



2026 Rate Study Rate Design

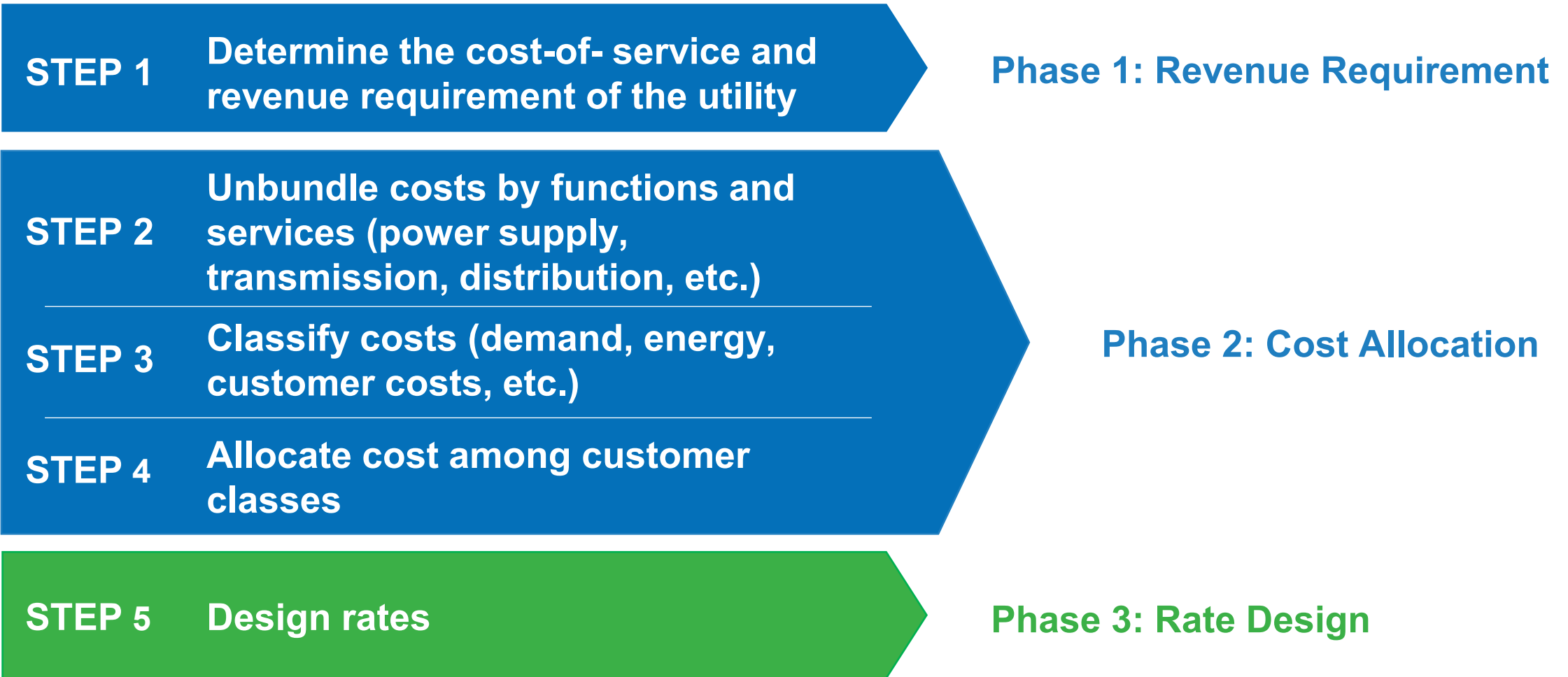
June 12, 2026

Willem Strauss – AGM Fiscal Operations

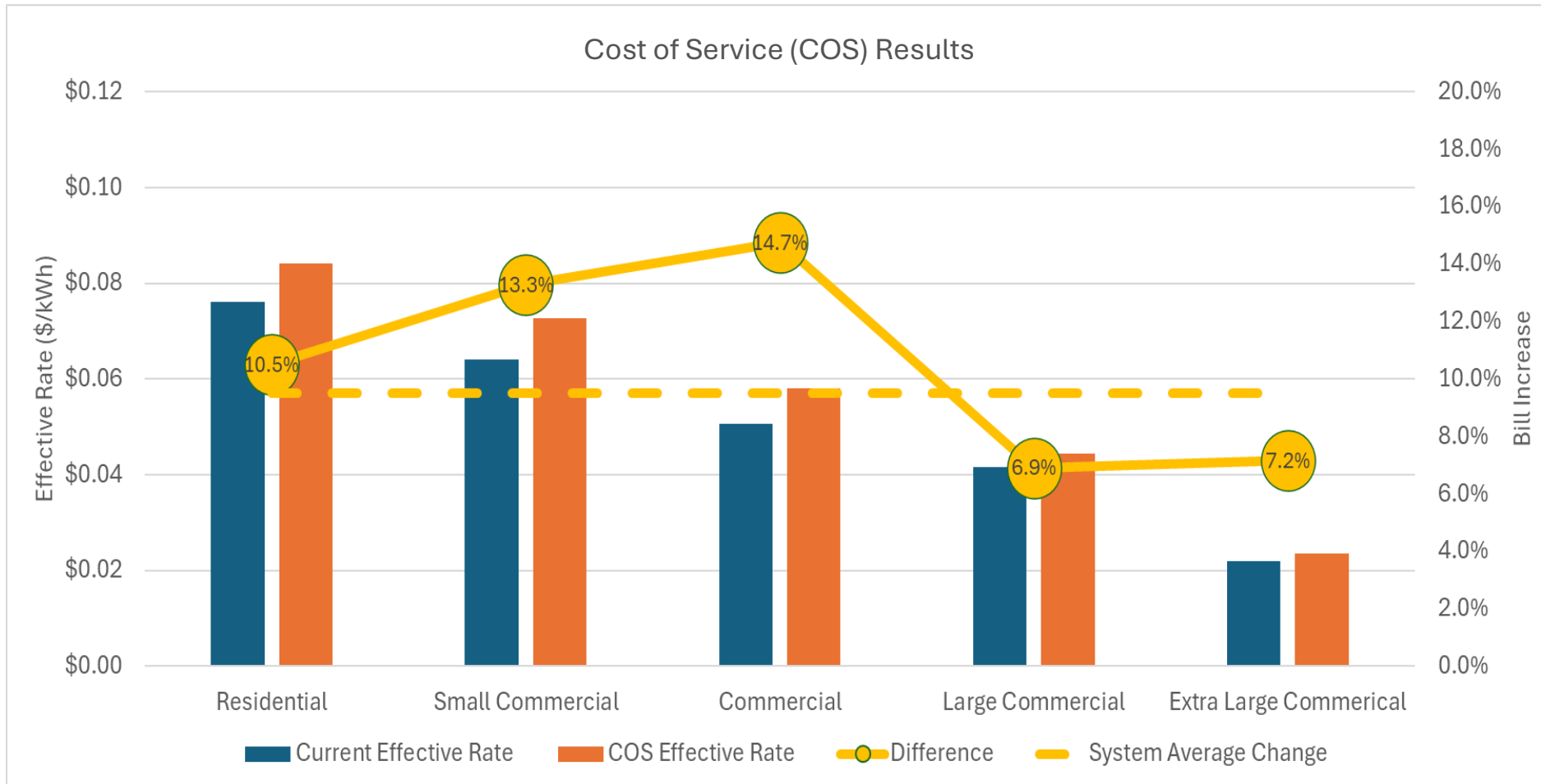
Tony Georgis – Managing Partner (NewGen)

Ryan Matley – Principal (NewGen)

Rate Study Process



Cost of Service Results by Customer Class



PLEASE NOTE:
 These results show the COS changes required for each class in a 'snapshot' or one-time rate change. This is not yet aligned with the phased in rate strategy.



Cost of Service Results that Guide the Rate Making

The COS results are a snapshot of the four-year rate plan. These results and class comparisons to the system average rate increase drive rate recommendations.

Customer Class	Indicated Base Rate Change to Reach COS	Cost vs. System Average
Residential	+10.5%	1.10×
Small Commercial	+13.3%	1.40×
Medium Commercial	+14.7%	1.55×
Large Commercial	+6.9%	0.73×
Extra Large Commercial	+7.2%	0.75×
System Total	+9.5%	1.00×

Indicated Base-Rate % Increase by Class and by Year

Annual base-rate percentage increase by customer class for each year (FY 2027 to FY 2030).

Customer Class	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	4-Year Total
Residential	3.69%	3.68%	3.67%	3.66%	15.53%
Small Commercial	4.66%	4.65%	4.64%	4.63%	19.82%
Medium Commercial	5.17%	5.16%	5.15%	5.14%	22.27%
Large Commercial	2.43%	2.42%	2.41%	2.41%	10.03%
Extra Large Commercial	2.51%	2.50%	2.50%	2.49%	10.38%
System Total	3.75%	3.75%	3.75%	3.75%	15.87%

Rate Design Objectives and Principles

- 1. Meet Cost of Service** — Move every class to its full cost of service by FY 2030, landing within the 95%–105% target band.
- 2. Improve Fixed-Cost Recovery** — Raise monthly customer charges toward cost so fixed costs are recovered through fixed charges.
- 3. Minimize Rate Shock** — Phase changes in over four years (gradualism); protect low-usage customers with a fixed Tier 1 step.

Supporting principles: Reduce cross-subsidization between classes, minimize impact on low-income customers, and align with community goals (time-of-use options).

Rate Design Approach

- **Customer Charges:** Increase customer monthly charges where COS indicates upward pressure.
- **Residential Rate Design:**
 - **Tier 1 Energy:** Limited rate increase to approximately inflation (2%) to protect fixed and low-income customers and allow ability to manage their bills.
 - Focused remaining rate increase in the higher tiers / larger consumers, which supports a conservation pricing signal.
- **Commercial Demand Charges:** Increase demand charges to better align with COS results and improve fixed-cost recovery.
- **Energy Charges:** Once customer and demand charges were set to better align with COS, remaining energy charges were increased to achieve target revenue by year.

