operate, Maintain

Security by Design

Resilient, Redundant, DRP

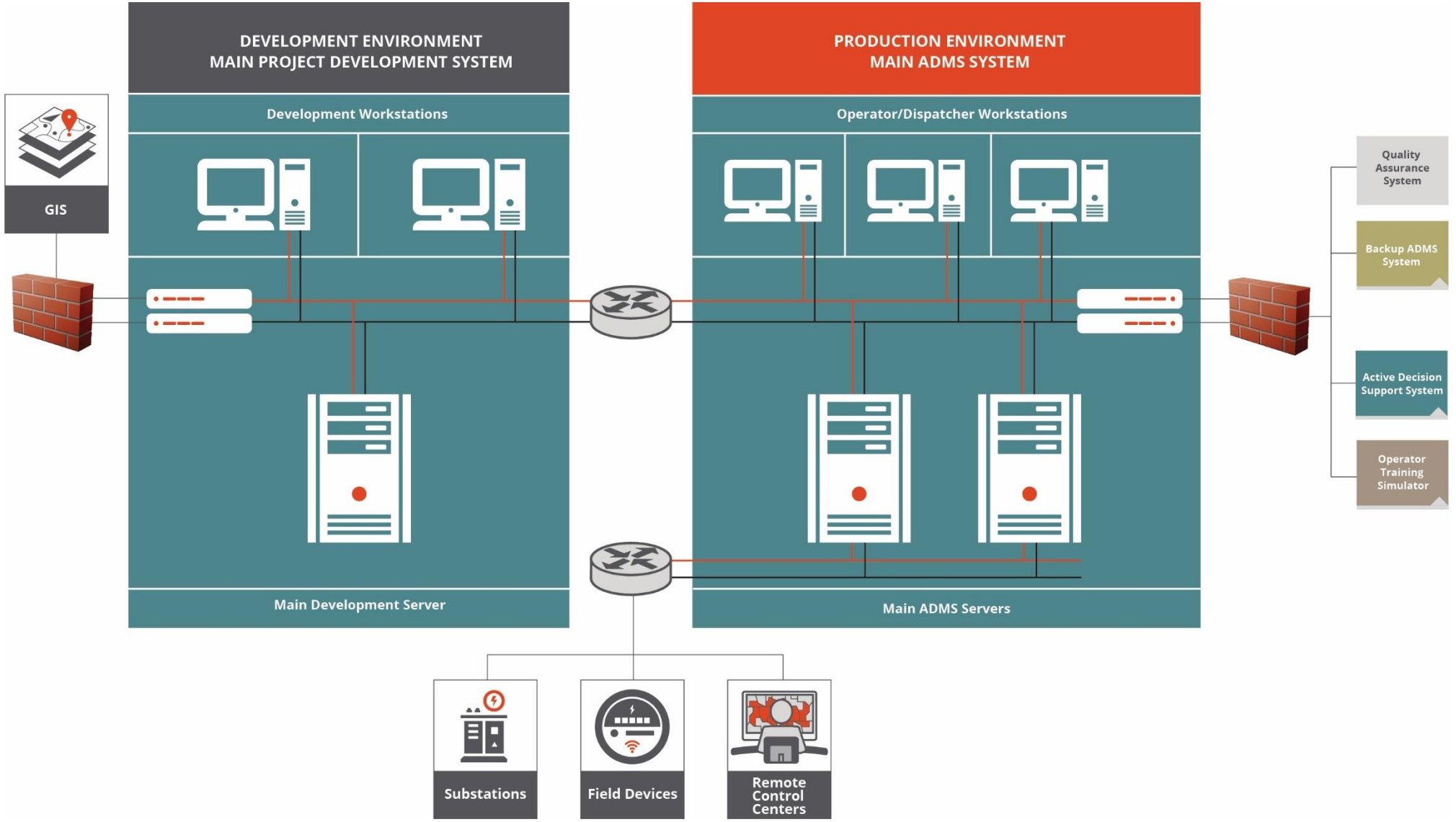
Reliability, Power Quality, Customer Satisfaction

Interoperability, Digital Transformation

Renewable, Grid Modernization

Main SCADA (ADMS) System

Survalent.



Security Architecture – Web Portals

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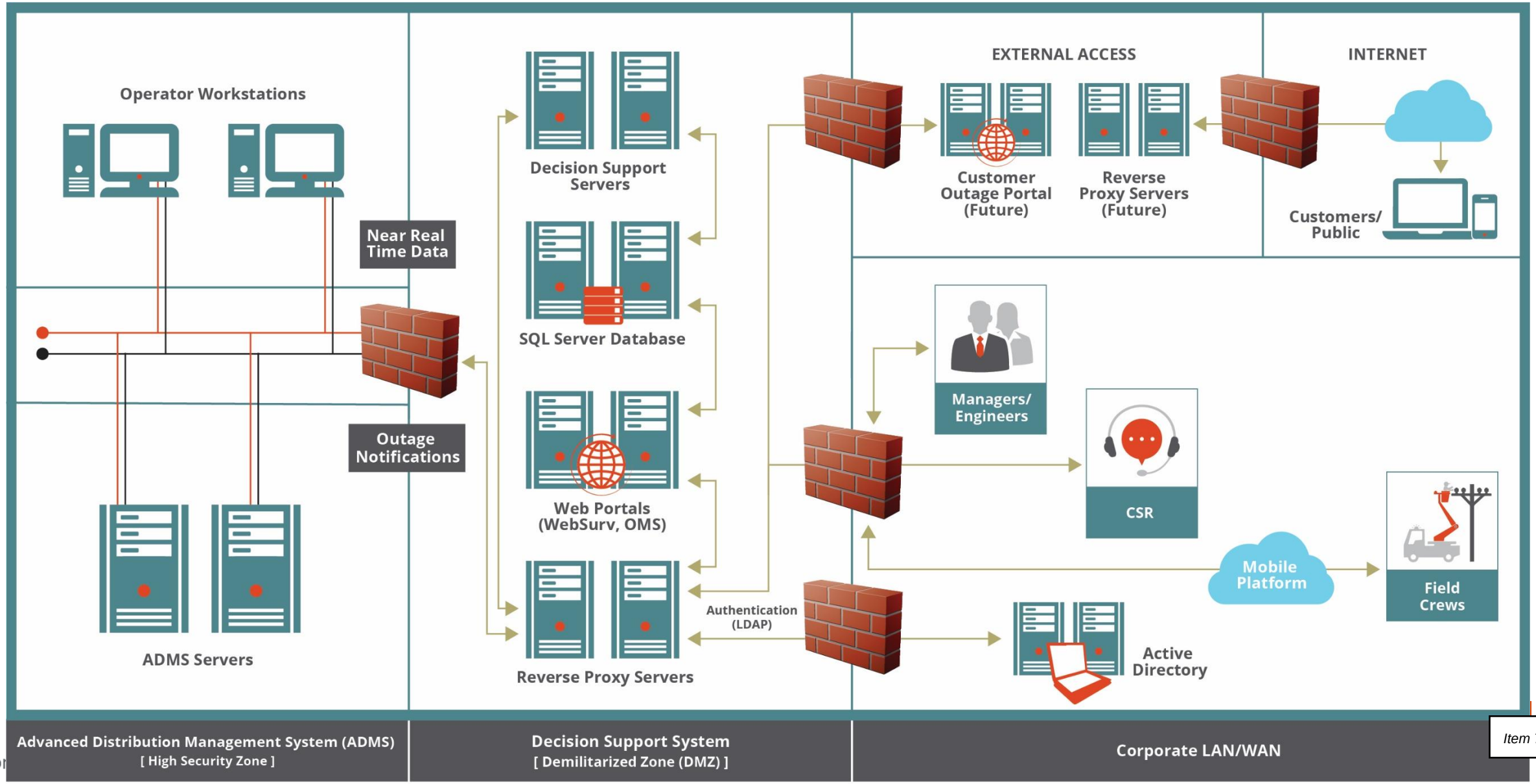
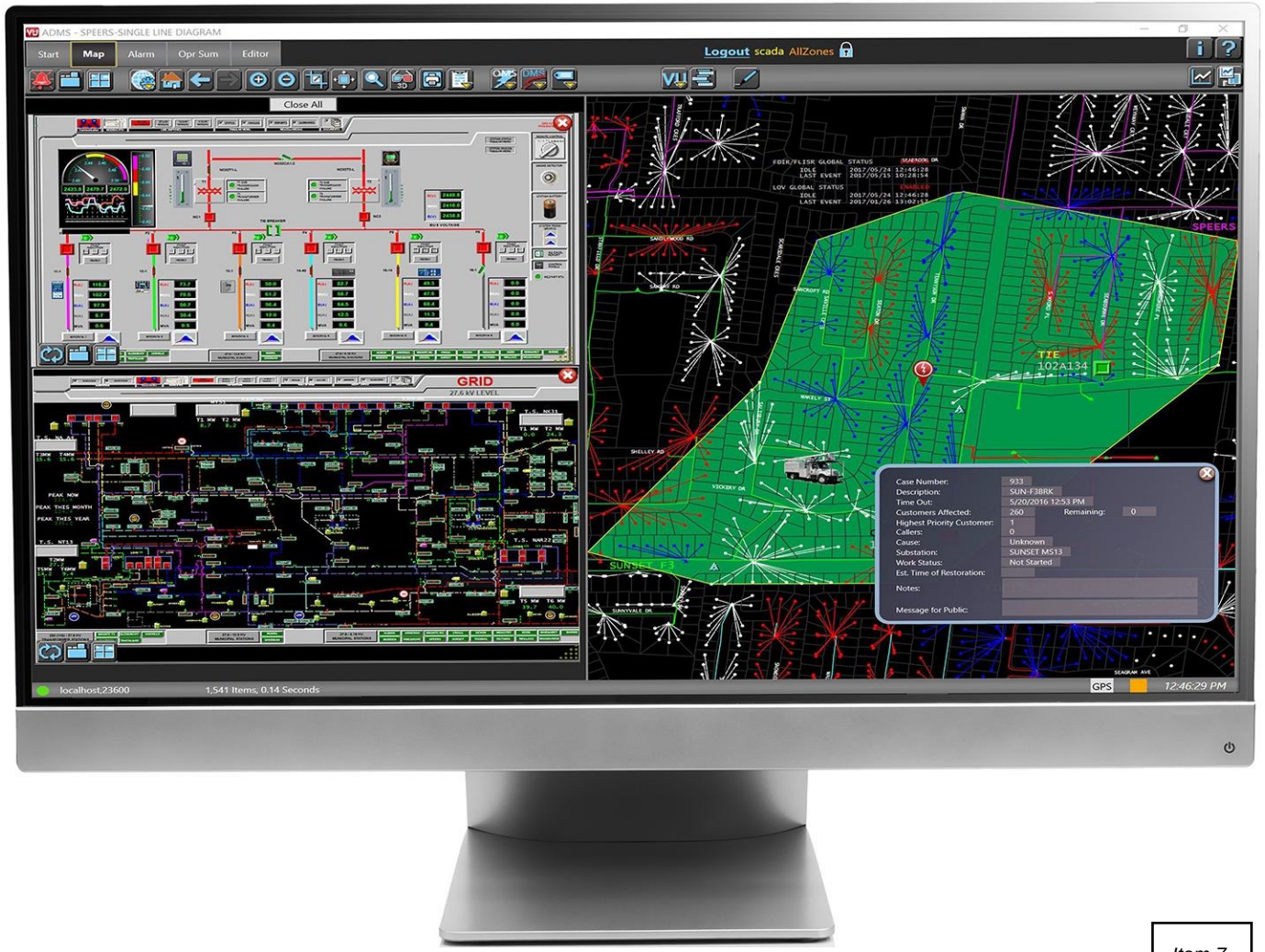


SurvalentONE

Survalent.

A complete, fully integrated ADMS platform that runs on a single, easy-to-use graphical user interface



Item 7.

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Western Area Power Administration FY26 Q2 Term Purchase

Background: Staff transacted for FY26 Q2 term (October – December 2025) purchase on July 31, 2025. Pricing was forecasted at $724,000.

