



TRAVERSE CITY  
**LIGHT & POWER**

# RATE ADJUSTMENT

PRESENTED BY:

Chief Financial Officer  
Karla Myers-Beman



[www.tclp.org](http://www.tclp.org)

# STRATEGIC FOUNDATION

## MISSION

To serve as the trusted community partner for delivering innovative, affordable, reliable and environmentally sustainable energy and telecom solutions.

## VISION

Our vision is to lead with positivity, creating a brighter future for all. As an innovative electric and telecom utility, we harness the power of clean energy and fiber connectivity through sustainable partnerships, services, and programs. We enrich our communities by anticipating and exceeding evolving customer needs with operational excellence.

# STRATEGIC PRIORITY

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## Operational & Financial Excellence

Drive excellence and resilience in energy and telcom operations with innovative technologies and practices, prioritizing safety, reliability, and responsiveness to TCLP customers. Bolster TCLP's financial resilience by strategically diversifying revenue streams and enhancing financial management practices.

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- | **02** Affordability
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# RECOMMENDATION

5% electric base rate adjustment effective October 1, 2026

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- ➔ 2022 cost of service study
- ➔ FY 2027/28 cost of service study
- ➔ Simple and clear for all customers

# WHY BASE RATE ADJUSTMENT?

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**Maintain Reliability & Advance Sustainability** - Invest in grid modernization, demand response, customer programs, and aging infrastructure before costs increase further. Cost Context: CPI: 2.9% (2024) | 2.7% (2025)

**Support strategic growth** - Build the capacity needed to deliver strategic priorities.

**Prepare for future needs** - Plan and invest now to support emerging needs and reduce future rate pressure.



# KEEPING THE RATE AS LOW AS POSSIBLE INCREASE

- Implemented time-of-use rates to shift demand away from peak periods
- Prioritized capital spending
- Maintained strong financial policies
- Pursued grants and low-cost financing
- Strengthened strategic capital planning
- Improved operational efficiencies

# THE IMPACT OF DELAYING A RATE ADJUSTMENT

- Deferred infrastructure improvements
- Higher borrowing costs
- Reduced available cash, limiting flexibility to manage climate-related impacts
- Larger future rate increases
- Less financial liquidity during emergencies
- Higher long-term costs

# AFFORDABILITY

## Low-Income Assistance Program

***Administered in-house by TCLP in partnership with the Salvation Army beginning in October 2026.***

### Eligibility is based on:

- Family size
- Household income

### If customers are not eligible, refer them to:

- Father Fred Foundation
- Other Salvation Army programs
- Commission on Aging
- Child and Family Services
- Northern Michigan Community Action Agency
- Love INC

# ADDITIONAL ASSISTANCE

## Customer Cares Program

**This program supports customers who are:**

- Asset-limited
- Income-constrained
- Employed but do not meet LIEAF income guidelines

*Implementation planned Q3 Fiscal Year 2026/27*



# ENERGY BURDEN

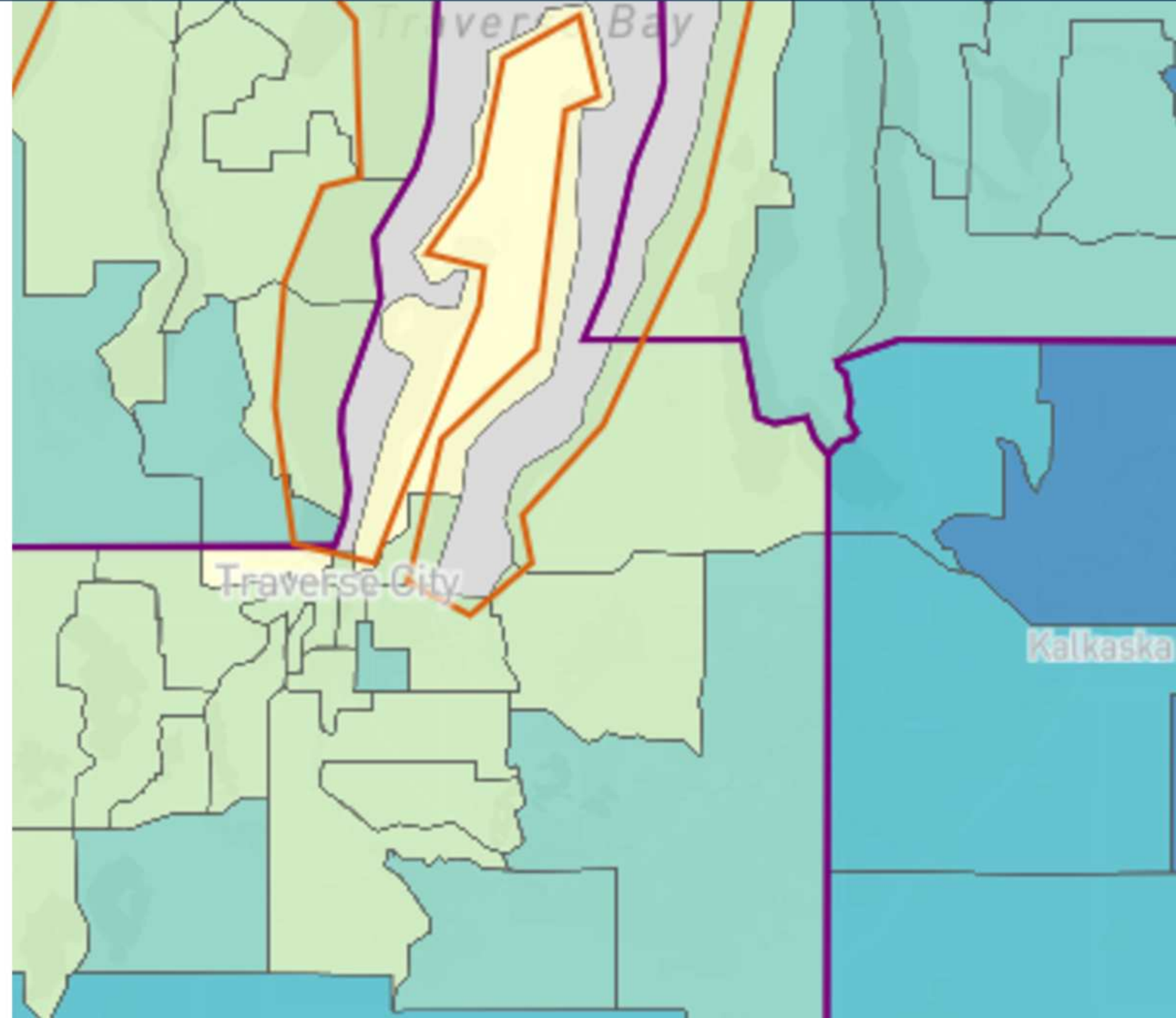
## Department of Energy Benchmark

Energy burden includes electricity, home heating, and transportation costs.

Lower-income households generally experience a higher energy burden.

A household is considered to have a high energy burden when more than **6%** of income is spent on energy costs.

TCLP Service territory:  
**1–3% range**



# ENERGY BILL REDUCTION OPPORTUNITIES

## ENERGY EFFICIENCY IMPROVEMENTS

### Incentive Programs

- Residential, Commercial and Industrial

### Financing Options

- Residential On-bill
- Commercial/Industrial - Michigan Saves

## DEMAND RESPONSE PROGRAMS

### Time of Use Rates

- Residential, Commercial and Industrial

### Voltus Program

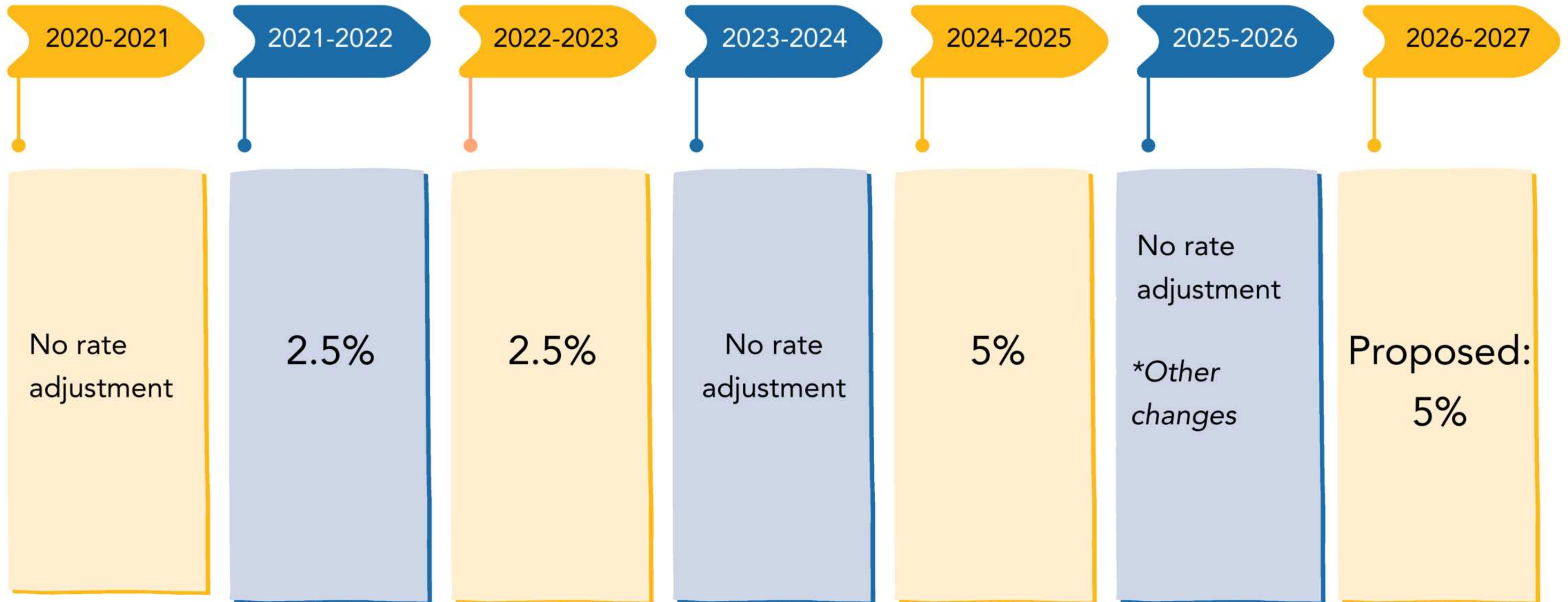
- Commercial/Industrial customers can earn incentives by reducing usage during peak demand.