Residential — RS (Tiered)

Homes and individually-metered residential dwellings. Standard inclining three-tier energy rate; optional time-of-use (RSX-1) and demand (RD) schedules.

Accounts served: ~125,800 RS accounts (≈130,000 residential total)

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030	COS ²
Customer Charge	\$/mo	\$14.45	\$15.25	\$16.00	\$16.75	\$17.50	\$11.36 /Customer/Mo. \$14.48 /kW/Mo.
Tier 1 Energy ¹	\$/kWh	\$0.0556	\$0.0567	\$0.0579	\$0.0590	\$0.0602	\$0.0034
Tier 2 Energy	\$/kWh	\$0.0635	\$0.0670	\$0.0708	\$0.0748	\$0.0790	—
Tier 3 Energy	\$/kWh	\$0.0703	\$0.0741	\$0.0783	\$0.0827	\$0.0874	—
Average Rate	\$/kWh	\$0.0762	\$0.0790	\$0.0819	\$0.0849	\$0.0880	\$0.0841

1. Tier 1 held to a fixed 2% step each year to protect low-usage customers.
2. Customer Charge COS also shows \$14.48/kW of demand costs which equates to \$84/month for the average 5 kW Residential customer.



Residential — Overall Average Total Bill Impact

≈ 1,178 kWh / month (class average)

- total bill = base rate + fuel + inside/outside-city surcharge + gross receipts tax + other

Year	Avg. Total Monthly Bill	\$ Change	% Change
Current (FY 2026)	\$145.86	—	—
FY 2027	\$149.25	+\$3.39	+2.3%
FY 2028	\$152.76	+\$3.51	+2.4%
FY 2029	\$156.38	+\$3.62	+2.4%
FY 2030	\$160.13	+\$3.75	+2.4%
Cumulative change vs. current		+\$14.27	+9.8%

Average Annual Change

+2.4%

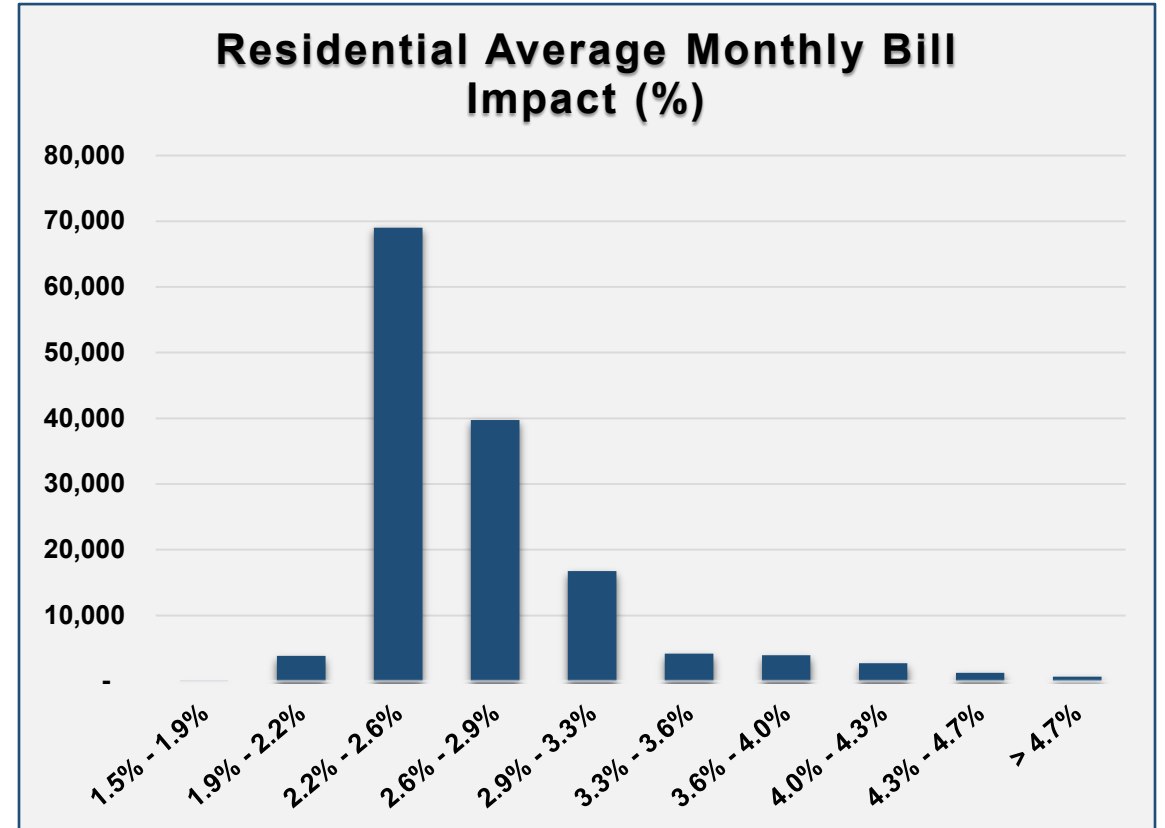
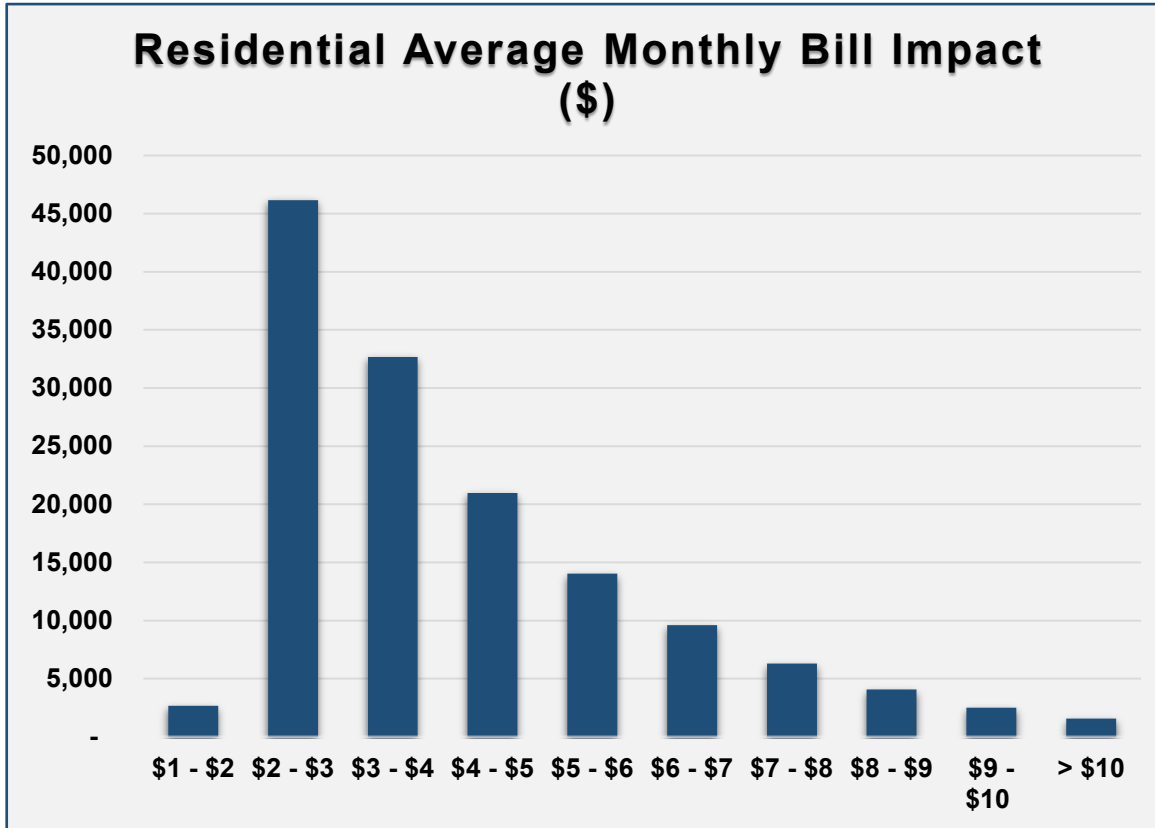
on the total bill

\$ 145.86 → \$160.13
per month



Residential — Bill Impact Distribution Year 1 (FY 2027)

Distribution of bill change (Current → Year 1) across ≈130,000 residential accounts.



Small Commercial — GS (General Service)

Small businesses and general-service commercial accounts without significant demand. Energy-only structure plus monthly customer charge; sub-schedules for ballpark (GSB), business demand (GSBD), and time-of-day (GSX-1).

Accounts served: ≈ 13,000 GS accounts (14,100 total Small Commercial)

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030	COS ¹
Customer Charge	\$/mo	\$16.50	\$17.25	\$18.00	\$19.00	\$20.00	\$12.72 /Customer/Mo. \$16.73 /kW/Mo.
GS Energy Charge	\$/kWh	\$0.0551	\$0.0577	\$0.0605	\$0.0632	\$0.0660	\$0.0034
Average Rate	\$/kWh	\$0.0641	\$0.0671	\$0.0703	\$0.0735	\$0.0769	\$0.0727

1. Customer Charge COS also shows \$16.73/kW of demand costs which equates to \$120/month for the average 7 kW Small Commercial customer.