TO BE WITHIN ~10% OF LOAD				PLUS 10% FOR MARKET FLUCTUATION		
MONTH	**OFF PEAK**	**ON PEAK**	**TOTAL**	**OFF PEAK**	**ON PEAK**	**TOTAL**
Oct-25	$76,767.60	$155,714.40	$232,482.00	$84,444.36	$171,285.84	$255,730.20
Nov-25	$75,370.05	$105,504.00	$180,874.05	$82,907.06	$116,054.40	$198,961.46
Dec-25	$92,069.60	$152,705.28	$244,774.88	$101,276.56	$167,975.81	$269,252.37
Total >>	**$244,207.25**	**$413,923.68**	**$658,130.93**	**$268,627.98**	**$455,316.05**	**$723,944.02**

The request for proposal received came in lower than forecasted at $659,606.25. The savings of $64,393.75 from this transaction will be utilized for spot purchasing for October – December 2025.

In comparison to the same term for the prior year. For FY2024 Q2 came in at $543,521.60; however, spot purchases through the term were $424,787.66. To reduce the spot purchases, the forecasted load for this term was increased to 7/9 MW hours compared to 5/4. While this term is slightly higher compared to the prior year, the price per MW is lower, and the city increased the load.

Fiscal Impact: The FY26 power purchase expenditure account has an annual budget of $724,000. The current balance prior to this transaction is $6,494,731.58. The total budget for the purchase power account for FY 26 is $6,600,000.

Recommended Action: Report only

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

31 **NEEDLES LOAD ESTIMATE, average of 2021, 2022, 2023, 2024 hourly meter data adjusted by day of week**

Hrs: 744 Oct-25

Off-pk Hrs:	312	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Wed	1-Oct	10	9	8	11	11	11	12	13	15	16	17	19	21	22	22	20	19	18	16	14	12	11	10	9	347
8	Thu	2-Oct	9	8	8	10	10	11	12	12	14	15	17	18	19	20	21	19	19	18	16	15	12	11	10	10	336
8	Fri	3-Oct	9	8	8	10	11	11	12	13	14	16	17	18	19	21	22	20	20	19	17	15	13	12	11	10	346
8	Sat	4-Oct	9	9	8	11	11	11	12	12	14	15	17	18	20	21	22	19	20	19	17	15	13	12	11	10	347
24	Sun	5-Oct	10	9	9	11	11	11	12	12	14	16	18	19	20	21	22	20	19	18	16	15	12	12	11	10	347
8	Mon	6-Oct	9	8	8	10	11	11	12	12	14	16	17	18	19	20	21	18	18	16	15	14	11	10	10	9	326
8	Tue	7-Oct	8	8	8	10	10	11	12	12	14	15	16	17	18	19	20	18	18	17	15	14	12	11	10	9	323
8	Wed	8-Oct	8	8	8	10	10	11	11	11	13	14	15	16	18	19	20	18	18	17	15	14	12	11	10	9	319
8	Thu	9-Oct	8	8	8	10	10	10	11	12	13	14	15	16	18	18	19	18	18	17	15	14	12	11	10	9	313
8	Fri	10-Oct	8	8	8	10	10	10	11	12	13	15	16	17	18	20	20	18	18	17	15	14	12	11	10	9	320
8	Sat	11-Oct	8	8	8	10	10	10	11	12	13	15	16	16	17	19	20	18	17	16	15	13	11	10	9	8	311
24	Sun	12-Oct	8	8	7	10	10	10	11	11	13	14	15	15	16	17	18	16	16	15	14	12	10	9	9	8	292
8	Mon	13-Oct	7	7	7	9	9	10	11	11	13	14	14	15	16	17	18	15	15	14	13	12	10	9	8	8	284
8	Tue	14-Oct	8	7	7	9	9	10	11	11	12	13	14	15	16	17	17	15	15	14	13	12	10	9	8	8	278
8	Wed	15-Oct	7	7	7	9	10	10	11	11	13	14	14	15	16	17	17	15	15	14	13	12	10	9	9	8	283
8	Thu	16-Oct	8	8	7	10	10	10	11	12	14	15	15	16	16	17	17	14	14	14	13	12	10	9	9	8	289
8	Fri	17-Oct	8	7	7	9	9	9	10	10	12	12	12	13	13	13	13	11	11	10	10	9	8	8	7	7	236
8	Sat	18-Oct	6	6	6	8	9	9	10	10	12	12	13	13	13	13	14	11	12	11	10	10	8	8	7	7	239
24	Sun	19-Oct	6	6	6	8	8	9	10	10	12	12	13	13	14	14	14	12	12	11	10	10	8	8	7	7	241
8	Mon	20-Oct	6	6	6	8	9	9	10	11	12	12	12	13	13	14	14	12	12	11	10	10	8	8	7	7	241
8	Tue	21-Oct	6	6	6	8	9	9	10	10	12	12	13	14	14	15	15	13	13	12	11	10	9	8	7	7	251
8	Wed	22-Oct	7	6	6	9	9	9	10	10	12	12	13	14	14	15	15	13	14	13	12	11	9	8	7	7	254
8	Thu	23-Oct	6	6	6	8	8	9	10	10	12	12	13	13	14	15	15	13	13	13	11	10	9	8	8	7	250
8	Fri	24-Oct	7	6	6	8	8	9	10	10	12	13	13	14	14	15	16	14	14	13	12	10	9	8	7	7	254
8	Sat	25-Oct	7	6	6	8	8	9	10	10	12	12	12	13	14	14	15	13	13	12	11	10	8	8	7	7	243
24	Sun	26-Oct	6	6	6	8	8	9	10	10	11	12	13	13	14	14	15	13	13	12	11	10	9	8	8	7	246
8	Mon	27-Oct	7	6	6	9	9	9	10	11	13	13	13	14	15	15	15	13	13	12	11	10	9	8	7	7	254
8	Tue	28-Oct	6	6	6	8	8	9	10	10	11	12	12	12	12	13	13	10	10	10	9	9	7	7	6	6	224
8	Wed	29-Oct	6	6	6	8	8	9	10	10	11	12	12	12	12	12	12	10	10	9	9	8	7	7	6	6	219
8	Thu	30-Oct	6	6	6	8	8	9	10	10	12	12	12	12	12	12	12	10	10	10	9	8	7	7	6	6	220
8	Fri	31-Oct	6	6	6	8	8	9	10	10	12	12	12	12	12	12	12	10	10	10	9	9	7	7	6	6	221
312			232	222	213	284	289	303	42	43	50	54	58	61	65	67	69	61	61	57	52	47	39	37	259	243	2907

Total MWh Schedule:	8656

432

On-Peak:	5749
Off-Peak:	2907
Total MWh Allocation:	8656

31 **NEEDLES TERM**

Hrs: 744 **Oct-25**

Off-pk Hrs: 312	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8 Wed	1-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Thu	2-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Fri	3-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Sat	4-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
24 Sun	5-Oct	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	168
8 Mon	6-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Tue	7-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Wed	8-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Thu	9-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Fri	10-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Sat	11-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
24 Sun	12-Oct	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	168
8 Mon	13-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Tue	14-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Wed	15-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Thu	16-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Fri	17-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Sat	18-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
24 Sun	19-Oct	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	168
8 Mon	20-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Tue	21-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Wed	22-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Thu	23-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Fri	24-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Sat	25-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
24 Sun	26-Oct	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	168
8 Mon	27-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Tue	28-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Wed	29-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Thu	30-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
8 Fri	31-Oct	7	7	7	7	7	7	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	200
312		217	217	217	217	217	217	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	217	217	2184

Total MWh Schedule:	6072

On-Peak:	3888	**$40.05**	$155,714.40
Off-Peak:	2184	**$35.15**	$76,767.60
Total MWh Allocation:	6072	**$12.64**	$76,767.60

31 **NEEDLES DELTA**

Hrs: 744 Oct-25

Off-pk Hrs:	312	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Wed	1-Oct	-1	0	0	-2	-2	-2	1	0	-4	-5	-9	-10	-8	-9	-8	-8	-7	-5	-4	-3	-1	-1	-1	-2	-92
8	Thu	2-Oct	-2	-1	0	-3	-3	-2	1	0	-3	-4	-7	-9	-11	-12	-10	-8	-6	-4	-2	0	1	2	0	-1	-85
8	Fri	3-Oct	-1	0	0	-2	-2	-2	1	1	-2	-4	-7	-8	-9	-10	-7	-6	-6	-4	-2	-4	1	2	0	-2	-75
8	Sat	4-Oct	-1	0	0	-2	-3	-2	1	0	-2	-6	-7	-7	-7	-9	-9	-7	-6	-5	-6	-4	-1	-1	-1	-2	-87
24	Sun	5-Oct	-1	-1	0	-3	-3	-2	-1	-1	-4	-7	-9	-7	-12	-13	-12	-7	-9	-8	-8	-6	-2	-1	-1	-2	-121
8	Mon	6-Oct	-2	-1	-1	-3	-3	-2	-1	-2	-4	-6	-8	-9	-8	-9	-10	-9	-8	-7	-4	-4	-1	-1	-3	-2	-107
8	Tue	7-Oct	-1	0	0	-2	-3	-2	-1	0	-2	-6	-7	-8	-6	-7	-8	-6	-5	-3	-2	-1	1	1	0	-1	-68
8	Wed	8-Oct	0	0	0	-2	-2	-2	-2	-2	-3	-5	-3	-4	-5	-6	-7	-4	-4	-4	-4	-3	-1	0	0	-1	-65
8	Thu	9-Oct	0	0	0	-2	-2	-2	0	0	-2	-1	-2	-4	-6	-6	-7	-5	-5	-5	-4	-3	-1	0	0	-1	-61
8	Fri	10-Oct	0	0	0	-2	-2	-1	0	-1	-1	-4	-5	-3	-5	-5	-6	-5	-6	-5	-3	-2	0	1	0	-1	-55
8	Sat	11-Oct	0	0	0	-2	-2	-1	0	-1	-2	-4	-4	-4	-5	-7	-7	-4	-5	-6	-4	-3	-1	1	0	-1	-62
24	Sun	12-Oct	0	0	0	-2	-2	-1	-2	-3	-4	-5	-5	-5	-6	-8	-9	-6	-7	-7	-6	-4	-2	-1	1	0	-85
8	Mon	13-Oct	0	0	1	-2	-2	-1	0	-1	-3	-4	-5	-5	-6	-7	-8	-5	-5	-4	-1	1	3	3	-1	0	-52
8	Tue	14-Oct	1	1	1	-1	-1	-1	2	2	-1	-4	-4	-5	-6	-7	-8	-3	-2	0	1	2	3	4	2	0	-26
8	Wed	15-Oct	0	1	1	-1	-1	-1	2	2	0	-3	-4	-2	-3	-7	-7	-1	-2	-2	-2	-1	3	4	2	0	-20
8	Thu	16-Oct	1	1	1	-1	-2	-1	2	2	-1	-4	-4	-5	-6	-7	-7	-3	-2	0	1	2	3	4	1	0	-25
8	Fri	17-Oct	0	0	1	-2	-2	-1	0	1	-2	-5	-5	-4	-4	-5	-7	-2	-1	0	1	2	1	2	1	0	-31
8	Sat	18-Oct	0	1	1	-1	-1	0	3	3	0	-2	-2	-3	-3	-3	-3	1	2	4	4	5	5	5	3	1	22
24	Sun	19-Oct	2	2	2	0	-1	0	1	1	-2	-4	-5	-5	-4	-4	-5	-1	-1	0	1	1	3	3	3	1	-13
8	Mon	20-Oct	2	2	2	0	0	0	1	0	-2	-2	-3	-3	-4	-4	-4	-1	-1	0	3	3	5	4	1	1	-1
8	Tue	21-Oct	2	2	2	0	-1	0	3	2	0	-2	-2	-3	-3	-4	-4	0	1	3	4	4	5	5	3	1	17
8	Wed	22-Oct	2	2	2	0	-1	0	3	3	0	-2	-3	-4	-4	-5	-5	-1	0	2	3	4	4	5	3	1	7
8	Thu	23-Oct	1	2	2	-1	-1	0	3	3	0	-2	-3	-4	-4	-5	-5	-1	-1	1	2	3	4	5	3	1	4
8	Fri	24-Oct	2	2	2	0	0	0	3	3	0	-2	-3	-3	-4	-5	-5	-1	0	1	3	4	4	5	2	1	8
8	Sat	25-Oct	1	2	2	0	0	0	3	3	0	-3	-3	-4	-4	-5	-6	-2	-1	1	2	4	4	5	3	1	4
24	Sun	26-Oct	1	2	2	0	0	0	1	1	-2	-4	-4	-5	-6	-6	-7	-3	-2	0	1	2	3	3	3	1	-17
8	Mon	27-Oct	2	2	2	0	0	0	1	0	-1	-2	-3	-3	-4	-4	-5	-2	-2	-1	2	3	4	4	0	1	-6
8	Tue	28-Oct	1	2	2	-1	-1	0	3	2	-1	-3	-3	-4	-5	-5	-5	-1	0	2	3	4	4	5	3	1	4
8	Wed	29-Oct	2	2	2	0	0	0	3	3	1	-2	-2	-2	-2	-3	-3	2	3	4	5	5	6	6	4	2	34
8	Thu	30-Oct	2	2	2	0	0	0	3	3	1	-1	-2	-3	-3	-3	-2	2	3	5	5	6	7	6	4	2	38
312			13	23	33	-39	-43	-26	0	-2	-12	-20	-22	-23	-28	-32	-32	-17	-19	-15	-12	-7	2	5	38	1	-235