## ELECTRIFICATION

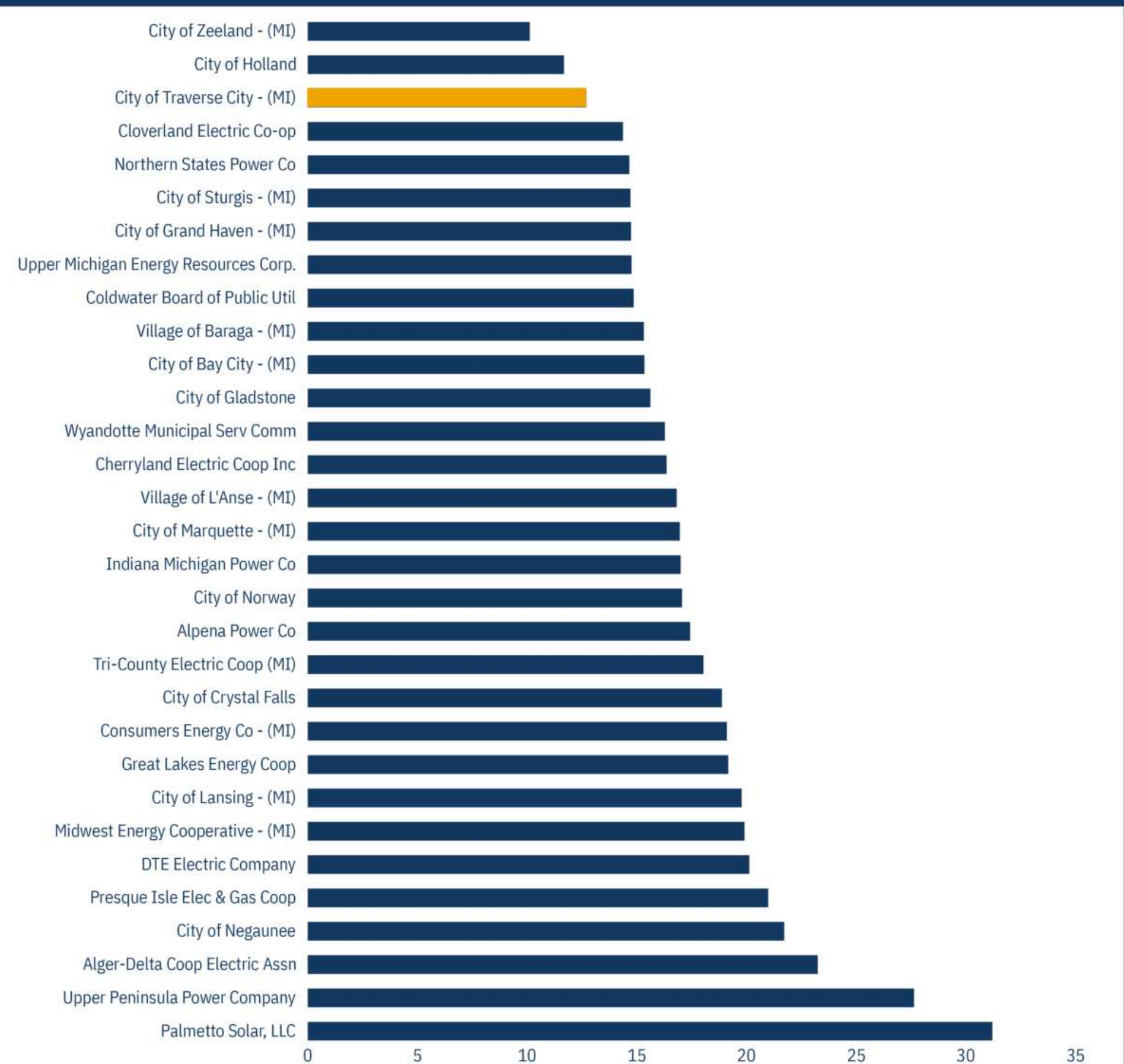
### Incentive Programs

- Transition from natural gas to provide cost savings
- Heat Pumps

# HISTORICAL RATE ADJUSTMENT TIMELINE



# TCLP RATES COMPARED TO OTHER UTILITIES

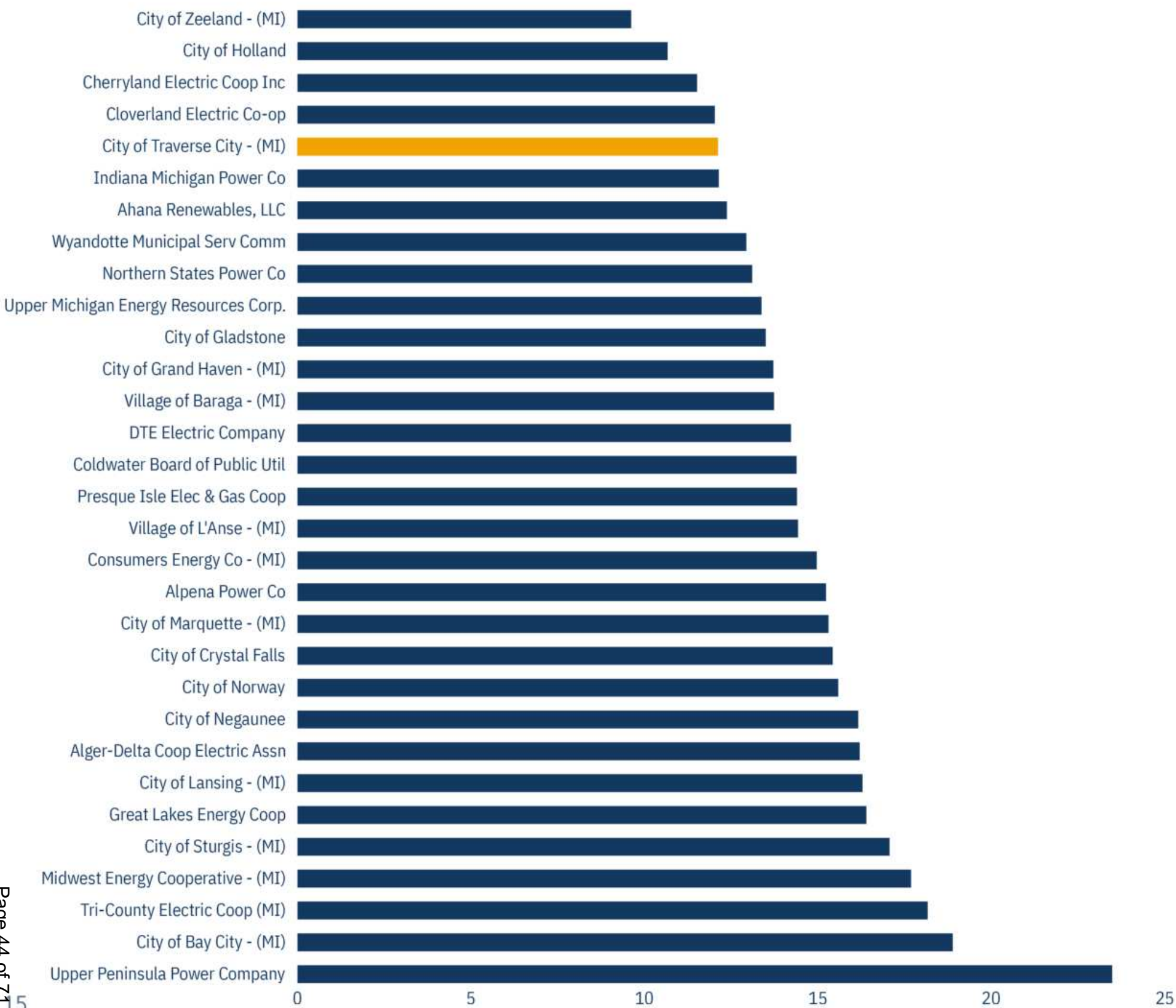


## RESIDENTIAL RATE CLASS

AVERAGE PRICE (CENTS/kWh) Information  
Obtained from EIA - 2024 DATA



# TCLP RATES COMPARED TO OTHER UTILITIES



## COMMERCIAL RATE CLASS

AVERAGE PRICE (CENTS/kWh) Information  
Obtained from EIA - 2024 DATA



# TCLP RATES COMPARED TO OTHER UTILITIES

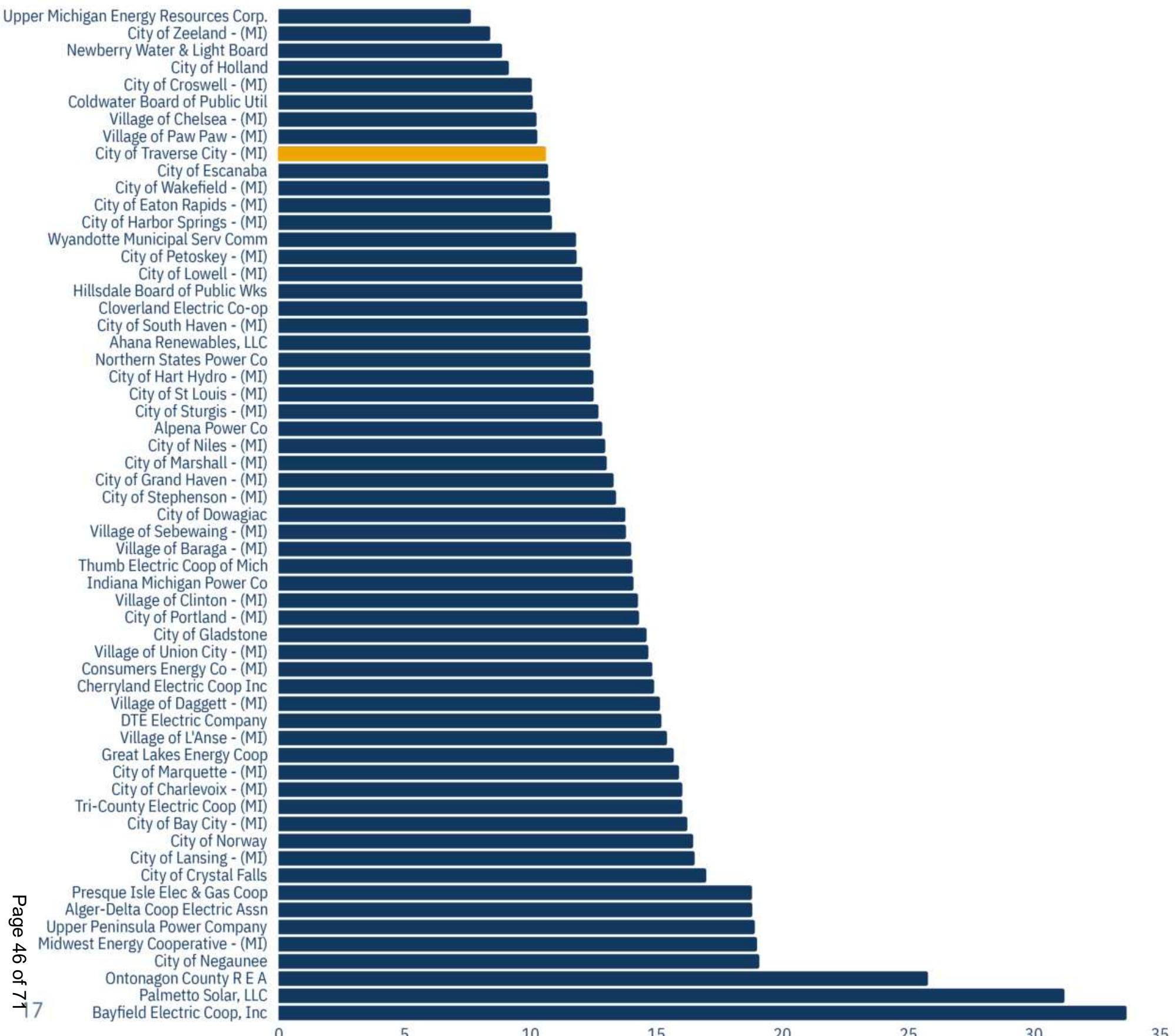


## INDUSTRIAL RATE CLASS

AVERAGE PRICE (CENTS/kWh) Information  
Obtained from EIA - 2024 DATA



# TCLP RATES COMPARED TO OTHER UTILITIES



## OVERALL RATE CLASSES

AVERAGE PRICE (CENTS/kWh) Information  
Obtained from EIA - 2024 DATA



# SUMMARY RATE ADJUSTMENTS

## Phase In Rates

- Widen differential between on-peak and off-peak rates
- Demand rates reduced
  - Focus on distribution costs
  - Power supply recovered through the variable rates.



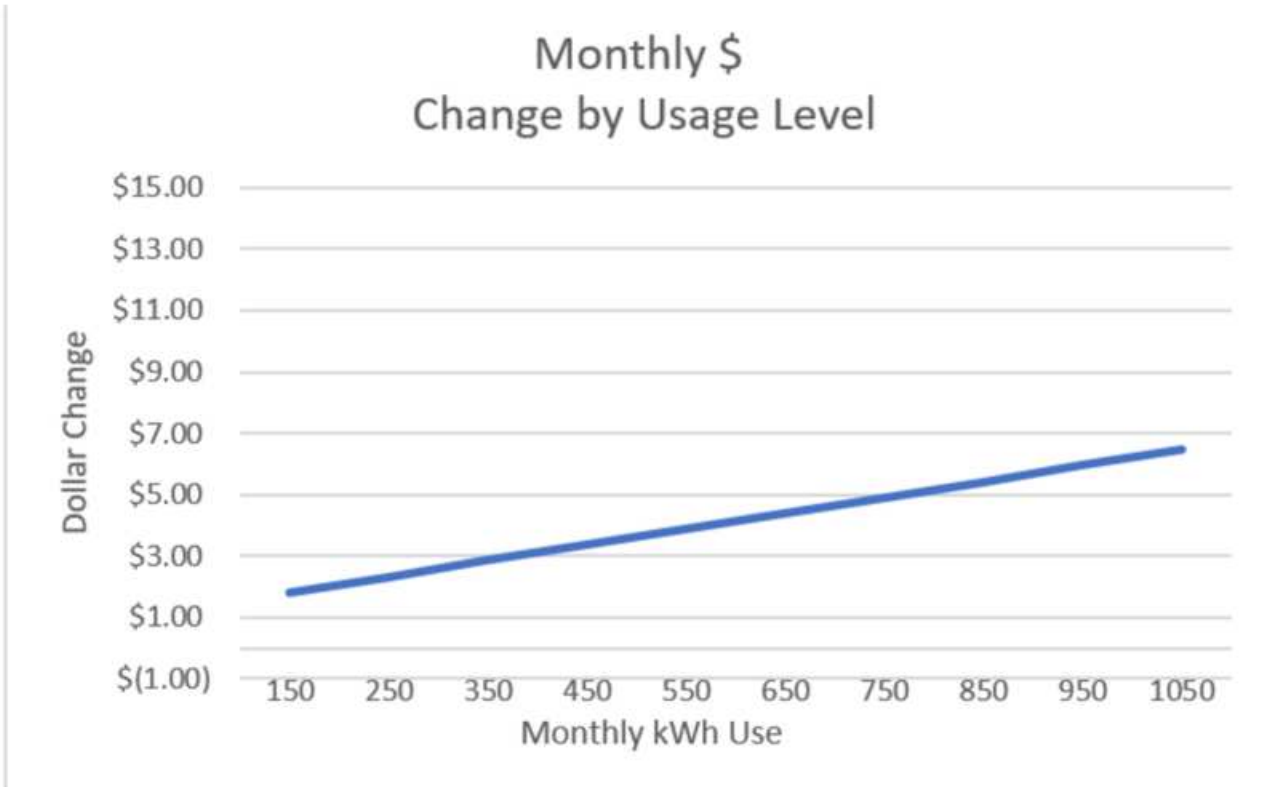
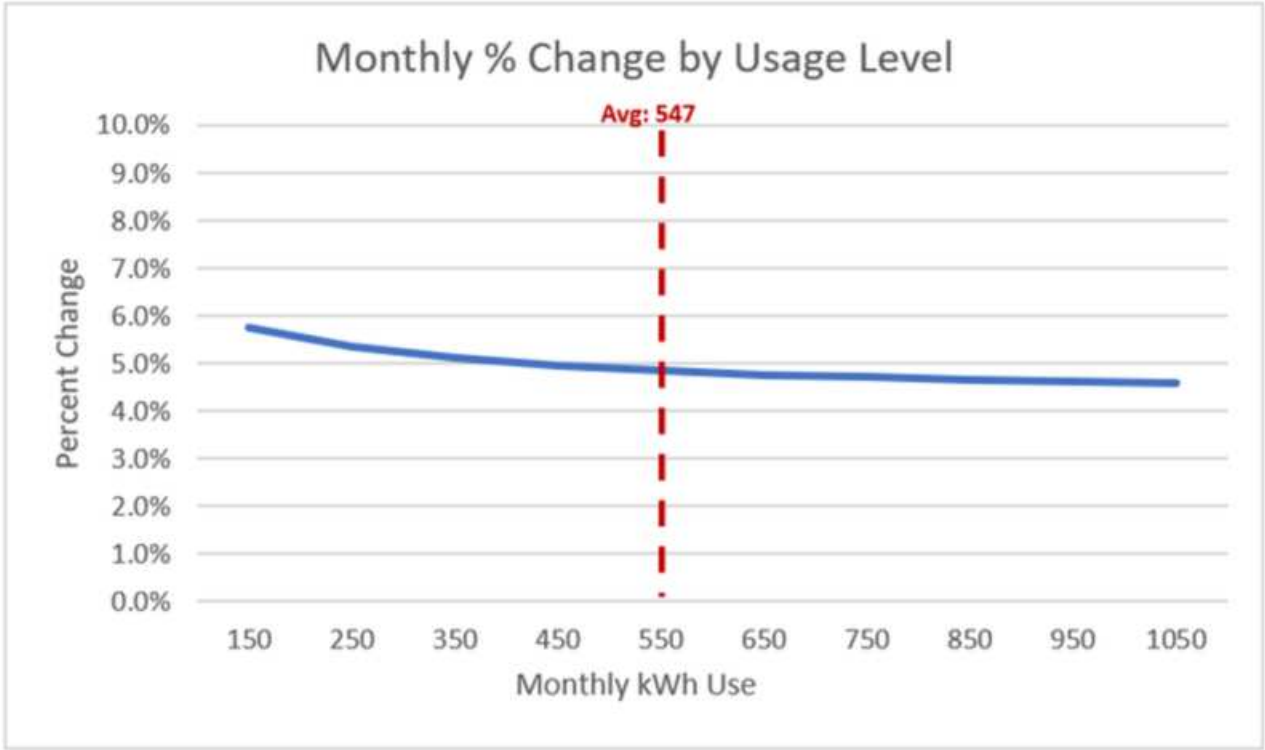
## Customer Charge

Adjusted to better align the rate structure with fixed-cost recovery.