Small Commercial — Overall Average Total Bill Impact

Class-average monthly bill basis

- total bill = base rate + fuel + inside/outside-city surcharge + gross receipts tax + other*

Year	Avg. Total Monthly Bill	\$ Change	% Change
Current (FY 2026)	\$281.16	—	—
FY 2027	\$288.85	+\$7.69	+2.7%
FY 2028	\$296.89	+\$8.04	+2.8%
FY 2029	\$305.29	+\$8.40	+2.8%
FY 2030	\$314.05	+\$8.76	+2.9%
Cumulative change vs. current		+\$32.89	+11.7%

Average Annual Change

+2.8%

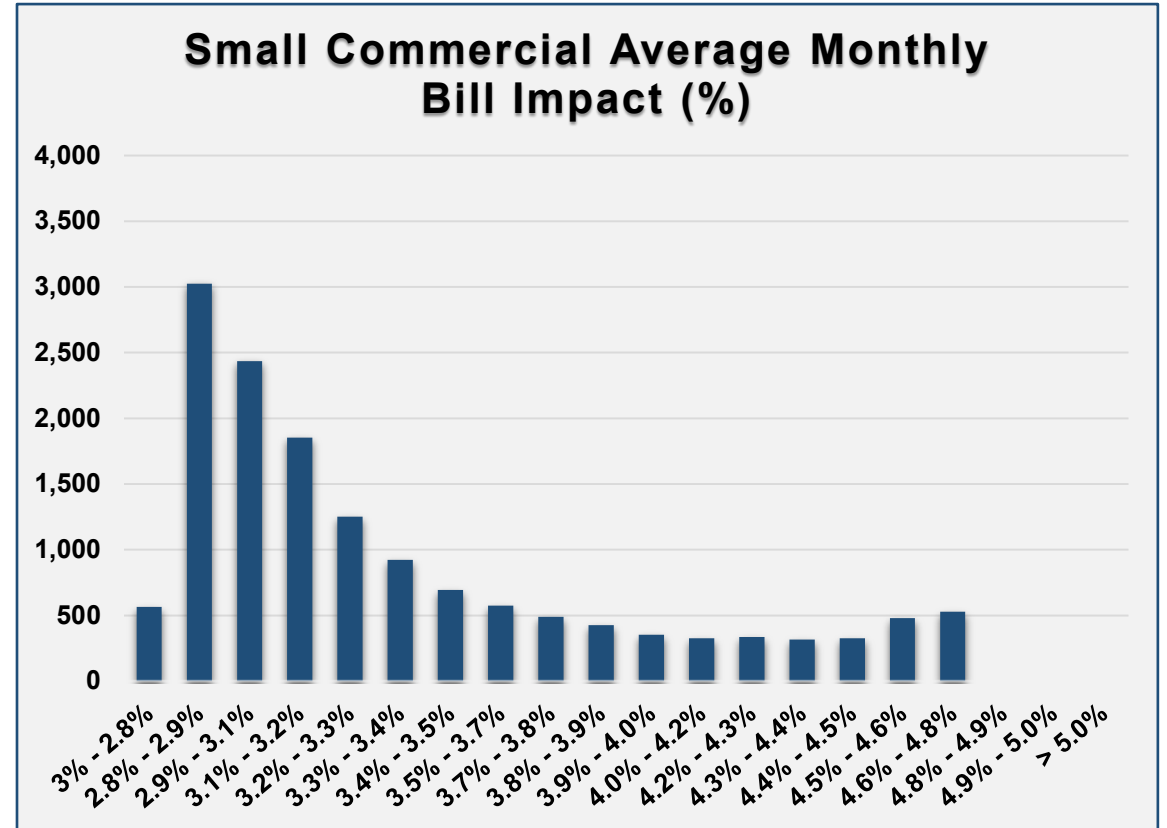
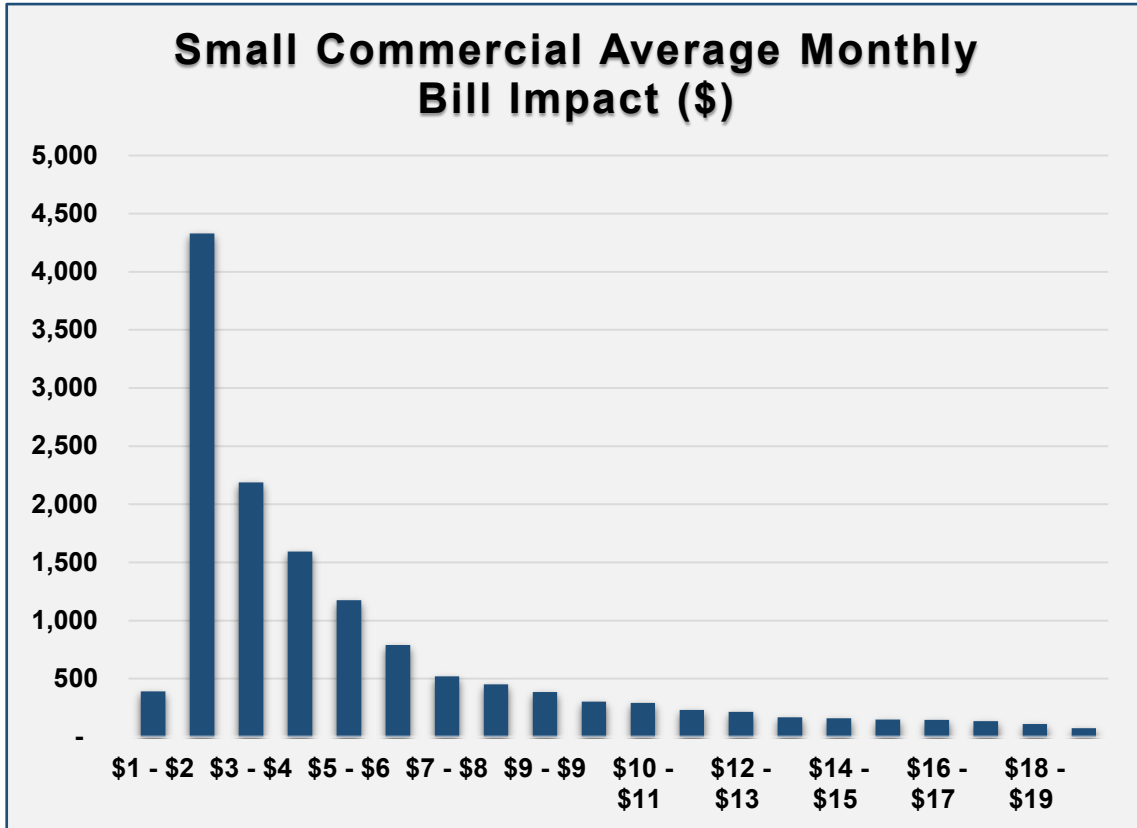
on the total bill

\$ 281.16 → \$314.05
per month



Small Commercial — Bill Impact Distribution Year 1 (FY 2027)

Distribution of bill change (Current → Year 1) across Small Commercial accounts.



Medium Commercial — GSD (General Service Demand)

Mid-size commercial and light-industrial accounts with metered demand. Customer + energy + demand structure; time-of-day option (GSX-2).

Accounts served: ≈ 1,186 GSD accounts (1,235 total Medium Commercial)

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030	COS
Customer Charge	\$/mo	\$58.25	\$62.50	\$66.00	\$70.00	\$75.00	\$71.95
GSD Energy Charge	\$/kWh	\$0.0211	\$0.0216	\$0.0222	\$0.0228	\$0.0232	\$0.0034
GSD Demand Charge	\$/kW	\$9.52	\$10.20	\$10.90	\$11.65	\$12.50	\$19.23
Average Rate	\$/kWh	\$0.0507	\$0.0533	\$0.0560	\$0.0589	\$0.0619	\$0.0581

Medium Commercial — Overall Average Total Bill Impact

Class-average monthly bill basis

• *total bill = base rate + fuel + inside/outside-city surcharge + gross receipts tax + other*

Year	Avg. Total Monthly Bill	\$ Change	% Change
Current (FY 2026)	\$3,898.85	—	—
FY 2027	\$4,005.94	+\$107.09	+2.7%
FY 2028	\$4,118.31	+\$112.37	+2.8%
FY 2029	\$4,236.22	+\$117.91	+2.9%
FY 2030	\$4,359.95	+\$123.73	+2.9%
Cumulative change vs. current		+\$461.10	+11.8%

