



Business Impact Estimate

This form should be included in agenda packet for the item under which the proposed ordinance is to be considered, and must be posted on the City's website by the time notice of the proposed ordinance is published.

Proposed ordinance's title/reference: Proposed ordinance's title/reference:

AN ORDINANCE RELATING TO THE ELECTRIC UTILITY; PROVIDING FOR AVAILABILITY OF SERVICE AND CONDITIONS THEREOF; ESTABLISHING RATE CLASSIFICATIONS; ESTABLISHING RATES FOR ELECTRIC SERVICE BY THE CITY OF LAKELAND; ESTABLISHING A SURCHARGE FOR CUSTOMERS RECEIVING SERVICE OUTSIDE THE CORPORATE LIMITS OF THE CITY OF LAKELAND; REMOVING AN OBSOLETE RATE CLASSIFICATION FOR FIRM STANDBY AND SUPPLEMENTAL ELECTRIC SERVICE; ESTABLISHING GENERAL PROVISIONS; ESTABLISHING A METHODOLOGY TO IMPOSE A FUEL CHARGE; PROVIDING RATES AND GENERAL PROVISIONS FOR PRIVATE AREA LIGHTING; PROVIDING FOR AN ENVIRONMENTAL COMPLIANCE COST CHARGE; ; PROVIDING GENERAL PROVISIONS OF MEDICALLY ESSENTIAL SERVICE FOR RESIDENTIAL CUSTOMERS; ESTABLISHING A DEMAND CHARGE FOR CUSTOMERS WITH SOLAR SYSTEMS AFTER JANUARY 1, 2026; PROVIDING AN ECONOMIC DEVELOPMENT RIDER FOR QUALIFIED CUSTOMERS; REMOVING THE EXPIRED RATE FOR SMART GRID IMPLEMENTATION; PROVIDING RATES FOR MISCELLANEOUS FEES AND CHARGES; ESTABLISHING A RATE INCREASE SUFFICIENT TO SUSTAIN A FINANCIALLY SELF-SUPPORTING ELECTRIC UTILITY; REPEALING ORDINANCE 6061 AND 6089; PROVIDING DEFINITIONS; MAKING FINDINGS; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

This Business Impact Estimate is provided in accordance with Section 166.041(4), Florida Statutes. If one or more of the boxes are checked below, the checked exception(s) to the Business Impact Estimate requirement apply to the above-referenced proposed ordinance, although, the City is implementing the procedure otherwise required by law to ensure that no inadvertent procedural issue could impact the enactment of the proposed ordinance.

- The proposed ordinance is required for compliance with Federal or State law or regulation;
- The proposed ordinance relates to the issuance or refinancing of debt;
- The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant, or other financial assistance accepted by the local government;
- The proposed ordinance is an emergency ordinance;
- The ordinance relates to procurement; or
- The proposed ordinance is enacted to implement the following:

- a. Part II of Chapter 163, *Florida Statutes*, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
- b. Sections 190.005 and 190.046, *Florida Statutes*, regarding community development districts;
- c. Section 553.73, *Florida Statutes*, relating to the *Florida Building Code*; or
- d. Section 633.202, *Florida Statutes*, relating to the *Florida Fire Prevention Code*.

In accordance with the provisions of controlling law, even notwithstanding the fact that, an exemption noted above may apply, the City hereby publishes the following information:

1. Summary of the proposed ordinance (must include statement of the public purpose, such as serving the public health, safety, morals, and welfare):

The purpose and intent of proposed Ordinance 26-021 (“Ordinance”), which repeals ordinances 6061 and 6089, is to provide for availability of service, conditions of service and establish rates for electric service provided by the City of Lakeland, on behalf of its municipal utility, Lakeland Electric, over the next four (4) fiscal years, beginning October 1st of each year (2026, 2027, 2028, 2029) in order to sufficiently sustain a financially self-supporting electric utility. The establishment of new rates for electric service has been determined to be in the best interest of the City and Lakeland Electric’s customers in order to maintain necessary generating capacity and comply with the requirements of bond ordinances of the City. In addition, this Ordinance removes the obsolete rate classification for firm standby and supplemental electric service, as well as removes the expired rate for Smart Grid implementation.