# NEW PROPOSED RATES

## RESIDENTIAL - ECO STEADY PHASE IN

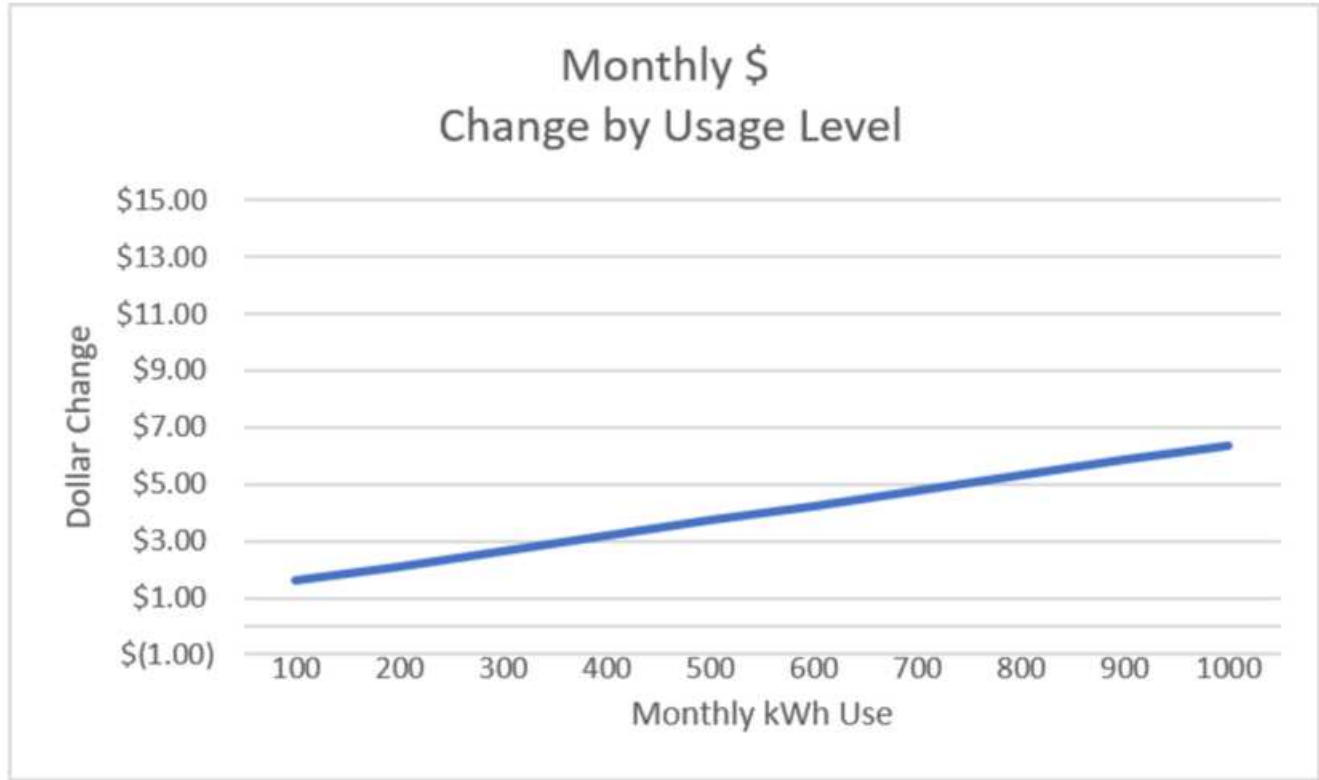
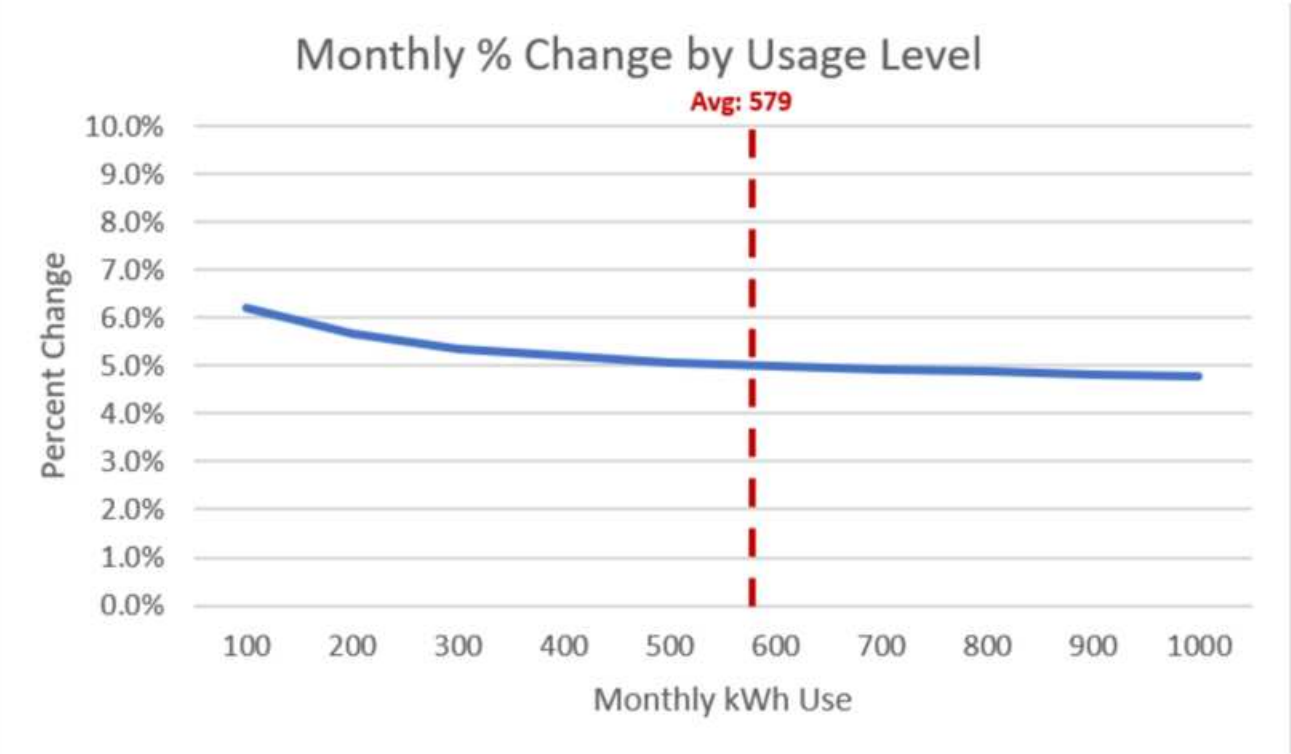


|                            | Current      | 2027         |
|----------------------------|--------------|--------------|
|                            | TOU          | TOU          |
| Rates                      | 2025         | 2027         |
| Monthly Facilities Charge: |              |              |
| All Customers              | \$ 13.50     | \$ 14.55     |
| Energy Charge:             |              |              |
| Summer On-Peak             | \$ 0.13474   | \$ 0.16450   |
| Summer Off-Peak            | \$ 0.09879   | \$ 0.10375   |
| Winter On-Peak             | \$ 0.10970   | \$ 0.11757   |
| Winter Off-Peak            | \$ 0.09026   | \$ 0.08933   |
| Power Cost Adjustment:     |              |              |
| All Energy                 | \$ 0.02040   | \$ 0.02040   |
| Revenue from Rate          | \$ 9,101,306 | \$ 9,556,371 |
| Change from Current        |              | \$ 455,065   |
| Percentage Change          |              | 5.00%        |



# NEW PROPOSED RATES

## RESIDENTIAL - ECO STEADY NON PHASE IN

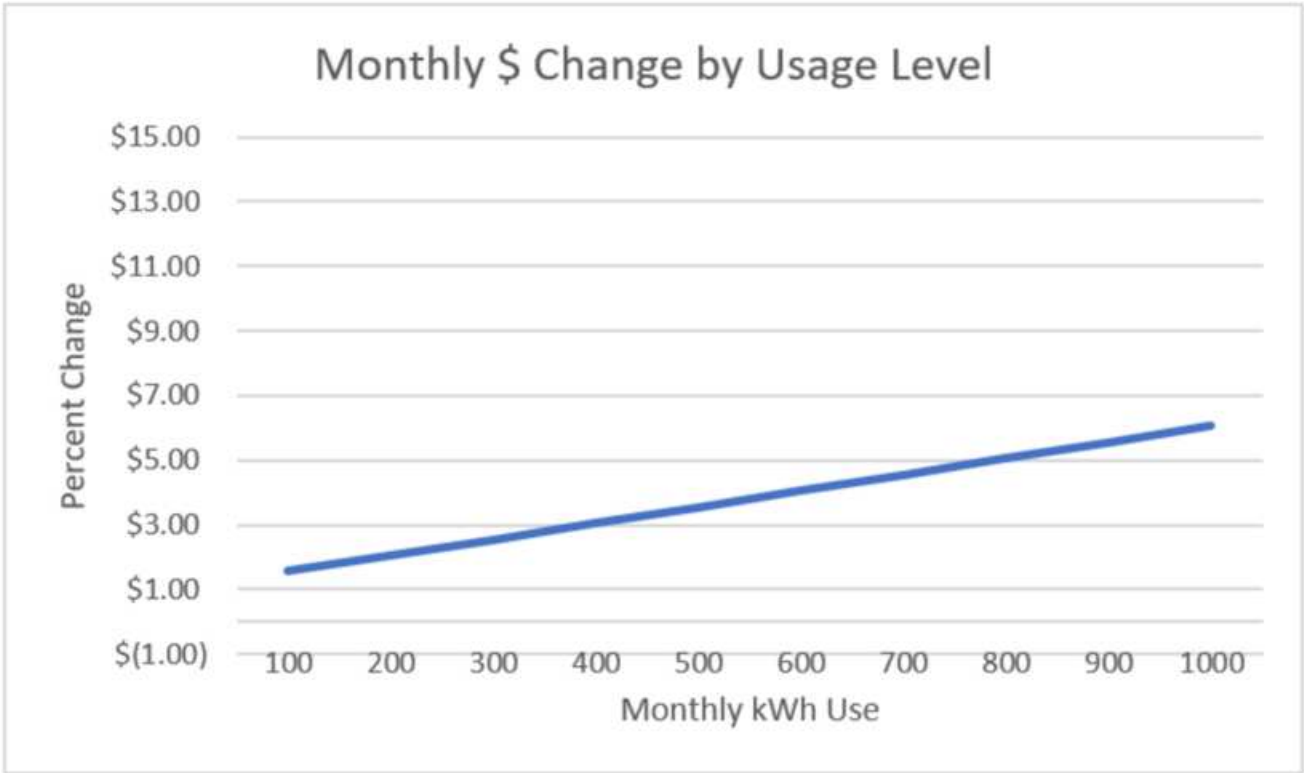
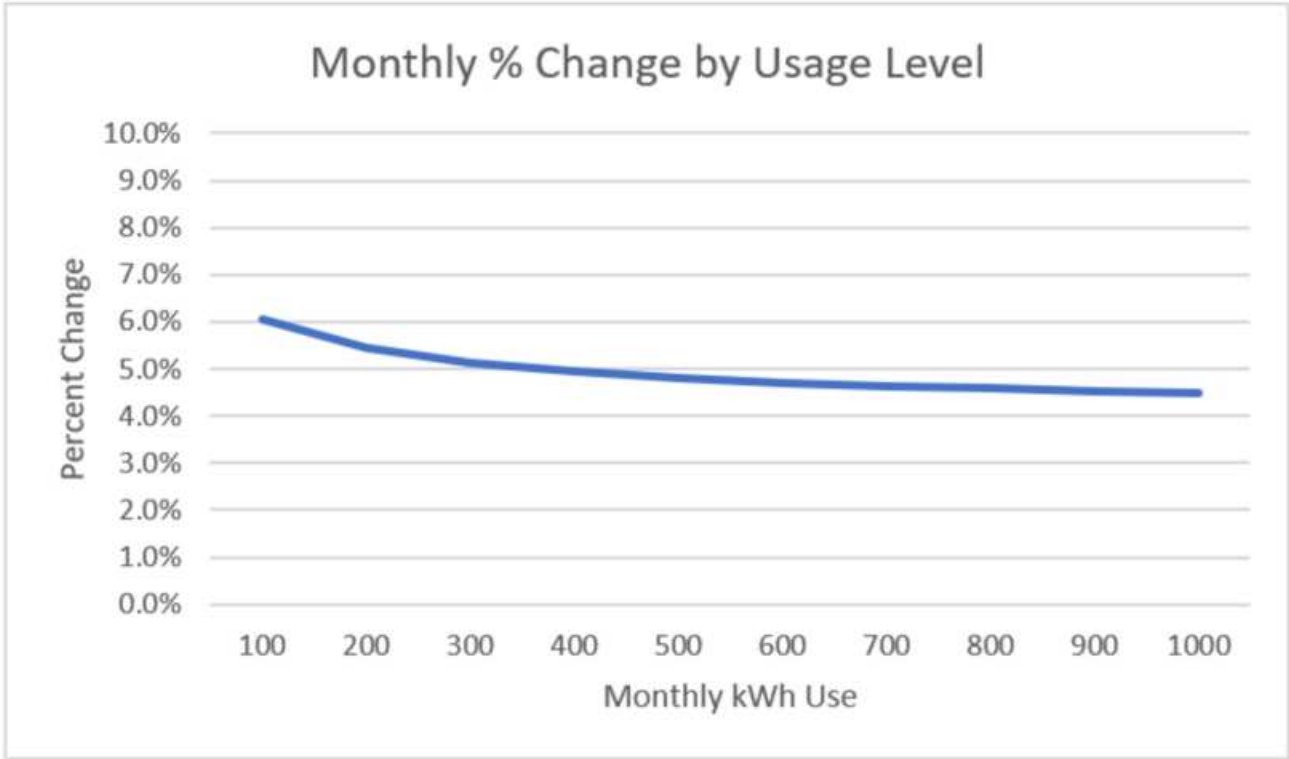


|                            | Current |         | 2027 |         |
|----------------------------|---------|---------|------|---------|
|                            | TOU     |         | TOU  |         |
| Rates                      | 2025    |         | 2027 |         |
| Monthly Facilities Charge: |         |         |      |         |
| All Customers              | \$      | 13.50   | \$   | 14.55   |
| Energy Charge:             |         |         |      |         |
| Summer On-Peak             | \$      | 0.20382 | \$   | 0.21479 |
| Summer Off-Peak            | \$      | 0.09598 | \$   | 0.10115 |
| Winter On-Peak             | \$      | 0.12052 | \$   | 0.12701 |
| Winter Off-Peak            | \$      | 0.07027 | \$   | 0.07405 |
| Power Cost Adjustment:     |         |         |      |         |
| All Energy                 | \$      | 0.02040 | \$   | 0.02040 |
| Revenue from Rate          | \$      | 49,073  | \$   | 51,526  |
| Change from Current        |         |         | \$   | 2,454   |
| Percentage Change          |         |         |      | 5.00%   |