Average Annual Change

+2.8%

on the total bill

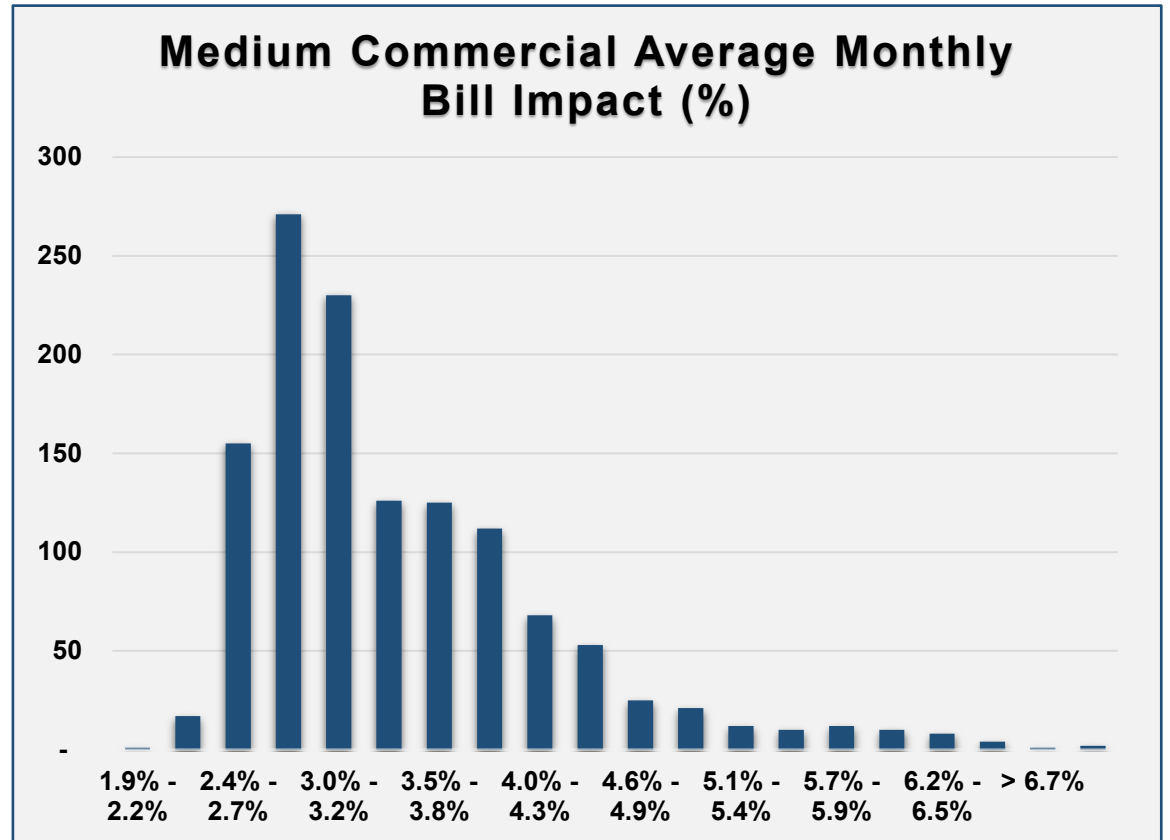
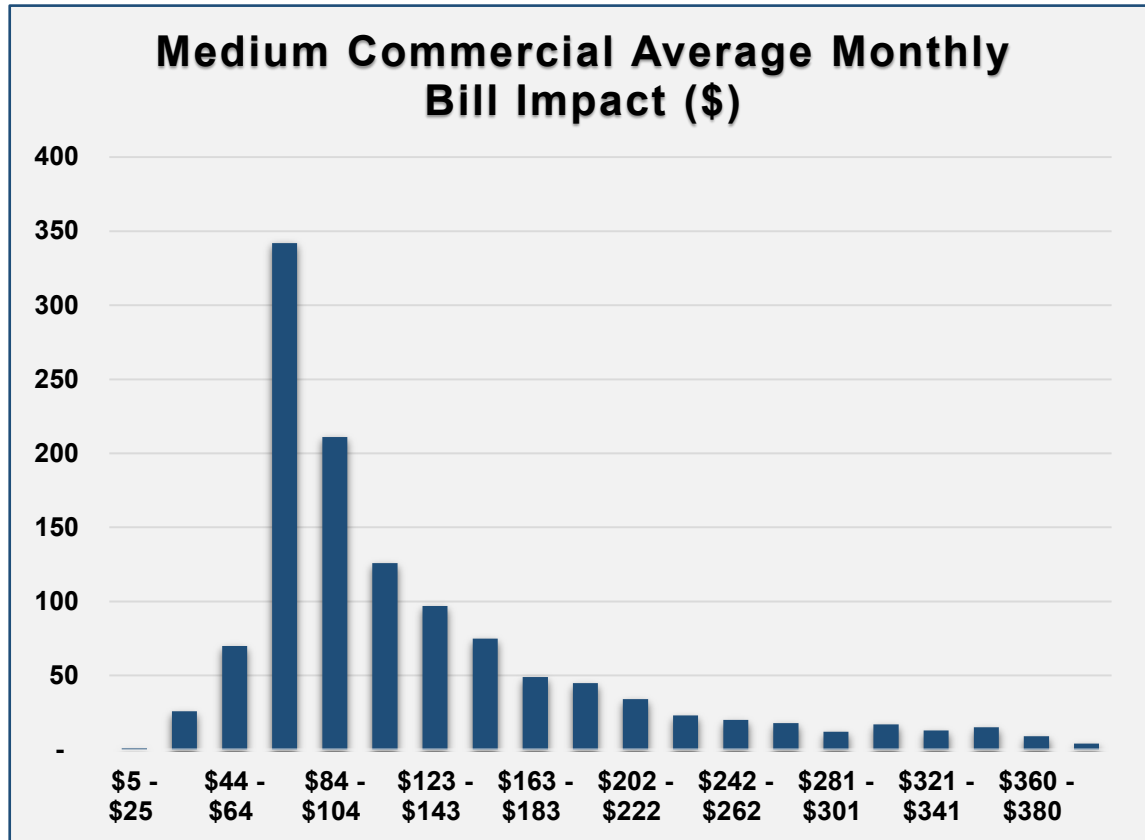
\$ 3,899 → \$4,360
per month

Demand charges are set by policy as discrete \$/kW steps (not driven by the energy escalator).



Medium Commercial — Bill Impact Distribution Year 1 (FY 2027)

Distribution of bill change (Current → Year 1) across Medium Commercial accounts.



Large Commercial — GSLD (General Service Large Demand)

Large commercial and industrial accounts. Low energy charge with a substantial demand charge; the class sits close to its cost of service today, so increases come mainly from demand-charge policy steps.

Accounts served: ≈ 67 GSLD accounts (93 total Large Commercial, incl. IS, ISX-1, GSX-3)

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030	COS
Customer Charge	\$/mo	\$557.00	\$590.00	\$605.00	\$625.00	\$650.00	\$192.83
GSLD Energy Charge	\$/kWh	\$0.0163	\$0.0164	\$0.0164	\$0.0165	\$0.0164	\$0.0034
GSLD Demand Charge	\$/kW	\$11.16	\$11.60	\$12.05	\$12.50	\$13.00	\$19.29
Average Rate	\$/kWh	\$0.0411	\$0.0421	\$0.0431	\$0.0441	\$0.0452	\$0.0446

Large Commercial — Overall Average Total Bill Impact

Class-average monthly bill basis

• *total bill = base rate + fuel + inside/outside-city surcharge + gross receipts tax + other*

Year	Avg. Total Monthly Bill	\$ Change	% Change
Current (FY 2026)	\$42,059	—	—
FY 2027	\$42,574	+\$515	+1.2%
FY 2028	\$43,078	+\$504	+1.2%
FY 2029	\$43,594	+\$516	+1.2%
FY 2030	\$44,121	+\$527	+1.2%
Cumulative change vs. current		+\$2,062	+4.9%

Average Annual Change

+1.2%

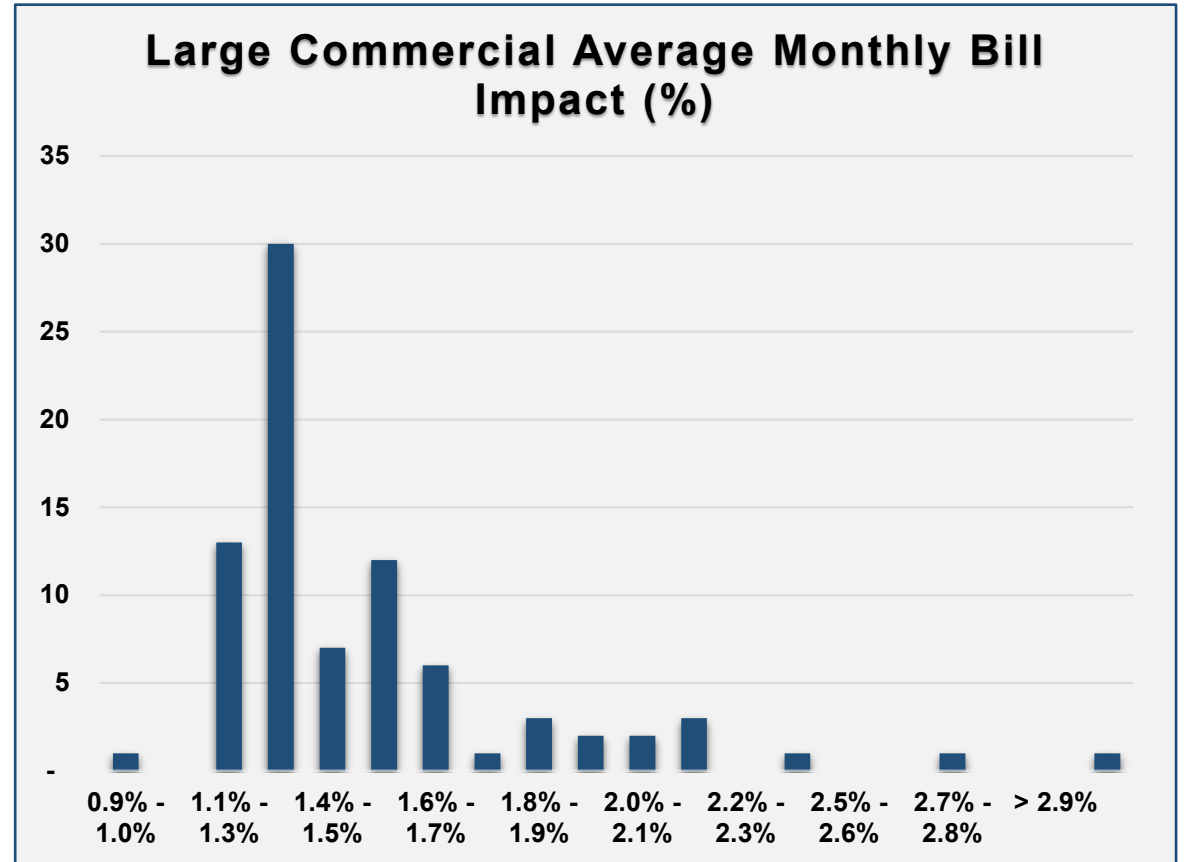
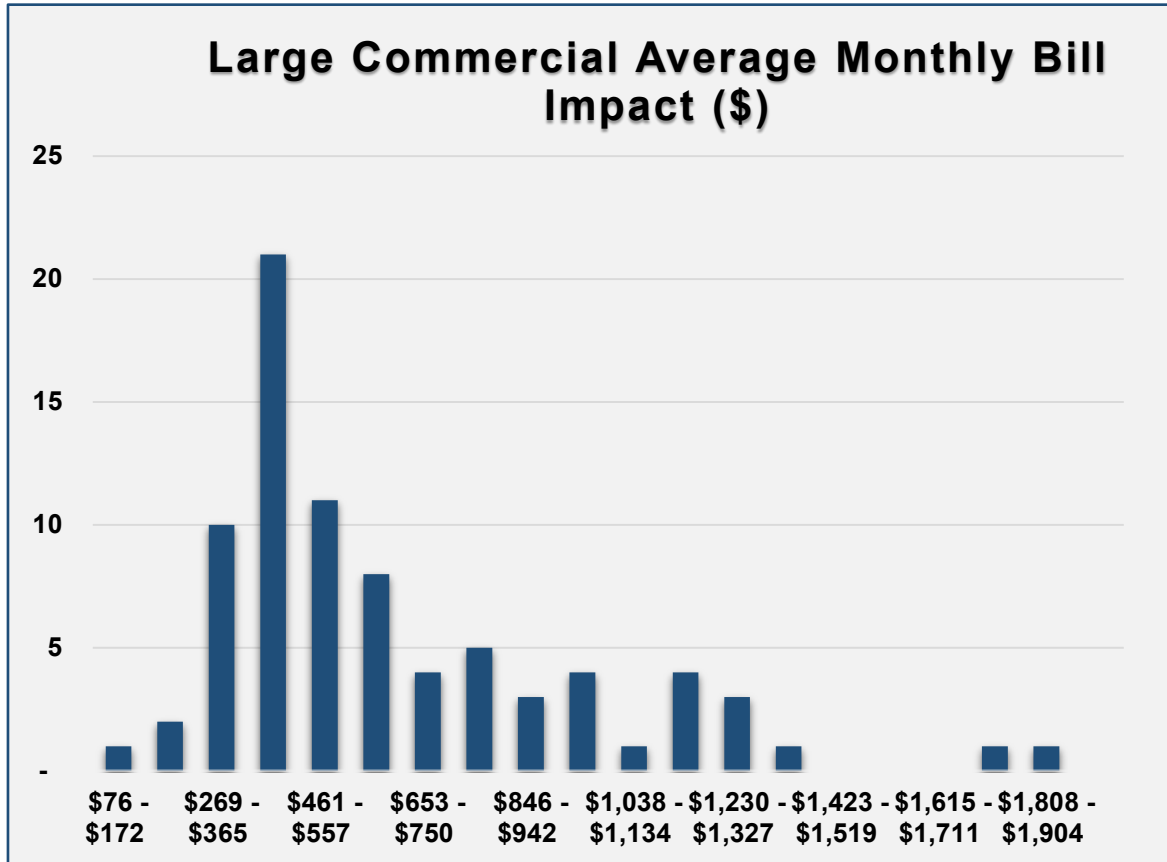
on the total bill