5on and 4 off

Total MWh Schedule:	-981

On-Peak:	-745	**-12.97%**
Off-Peak:	-235	**-8.09%**
Total MWh Allocation:	-981	**-11.33%**
Estimated Total Load	8656	
	-11.33%	

30

NEEDLES LOAD ESTIMATE, average of 2021, 2022, 2023, 2024 hourly meter data adjusted by day of week

Hrs: 720 Nov-25

Off-pk Hrs: 336		DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Sat	1-Nov	6	6	6	8	8	9	10	10	12	12	12	12	12	12	12	10	10	10	9	9	7	7	7	6	219
24	Sun	2-Nov	6	6	6	8	8	9	10	10	12	12	12	12	12	12	12	10	10	9	9	8	7	7	7	6	220
8	Mon	3-Nov	6	6	6	8	8	9	10	10	11	12	12	12	12	12	12	12	10	9	9	9	7	7	7	7	222
8	Tue	4-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	10	9	9	7	7	7	6	221
8	Wed	5-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	9	9	9	9	7	7	7	6	219
8	Thu	6-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	10	9	9	8	7	7	7	223
8	Fri	7-Nov	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	224
8	Sat	8-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	220
24	Sun	9-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	9	9	8	7	7	7	6	217
8	Mon	10-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	10	9	9	7	7	7	6	221
8	Tue	11-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	220
8	Wed	12-Nov	6	6	6	6	9	9	10	10	12	12	12	12	12	12	11	12	10	10	9	9	7	7	7	6	220
8	Thu	13-Nov	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	10	9	9	7	7	7	6	222
8	Fri	14-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	10	9	9	7	7	7	6	221
8	Sat	15-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	9	9	9	7	7	6	6	218
24	Sun	16-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	219
8	Mon	17-Nov	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	221
8	Tue	18-Nov	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	8	7	7	7	221
8	Wed	19-Nov	6	6	6	6	9	9	10	11	12	12	12	12	12	12	11	11	9	10	9	9	8	7	7	7	223
8	Thu	20-Nov	7	6	6	7	8	9	11	11	12	12	12	12	12	12	12	11	10	10	9	9	8	7	7	7	226
8	Fri	21-Nov	7	7	6	7	8	9	10	11	13	12	12	12	12	12	12	12	10	9	9	9	8	7	7	7	227
8	Sat	22-Nov	7	6	6	7	9	9	10	11	12	12	12	12	12	12	12	12	10	10	9	9	8	7	7	7	228
24	Sun	23-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	10	9	9	8	7	7	7	223
8	Mon	24-Nov	6	6	6	6	8	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	221
8	Tue	25-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	10	9	9	8	7	7	6	222
8	Wed	26-Nov	6	6	6	6	8	9	9	10	11	12	12	12	13	12	12	12	10	10	9	9	8	7	7	7	223
24	HOL	27-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	9	9	8	7	7	7	7	222
8	Fri	28-Nov	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	10	10	9	9	7	7	7	7	224
8	Sat	29-Nov	6	6	6	6	8	9	10	10	12	12	13	12	12	12	12	12	9	10	9	9	8	7	7	7	227
24	Sun	30-Nov	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	10	9	9	8	7	7	6	224
336			186	183	177	189	251	270	287	61	70	71	72	71	72	72	72	69	59	56	54	52	44	42	47	195	2720

Total MWh Schedule:	6659

On-Peak:	3939
Off-Peak:	2720
Total MWh Allocation:	6659

30 **NEEDLES TERM**

Hrs: 720 Nov-25

Off-pk Hrs: 336

		DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Sat	1-Nov	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	5	152
24	Sun	2-Nov	5	5	10	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	125
8	Mon	3-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	4-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	5-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	6-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	7-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	8-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	9-Nov	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	10-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	11-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	12-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	13-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	14-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	15-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	16-Nov	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	17-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	18-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	19-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	20-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	21-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	22-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	23-Nov	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	24-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	25-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	26-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	HOL	27-Nov	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Fri	28-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	29-Nov	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	30-Nov	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
336			150	150	155	150	150	150	145	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	35	150	1685

Total MWh Schedule:	4373

On-Peak:	2688	**$39.25**	$105,504.00
Off-Peak:	1685	**$44.73**	$75,370.05
Total MWh Allocation:	4373	**$17.24**	$75,370.05

30 **NEEDLES DELTA**

Hrs: 720 **Nov-25**

Off-pk Hrs: 336	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8 Sat	1-Nov	0	0	0	-2	-2	-2	1	1	-2	-3	-4	-5	-5	-5	-4	0	1	2	3	3	5	4	2	0	-12
24 Sun	2-Nov	0	0	0	-2	-2	-2	-1	-1	-4	-5	-6	-7	-7	-7	-6	-2	-1	0	1	1	3	2	1	0	-42
8 Mon	3-Nov	0	0	0	-2	-2	-2	-1	-2	-4	-4	-4	-4	-4	-4	-4	-2	-2	0	1	2	3	3	-1	0	-33
8 Tue	4-Nov	0	0	0	-2	-2	-2	1	1	-1	-3	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	-1	-10
8 Wed	5-Nov	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	1	2	3	3	5	4	1	0	-9
8 Thu	6-Nov	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	2	3	3	3	5	4	1	0	-7
8 Fri	7-Nov	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	1	2	3	3	4	4	1	-1	-11
8 Sat	8-Nov	0	0	0	0	-3	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	0	-12
24 Sun	9-Nov	0	0	0	0	-2	-2	-1	-3	-4	-5	-6	-6	-6	-6	-6	-4	-1	1	1	1	3	2	1	0	-42
8 Mon	10-Nov	0	0	0	0	-2	-2	-1	-2	-4	-4	-4	-4	-4	-4	-4	-4	-2	0	1	2	3	3	-1	0	-30
8 Tue	11-Nov	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	1	2	3	3	5	4	1	0	-9
8 Wed	12-Nov	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	0	-8
8 Thu	13-Nov	0	0	0	0	-3	-2	1	1	-2	-3	-4	-4	-4	-4	-3	-2	1	2	3	3	5	4	1	0	-8
8 Fri	14-Nov	0	0	0	0	-3	-2	1	-1	-2	-3	-1	-1	-1	-1	-2	-2	1	0	0	0	3	2	0	0	-10
8 Sat	15-Nov	0	0	0	0	-2	-2	1	1	-1	-3	-4	-4	-4	-4	-4	-2	1	2	3	3	5	4	1	0	-9
24 Sun	16-Nov	0	0	0	0	-2	-2	-1	-2	-3	-5	-6	-6	-6	-6	-6	-4	-1	1	1	1	3	2	2	0	-39
8 Mon	17-Nov	0	0	0	0	-2	-2	-1	-2	-3	-4	-4	-4	-4	-4	-4	-4	-2	0	1	1	3	3	-1	0	-32
8 Tue	18-Nov	0	0	0	0	-3	-2	1	0	-2	-2	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	0	-8
8 Wed	19-Nov	0	0	0	0	-3	-2	1	0	-2	-2	-4	-4	-4	-4	-4	-2	1	3	3	3	4	4	1	-1	-8
8 Thu	20-Nov	0	0	0	0	-3	-2	1	0	-2	-2	-4	-4	-4	-4	-3	-1	2	2	3	3	4	4	1	-1	-10
8 Fri	21-Nov	-1	0	0	-1	-2	-2	-2	-3	-4	-4	-4	-4	-4	-4	-4	-3	-2	-1	1	1	2	3	-1	-1	-39
8 Sat	22-Nov	-1	-1	0	-1	-2	-2	1	0	-3	-2	-4	-4	-4	-4	-4	-2	1	3	3	3	4	4	1	-1	-14
24 Sun	23-Nov	-1	0	0	-1	-3	-2	-1	-2	-4	-5	-6	-6	-6	-6	-6	-4	-1	0	1	1	2	2	1	-1	-48
8 Mon	24-Nov	0	0	0	0	-2	-2	-1	-2	-3	-4	-4	-4	-4	-4	-4	-4	-2	-1	1	1	2	3	-1	-1	-36
8 Tue	25-Nov	0	0	0	0	-2	-2	1	0	-2	-2	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	0	-8
8 Wed	26-Nov	0	0	0	0	-2	-2	1	1	-1	-2	-4	-4	-4	-4	-4	-2	1	2	3	3	4	4	1	0	-9
24 HOL	27-Nov	0	0	0	0	-2	-2	0	-1	-3	-4	-6	-6	-7	-6	-6	-4	-1	0	1	1	2	2	1	-1	-42
8 Fri	28-Nov	0	0	0	0	-2	-2	1	1	-1	-1	-3	-3	-3	-4	-4	-2	1	2	2	3	3	3	1	0	-9
8 Sat	29-Nov	0	0	0	0	-2	-2	1	1	-1	-3	-4	-4	-4	-4	-4	-2	0	2	3	3	5	4	1	-1	-13
24 Sun	30-Nov	0	0	0	0	-2	-2	-1	-1	-4	-5	-7	-6	-6	-6	-6	-4	-1	0	1	1	2	2	1	-1	-48
336		-5	-2	4	-11	-71	-59	10	-10	-22	-28	-36	-37	-37	-38	-37	-21	-6	3	5	8	15	12	9	-13	-369

Total MWh Schedule:	-616

On-Peak:	-247	**-6%**
Off-Peak:	-369	**-14%**
Total MWh Allocation:	-616	**-9.25%**
	6659	
	-9.25%	

31 **NEEDLES LOAD ESTIMATE, average of 2021, 2022, 2023, 2024 hourly meter data adjusted by day of week**