# NEW PROPOSED RATES

## RESIDENTIAL - ECO CHAMPION PHASE IN

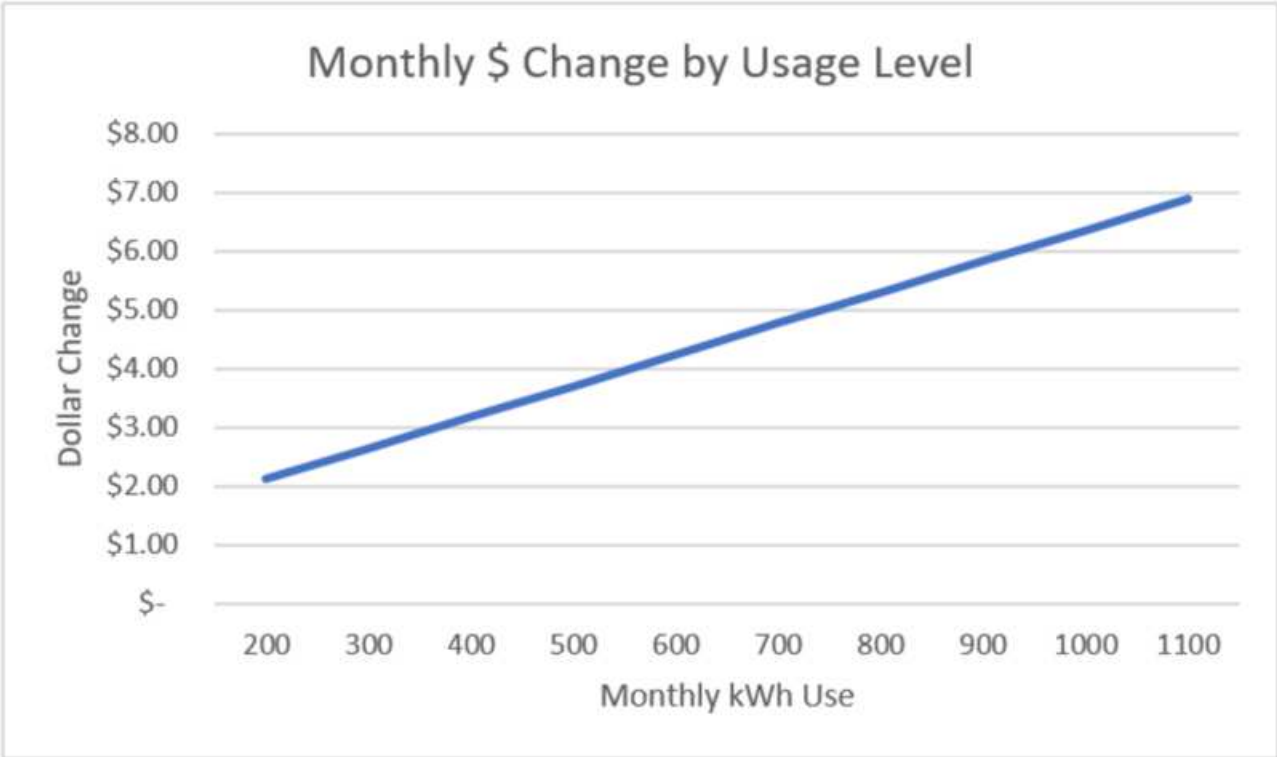
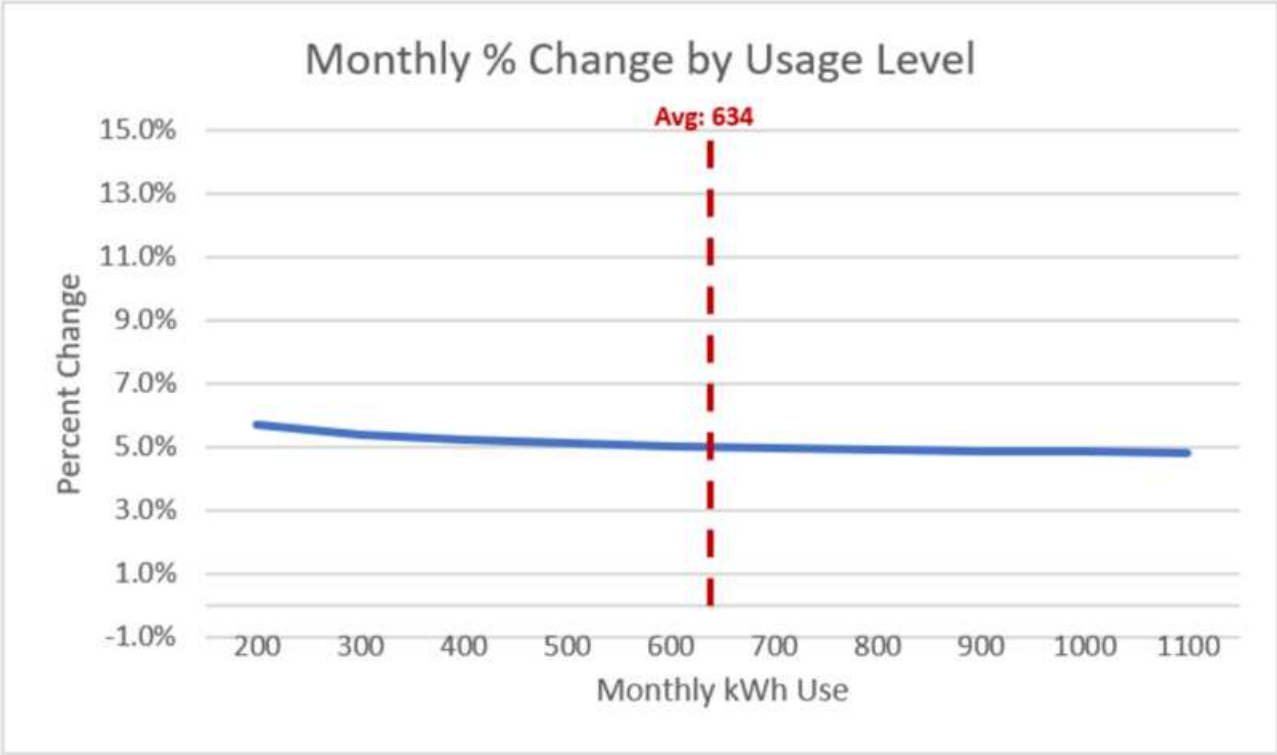


|                            | Current    | 2027       |
|----------------------------|------------|------------|
|                            | TOU        | TOU        |
| Rates                      | 2025       | 2027       |
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 13.50   | \$ 14.55   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.15393 | \$ 0.19498 |
| Summer Off-Peak            | \$ 0.10000 | \$ 0.10474 |
| Winter On-Peak             | \$ 0.10692 | \$ 0.11631 |
| Winter Off-Peak            | \$ 0.09020 | \$ 0.08834 |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 81,452  | \$ 85,525  |
| Change from Current        |            | \$ 4,073   |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## RESIDENTIAL - ECO CHAMPION NON PHASE IN

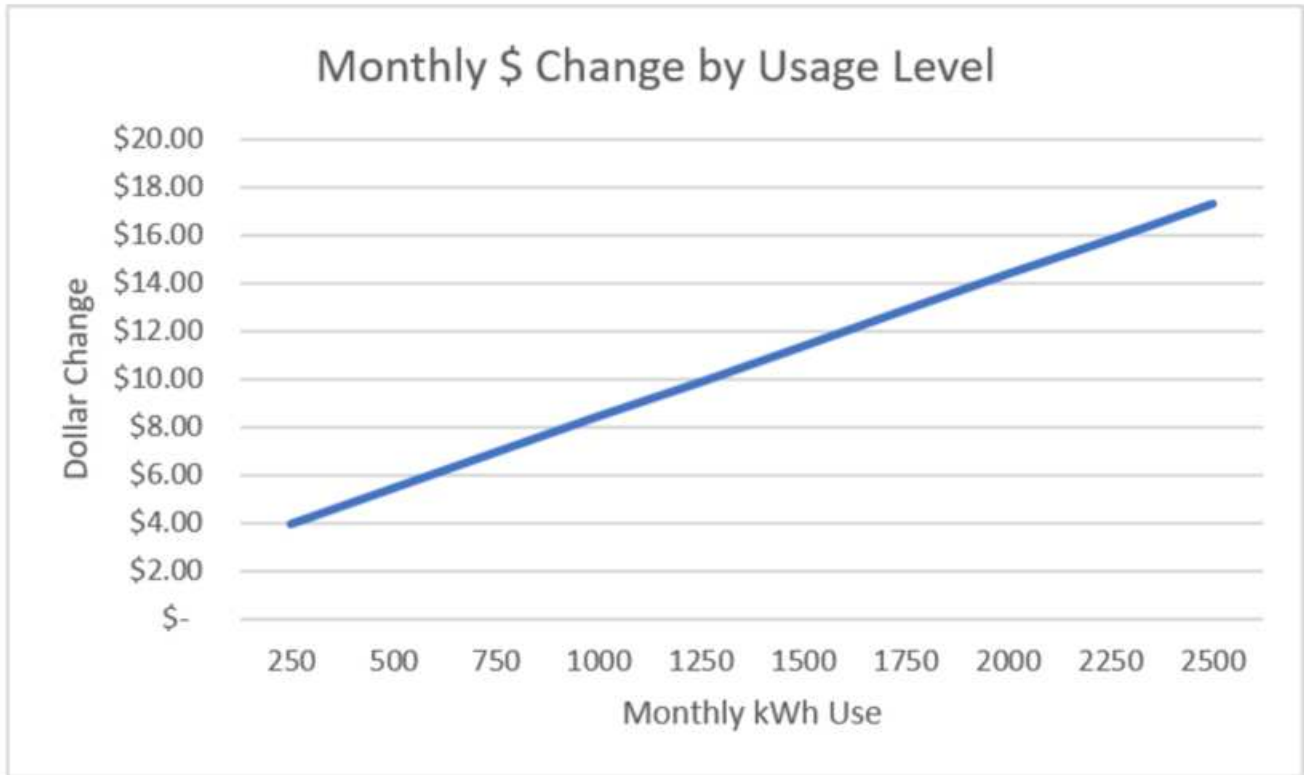
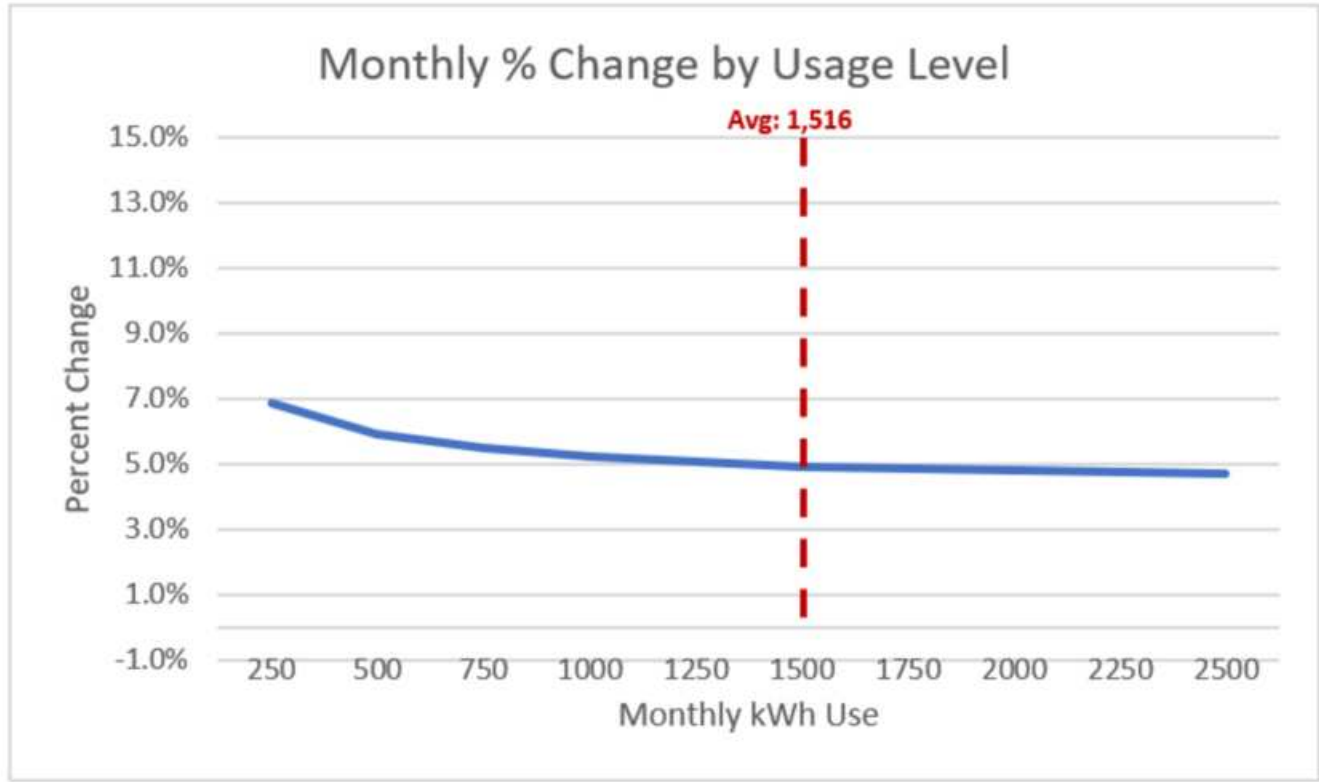


|                            | Current    | 2027       |
|----------------------------|------------|------------|
|                            | TOU        | TOU        |
| Rates                      | 2025       | 2027       |
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 13.50   | \$ 14.55   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.26140 | \$ 0.27564 |
| Summer Off-Peak            | \$ 0.09960 | \$ 0.10502 |
| Winter On-Peak             | \$ 0.12035 | \$ 0.12690 |
| Winter Off-Peak            | \$ 0.07020 | \$ 0.07402 |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 197,302 | \$ 207,167 |
| Change from Current        |            | \$ 9,865   |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## COMMERCIAL - ECO STEADY PHASE IN