\$ 42,059 → \$44,121
per month



Large Commercial — Bill Impact Distribution Year 1 (FY 2027)

Distribution of bill change (Current → Year 1) across Large Commercial accounts.



Extra Large Commercial — ELDCX-1

Lakeland's largest accounts (each over 5 MW). Demand-dominated bills; the customer and demand charges already sit near cost of service, so the energy escalator is large in percentage terms but small in dollars.

Accounts served: 3 accounts (> 5 MW)

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030	COS
Customer Charge	\$/mo	\$557.00	\$615.00	\$650.00	\$700.00	\$750.00	\$441.76
On-Peak Energy	\$/kWh	\$0.0022	\$0.0028	\$0.0032	\$0.0037	\$0.0043	\$0.0033
Off-Peak Energy	\$/kWh	\$0.0022	\$0.0028	\$0.0032	\$0.0037	\$0.0043	\$0.0033
Demand Charge	\$/kW	\$12.13	\$12.15	\$12.20	\$12.25	\$12.25	\$12.14
Average Rate	\$/kWh	\$0.0220	\$0.0225	\$0.0231	\$0.0236	\$0.0242	\$0.0235

Extra Large Commercial — Overall Average Total Bill Impact

Class-average monthly bill basis

- total bill = base rate + fuel + inside/outside-city surcharge + gross receipts tax + other*

Year	Avg. Total Monthly Bill	\$ Change	% Change
Current (FY 2026)	\$363,636	—	—
FY 2027	\$366,735	+\$3,099	+0.8%
FY 2028	\$369,884	+\$3,149	+0.9%
FY 2029	\$373,105	+\$3,221	+0.9%
FY 2030	\$376,399	+\$3,294	+0.9%
Cumulative change vs. current		+\$12,763	+3.5%

Average Annual Change

+0.9%

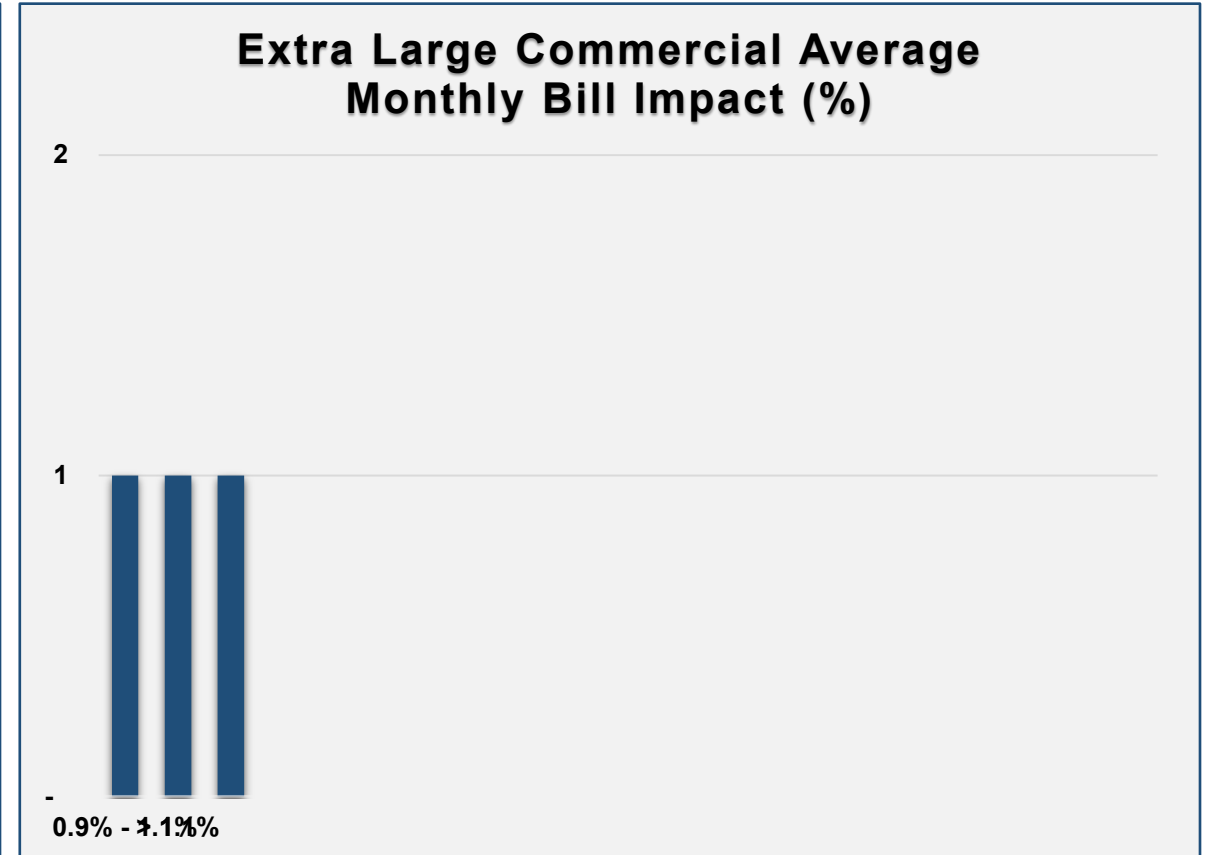
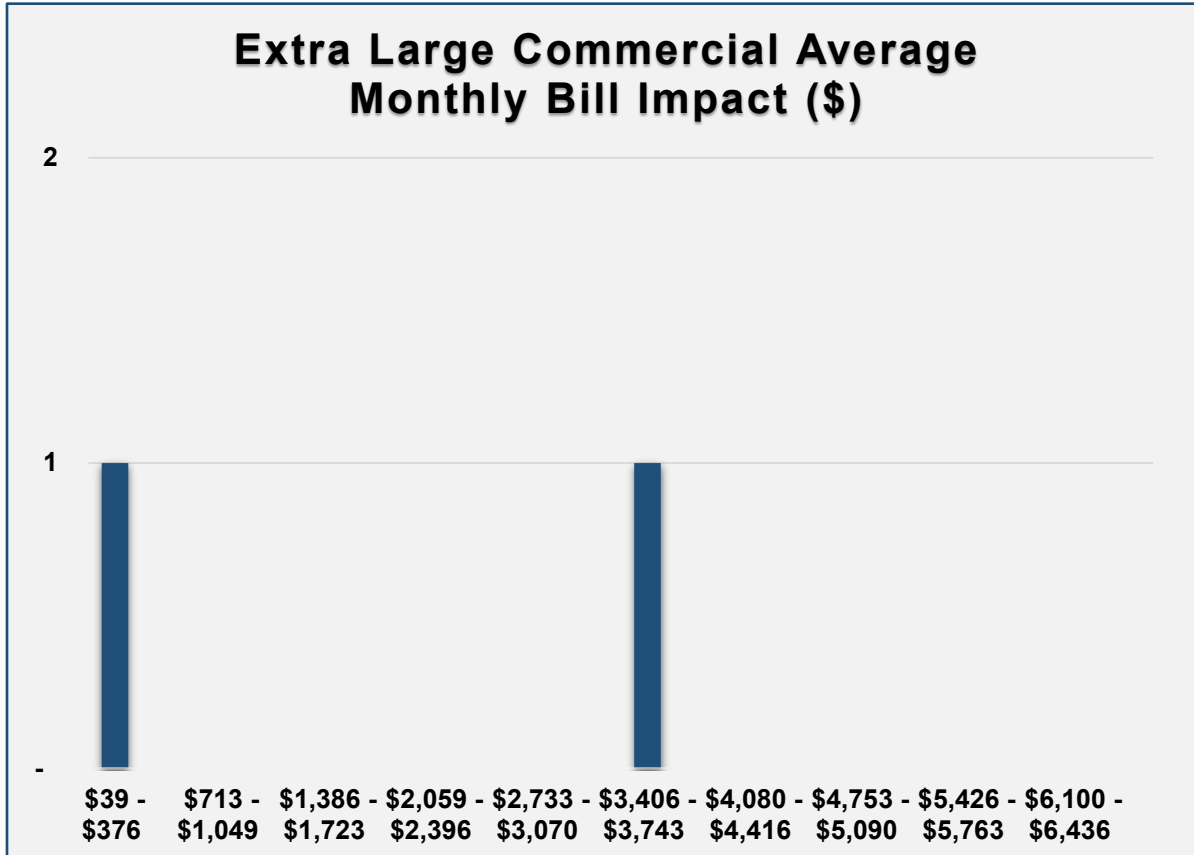
on the total bill