Hrs: 744 **Dec-25**

Off-pk Hrs:	328	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Mon	1-Dec	6	6	6	6	8	9	10	11	12	12	12	12	12	12	12	12	10	10	9	9	7	7	7	7	223
8	Tue	2-Dec	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	9	9	9	9	7	7	7	6	218
8	Wed	3-Dec	6	6	6	6	8	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	6	220
8	Thu	4-Dec	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	9	9	8	7	7	7	7	224
8	Fri	5-Dec	6	6	6	6	8	9	10	10	12	12	12	12	12	12	12	12	10	10	9	8	7	7	7	6	222
8	Sat	6-Dec	6	6	6	6	8	9	10	10	11	12	12	12	12	12	12	12	9	9	9	9	7	7	7	6	218
24	Sun	7-Dec	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	7	222
8	Mon	8-Dec	6	6	6	6	9	10	11	12	13	12	13	13	12	12	12	12	10	9	9	8	8	7	7	7	229
8	Tue	9-Dec	6	6	6	6	9	10	11	12	13	12	13	12	12	12	12	12	9	9	9	9	8	8	7	7	231
8	Wed	10-Dec	7	7	6	7	9	10	11	12	13	13	13	12	12	12	12	12	10	10	9	9	8	7	7	7	236
8	Thu	11-Dec	7	7	7	7	9	10	11	12	13	13	13	13	12	12	12	12	10	10	9	9	8	8	7	7	237
8	Fri	12-Dec	7	7	6	7	9	10	11	11	12	12	12	12	12	12	12	12	10	9	10	9	8	8	7	7	232
8	Sat	13-Dec	7	7	7	7	9	10	11	11	12	12	12	12	12	12	12	12	11	9	9	9	9	8	8	7	232
24	Sun	14-Dec	7	7	6	7	9	10	11	11	12	13	12	12	12	12	12	12	11	10	9	9	9	8	7	7	231
8	Mon	15-Dec	7	7	6	7	9	10	11	12	13	13	12	12	12	12	12	12	9	9	9	9	8	8	7	7	233
8	Tue	16-Dec	7	7	6	7	9	10	11	12	13	13	12	12	12	12	12	12	9	10	9	9	8	8	7	7	233
8	Wed	17-Dec	7	6	6	6	9	9	11	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	7	225
8	Thu	18-Dec	6	6	6	6	9	10	11	11	12	12	12	12	12	12	12	12	11	9	9	9	9	7	7	7	226
8	Fri	19-Dec	6	7	6	7	9	10	11	11	12	12	12	12	12	12	12	12	10	9	9	9	7	7	7	7	229
8	Sat	20-Dec	7	6	6	6	9	10	11	11	12	12	12	12	12	12	12	12	11	10	9	9	9	7	7	7	230
24	Sun	21-Dec	7	7	6	7	9	10	10	11	12	13	13	13	13	12	12	12	10	10	9	9	8	7	7	7	232
8	Mon	22-Dec	7	6	6	6	9	10	11	11	12	13	12	12	12	12	12	11	10	10	9	9	7	7	7	7	229
8	Tue	23-Dec	6	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	11	9	9	9	8	7	7	7	224
8	Wed	24-Dec	6	6	6	6	8	9	10	11	12	12	12	12	12	12	12	12	10	10	9	9	7	7	7	7	223
24	HOL	25-Dec	6	6	6	6	9	9	10	11	12	12	12	13	13	13	12	12	10	10	10	9	8	8	7	7	230
8	Fri	26-Dec	7	6	6	6	9	9	10	11	12	12	12	12	12	12	12	12	10	10	10	9	8	8	8	7	231
8	Sat	27-Dec	7	7	6	6	9	9	10	11	12	12	12	12	12	12	12	12	11	10	10	9	9	8	8	7	229
24	Sun	28-Dec	7	7	7	7	9	10	10	11	12	12	12	12	12	12	12	12	12	10	10	10	10	8	7	7	232
8	Mon	29-Dec	6	6	6	6	9	9	11	11	12	13	12	13	13	13	13	12	10	10	10	9	8	7	7	7	232
8	Tue	30-Dec	7	7	6	7	9	10	11	11	12	12	12	12	12	12	12	12	10	10	10	9	8	8	7	7	234
8	Wed	31-Dec	7	7	7	7	9	10	10	11	12	12	12	12	12	12	12	12	10	10	9	9	8	8	7	7	233
328			201	198	191	198	274	294	325	54	60	62	62	62	61	61	60	58	49	48	47	45	39	37	36	212	2735

Total MWh Schedule:	7079
On-Peak:	4345
Off-Peak:	2735
Total MWh Allocation:	7079

31 **NEEDLES TERM**

Hrs: 744 **Dec-25**

Off-pk Hrs:	328	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Mon	1-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	2-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	3-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	4-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	5-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	6-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	7-Dec	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	8-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	9-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	10-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	11-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	12-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	13-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	14-Dec	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	15-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	16-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	17-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Thu	18-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Fri	19-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	20-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	21-Dec	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	22-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	23-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	24-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	HOL	25-Dec	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Fri	26-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Sat	27-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
24	Sun	28-Dec	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	120
8	Mon	29-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Tue	30-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
8	Wed	31-Dec	5	5	5	5	5	5	5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	5	152
328			155	155	155	155	155	155	155	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	155	1640

			Total MWh Schedule:	4552
On-Peak:	2912	**$52.44**	$152,705.28	
Off-Peak:	1640	**$56.14**	$92,069.60	
Total MWh Allocation:	4552	**$20.23**	$92,069.60	

31 **NEEDLES DELTA**

Hrs: 744 **Dec-25**

Off-pk Hrs:	328	DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
8	Mon	1-Dec	0	0	0	0	-2	-2	-1	0	-3	-3	-4	-4	-4	-4	-4	-3	-1	0	1	1	3	3	-1	0	-30
8	Tue	2-Dec	0	0	0	0	-2	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	0	2	3	3	5	4	1	-1	-12
8	Wed	3-Dec	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	1	3	3	3	5	4	1	0	-7
8	Thu	4-Dec	0	0	0	0	-2	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	0	3	3	3	5	4	1	0	-9
8	Fri	5-Dec	0	0	0	0	-3	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	0	3	3	4	5	4	1	-1	-13
8	Sat	6-Dec	0	0	0	0	-2	-2	1	1	-2	-3	-4	-4	-4	-4	-4	-2	0	2	3	4	5	4	1	0	-11
24	Sun	7-Dec	0	0	0	0	-2	-2	-1	-1	-3	-5	-6	-6	-6	-6	-6	-4	-1	1	1	1	3	2	1	0	-39
8	Mon	8-Dec	0	0	0	0	-3	-2	-1	-1	-3	-3	-3	-3	-3	-4	-4	-3	-1	1	0	0	2	3	-1	-1	-28
8	Tue	9-Dec	0	0	0	0	-3	-3	0	-1	-3	-3	-5	-5	-4	-4	-4	-2	0	3	3	4	4	4	1	-1	-18
8	Wed	10-Dec	0	0	0	0	-3	-3	0	-1	-3	-3	-5	-4	-4	-4	-4	-2	1	3	3	3	4	3	1	-1	-20
8	Thu	11-Dec	-1	-1	0	-1	-3	-3	0	-1	-3	-3	-4	-3	-3	-3	-3	-2	0	1	2	2	2	3	1	-1	-25
8	Fri	12-Dec	-1	-1	-1	-1	-3	-3	0	-1	-3	-4	-5	-5	-4	-4	-4	-2	0	2	3	3	4	3	1	-1	-26
8	Sat	13-Dec	-1	-1	0	-1	-3	-3	0	0	-2	-3	-4	-4	-4	-4	-4	-2	0	3	2	3	4	3	1	-1	-21
24	Sun	14-Dec	-1	-1	-1	-1	-3	-3	-2	-2	-4	-5	-6	-6	-6	-6	-6	-3	-1	1	1	1	2	1	1	-1	-53
8	Mon	15-Dec	-1	-1	0	-1	-3	-3	-2	-1	-3	-4	-4	-4	-4	-4	-4	-2	-1	1	1	1	2	3	-1	-1	-37
8	Tue	16-Dec	-1	-1	0	-1	-3	-3	0	-1	-3	-4	-4	-4	-4	-4	-4	-2	1	3	3	3	4	3	1	-1	-22
8	Wed	17-Dec	-1	-1	0	-1	-3	-3	0	-1	-3	-4	-4	-4	-4	-4	-4	-2	1	2	3	3	4	3	1	-1	-22
8	Thu	18-Dec	-1	0	0	0	-3	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	0	3	3	3	5	4	1	-1	-14
8	Fri	19-Dec	0	0	0	0	-3	-3	0	0	-2	-3	-4	-4	-4	-4	-4	-1	1	3	3	3	5	4	1	-1	-15
8	Sat	20-Dec	0	-1	0	-1	-3	-3	0	0	-2	-3	-4	-4	-4	-4	-4	-2	0	3	3	3	5	4	1	-1	-18
24	Sun	21-Dec	-1	0	0	0	-3	-3	-2	-2	-4	-5	-6	-6	-6	-6	-6	-3	-2	1	1	1	3	2	1	-1	-51
8	Mon	22-Dec	-1	-1	0	-1	-3	-3	-1	-1	-3	-4	-5	-5	-5	-4	-4	-3	-1	0	1	1	2	3	-1	-1	-38
8	Tue	23-Dec	-1	0	0	0	-3	-3	-2	-1	-3	-4	-4	-4	-4	-4	-4	-2	0	0	1	1	3	3	-1	-1	-34
8	Wed	24-Dec	0	0	0	0	-3	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-1	1	3	3	4	5	4	1	-1	-13
24	HOL	25-Dec	0	0	0	0	-2	-2	-1	-2	-4	-5	-5	-6	-6	-6	-6	-4	-2	0	1	1	3	2	1	-1	-43
8	Fri	26-Dec	0	0	0	0	-3	-2	1	0	-2	-3	-4	-5	-5	-5	-4	-2	0	2	2	3	4	3	1	-1	-19
8	Sat	27-Dec	-1	0	0	0	-3	-2	1	0	-2	-3	-4	-4	-4	-4	-4	-2	0	2	2	3	4	3	0	-1	-20
24	Sun	28-Dec	-1	-1	0	0	-3	-2	-1	-2	-4	-5	-6	-6	-6	-6	-6	-3	-2	0	1	1	2	1	1	-1	-50
8	Mon	29-Dec	-1	-1	-1	-1	-3	-3	-1	-1	-3	-3	-4	-4	-4	-4	-4	-3	0	0	0	0	2	3	-1	-1	-37
8	Tue	30-Dec	2	0	0	0	-3	-3	-1	-1	-2	-5	-4	-5	-5	-5	-5	-4	-2	-2	1	4	4	2	0	0	-33
328			-11	-12	-5	-11	-88	-79	-7	-9	-20	-26	-30	-31	-30	-30	-29	-17	-8	3	4	6	12	8	4	-22	-426

Total MWh Schedule:	-799

On-Peak:	-373	**-9%**
Off-Peak:	-426	**-16%**
Total MWh Allocation:	-799	**-11.28%**
	7079	
	-11.28%	

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: Present Perfected Rights Report – July 2025

Background:

CURRENT YEAR:
July 2025

	Current	YTD	% change prior year to current year YTD
Net Diversion	215.35	1,085.26	-12%
Measured Returns	46.05	281.40	
Unmeasured Returns	44.53	237.37	
Consumptive Use	**124.77**	**566.49**	**(based on consumptive use)**

PRIOR YEAR:
July 2024

Net Diversion	234.66	1,089.20	**% of PPR Remaining** **57%** *Based on CY25 Water Order of 2,528 diversion
Measured Returns	45.68	287.22	
Unmeasured Returns	37.56	155.97	
Consumptive Use	**151.42**	**646.01**	

PPR Limits 1,223	1,223
SCIA Agreement (145)	- 145
PPR Entitlement	1,078
LCWSP SCIA Limit	+ 527
2023 Consumption	1,605
2023 Diversion 2,261	

Recommended Action: No action needed - information only

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

CITY OF NEEDLES
WATER ACCOUNTING
MONTHLY CALCULATION SHEET
CALENDAR YEAR 2025

	Pumped (Acre-Feet)												
Diversions - Pumped from Wells	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Well #8	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
Well # 15 (formerly #10)	92.79	77.97	95.62	108.15	124.34	131.11	59.93						689.91
Well #11	0.00	0.00	0.00	0.00	0.00	0.00	83.48						83.48
Well #12	26.95	31.32	42.93	54.47	51.12	71.70	76.98						355.47
Sub-Total	**119.74**	**109.29**	**138.55**	**162.62**	**175.46**	**202.81**	**220.39**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,128.86**
Delivered to Ft. Mojave Indian Tribe (AZ)	11.04	0.00	0.00	0.00	0.01	0.10	0.07						11.22
Delivered to Ft. Mojave Indian Tribe (CA)	4.19	7.72	2.84	3.34	4.51	4.81	4.97						32.38
Sub-Total	**15.23**	**7.72**	**2.84**	**3.34**	**4.52**	**4.91**	**5.04**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**43.60**
City of Needles' Net Diversion	**104.51**	**101.57**	**135.71**	**159.28**	**170.94**	**197.90**	**215.35**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,085.26**
Uses of Water													
Commercial Accounts	19.24	38.81	26.97	49.08	52.58	61.18	60.22						308.08
Residential Accounts	33.12	28.35	35.60	50.75	57.50	54.26	58.70						318.28
Golf Course	17.76	31.32	42.93	54.47	51.12	71.70	76.98						346.28
Parks, Ballparks, Cemetery	5.38	3.09	4.64	4.97	9.73	10.76	19.45						58.02
Total	**75.50**	**101.57**	**110.14**	**159.27**	**170.93**	**197.90**	**215.35**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,030.66**

