

RESOLUTION NO. 2025-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL REVIEWING AND MAINTAINING  
THE CURRENT LODI ELECTRIC UTILITY RESERVE POLICY

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WHEREAS, the Lodi Electric Utility (LEU) Reserve Policy requires an assessment of the targets identified with a report to the City Council every three years, with the last review completed November 2022; and

WHEREAS, from 2011, the formula for establishing the LEU Reserve Policy remained unchanged until 2022 when City Council authorized removal of the Capital Reserve component and instead authorized LEU staff to purchase a spare substation transformer to ensure equipment is available and on hand should a catastrophic failure occur; and

WHEREAS, this change was implemented to mitigate risk associated with potential supply chain challenges, procurement lead times and material price escalation; and

WHEREAS, November 2025 marks the three-year deadline to review the existing LEU Reserve Policy which includes both an operating days cash requirement as well as a General Operating Reserve requirement identified by the Northern California Power Agency (NCPA) as part of the annual power supply budget planning process; and

WHEREAS, while the individual components and formula are approved by City Council, the actual dollar amounts are reviewed and approved each year by the Risk Oversight Committee (ROC) in accordance with the approved annual budget; and

WHEREAS, the approved formula for those targets as well as the specific target for Fiscal Year 2025/26 are as follows; and:

<b><u>Fund Designation</u></b>	<b><u>Basis</u></b>	<b><u>FY 2025/26</u></b>
Operating Reserve	90 days cash on hand	\$ 22,906,600
NCPA General Operating Reserve	Identified by NCPA	\$ 6,813,000
Total Target		\$ 29,719,600

WHEREAS, LEU currently has total cash reserves of approximately \$41 million, is meeting 138 percent of the current reserve policy target, and financial reserves are strong and stable with no projected base rate increases anticipated until 2030 based on current assumptions; and

WHEREAS, rating agencies, including S&P and Moody's, have both completed reviews of LEU's financial position within the past year and have issued comparable ratings of A and A2 respectively, with stable outlooks – ratings that fall at upper medium investment grade levels which positions LEU well for its future anticipated borrowing associated with the 230 kV Project; and

WHEREAS, the ROC received a report on the LEU Reserve Policy at its November 4, 2025 meeting and recommended that the formula for calculating the reserve target be maintained as represented above.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby review and approve maintaining the current Lodi Electric Utility Reserve Policy as represented above.

Dated: December 3, 2025

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I hereby certify that Resolution No. 2025-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 3, 2025, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

OLIVIA NASHED  
City Clerk

2025-\_\_\_\_\_