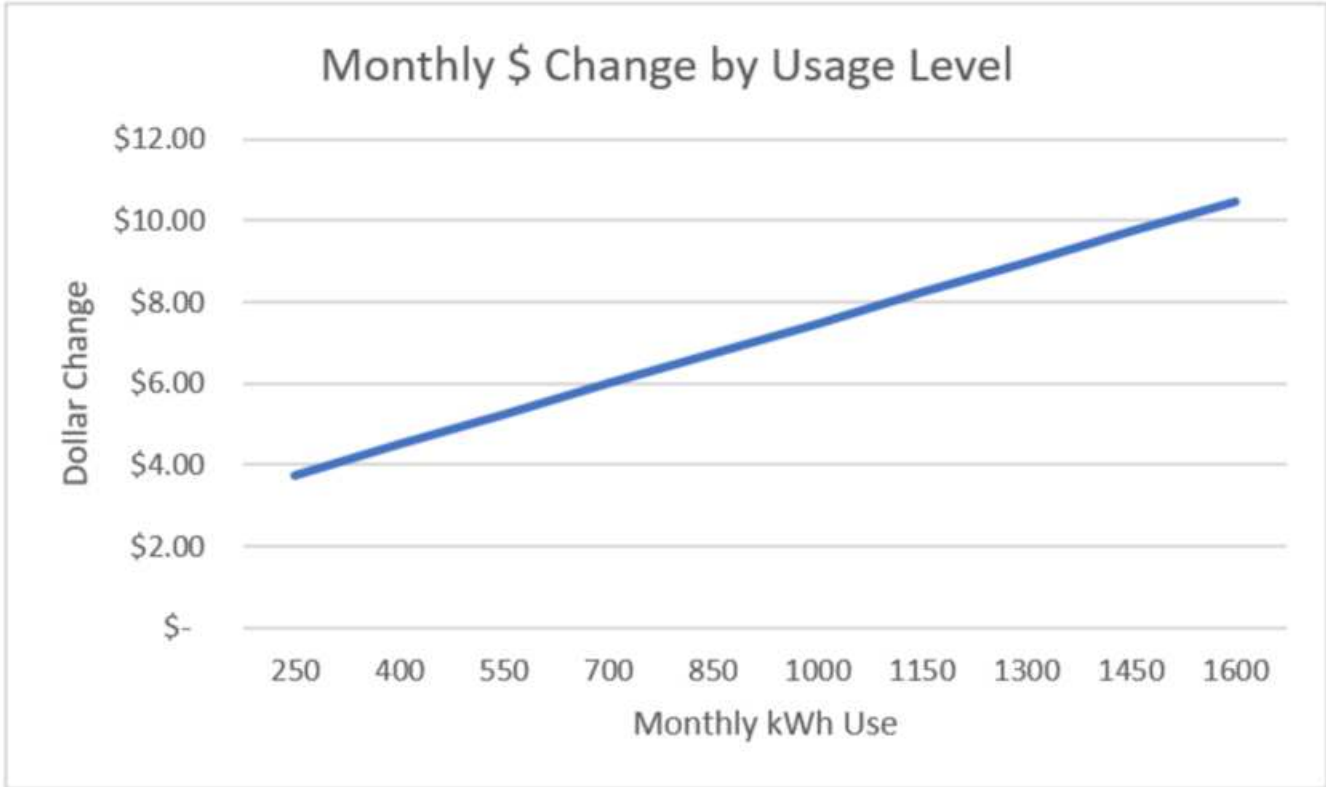
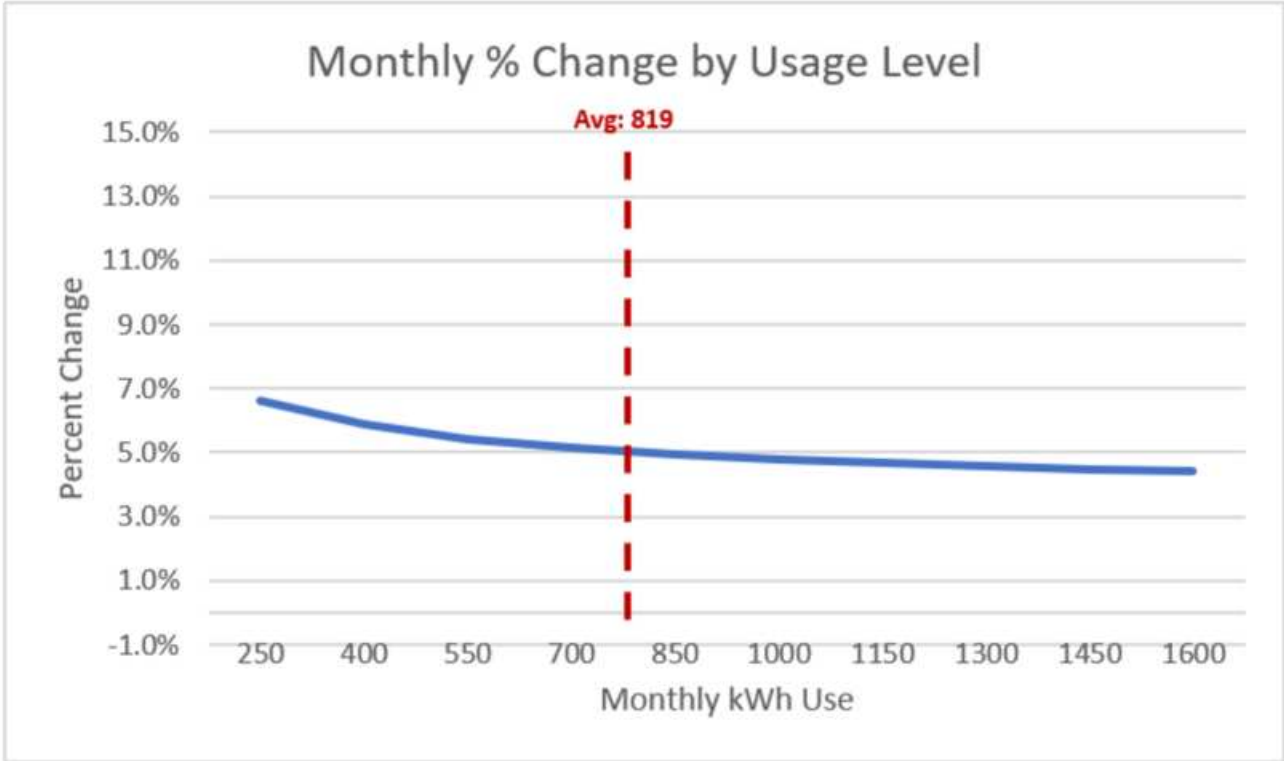


| Rates                      | TOU<br>Current | TOU<br>2027  |
|----------------------------|----------------|--------------|
| Monthly Facilities Charge: |                |              |
| All Customers              | \$ 23.25       | \$ 25.75     |
| Energy Charge:             |                |              |
| Summer On-Peak             | \$ 0.14736     | \$ 0.17476   |
| Summer Off-Peak            | \$ 0.11142     | \$ 0.11270   |
| Winter On-Peak             | \$ 0.12629     | \$ 0.13837   |
| Winter Off-Peak            | \$ 0.10636     | \$ 0.10397   |
| Power Cost Adjustment:     |                |              |
| All Energy                 | \$ 0.02040     | \$ 0.02040   |
| Revenue from Rate          | \$ 6,001,795   | \$ 6,301,885 |
| Change from Current        |                | \$ 300,090   |
| Percentage Change          |                | 5.00%        |



# NEW PROPOSED RATES

## COMMERCIAL - ECO STEADY NON PHASE IN

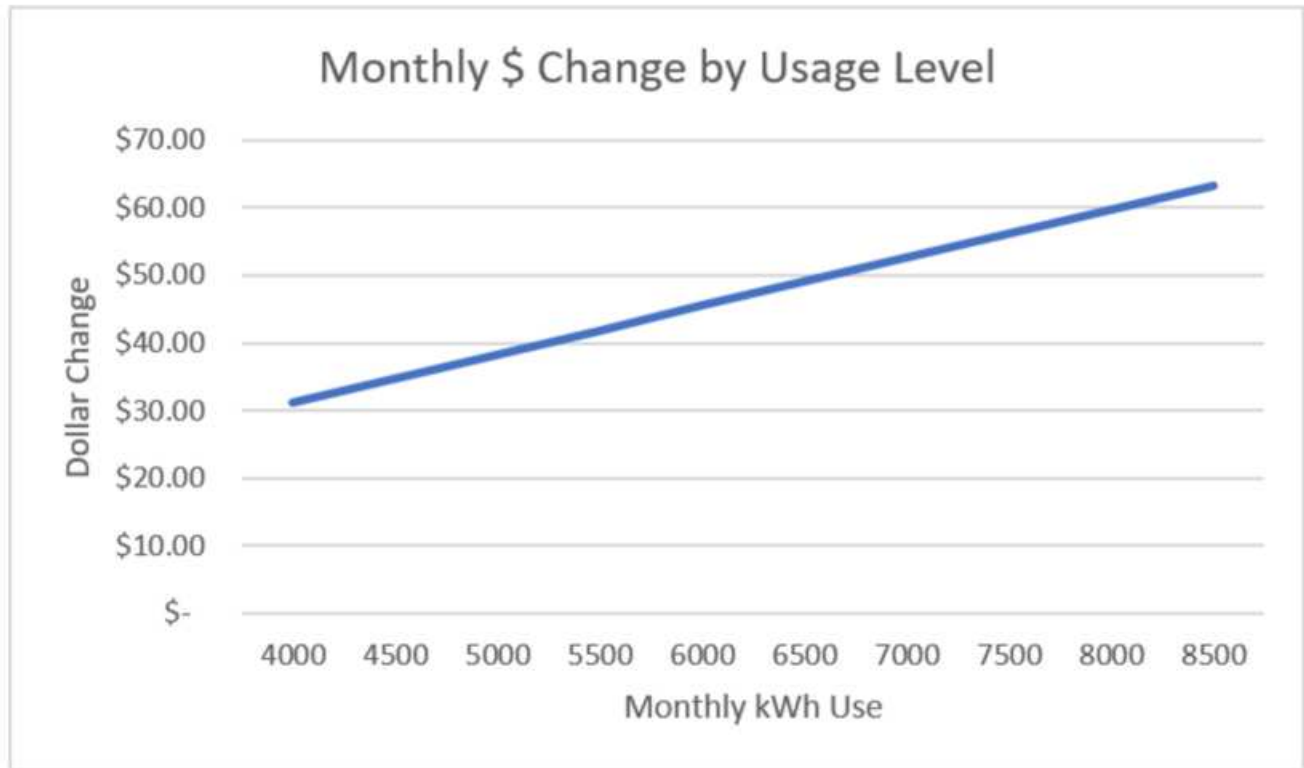
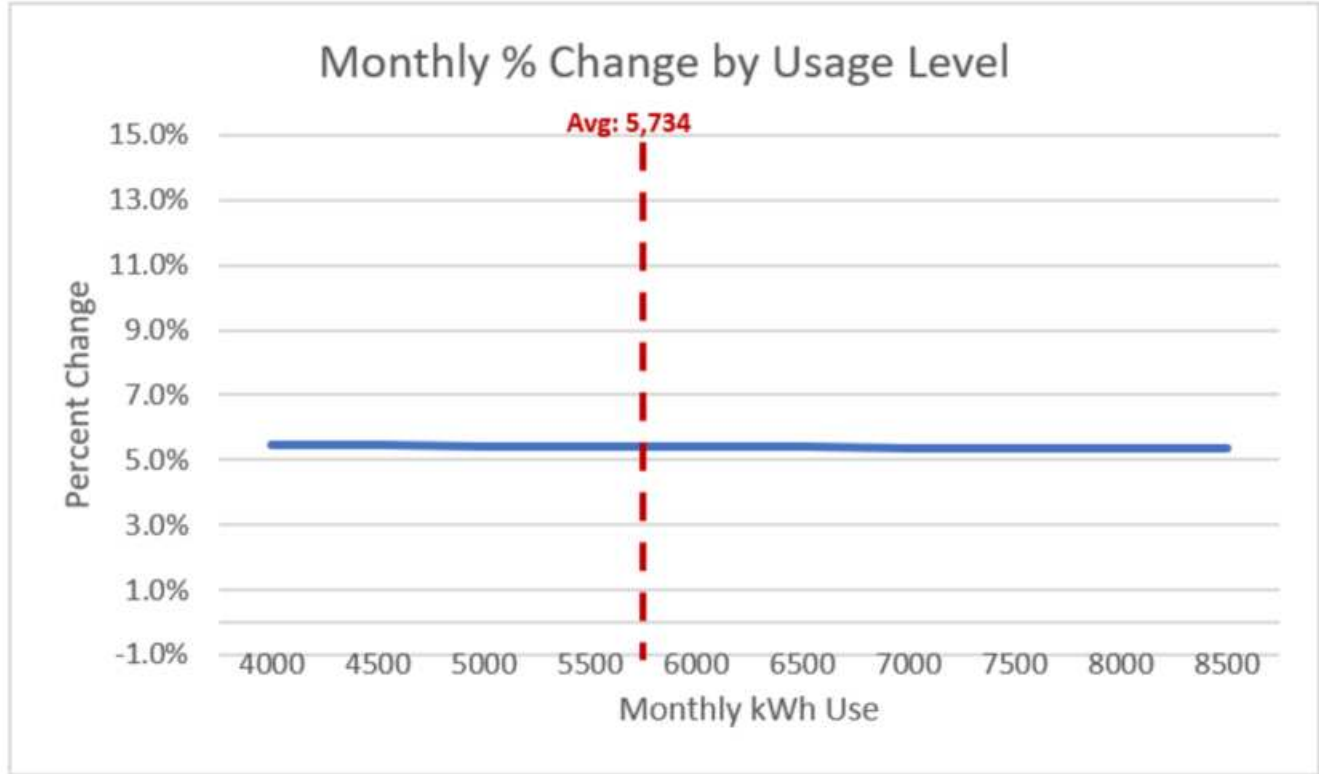


| Rates                      | TOU<br>Current | TOU<br>2027 |
|----------------------------|----------------|-------------|
| Monthly Facilities Charge: |                |             |
| All Customers              | \$ 23.25       | \$ 25.75    |
| Energy Charge:             |                |             |
| Summer On-Peak             | \$ 0.20470     | \$ 0.21376  |
| Summer Off-Peak            | \$ 0.09686     | \$ 0.10115  |
| Winter On-Peak             | \$ 0.14147     | \$ 0.14773  |
| Winter Off-Peak            | \$ 0.08168     | \$ 0.08530  |
| Power Cost Adjustment:     |                |             |
| All Energy                 | \$ 0.02040     | \$ 0.02040  |
| Revenue from Rate          | \$ 1,530       | \$ 1,606    |
| Change from Current        |                | \$ 76       |
| Percentage Change          |                | 5.00%       |