CALENDAR YEAR 2025

WASTEWATER TREATMENT PLANT

	Mean Flow	# Days	A/F	A/F Return
Jan	0.419	31	39.86	38.67
Feb	0.424	28	36.44	35.34
Mar	0.421	31	40.05	38.85
Apr	0.457	30	42.08	40.81
May	0.439	31	41.77	40.51
Jun	0.461	30	42.45	41.17
Jul	0.499	31	47.48	46.05
Aug		31	0.00	0.00
Sep		30	0.00	0.00
Oct		31	0.00	0.00
Nov		30	0.00	0.00
Dec		31	0.00	0.00
TOTAL	3.120	365	290.12	281.40

Daily mean flow x #days mo X 1,000,000 = gal/mo

divided by 7.48 divided by 43560 = A/F mo

CITY OF NEEDLES
WATER ACCOUNTING
MONTHLY CALCULATION SHEET
CALENDAR YEAR 2025

Diversions													
	Pumped (Acre-Feet)												
Pumped from Wells	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Well #8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Well # 15 (FKA #10)	92.79	77.97	95.62	108.15	124.34	131.11	59.93	0.00	0.00	0.00	0.00	0.00	689.91
Well #11	0.00	0.00	0.00	0.00	0.00	0.00	83.48	0.00	0.00	0.00	0.00	0.00	83.48
Well #12	26.95	31.32	42.93	54.47	51.12	71.70	76.98	0.00	0.00	0.00	0.00	0.00	355.47
Sub-Total	**119.74**	**109.29**	**138.55**	**162.62**	**175.46**	**202.81**	**220.39**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,128.86**
Delivered to Ft. Mojave Indian Tribe (AZ)	11.04	0.00	0.00	0.00	0.01	0.10	0.07	0.00	0.00	0.00	0.00	0.00	11.22
Delivered to Ft. Mojave Indian Tribe (CA)	4.19	7.72	2.84	3.34	4.51	4.81	4.97	0.00	0.00	0.00	0.00	0.00	32.38
Sub-Total	**15.23**	**7.72**	**2.84**	**3.34**	**4.52**	**4.91**	**5.04**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**43.60**
City of Needles' Net Diversion	**104.51**	**101.57**	**135.71**	**159.28**	**170.94**	**197.90**	**215.35**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,085.26**

Return and Other Credits													
Measured Returns													
Sewer Plant's Rapid Infilitration Ponds[1]	38.67	35.34	38.85	40.81	40.51	41.17	46.05	0.00	0.00	0.00	0.00	0.00	281.40
Unmeasured Returns													
Percolation from Golf Course [2]	0.17	12.65	16.49	33.22	7.09	22.57	30.76	0.00	0.00	0.00	0.00	0.00	122.94
Percolation from Parks[3]	2.15	1.24	1.86	1.99	3.89	4.30	7.78	0.00	0.00	0.00	0.00	0.00	23.21
Percolation from Large Commercial Users[4]	0.46	0.93	0.65	1.18	1.26	1.47	1.45	0.00	0.00	0.00	0.00	0.00	7.39
System Losses[5]	29.01	0.00	25.57	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.60
Septic Tank Returns[6]	4.12	3.84	4.41	4.22	4.12	3.96	4.54	0.00	0.00	0.00	0.00	0.00	29.23
Total Unmeasured Returns	**35.91**	**18.66**	**48.98**	**40.61**	**16.37**	**32.30**	**44.53**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**237.37**
Total Returns	**74.58**	**54.00**	**87.83**	**81.42**	**56.88**	**73.47**	**90.58**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**518.77**

Footnotes:

1/Calculated as WWTP Total Discharge*0.97.

2/Calculated as Monthly Delivery to Golf Course*Efficiency-Monthly ET. Efficiency =0.9

3/Calculated as Delivery to Parks,Ballparks,Cemetry*0.40.

4/Calculated as 24% of Deliveries to Commercial Accounts*0.10.

5/Calculated as City of Needles' Net Diversions-Total Uses.

6/Total Annual UMRF from septic tanks = 50; assumes 210 septic units*0.6 AF/yr*0.40 (where 0.40 = UMRF Factor). Annual volume is distributed monthy using a monthly distribution factor.

Consumptive Use													
Diversion	104.51	101.57	135.71	159.28	170.94	197.90	215.35	0.00	0.00	0.00	0.00	0.00	1,085.26
Measured Returns	38.67	35.34	38.85	40.81	40.51	41.17	46.05	0.00	0.00	0.00	0.00	0.00	281.40
Unmeasured Returns	35.91	18.66	48.98	40.61	16.37	32.30	44.53	0.00	0.00	0.00	0.00	0.00	237.37
Consumptive Use	29.93	47.57	47.88	77.86	114.06	124.43	124.77	0.00	0.00	0.00	0.00	0.00	566.49

City of Needles, California
Request for Commission Action

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

Meeting Date: September 2, 2025

Title: EUSI, LLC operational support services relating to the wastewater treatment facility and collection system July 2025

Background: See attached report

Fiscal Impact:

Environmental Impact:

Recommended Action: No action needed - information only

Submitted By: Kris Hendricks, EUSI LLC

City Manager Approval: Patrick J Martinez Date: 8/26/2025

Other Department Approval (when required): _____ Date: _____

EUSI, LLC Operational Support Services Relating
To the
Wastewater Treatment Facility and Collection System
July 2025

Mrs. Rainie Torrance,

Please find below a summary of our services provided associated with the operational support services for the wastewater treatment facilities for the month of July 2025.

- The daily average flow for the month of July 2025 was 0.499 MGD.
- Completed the June 2025 monthly monitoring report for the state.
- Conducted in-house process control testing for the SBRs.
- Sent out the weekly, monthly, and quarterly samples as required by the monitoring permit.
- Tested the plant lift station and plant alarm callouts.
- Administrative coordination with finance and the administrative staff at 3rd street is ongoing.
- Inspected facility perimeter fences and percolation ponds.
- Switched from percolation pond #2 to percolation pond #3 on the 25th.
- Operations staff decanted the digester to limit the amount of sludge that needed to be sent to the drying beds for further processing and ultimate removal to the off-site landfill.
- Completed routine monthly inspection of the Kubota tractor, the 4" trash pump, and the jetter.
- Shop repaired the leaking steering box on the Kubota.
- Preventive Maintenance Program is ongoing per operating hours of the various plant components.
- Completed the bar screen service and inspections throughout the month and replaced a faulty timer.
- Removed the restrictor plate from SBR motive pump number 1. The basin mixing has improved as a result of the removal. The team will plan to pull the pump for inspection in a month or so to ensure that there is no evidence of cavitation in the pump and on the impeller and that the wear ring looks good.
- Completed weekly inspection of the emergency generator prior to and during its weekly test runs.
- Ongoing communication with City staff regarding items associated with the overall wastewater system.
- Completed quarterly service of the effluent EQ and filtrate pumps.

Supplemental repair services, exceptional event(s) during the month of December.

- July 2, 2025 operational staff was called out for a control panel alarm for a failed blower and SBR motive pump #1. Staff reset the call box and restarted the motive pump and blower. All systems were returned to normal operation. (0.5 hrs = $37.50 no charge for this work effort)
- July 5, 2025 operational staff was called out for a control panel alarm for a SBR motive pump #1 failure, staff checked voltage and amps and all checked out good. (1 hr = $75.00 no charge for this activity).
- July 12, 2025 City on-call staff called out for high water issue at Jack Smith Park lift station. Provided phone support to reset the circuit breaker for the control power. (0.5 hrs = $37.50 no charge for this activity)
- July 29, 2025 Wastewater team completed the installation of the 2 new pumps at Jack Smith Park lift station. The original pump is at Bob's Electric Motor for repair (estimated to take 4-6 weeks for repairs). Once repaired this pump will serve as a spare pump for this station. (3 men at 7 hrs each for a total of 21 total man hours = $1,575.00, no charge for this activity)

Should you have any questions regarding the monthly activity please feel free to contact me at 602-300-7946.

Sincerely,

Kris Hendricks, EUSI, LLC; Managing Member

Jack Smit Park Lift Station new pump installation July 29, 2025

City of Needles
817 Third Street, Needles, California 92363
(760) 326-2113 • FAX (760) 326-6765
www.cityofneedles.com

MEMORANDUM

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: PATRICK J. MARTINEZ, CITY MANAGER

SUBJECT: WEEKLY MEMORANDUM

DATE: August 15, 2025

1. **Future of Palo Verde College – Needles Center**
   The Palo Verde Community College District Board held a regular board meeting on August 12, 2025, to discuss the future of the Needles Center, with fourteen local residents attending via video conference from the Needles campus. Trustee Brad Arneson raised concerns about the center's long-term operating deficit, citing an annual shortfall of approximately $500,000 for the past 17–18 years, while Trustee Jon McNeil questioned the accuracy of the financial data and called for further analysis. Trustees and community members emphasized the center's history and importance, noting its establishment in 2005 through local voter support and a donation from the Claypool family, as well as its role as a hub for day and evening classes and community activity. Dean Jaclyn Randall was recognized for her leadership in driving the center's growth and boosting enrollment. The discussion will continue at the board's next regular meeting on September 9, 2025, which will be held at the Blythe campus, with local residents able to attend via video conference at the Palo Verde College – Needles Center, 725 W. Broadway, Needles, CA 92363. Residents are encouraged to participate in person at the Needles site, share public comments, and actively engage with board members to ensure their perspectives are considered in shaping the center's future. See attached for a full copy of the article or click on this link.

2. **Assemblyman Jeff Gonzalez District Office Open House**
   On August 15, Mayor Jernigan and City Manager Patrick Martinez attended Assemblyman Jeff Gonzalez's Open House in Indio, celebrating the grand opening of his new district office. They expressed appreciation to Assemblyman Gonzalez and his team for their warm welcome and the opportunity to connect with community members, meet the staff, and learn more about the ways the office is serving and supporting the region. The event also provided a valuable forum to strengthen connections with state leadership, discuss shared priorities, and highlight Needles' ongoing initiatives. Attendance at regional events such as this supports City Council goals to advocate for the community at higher levels

of government, expand intergovernmental partnerships, and ensure Needles remains well-positioned for state-level support and resources.

3. **State of the City – September 25, 2025**
   The time has come once again for our annual *State of the City* address, hosted by the **Needles Chamber of Commerce**. Join us on **Thursday, September 25, 2025, at 6:00 PM** at **El Garces, 950 Front Street, Needles, CA** (see attached image). This event brings our community together to celebrate the City's achievements, share exciting updates on upcoming projects, and outline our vision for the future. Attendance supports the City Council's commitment to transparency, community engagement, and a shared path forward. We encourage **all residents, business owners, and community partners** to attend and be part of this important conversation about our city's progress and opportunities ahead. Let's fill the room and show our Needles pride.

4. **Peanuts PaintFest Draws Big Crowd and National Attention to Needles**
   This special celebration marked the 75th anniversary of the Peanuts comic strip and the 50th anniversary of Spike's debut—a character inspired by Needles. CRMC was the only hospital in the nation selected by the Foundation for Hospital Art to receive a custom Snoopy and Spike mural, brought to life by community members during the event. The celebration was kicked off with a video message from Stephanie Revelli, granddaughter of Peanuts creator Charles M. Schulz, honoring Spike's milestone anniversary. Attendees worked together to complete two large paint-by-numbers murals—one featuring beloved Peanuts characters and the other showcasing a desert scene unique to Needles. The day also featured photo opportunities with the iconic Spike statue, a cake walk, root beer floats, and a children's art display. The event highlighted Needles' unique Peanuts legacy, strengthened community pride, and drew national attention to the city. Special thanks go to the Foundation for Hospital Art, Peanuts Worldwide LLC, the River Communities Coalition, the Women's Club of Needles, the River Valley Artists Guild, the Needles Regional Museum, and all volunteers for making this event possible. See attached for a full copy of the article or click on this link.

5. **Citywide Beautification – Needles Pride Program**
   This week, crews focused on weed abatement along Needles Highway as part of the Citywide Beautification efforts under the Needles Pride Program. These actions support the City Council's goal to enhance community aesthetics and quality of life. By maintaining clean, safe, and vibrant neighborhoods, the City continues to foster positive partnerships with property owners and encourage community pride (see attached image). Residents can report concerns by calling 760-326-5700 (press #9) or using the Needles Connect app on **Google Play Store** (Android) and **Apple Store** (iOS)**.** Together, we're building a safer, stronger Needles!