2. Estimate of direct economic impact of the proposed ordinance on private, for-profit businesses in the City:

This proposed Ordinance establishing new rates is the result of a Rate Case Study completed by Lakeland Electric and its consultant NewGen Strategies & Solutions, LLC. The Rate Study included a cost of service study that compared Lakeland Electric’s current revenue produced by base rates, which revealed a revenue deficiency since all Lakeland Electric customer rate classes were not fulfilling their cost to serve. In order to address the revenue deficiency, an overall annual increase of 3.75% in base rates was proposed to maintain Lakeland Electric’s operations. In order for each rate class to reach as close to 100% of their cost to serve, a phased-in approach was used to establish base rate increases for all rate classes (including residential customers). The chart below shows the recommended increases for all customer classes in Lakeland Electric’s service territory.

Effective Date:	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Customer Class:				
Residential	3.69%	3.68%	3.67%	3.66%
Small Commercial	4.66%	4.65%	4.64%	4.63%
Medium Commercial	5.17%	5.16%	5.15%	5.14%
Large Commercial	2.43%	2.42%	2.41%	2.41%
Extra Large Commercial	2.51%	2.50%	2.50%	2.49%
Lighting	0.00%	0.00%	0.00%	0.00%

3. Estimate of direct compliance costs that businesses may reasonably incur:

This is an indeterminant amount, as each customer is on a distinct rate and uses electricity in unique patterns.

4. Any new charge or fee imposed by the proposed ordinance:

The ordinance provides for base rate increases in all classes including the Customer Charge, Energy Charge (¢ per kWh), and Demand Charge (\$ per kW of billing demand). The fee schedule remains the same for Private Area and Outdoor lighting, as well as Miscellaneous Electric Service Charges.

5. Estimate of the City’s regulatory costs, including estimated revenues from any new charges or fees to cover such costs:

The City does not anticipate any additional regulatory costs as a result of this Ordinance. The total estimated revenues from all base rate increases proposed are as follows:

	Fiscal Year (Oct. 1 – Sept. 30)			
	2026-2027	2027-2028	2028-2029	2029-2030
Total Estimated Revenues	\$223,479,000	\$234,336,000	\$245,693,000	\$257,699,000
Residential	\$135,515,000	\$142,373,000	\$143,613,000	\$127,255,000
Small Commercial	\$ 21,347,000	\$ 22,339,000	\$ 23,376,000	\$ 24,459,000
Medium Commercial	\$ 31,507,000	\$ 33,132,000	\$ 34,838,000	\$ 36,627,000
Large Commercial	\$ 22,657,000	\$ 23,205,000	\$23,765,000	\$ 24,338,000
Extra Large Commercial	\$ 4,414,000	\$ 4,524,000	\$ 4,637,000	\$ 4,753,000
Lighting	\$ 8,038,000	\$ 8,763,000	\$ 9,464,000	\$ 10,267,000

6. Good faith estimate of the number of businesses likely to be impacted by the proposed ordinance:

For the purposes of the rate study, the following commercial customer counts were used to determine the cost of service and revenue produced from base rates, each class will be affected as stated above:

Customer Class	Customer Count
Small Commercial	14,123
Medium Commercial	1,251
Large Commercial	85
Extra Large Commercial	2

7. Additional information:

Lakeland Electric strives to provide affordable, reliable and sustainable electric services to its customers. As an enterprise fund of the City, Lakeland Electric operates on user fees rather than on general tax revenue, to ensure financial stability and self-sufficiency. Accordingly, the City periodically conducts rate studies to ensure Lakeland Electric is fiscally reliable for the future. The rate study is performed by an outside consultant that is procured by the City, in conjunction with Lakeland Electric’s support, which allows for a fair and unbiased view of its operations. The methods of a rate study are standard across the electric utility industry and are composed of several steps, which include: Determining the Revenue Requirement; Cost Allocation; and Rate Design. The rate design process was presented to the City’s Utility Committee in four (4) separate public meetings explaining the process and the results of each phase of the rate study. The Utility Committee voted to approve the rate design on June 12, 2026, and directed City staff to draft the proposed Ordinance for final adoption on July 20, 2026. The effective date for implementation of the new rates, which will impact both residential and commercial customers, will be October 1, 2026.