\$ 363,636 → \$376,399
per month



Extra Large Commercial — Bill Impact Distribution Year 1 (2027)

Distribution of bill change (Current → Year 1) across the 3 Extra Large accounts.

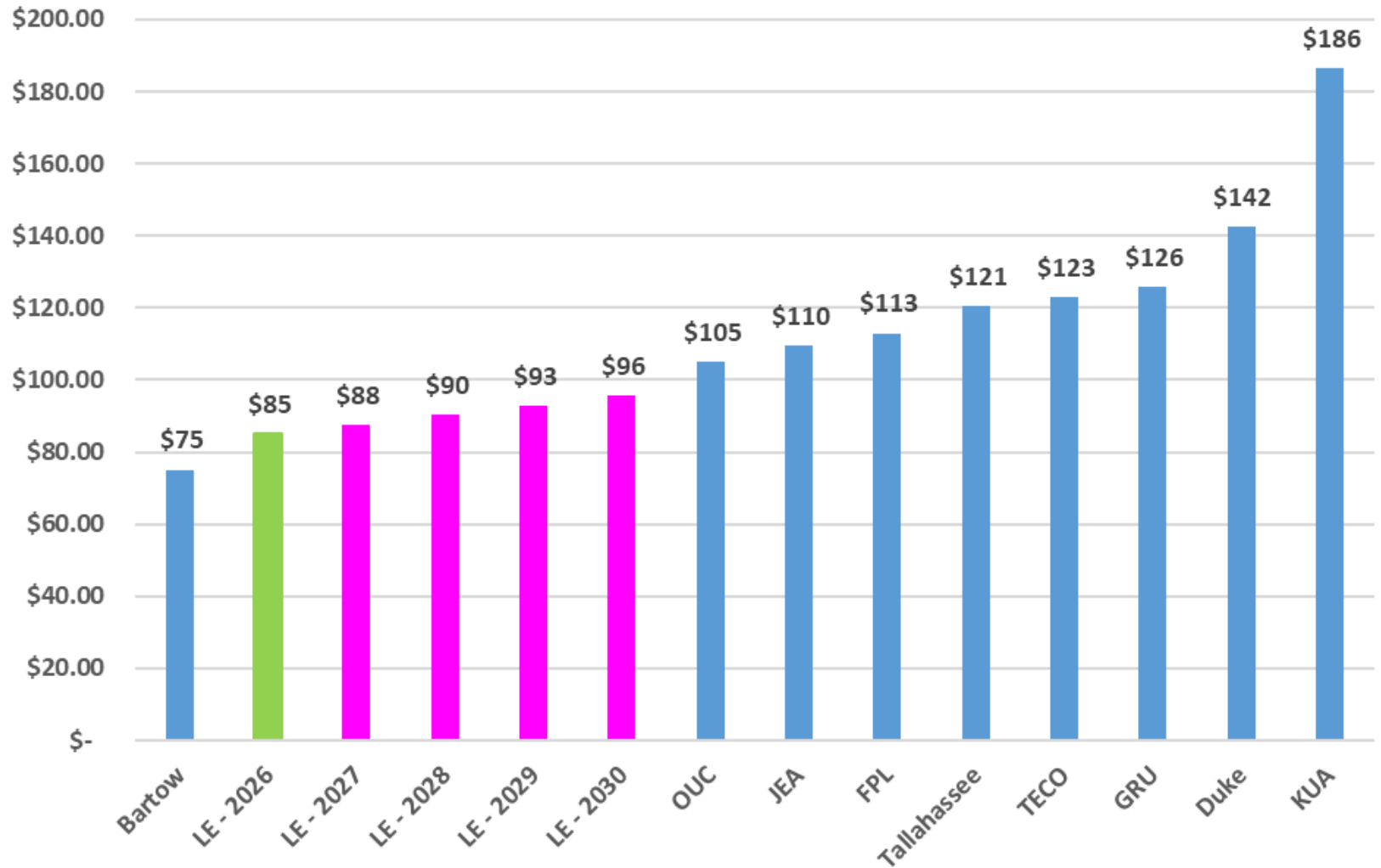


Rate Summary — All Representative Classes

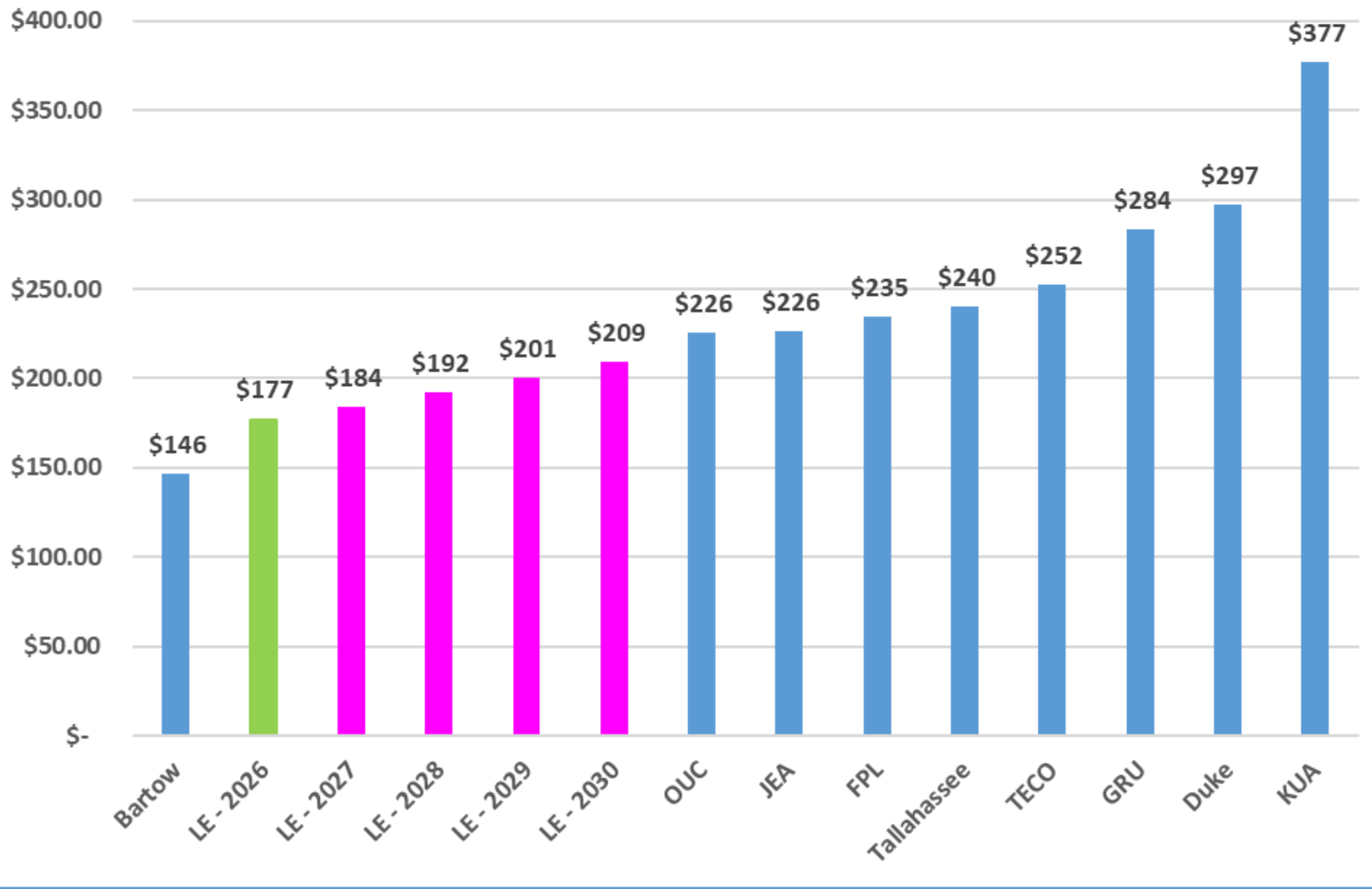
Class	Rate Code	Current Avg. Total Bill	FY 2030 Avg. Total Bill	Avg. Annual Total Bill Change	Avg. Annual Base Rate Change	FY 2030 Revenue as a % of COS
Residential	RS	\$145.86	\$160.13	+2.4%	3.68%	99%
Small Commercial	GS	\$281.16	\$314.05	+2.8%	4.65%	99%
Medium Commercial	GSD	\$3,898.85	\$4,359.95	+2.8%	5.16%	99%
Large Commercial	GSLD	\$42,059.05	\$44,120.90	+1.2%	2.42%	98%
Extra Large Commercial	ELDCX-1	\$363,635.94	\$376,399.29	+0.9%	2.50%	99%

Average annual change is the mean of the four phase-in steps in each class's average monthly total bill. 2030 revenue as a % of cost of service shows every class reaching full cost of service by FY 2030.

