

Memorandum

To: City Council

From: Water and Light Advisory Board (WLAB)

7/9/2025

Subject: Recommendation on Proposed FY26 Electric Rate Increase

Dear Council Members,

The Water and Light Advisory Board (WLAB) has reviewed the memorandum submitted by staff recommending a 2% electric rate increase for Fiscal Year 2026. This adjustment is based on the 12-month Consumer Price Index (CPI) of 2.4%, rounded down to reduce the impact on ratepayers while addressing ongoing operational and maintenance cost increases, maintaining system reliability, and supporting the utility's financial stability.

After reviewing the financial forecasts and supporting documentation provided by staff, the WLAB **recommends that City Council authorize an electric rate increase of up to 2.4%**, to take effect October 1, 2025.

While staff proposed a 2.0% increase, the Board believes authorizing a rate increase up to 2.4% provides additional flexibility to manage financial pressures. Columbia Water & Light has already needed to utilize the Power Cost Adjustment (PCA) at the maximum allowed rate of \$0.013335/kWh for four consecutive months in response to elevated and unexpected power costs. Allowing a rate adjustment up to the full CPI figure may reduce future reliance on the PCA mechanism.

Sincerely,

Water and Light Advisory Board (WLAB)