6. **Tripepi Smith Marketing and Public Affairs – Continuing Partnership**
   The City is continuing its partnership with Tripepi Smith & Associates to advance the City Council's Economic Investment Marketing and Branding Strategic Plan,

focusing on strengthening Needles' brand, expanding outreach, and promoting the community's unique assets. Building on accomplishments such as a full website overhaul, social media alignment, and the launch of a video marketing campaign, upcoming efforts will include targeted recruitment videos, digital and streaming ad campaigns, and promotions tied to opportunities like the Route 66 Centennial. These initiatives directly support the City Council's economic development goals by attracting new businesses, residents, and visitors, positioning Needles for long-term growth and prosperity.

7. **Senior Center Air Conditioner Replacement**
   This week, City staff acted quickly to replace a failed air conditioning unit at the Senior Center, ensuring the facility remains safe and comfortable for all patrons during the peak summer heat. Special thanks to Reinke Heating & Air Conditioning for responding so quickly and helping us get the unit replaced without delay (see attached). The prompt response prevented program disruptions and allowed the center to continue serving the community without interruption.

8. **Ice Plant Road Truck Traffic and Parking Enforcement**
   Since January, City staff has worked with the San Bernardino County Sheriff's Department (SBCSD) and Code Enforcement to address ongoing traffic and behavior concerns involving big rig/18-wheel truck parking on Ice Plant Road. Enforcement against illegal parking has increased, and the property owner of the adjacent dirt lot installed a fence to prohibit truck parking; however, it was damaged within 24 hours. In response, the City installed K-rails at the end of the paved section to restrict access and protect the area. These actions are part of the City's continued commitment to improving safety, reducing nuisances, and preserving infrastructure along Ice Plant Road.

9. **Ribbon Cuttings – Needles Smash Burgers & Kush 66**
   Today, members of the Needles City Council were joined by the Needles Chamber of Commerce, the Bullhead Area Chamber of Commerce, the Laughlin Chamber of Commerce, a representative from the Bullhead City Council, and local residents to celebrate the ribbon cuttings for Needles Smash Burgers and Kush 66 Dispensary and Lounge. These celebrations honored new ownership for their continued investment in the community and their contributions to revitalizing the Historic Route 66 corridor. Located at 2205 Needles Highway, Needles Smash Burgers offers fresh dining options for both residents and travelers. Kush 66 Dispensary is a licensed cannabis retailer, with its lounge providing a regulated space for adult consumption in compliance with state and local laws. Together, these new ventures advance the City Council's goals to drive economic development, strengthen the local business community, and position Needles as a destination for visitors and locals alike.

10. **Route 66 Centennial – Doors Open California Tour**
    On September 13–14, 2025, the California Historic Route 66 Association will host a two-day "Doors Open California" Centennial Tour, spotlighting preservation projects along the California Historic Route 66 Needles-to-Barstow

National Scenic Byway. The tour features a guided visit to the El Garces Harvey House in Needles—one of the most significant Route 66 landmarks—drawing visitors from across the state to experience our city's history and culture. This event directly supports City Council goals to grow tourism, promote Route 66 heritage, and strengthen Needles' position as a destination community. The attached flyer provides the full itinerary, which also includes stops in Amboy, Chambless, Newberry Springs, Daggett, and Barstow. This is a prime opportunity to showcase Needles' downtown, create economic activity for local businesses, and build momentum toward the 2026 Centennial celebrations. Refer to the attached flyer for more information.

11. **Last Call – Community Achievement Awards**
    Nominations for the 28th Annual Community Achievement Awards close **August 18, 2025**! Let's get Needles back on the winners list—our last honorees were in 2023. Nominate someone who works, lives, does business, or serves in the Colorado River Region. Submit your nomination by clicking here.

12. **Community Events Calendar Now Live**
    The City's new website now features a **Community Events Calendar**—your go-to source for what's happening in Needles. From festivals to meetings, it's designed to keep residents and visitors connected. Local organizations are invited to submit or update events through the City Clerk's Office to keep the calendar fresh and inclusive. Contact **Candace Clark at cclark@cityofneedles.com** to participate. Together, we can showcase the best of Needles and strengthen community spirit.

1. FUTURE OF PALO VERDE

https://www.needlesdesertstar.com/news/the-future-of-palo-verde-community-college-needles-center-in-the-hands-of-district-board/article_99dc55ac-0b72-43d0-aa39-726305c0648c.html

The future of Palo Verde Community College Needles Center in the hands of district board

By Jeni Henderson
Needles Desert Star
Aug 13, 2025

1 of 2

Fourteen residents attended the Aug. 12 Palo Verde Community College District board meeting conducted thro conference in room B08 in the basement of the Needles campus.

By Jeni Henderson
Needles Desert Star

NEEDLES — The future of Palo Verde Community College Needles Center was the topic of discussion at Tuesday night's district board meeting held at the Blythe campus.

The discussion will be brought back to a special meeting to be held Aug. 26.

Fourteen residents attended the Aug. 12 board meeting conducted through video conference in room B08 in the basement of the Needles campus.

Discussion about the future of the Needles Educational Center was requested by board trustee Brad Arneson; the future of Needles Center graduation ceremony and pinning ceremony was requested by board president Stella Camargo-Styers.

“We had a study session a few months ago where we discovered that we are about $500,000 a year upside down in that office,” Arneson said. “So I'm wondering, why being fiscally responsible, we would continue to fund that function of theirs that for 17-18 years we’ve been at half a million dollars a year average…”

This was the first of at least three inaccuracies presented by the board.

Twenty-seven years ago, in 1998, PVC began serving the Needles area and in 2005, thanks to the generosity of the Claypool family and the voters of the recently annexed San Bernardino part of the district, PVC opened the Needles Center which now offer a full array of classes both in the daytime as well as the evening.

Board trustee Jon McNeil has concerns regarding the validity of the Needles budget and its expenditures.

“I can’t tell you what the real numbers are because I don’t have access to them,” he said, but questions whether or not those numbers, in addition to revenue, are completely accurate.

“I think that another analysis of what was presented would be helpful for us,” he said.

With four teachers, one of which is part time, there is “no way” there can be a deficit in expenses, he added.

“When you just look at it, you just step back and look at it, it doesn't make sense,” McNeil said.

The original "up-to-date" data will be brought back to the Aug. 26 meeting, said Supt. Bruce Moses.

“We’ll have a Q&A about that information,” he added.

“I don’t know what all this is about with the always wanting to talk about it (Needles), Brad, but that used to be just a dead zone and it’s just so full now and everything that’s happening in our city usually has something to do with our college,” said board trustee Glenda Williams.

It’s because of Needles Center dean Jaclyn Randall that the school is now alive with people and classes being offered, said Alice Dean, CalWORKs Student Services during the public comment period.

In 2022, staff from the main campus in Blythe began providing support services for Needles residents at the monthly Main Campus on Broadway events at the Needles Center.

When Dean first arrived in Needles, there wasn't a lot, she said.

"We have seen an increase of students showing up over and over and over each month, more and more students would show up and they know us by name," she said. "Now they call us because they know us because we were there and we share our personal lives with them, talk with them. We met with them and we showed them that we cared. We helped them feel a part of Palo Verde College."

Since these events stopped last semester, students have been confused, she said.

In regards to future graduations at the Needles campus, it will create a hardship for their students and their families to travel to Blythe.

"We're not going to get the whole town of Needles down here," Dean said. "There's no train anymore taking you down to Blythe so we have to keep the Needles graduation and we need to keep going to Needles and showing them they are part of our center and part of our community college and that they are important too."

Needles residents Wayne Colburn and William Boschelli echoed her sentiment.

The Needles Center offers residents with vital pathways to better jobs, economic stability without the burden of relocating, he said.

The closure of the Chuckwalla Valley State Prison as well as the upcoming shutdown of the California Rehabilitation Center impact both enrollment and funding.

“In this context, the Needles Center becomes even more important as a steady base of community students,” Colburn said. “It supports workforce development, helping attract local businesses and contributes significantly to the area's economics.”

Board members regularly travel to the main campus for meetings, he said, so it’s reasonable to ask the board members from Blythe to come to Needles and support its graduates.

Keeping the Needles Center graduations is not just about convenience, he said. “It’s about investing in the future of this community and supporting economic growth, student success and a stronger, more connected Palo Verde College.”

Boschelli agreed with the importance of having a graduation ceremony for Needles students and their families at the Needles campus.

“Traveling that 90-minutes down to Blythe as you are well aware, it’s a long drive and it’s a haul and putting that obstacle in the way of families and friends is not the right solution,” Boschelli said.

Investing in the students of Blythe is just as important as in Needles, Williams said.

“We just have to give it a chance to catch on,” she added.

THE FUTURE OF GRADUATION CEREMONIES

“Given the time and expense involved in holding a separate commencement ceremony for Needles, the students for Needles can travel to the main campus via college vans and participate with their fellow graduates,” said Camargo-Styers.

A positive aspect of this change, she said, is that Needles Center graduates will be able to celebrate this milestone at the main campus at the main commencement ceremony and share that experience with the entire graduates.

“They had three graduates last year,” she said of the Needles Center.

This was the second inaccuracy.

Camargo-Styers later claimed, “We had three students and then three families come. …”

This would be the third inaccuracy.

Last year, Needles graduated 16 students with more than 140 people in attendance.

Graduation ceremonies are not planned by Needles staff, McNeil said, but offered a solution.

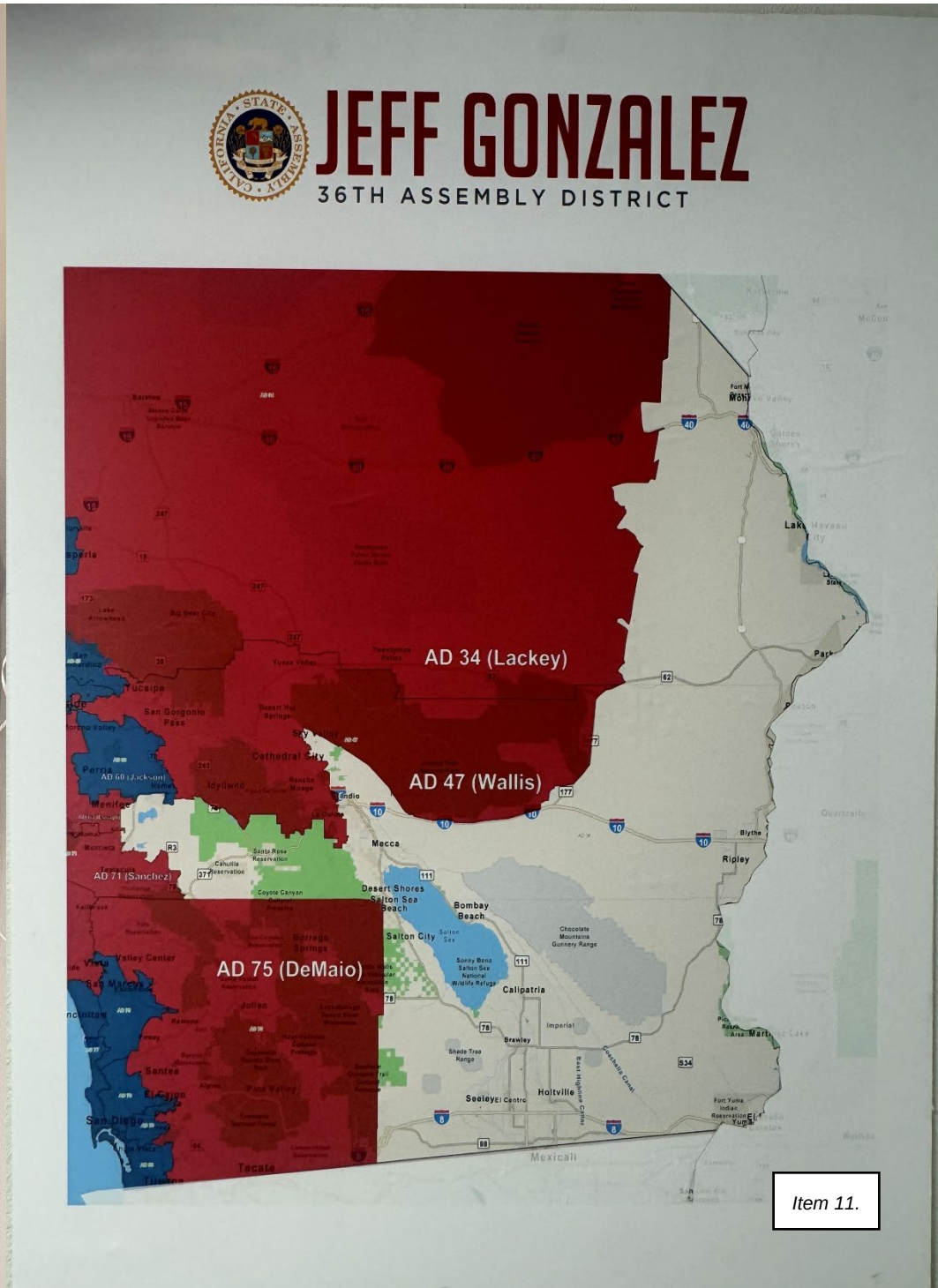
“Let's do a ceremony just on our own and we’ll do it for pennies, peanuts or donations and we’ll do our own thing because people are not going to get in the van and go all the way down here because it’s so far away,” he said. “Let us be something to encourage, to celebrate the success that we have here…”

A special meeting/study session of the board of trustees is set for 4 p.m. Tuesday, Aug. 26 in Assembly Room (CL 101) in the Classroom/Lab Building on the main campus at One College Drive in Blythe, California.