FMEA: Residential customer consuming 1,200 kWh per month Base rate only (excluding fuel) - April 2026



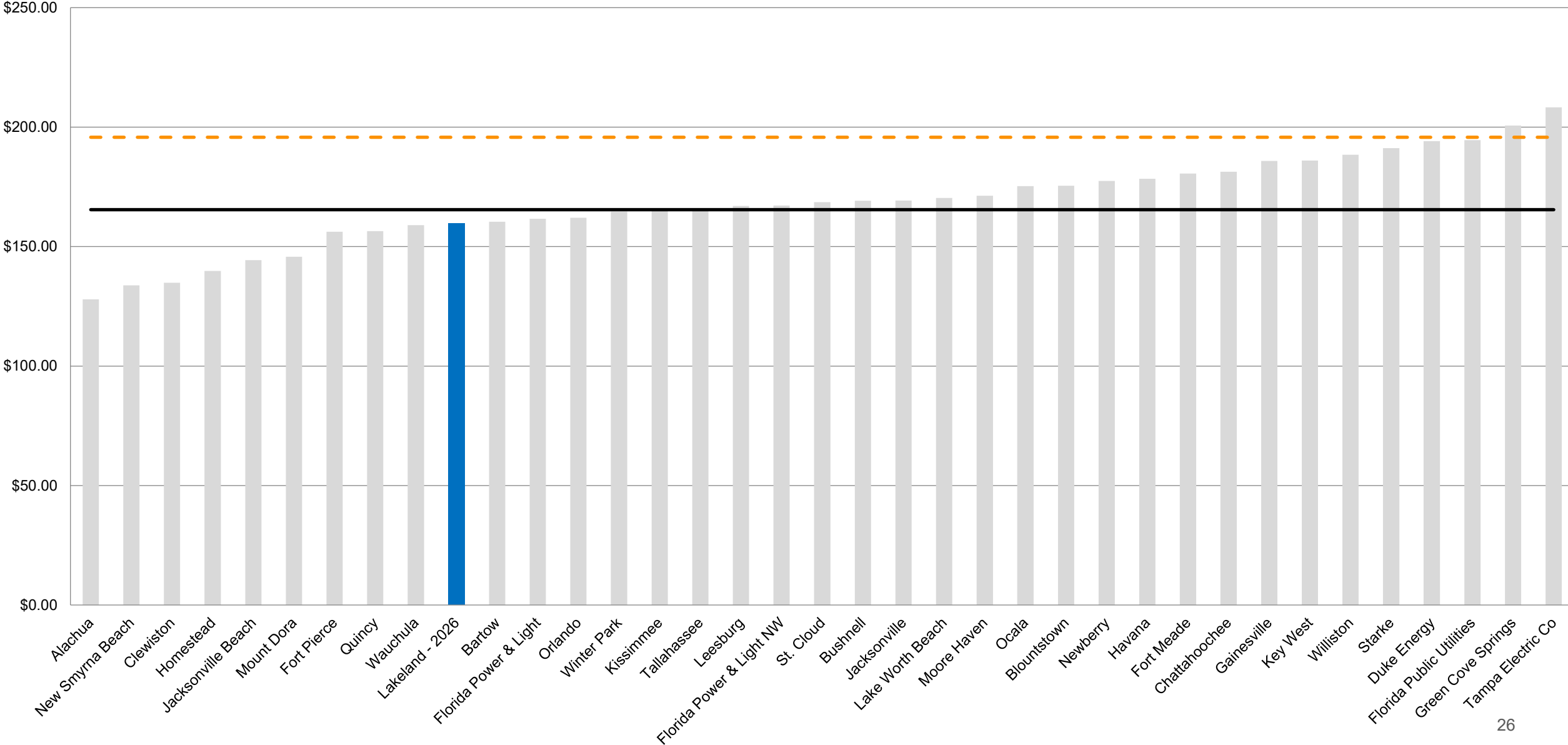
FMEA: Residential customer consuming 2,500 kWh per month Base rate only (excluding fuel) - April 2026



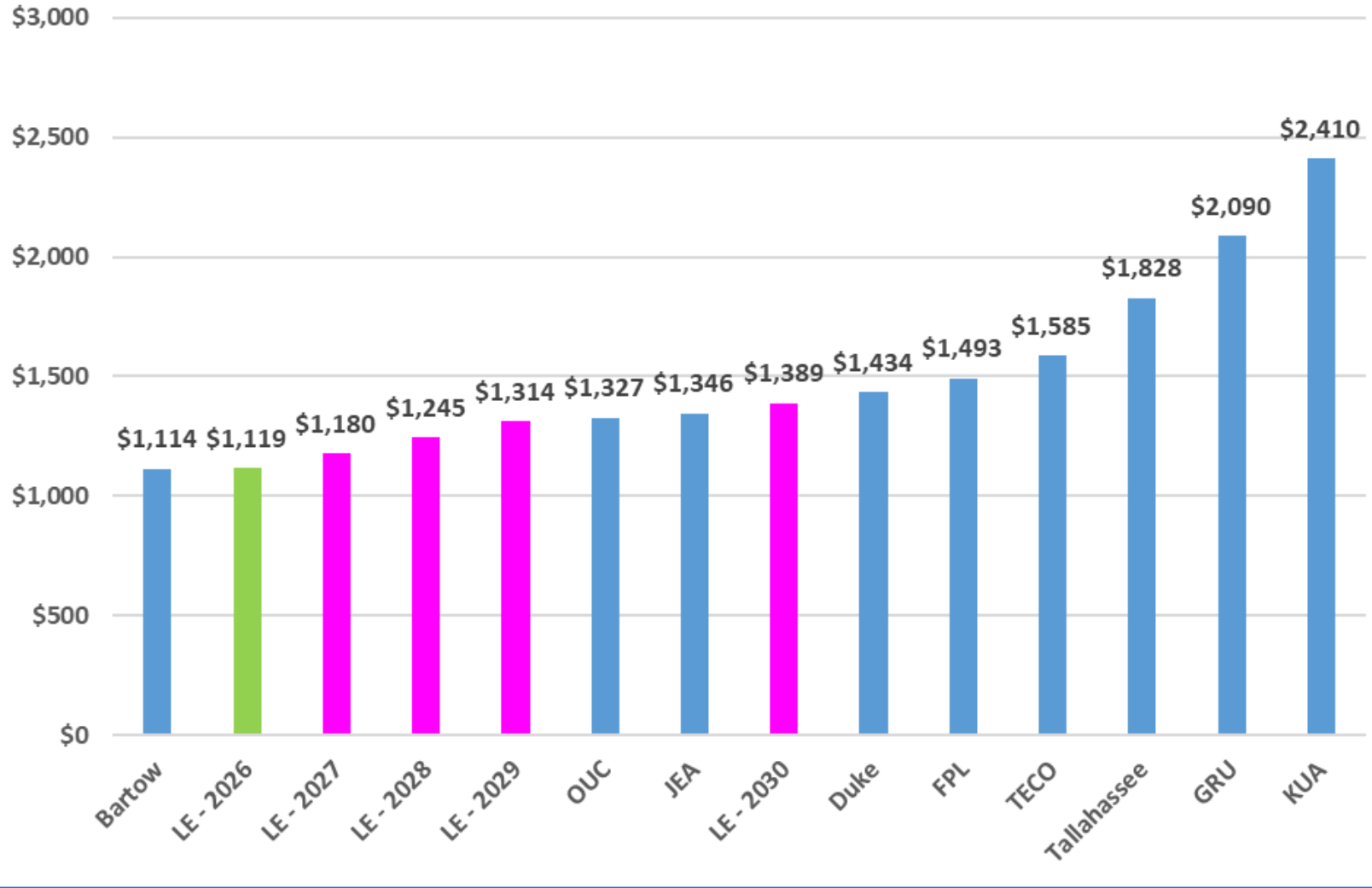
1,200 kWh Residential Bill Comparison: April 2026