# NEW PROPOSED RATES

## COMMERCIAL - ECO CHAMPION PHASE IN

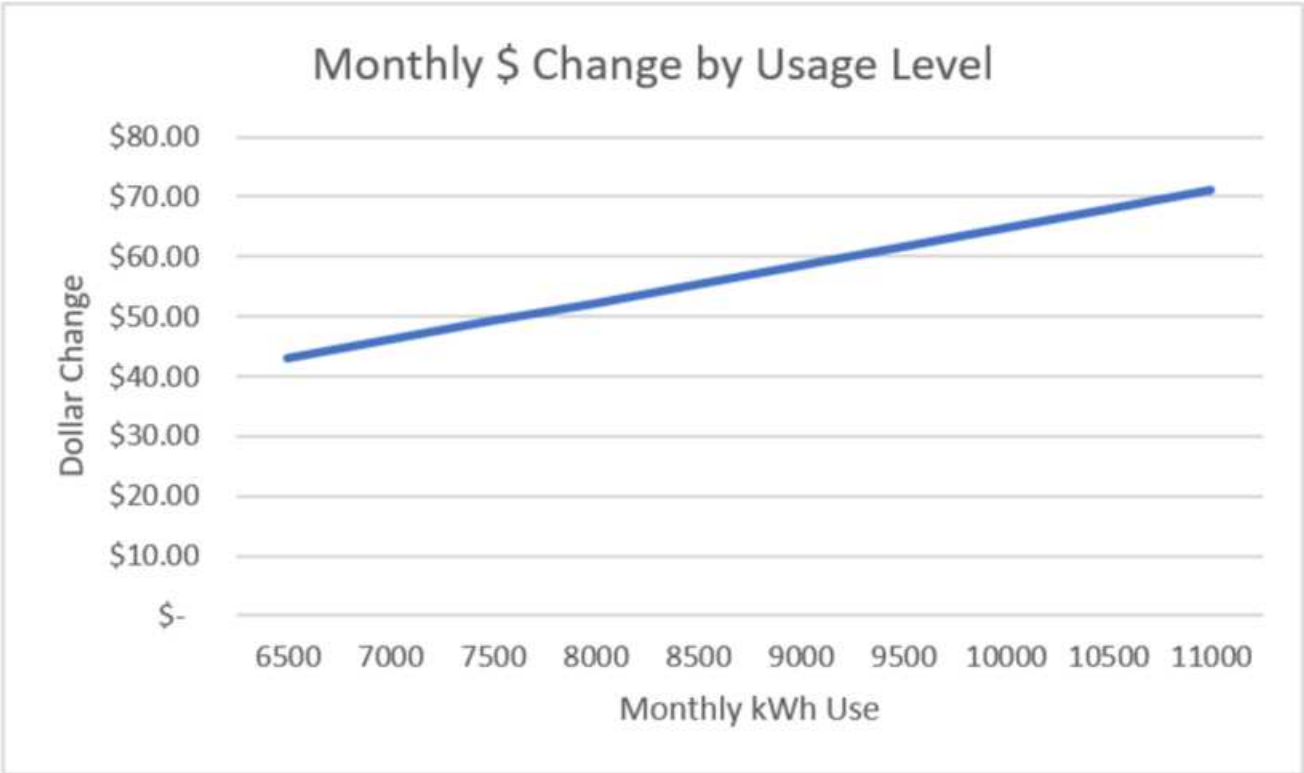
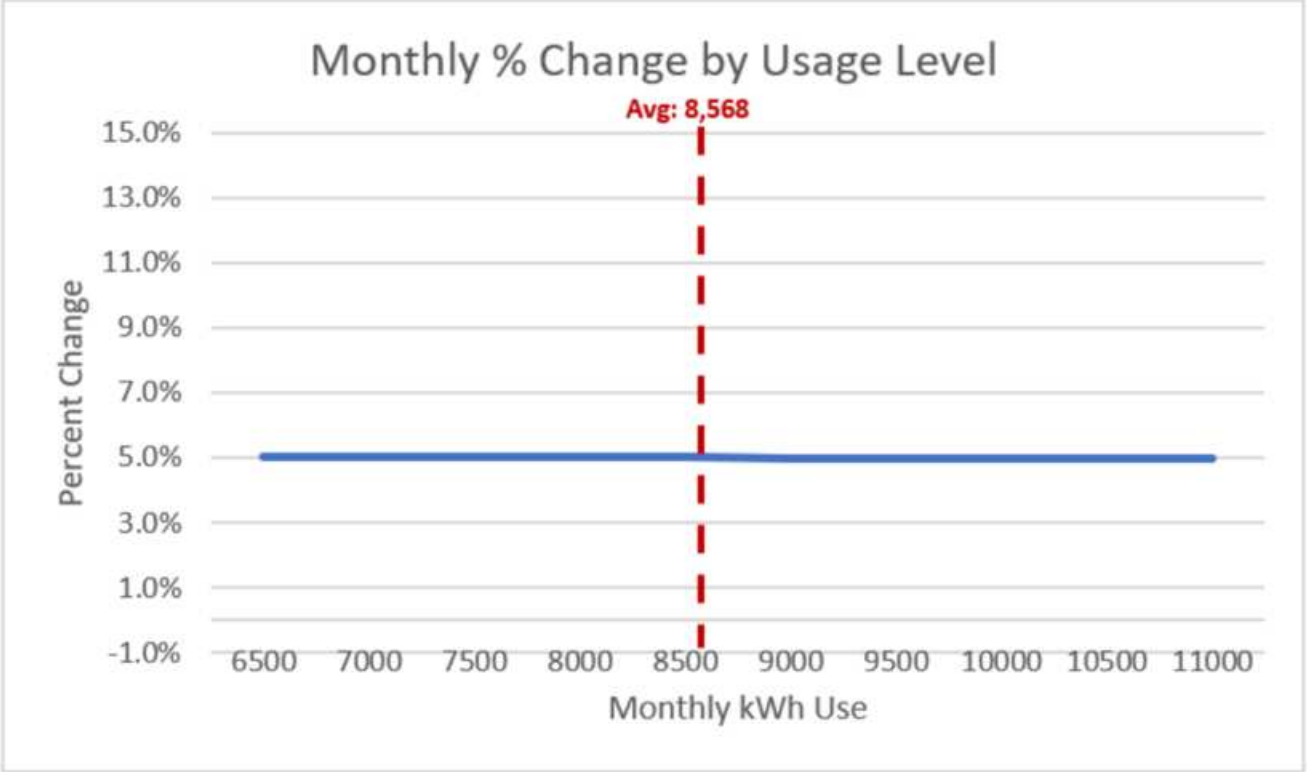


| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 23.25   | \$ 25.75   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.16665 | \$ 0.21265 |
| Summer Off-Peak            | \$ 0.11272 | \$ 0.11748 |
| Winter On-Peak             | \$ 0.12632 | \$ 0.14150 |
| Winter Off-Peak            | \$ 0.10639 | \$ 0.10633 |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 76,783  | \$ 80,623  |
| Change from Current        |            | \$ 3,839   |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## COMMERCIAL - ECO CHAMPION NON PHASE IN

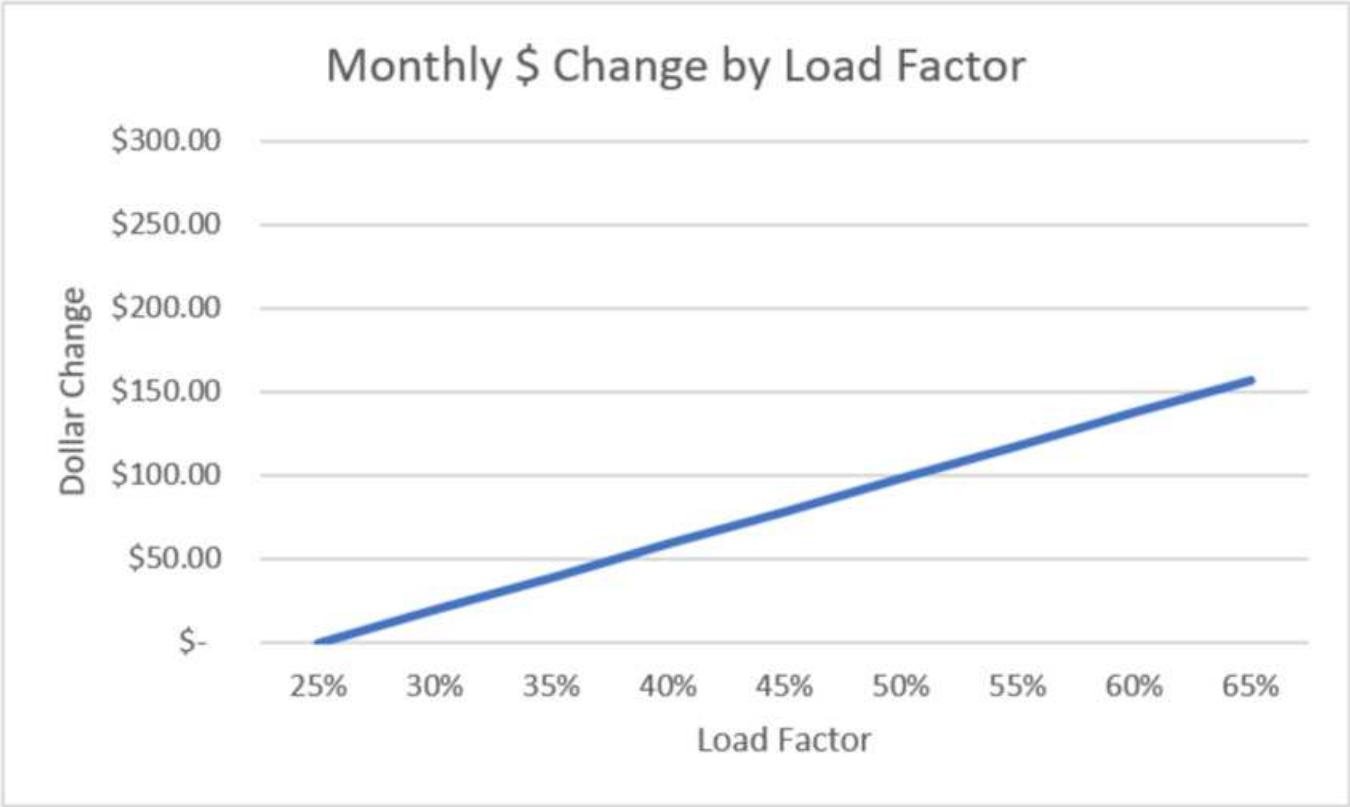
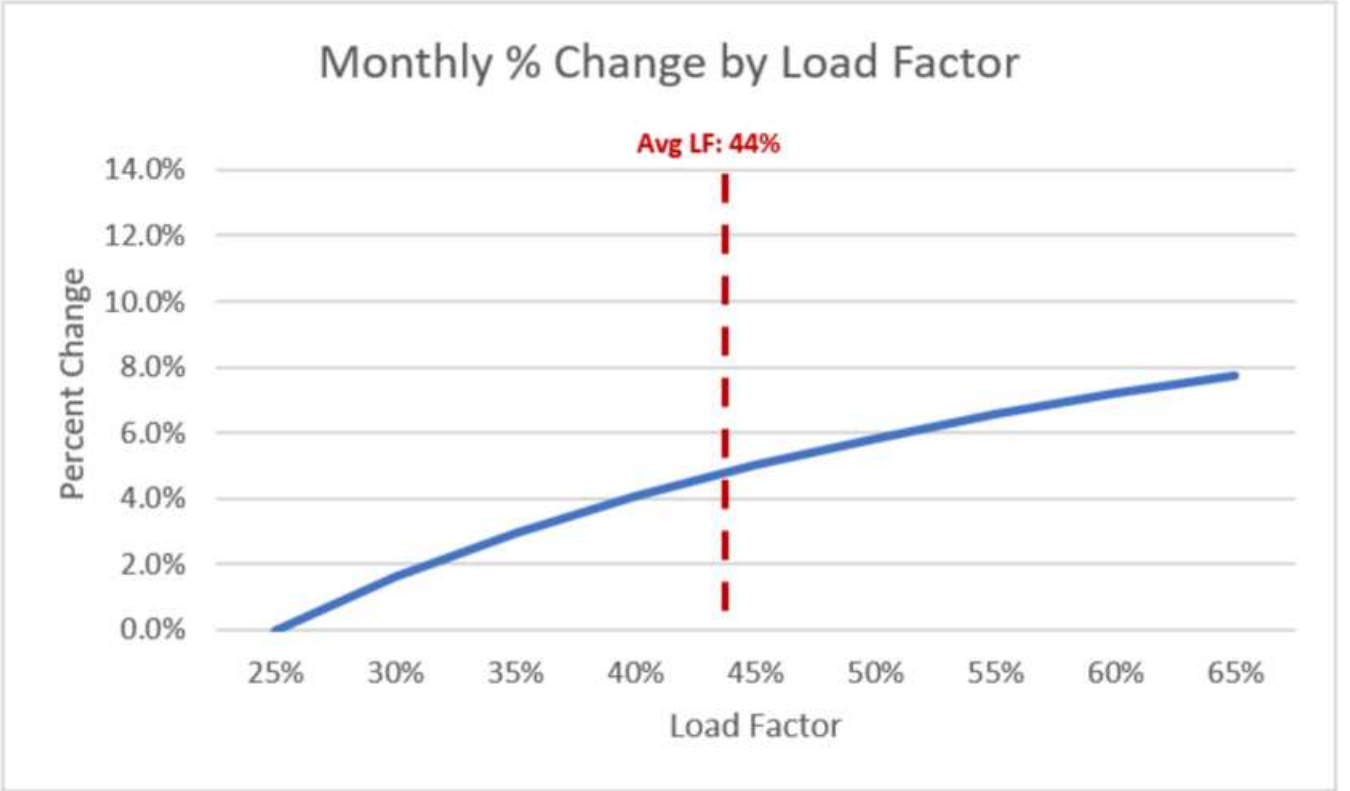


| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 23.25   | \$ 25.75   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.26255 | \$ 0.27780 |
| Summer Off-Peak            | \$ 0.10075 | \$ 0.10660 |
| Winter On-Peak             | \$ 0.14158 | \$ 0.14980 |
| Winter Off-Peak            | \$ 0.08179 | \$ 0.08654 |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 160,564 | \$ 168,593 |
| Change from Current        |            | \$ 8,028   |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## COMMERCIAL DEMAND - ECO STEADY PHASE IN