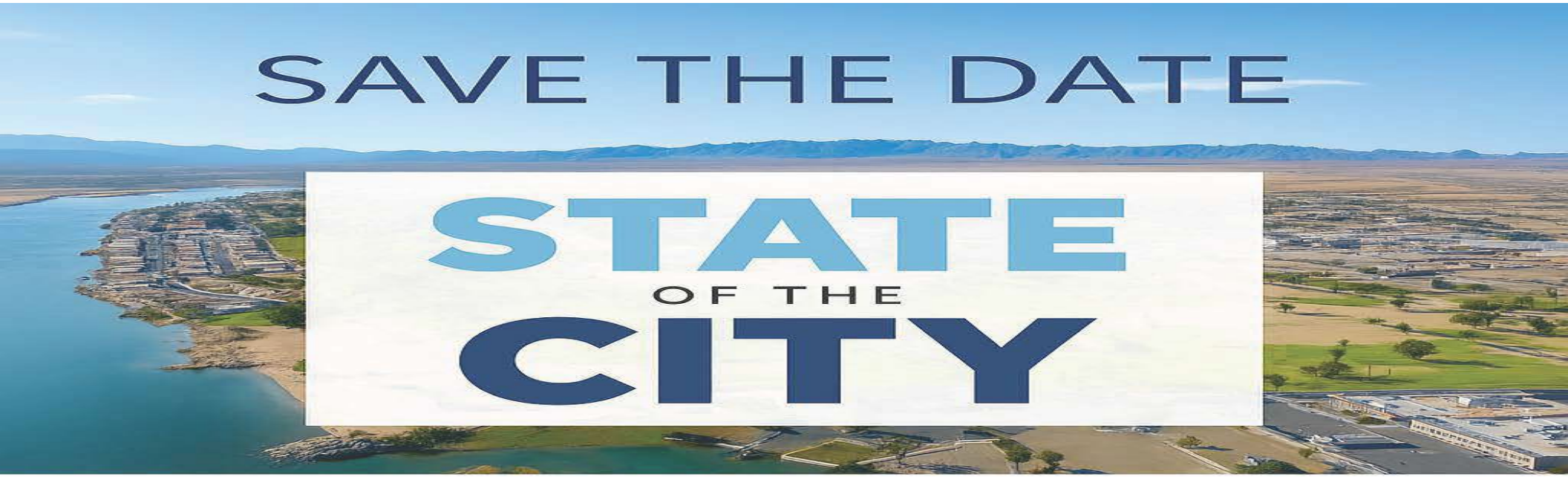
For more information, contact Naomi Alaniz at naomi.alaniz@paloverde.edu or visit go.boarddocs.com/ca/pvccd/Board.nsf/Public.

Jeni Henderson
General Assignment Reporter

2. DISTRICT 36 OPEN HOUSE



3. SAVE THE DATE STATE OF THE CITY



Thursday, September 25, 2025
6:00 PM
El Garces, 950 Front Street, Needles, CA

Join us as we celebrate our city's achievements, share upcoming projects, and discuss our vision for the future.

Mark your calendars- all residents, business owners, and community parnters are encouraged to attend

CITY OF NEEDLES CALIFORNIA

NEEDLES CHAMBER OF COMMERCE AND VISITOR CENTER

5. CITYWIDE BEAUTIFICATION

4. PEANUTS WORLDWIDE PAINTFEST

4. PEANUTS WORLDWIDE PAINTFEST

4. PEANUTS WORLDWIDE PAINTFEST

FEATURED

Photos: Peanuts Paintfest at Colorado River Medical Center

By Jeni Henderson
Needles Desert Star
Aug 12, 2025

Dozens of community members from the Tri-state unleashed their inner artist at yesterday's Peanuts PaintFest at Colorado River Medical Center. Community members helped bring to life the two 56-inch by 49-inch paint-by-numbers style murals, which feature joyful Peanuts images: one of dancing Charlie Brown, Snoopy and Woodstock, Linus, Lucy, Sally, and Franklin, and a second mural—unique to Needles—featuring Spike, Snoopy, and Woodstock relaxing in the desert. Visitors also had the opportunity to take photographs with the famous larger-than-life Spike statue, on loan from the Needles Regional Museum and long-time Spike fan and Needles resident Joe Jones. River Communities Coalition in conjunction with the Woman's Club served root beer floats which was Snoopy's favorite drink. A cake walk was held in the halls of CRMD. The cake walk was similar to musical chairs, whoever lands on the number called, got to select a cake of their choosing.

Group Photo with Senator Steve Padilla rep Armando Avalos

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

Group photo of River Valley Artists Guild, River Communities Coalition, City of Needles and Armando Avalos, district representative for Califo...

River Valley Artists Guild present diamond Art to Bing Lum

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

The River Valley Artists Guild presented Bing Lum, Executive Vice President of Colorado River Medical Center, with a diamond art picture of th...

Janice Debenney & Deputy Edward Olmos paint Franklin of Peanuts

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

Janice Debenney, left, from Willow Valley and San Bernardino County Sheriff's Department Deputy Edward Olmos paint Franklin.

Sarah & Logan Price

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

Sarah Price, top, watches as her daughter Logan Price paints Lucy from Peanuts.

Sugar Cookies By Steph

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

Stephanie Revelli, a granddaughter of Peanuts creator Charles M. Schulz, a baker and the creator of Sugar Cookies By Steph, provided Peanuts, ...

Artwork on display 1

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

In the days leading up to the PaintFest, children had the opportunity to draw themselves as a Peanuts character on special coloring sheets cre...

Artwork on display 2

By Jeni Henderson
Needles Desert Star Updated Aug 12, 2025

In the days leading up to the PaintFest, children had the opportunity to draw themselves as a Peanuts character on special coloring sheets cre...

7. SENIOR CENTER A/C REPLACEMENT

8. ICE PLANT ROAD ENFORCEMENT

8. ICE PLANT ROAD ENFORCEMENT

9. NEEDLES SMASH BURGERS

9. KUSH 66 RIBBON CUTTING

City of Needles
817 Third Street, Needles, California 92363
(760) 326-2113 • FAX (760) 326-6765
www.cityofneedles.com

MEMORANDUM

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: PATRICK J. MARTINEZ, CITY MANAGER

SUBJECT: WEEKLY MEMORANDUM

DATE: August 22, 2025

1. **Future of Palo Verde College – Needles Center**
   The Palo Verde Community College District Board of Trustees will hold a Special Meeting/Study Session on **Tuesday, August 26, 2025, at 4:00 PM** to review two key items regarding the Needles Educational Center: enrollment and a re-examination of institutional data (agenda attached). These discussions come at a pivotal moment, as the Center represents far more than an educational facility—it is a cornerstone for workforce development, economic growth, and a pathway for local residents to pursue higher education close to home. The meeting will be held at the Needles Center, 725 W. Broadway, and will include an opportunity for local public comment. Given the City and community's ongoing financial contributions through property taxes to PVCCD operations, strong local engagement in this discussion remains essential.

2. **Rider Appreciation Day – Free Transit Services on September 4**
   The City of Needles is pleased to announce Rider Appreciation Day on Thursday, September 4. We love our riders, and to show our appreciation, all transit services will be free throughout the day, including Needles Area Transit, Dial-A-Ride, and the new Fort Mohave/Bullhead Shuttle. From 7:30 to 11:30 a.m. at the El Garces West Parking Lot, 950 Front Street, attendees can enjoy refreshments, giveaways, and learn more about our expanding transit options. Riders are also encouraged to try the new Fort Mohave/Bullhead Shuttle at no cost during the event, with departures scheduled from El Garces at 8:15 a.m. and 11:30 a.m. Reservations are required by calling 760-326-4789 before 11 a.m. the day prior, as space is limited. A flyer with additional event details is attached.

3. **Good Morning Needles – August Recap & September Preview**
   This week's "Good Morning Needles" coffee gathering at the Chamber and Visitor Center was well-attended and featured Kush on 66 Dispensary, Lounge & Café along with breakfast from Needles Smash Burgers. These monthly meetings continue to grow in popularity and provide a valuable forum for

businesses, community members, and civic leaders to connect. Save the Date: the next Good Morning Needles will be held on Thursday, September 18, 2025, at 7:30 a.m. and will feature Sal Monica from the San Bernardino Workforce Development Agency as our guest speaker. Following the meeting, Sal will be available to connect directly with businesses that have five or more employees. This is a great opportunity for employers to access resources, training, and workforce solutions. If you know of a business that could benefit, please share their contact information with the Chamber so they can be included.

4. **Vandalism at Duke Watkins Park Bathrooms**
   A recent act of vandalism at the bathrooms in Duke Watkins Park is under investigation. Vandalism is unacceptable and undermines the community's shared investment in our parks and public spaces. The City is reviewing surveillance footage and working closely with the San Bernardino County Sheriff's Department to identify those responsible and ensure accountability. Anyone with information is encouraged to call the City at (760) 326-9200, or, to remain anonymous, contact the We-Tip Hotline at 1-800-78-CRIME (27463). The bathrooms have since been repaired and reopened for public use, ensuring residents and visitors continue to enjoy the facility without disruption. Over the past year, the City has implemented multiple strategies to deter vandalism, including installing cameras at Duke Watkins Park, forming a multi-agency graffiti and vandalism task force with SBCSD and the Needles Unified School District, offering cash rewards for information, and promoting positive community use of the park through projects such as the Expression Wall. These actions align directly with the City Council's goals to enhance public safety, protect community investments, and promote clean, family-friendly public spaces. We will continue to work diligently with our law enforcement and school partners to prevent future incidents and safeguard the City's facilities for residents and visitors alike.

5. **The City of Needles Recreation Center and The Needles Women's Club** will be hosting the 16th Annual Lynne's Little Ladies Tea Party on Saturday, September 20, 2025, from 1:00 p.m. – 3:00 p.m. This event will be held at the Women's Club and is open to the first 40 girls ages 5–12 in the tri-state area who register and pay their fee. Registration is $25 and can be paid at the Needles Recreation Center. All registration fees must be paid by Wednesday, September 18, 2024. Please call the Needles Recreation Center at (760) 326-2814 with any questions. Sponsorship opportunities are also available to support a little lady's participation. Please contact the Recreation Center directly for details.

6. **Labor Day Fireworks Enforcement Reminder**
   As we head into the Labor Day weekend, the San Bernardino County Sheriff's Department will enforce a zero-tolerance policy on illegal fireworks in Needles. Only "safe and sane" fireworks are permitted; any firework that explodes or flies is illegal. Violators may face criminal charges and will be held liable for any damages or fires caused. Fireworks remain one of the leading causes of fires, injuries, and fatalities each year—please celebrate responsibly. Residents are

reminded not to call 9-1-1 to report illegal fireworks unless there is an immediate emergency requiring law enforcement, fire, or medical response. To report violations, please contact Sheriff's Dispatch at (909) 387-8313.