Florida Municipals & IOUs, Lowest to Highest

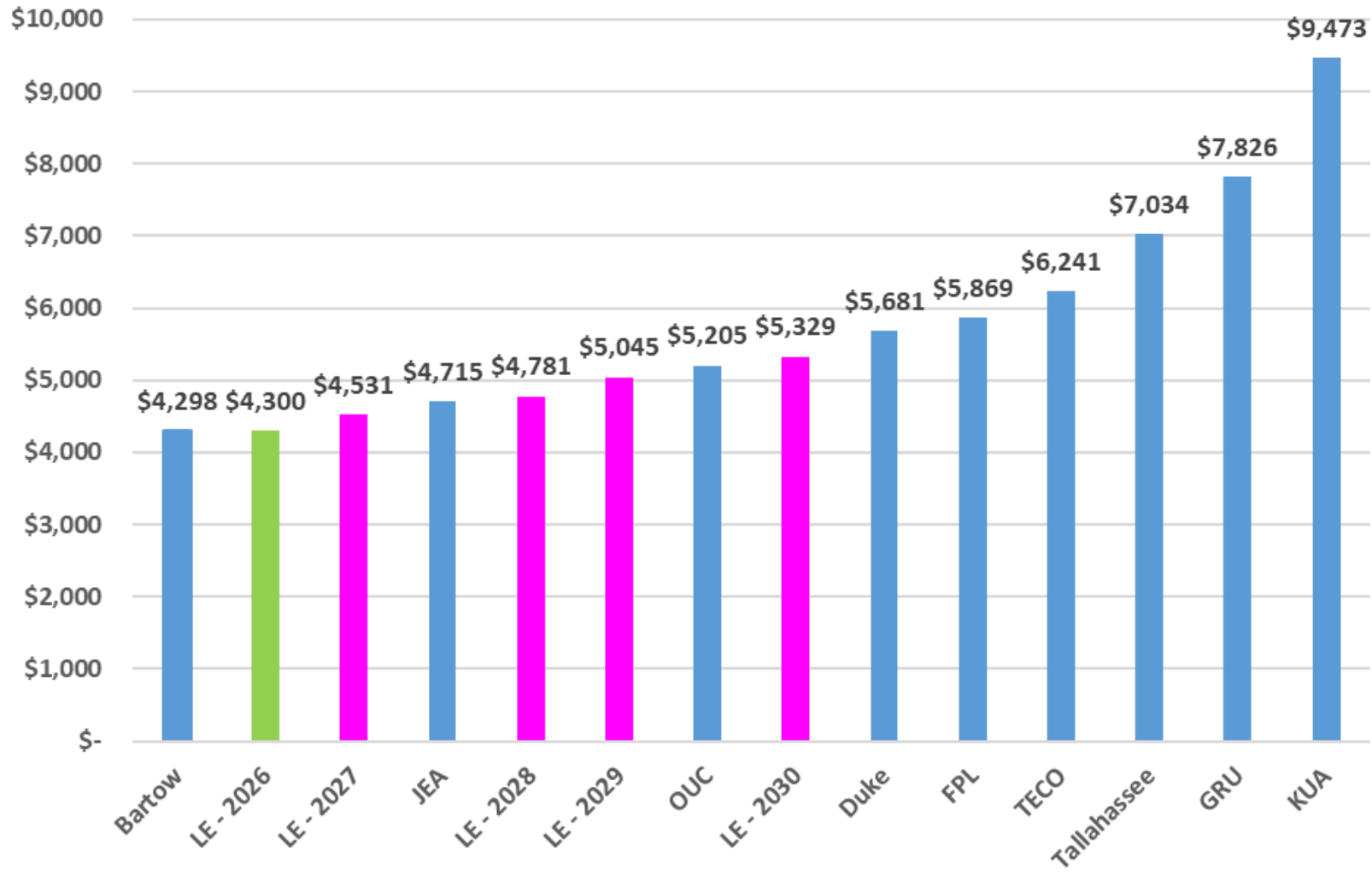
Total Bill
 Municipal Average = \$166.01
 IOU Average = \$193.91



FMEA: Commercial/Industrial Customer consuming 75 KW & 15,000 kWh per month (Base Rate only) - April 2026



FMEA: Commercial/Industrial Customer consuming 300 KW & 60,000 kWh per month (Base Rate only) - April 2026



Management Recommendation and Timelines for Next Steps

Management Recommendation

Management recommend the proposed rate design for approval today by the Utility Committee (UC) so that the Rate Ordinance can be drafted accordingly.

Next Steps

Date	Milestone	Detail
Jun–Jul 2026	Rate Ordinance	NewGen and Lakeland Electric draft the Rate Ordinance
Jul 6, 2026	City Commission	First reading
Jul 20, 2026	City Commission	Second reading
FY 2027	Implementation of new rates	First rate phase effective from October 1, 2026
FY 2027	Cost-of-service for lighting	Present recommendation to UC in July 2027





QUESTIONS



Appendix

Detailed Rate Tables & References

Appendix — Residential Rate Schedules

All residential schedules: RS (flat), RSX-1 (time-of-use), RD (demand).

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030
RS — Flat Rate						
Customer Charge	\$/mo	\$14.45	\$15.25	\$16.00	\$16.75	\$17.50
Tier 1 Energy (2% step)	\$/kWh	\$0.0556	\$0.0567	\$0.0579	\$0.0590	\$0.0602
Tier 2 Energy	\$/kWh	\$0.0635	\$0.0670	\$0.0708	\$0.0748	\$0.0790
Tier 3 Energy	\$/kWh	\$0.0703	\$0.0741	\$0.0783	\$0.0827	\$0.0874
RSX-1 — Time-of-Use						
Customer Charge	\$/mo	\$14.45	\$15.25	\$16.00	\$16.75	\$17.50
On-Peak Energy	\$/kWh	\$0.1414	\$0.1491	\$0.1575	\$0.1664	\$0.1758
Off-Peak Energy	\$/kWh	\$0.0159	\$0.0168	\$0.0177	\$0.0187	\$0.0198
RD — Residential Demand						
Customer Charge	\$/mo	\$14.45	\$15.25	\$16.00	\$16.75	\$17.50
Demand Charge	\$/kW	\$6.69	\$7.05	\$7.45	\$7.87	\$8.32
Energy Charge	\$/kWh	\$0.0267	\$0.0282	\$0.0298	\$0.0315	\$0.0332



*A 10% outside-city surcharge and FL Gross Receipts Tax (2.564%) apply per existing tariff.
Source: Rate Design Model, Residential tab.*

Appendix — Small Commercial Rate Schedules

Schedules: GS (general service), GSB (ballpark), GSBD (business demand), GSX-1 (time-of-day).

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030
GS — General Service						
Customer Charge	\$/mo	\$16.50	\$17.25	\$18.00	\$19.00	\$20.00
Energy Charge	\$/kWh	\$0.0551	\$0.0577	\$0.0605	\$0.0632	\$0.0660
GSB — General Service Ball Park						
Customer Charge	\$/mo	\$16.50	\$17.25	\$18.00	\$19.00	\$20.00
Energy Charge	\$/kWh	\$0.0649	\$0.0680	\$0.0712	\$0.0744	\$0.0778
GSBD — General Service Business Demand						
Customer Charge	\$/mo	\$16.50	\$17.25	\$18.00	\$19.00	\$20.00
Demand Charge	\$/kW	\$6.81	\$7.13	\$7.47	\$7.80	\$8.16
Energy Charge	\$/kWh	\$0.0257	\$0.0270	\$0.0282	\$0.0295	\$0.0308
GSX-1 — General Service Time-of-Day						
Customer Charge	\$/mo	\$16.50	\$17.25	\$18.00	\$19.00	\$20.00
On-Peak Energy	\$/kWh	\$0.1390	\$0.1455	\$0.1524	\$0.1593	\$0.1665
Off-Peak Energy	\$/kWh	\$0.0171	\$0.0179	\$0.0187	\$0.0196	\$0.0205



Source: Rate Design Model, Small Commercial tab.

Appendix — Medium Commercial Rate Schedules

Schedules: GSD (general service demand), GSX-2 (general service demand, time-of-day).

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030
GSD — General Service Demand						
Customer Charge	\$/mo	\$58.25	\$62.50	\$66.00	\$70.00	\$75.00
Energy Charge	\$/kWh	\$0.0211	\$0.0216	\$0.0222	\$0.0228	\$0.0232
Demand Charge	\$/kW	\$9.52	\$10.20	\$10.90	\$11.65	\$12.50
GSX-2 — GSD Time-of-Day						
Customer Charge	\$/mo	\$58.25	\$62.50	\$66.00	\$70.00	\$75.00
On-Peak Energy	\$/kWh	\$0.0505	\$0.0517	\$0.0532	\$0.0546	\$0.0556
Off-Peak Energy	\$/kWh	\$0.0059	\$0.0061	\$0.0062	\$0.0064	\$0.0065
Demand Charge	\$/kW	\$9.52	\$10.20	\$10.90	\$11.65	\$12.50



Source: Rate Design Model, Medium Commercial tab.

Appendix — Large Commercial Rate Schedules

Schedules: IS, ISX-1, GSLD (general service large demand), GSX-3.

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030
IS						
Customer Charge	\$/mo	\$557	\$590	\$605	\$625	\$650
Energy Charge	\$/kWh	\$0.0163	\$0.0164	\$0.0164	\$0.0165	\$0.0164
Demand Charge	\$/kW	\$11.16	\$11.60	\$12.05	\$12.50	\$13.00
GSLD — General Service Large Demand						
Customer Charge	\$/mo	\$557	\$590	\$605	\$625	\$650
Energy Charge	\$/kWh	\$0.0163	\$0.0164	\$0.0164	\$0.0165	\$0.0164
Demand Charge	\$/kW	\$11.16	\$11.60	\$12.05	\$12.50	\$13.00
GSX-3 — Large Service Time-of-Day						
Customer Charge	\$/mo	\$557	\$590	\$605	\$625	\$650
On-Peak Energy	\$/kWh	\$0.0358	\$0.0359	\$0.0360	\$0.0361	\$0.0360
Off-Peak Energy	\$/kWh	\$0.0069	\$0.0069	\$0.0069	\$0.0069	\$0.0069
Demand Charge	\$/kW	\$11.16	\$11.60	\$12.05	\$12.50	\$13.00



*ISX-1 (time-of-use) shares the same customer / demand schedule.
Source: Rate Design Model, Large Commercial tab.*

Appendix — Extra Large Commercial Rate Schedules

Schedules: ELDCX-1 and ELDC.

Component	Unit	Current	FY 2027	FY 2028	FY 2029	FY 2030
ELDCX-1						
Customer Charge	\$/mo	\$557	\$615	\$650	\$700	\$750
On-Peak Energy	\$/kWh	\$0.0022	\$0.0028	\$0.0032	\$0.0037	\$0.0043
Off-Peak Energy	\$/kWh	\$0.0022	\$0.0028	\$0.0032	\$0.0037	\$0.0043
Demand Charge	\$/kW	\$12.13	\$12.15	\$12.20	\$12.25	\$12.25
ELDC (no active accounts in test year)						
Customer Charge	\$/mo	\$557	\$615	\$650	\$700	\$750
Energy Charge	\$/kWh	\$0.0022	\$0.0028	\$0.0032	\$0.0037	\$0.0043
Demand Charge	\$/kW	\$12.13	\$12.15	\$12.20	\$12.25	\$12.25



*3 active ELDCX-1 accounts (> 5 MW) in the test year.
Source: Rate Design Model, Extra Large Commercial tab.*