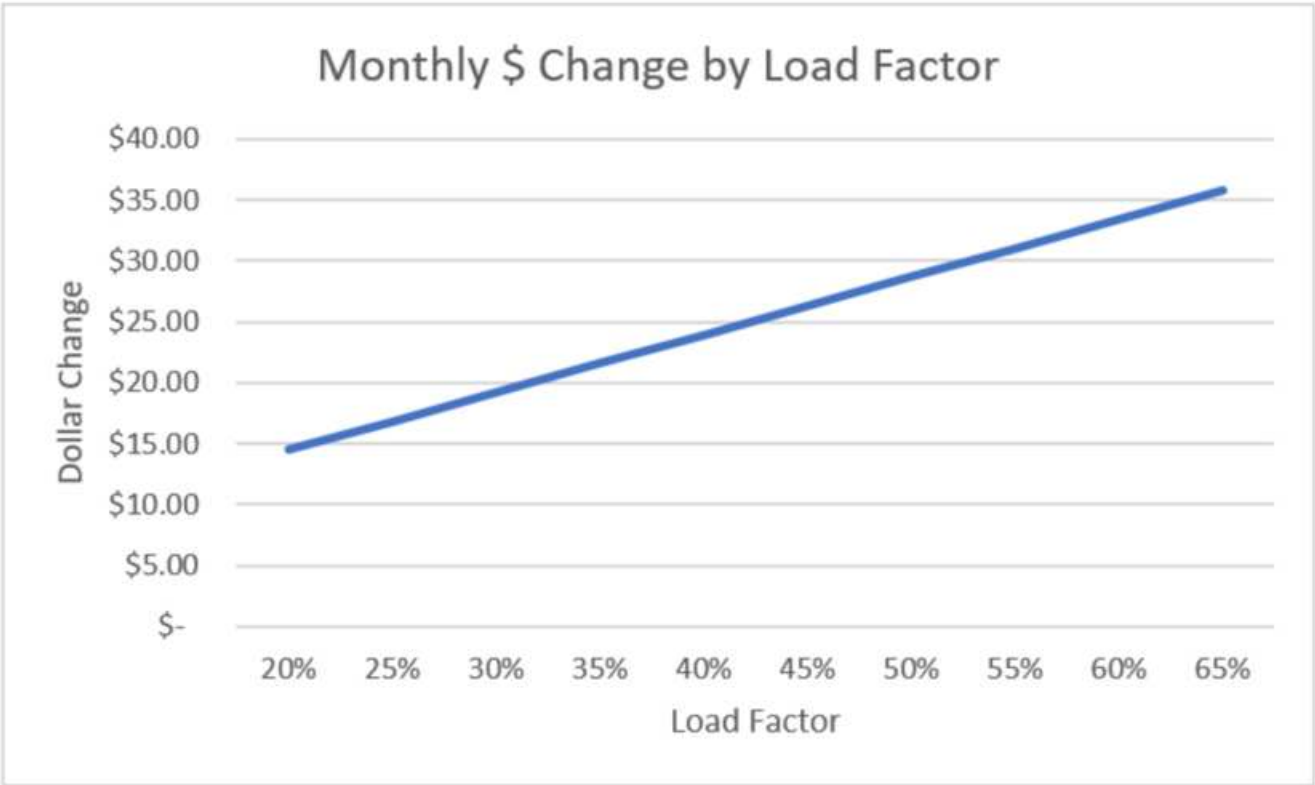
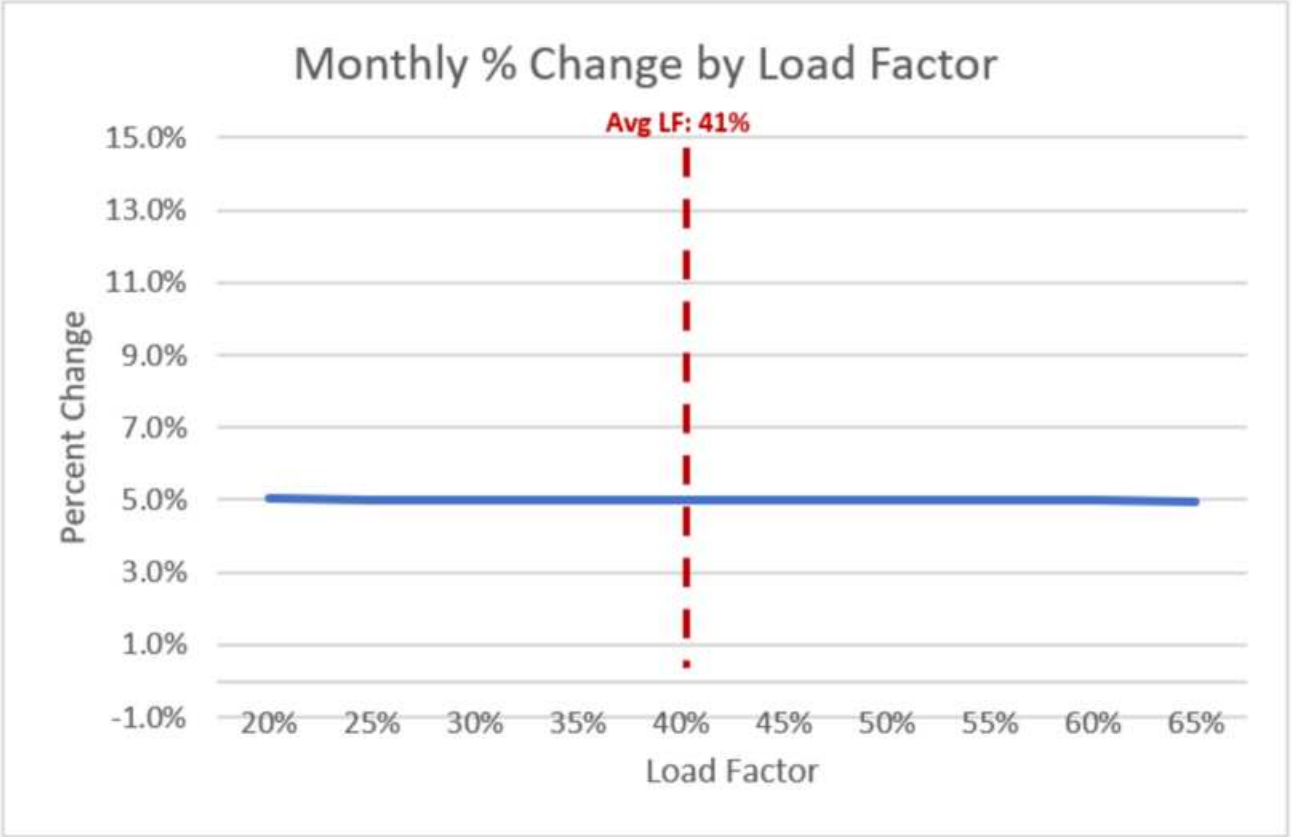


| Rates                      | Current       | 2027          |
|----------------------------|---------------|---------------|
| Monthly Facilities Charge: |               |               |
| All Customers              | \$ 40.00      | \$ 45.00      |
| Energy Charge:             |               |               |
| Summer On-Peak             | \$ 0.10141    | \$ 0.14715    |
| Summer Off-Peak            | \$ 0.06546    | \$ 0.07838    |
| Winter On-Peak             | \$ 0.07364    | \$ 0.09403    |
| Winter Off-Peak            | \$ 0.05692    | \$ 0.06205 <  |
| Demand Charge:             |               |               |
| Annual kW                  | \$ 13.28      | \$ 10.40      |
| Power Cost Adjustment:     |               |               |
| All Energy                 | \$ 0.02040    | \$ 0.02040    |
| Revenue from Rate          | \$ 13,634,688 | \$ 14,316,423 |
| Change from Current        |               | \$ 681,734    |
| Percentage Change          |               | 5.00%         |



# NEW PROPOSED RATES

## COMMERCIAL DEMAND - ECO STEADY NON PHASE IN

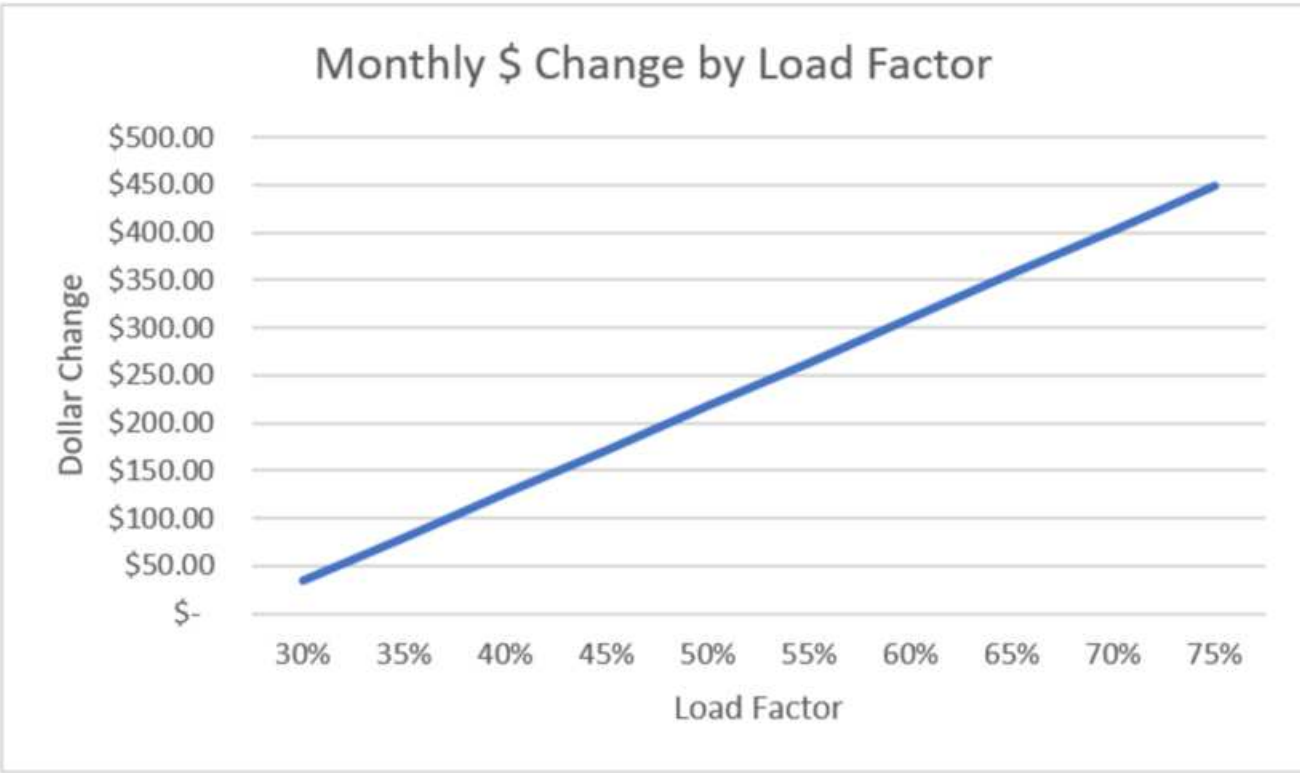
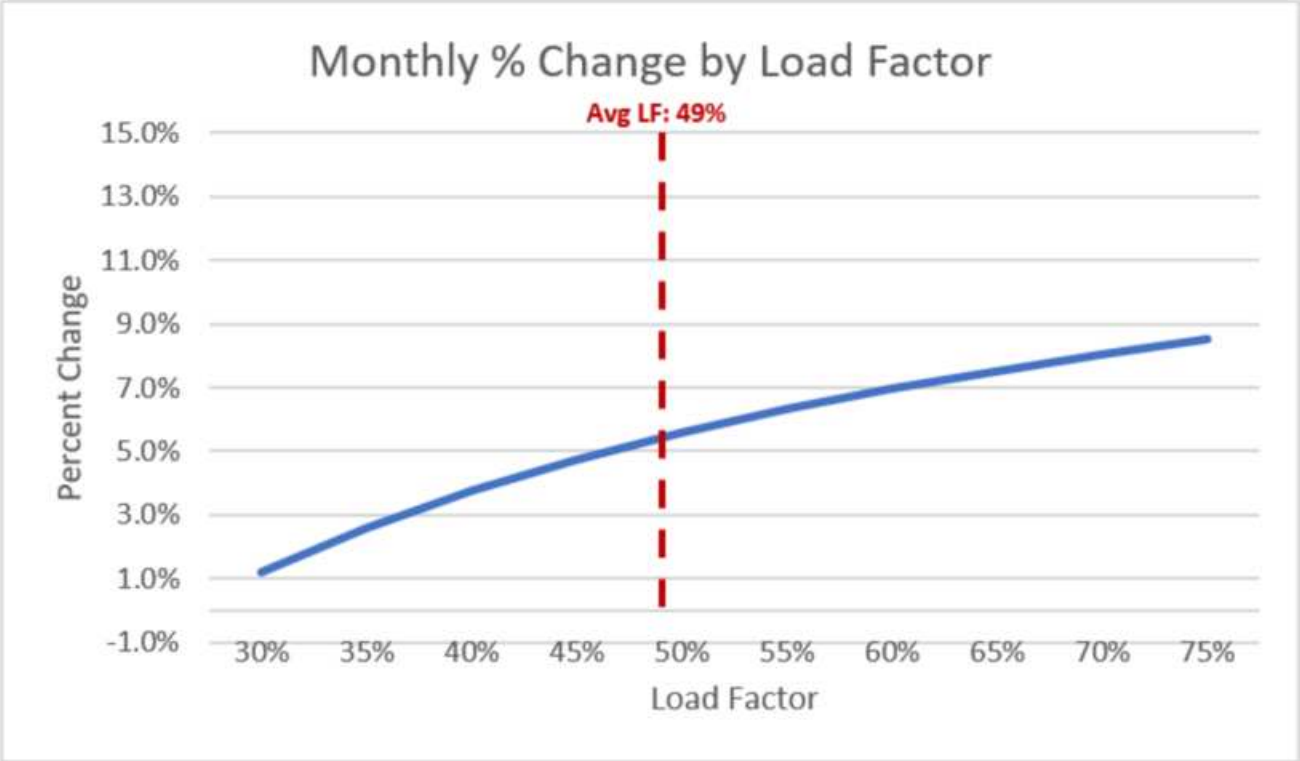


| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 40.00   | \$ 45.00   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.19118 | \$ 0.20277 |
| Summer Off-Peak            | \$ 0.08334 | \$ 0.08839 |
| Winter On-Peak             | \$ 0.10788 | \$ 0.11442 |
| Winter Off-Peak            | \$ 0.05773 | \$ 0.06123 |
| Demand Charge:             |            |            |
| Annual kW                  | \$ 4.65    | \$ 4.65    |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 5,803   | \$ 6,093   |
| Change from Current        |            | \$ 290     |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## COMMERCIAL DEMAND - ECO CHAMPION PHASE IN