7. **Fall Youth Sports Registration Now Open**
   The City of Needles Parks and Recreation Department is now accepting registrations for fall youth sports through Friday, September 12, 2025. This season will feature Peewee Soccer, Flag Football, and Volleyball, with games running from early October through late November. Flag Football is open to students in 2nd through 5th grade, with games on Tuesdays and Thursdays. Volleyball is open to students in 3rd through 6th grade, with games on Mondays and Wednesdays. Peewee Soccer is available for ages 6–7, and Jr. Peewee Soccer for ages 3–5, with games held on Saturdays. The registration fee is $45 for residents and $50 for non-residents, except for Jr. Peewee Soccer, which is $35 for residents and $40 for non-residents. Sibling discounts are available, and scholarships may be offered for qualifying families. For more information or to register, please call (760) 326-2814 or email parksandrecreation@cityofneedles.com.

8. **Citywide Beautification – Code Enforcement Success at 404 D Street**
   The owner of 404 D Street has completed an impressive transformation — turning what began as a code enforcement matter into a fully renovated home, now available for sale or rent. The home features a modern, open-concept layout with new flooring, updated kitchen cabinetry, stone countertops, stylish lighting, and energy-efficient appliances. Bathrooms have been fully remodeled with contemporary fixtures, dual vanities, and upgraded finishes. The property also includes a refreshed exterior with new fencing, xeriscape landscaping, and fresh paint — all contributing to stronger curb appeal and neighborhood revitalization. This project is a clear example of how our Council's goals for neighborhood revitalization and housing improvements are taking root in the community. What began as a code enforcement case has now become a restored home that adds value to the neighborhood, enhances livability, and expands housing options in Needles. A special thank you to our Code Enforcement Team and the City Attorney's Office for their efforts in maintaining a robust receivership program that continues to clean up our community — one property at a time. Residents can report concerns by calling 760-326-5700 (press #9) or using the Needles Connect app on Google Play Store (Android) and Apple Store (iOS). Together, we're building a safer, stronger Needles!

9. **Community Events Calendar Now Live**
   The City's new website now features a **Community Events Calendar**—your go-to source for what's happening in Needles. From festivals to meetings, it's designed to keep residents and visitors connected. Local organizations are invited to submit or update events through the City Clerk's Office to keep the calendar fresh and inclusive. Contact Candace Clark at cclark@cityofneedles.com to participate. Together, we can showcase the best of Needles and strengthen community spirit.

1. PALO VERDE COLLEGE BOARD MEETING

Tuesday, August 26, 2025 4PM
Board of Trustees Special Meeting/Study Session
PALO VERDE COMMUNITY COLLEGE DISTRICT
Open Session 4:00 p.m.
Primary Location: One College Drive, Blythe, CA CS 209
Livestream Location: PVC Needles Center, 725 W. Broadway, Needles, CA 92363
-
Accessibility:
In compliance with the Americans with Disabilities Act (ADA), individuals who require special accommodations to access, attend, and/or participate in Board meetings are requested to contact Naomi Alaniz at (760) 921-5440 at least forty-eight (48) hours prior to the meeting.
-
Public Comment:
The Palo Verde College Board of Trustees encourages public participation and welcomes comments from members of the public during its meetings. Individuals wishing to address the Board must complete a Speaker Request Form and submit it to the Executive Assistant to the Board prior to the start of the meeting. Forms may be submitted via email to pvc-presidentsoffice@paloverde.edu. To be processed, emailed forms must be received by 12:00 p.m. on the day of the meeting.
-
Public Records:
In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all members of the Board in advance of a meeting may be inspected at the Office of the Superintendent/President, Palo Verde Community College District, One College Drive, Blythe, CA 92225; on the College website at www.paloverde.edu; or at the meeting location.

Public Content

BACKGROUND INFORMATION

Presenter: Ger Xiong, Dean of Student Services

Subject :	3.4 Needles Educational Center - Enrollment
Meeting :	Aug 26, 2025 - Board of Trustees Special Meeting /Study Session
Category :	3. Presentations
Type :	Discussion, Information, Presentation

Public Content

BACKGROUND INFORMATION

Presenters:Administration

Subject :	3.5 Needles Educational Center - Re-Examining of Institutional Data
Meeting :	Aug 26, 2025 - Board of Trustees Special Meeting /Study Session
Category :	3. Presentations
Type :	Discussion, Information, Presentation

2. RIDER APPRECIATION DAY

You're invited!

Rider Appreciation Day - September 4

RIDE FREE ALL DAY

Come celebrate with us.
Enjoy refreshments and giveaways.

When: Thursday, Sept 4 from 7:30 to 11:30 AM

Where: El Garces West Parking Lot – 950 Front Street, Needles

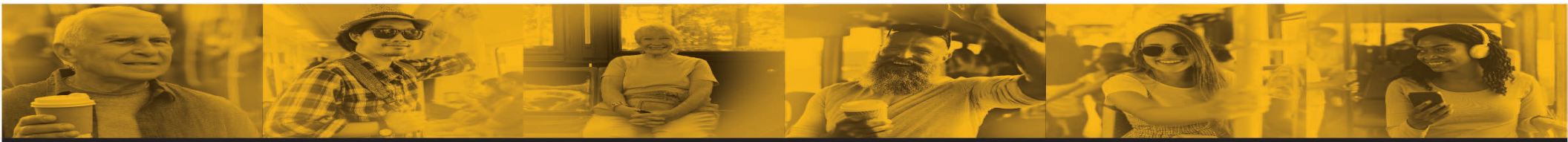
NAT NEEDLES AREA TRANSIT

NEEDLES Shuttle
Fort Mohave/Bullhead

NEEDLES Dial-a-Ride
Specialized Transportation

We love our riders! To show our appreciation, we're offering free fares on all services and giving away grocery bags and other fun gifts.

Try the NEW Ft. Mohave/Bullhead Shuttle for free on September 4. Call 760-326-4789 by 11 AM the day before to reserve your ride. Space is limited.



Ride Happy!

powered by sbcta San Bernardino County Transportation Authority

3. GOOD MORNING NEEDLES

Image Source: Needles Chamber and Visitor Center

4. CITYWIDE VANDALISM

4. CITYWIDE VANDALISM

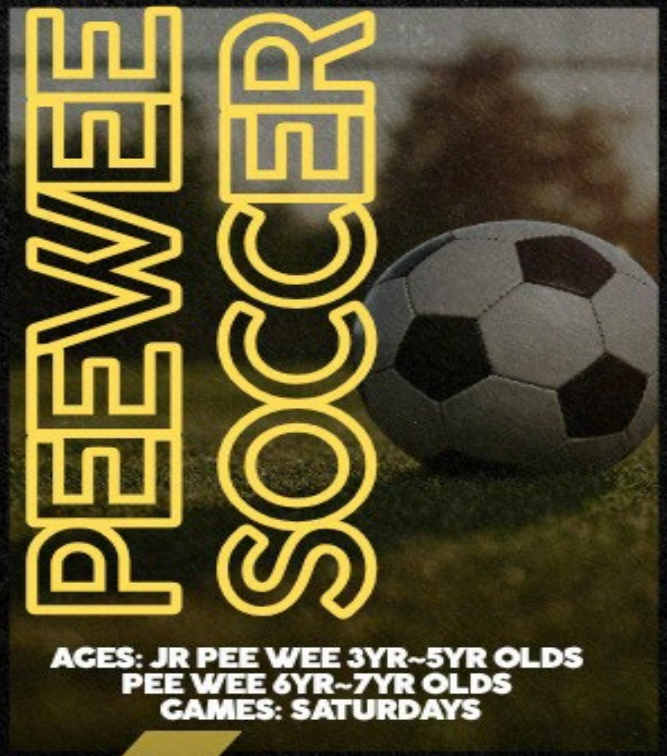
5. LYNNE'S LITTLE LADIES TEA PARTY

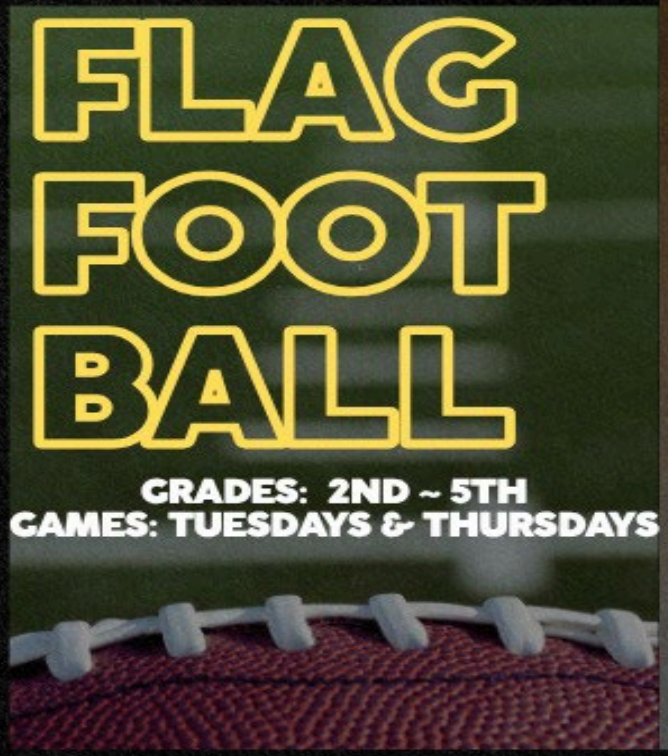
The City of Needles Recreation Center and The Needles Women's Club will be hosting the 16th Annual Lynne's Little Ladies Tea Party on, September 20, 2025, from 1:00pm ~ 3:00pm. This event will be held at the Women's Club and is open to the first 40 Girls ages 5yrs. ~ 12 yrs. old in the tri-state area to register and pay their fee. Registration is $25 and can be paid at the Needles Recreation Center. All registration fees must be paid by Wednesday, September 17, 2025. Please call the Needles Recreation Center @ 760~326~2814 with any questions.

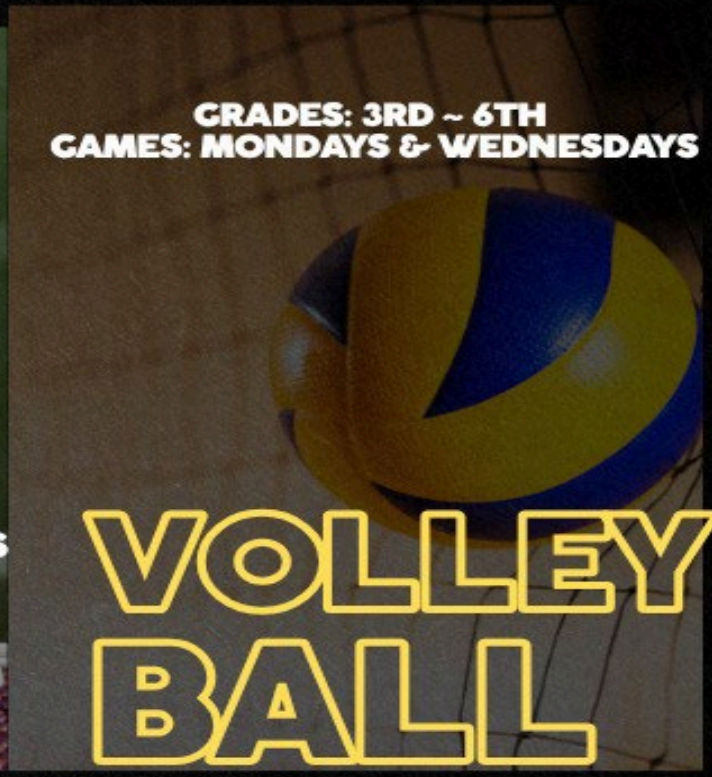
7. FALL SPORTS REC CENTER

OPEN REGISTRATION

City of Needles Recreation Fall Sports







REGISTRATION DATES:
AUG. 4TH ~ SEPT. 12TH.
SEASON: OCTOBER ~ NOVEMBER
COSTS: RESIDENTS $45 NON $50
PEE SPORTS RESIDENTS $35 NON $40
SIBLING DISCOUNTS GIVEN SCHOLARSHIPS MAY BE AVAILABLE

All Recreation Sports are open to Boys & Girls in the Tri~State area

Questions call 760~326~2814 or
parksandrecreation@cityofneedles.com

Item 11.

8. CITYWIDE BEAUTIFICATION

8. CITYWIDE BEAUTIFICATION

8. CITYWIDE BEAUTIFICATION