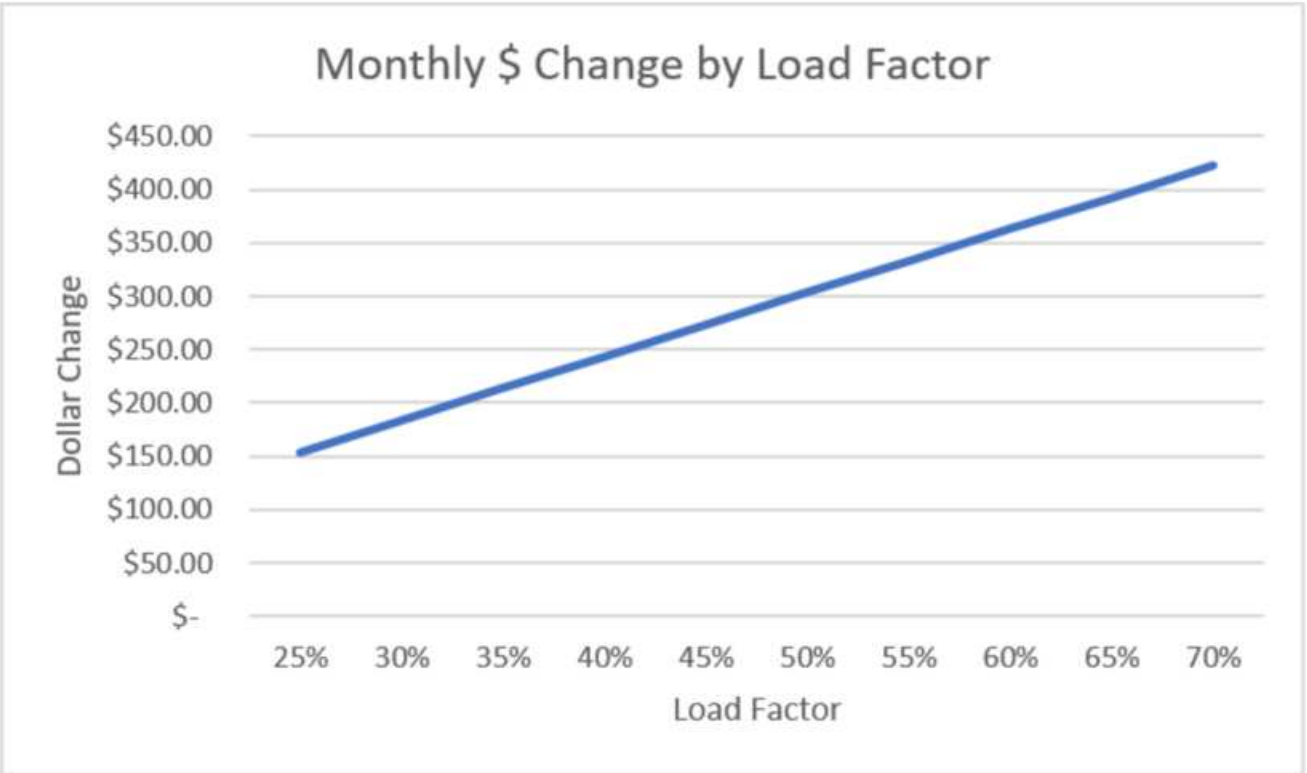
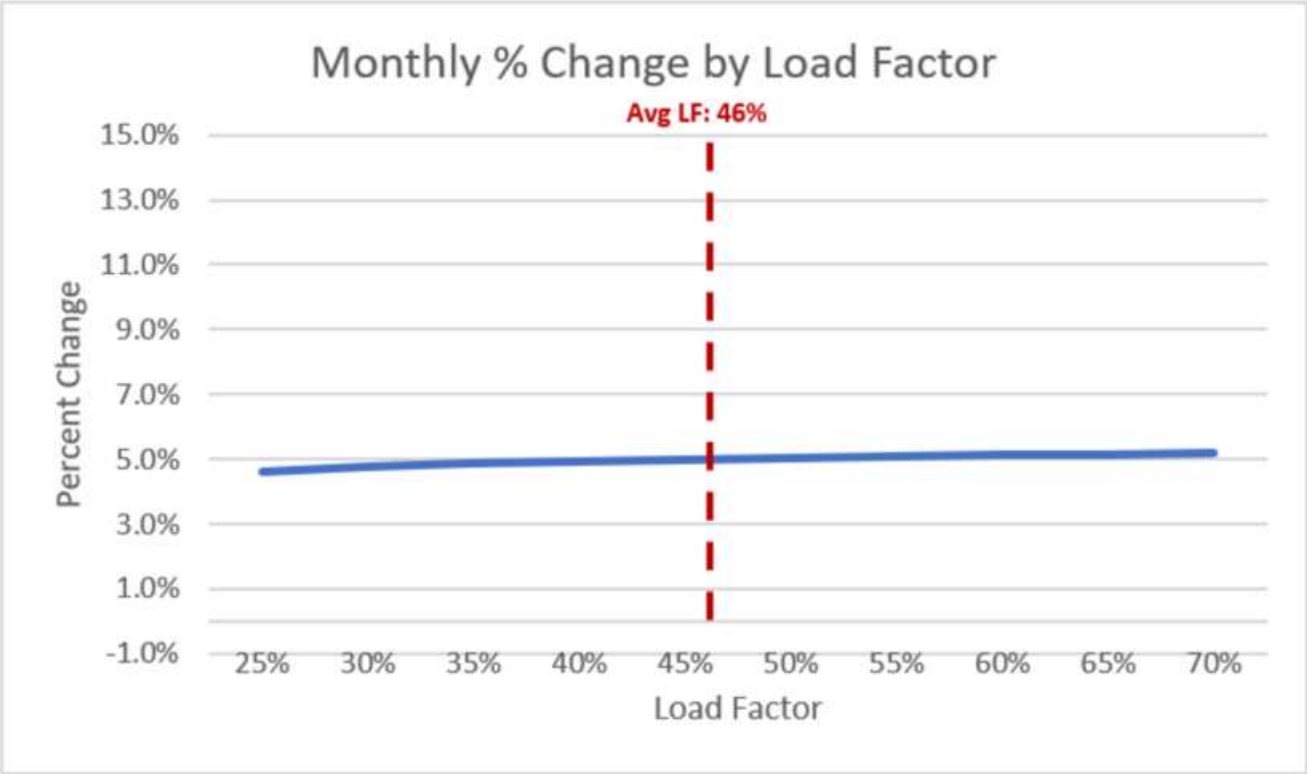


| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 40.00   | \$ 45.00   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.12066 | \$ 0.18599 |
| Summer Off-Peak            | \$ 0.06673 | \$ 0.08168 |
| Winter On-Peak             | \$ 0.07364 | \$ 0.09506 |
| Winter Off-Peak            | \$ 0.05693 | \$ 0.06273 |
| Demand Charge:             |            |            |
| Annual kW                  | \$ 13.28   | \$ 10.40   |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 138,976 | \$ 145,925 |
| Change from Current        |            | \$ 6,949   |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## COMMERCIAL DEMAND - ECO CHAMPION NON PHASE IN

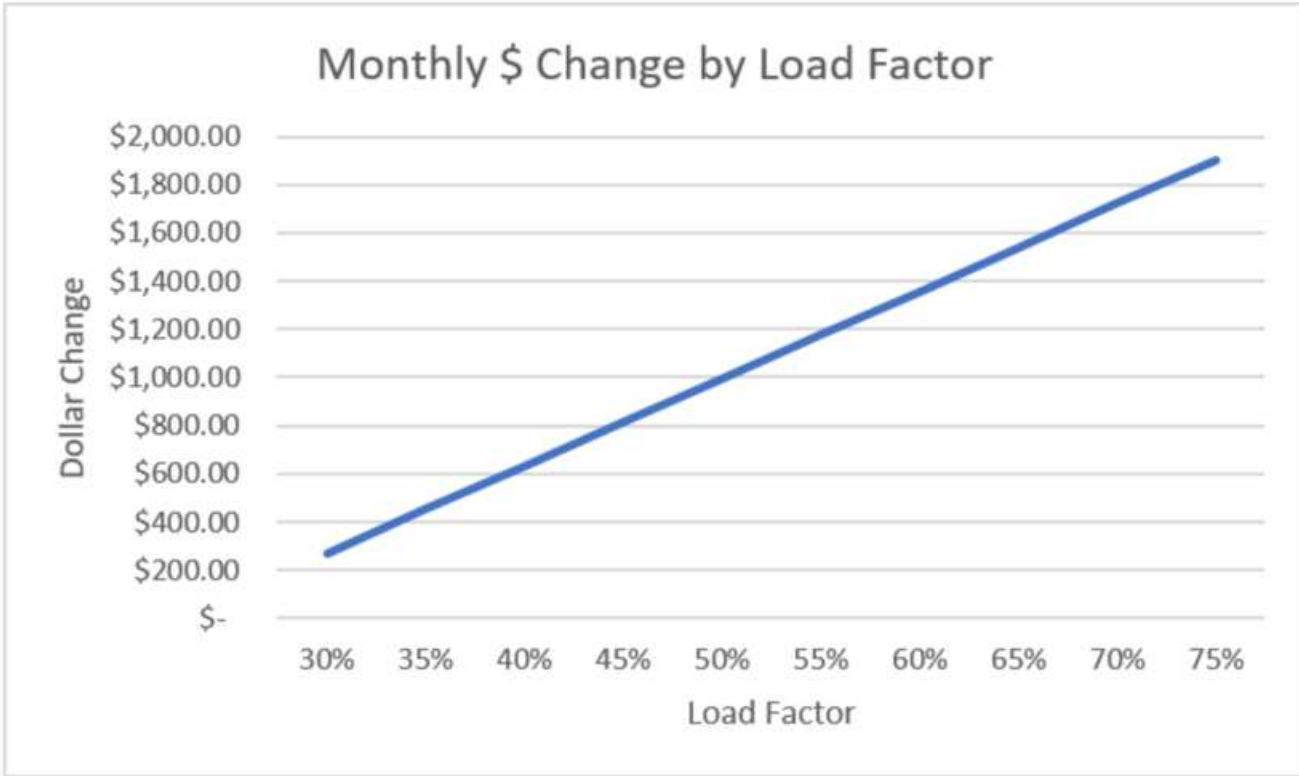
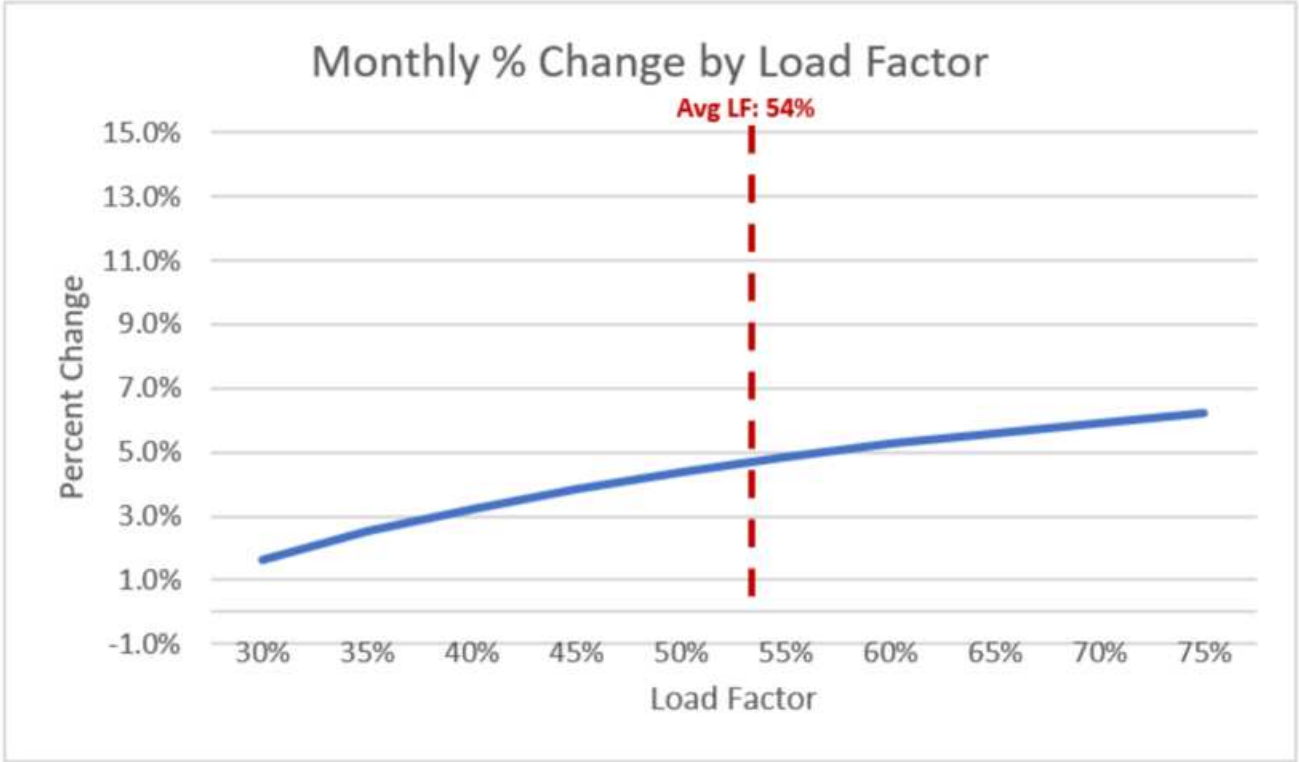


| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 40.00   | \$ 45.00   |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.24895 | \$ 0.26604 |
| Summer Off-Peak            | \$ 0.08715 | \$ 0.09313 |
| Winter On-Peak             | \$ 0.10790 | \$ 0.11531 |
| Winter Off-Peak            | \$ 0.05775 | \$ 0.06172 |
| Demand Charge:             |            |            |
| Annual kW                  | \$ 4.65    | \$ 4.65    |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 598,094 | \$ 627,999 |
| Change from Current        |            | \$ 29,905  |
| Percentage Change          |            | 5.00%      |



# NEW PROPOSED RATES

## INDUSTRIAL - ECO STEADY PHASE IN

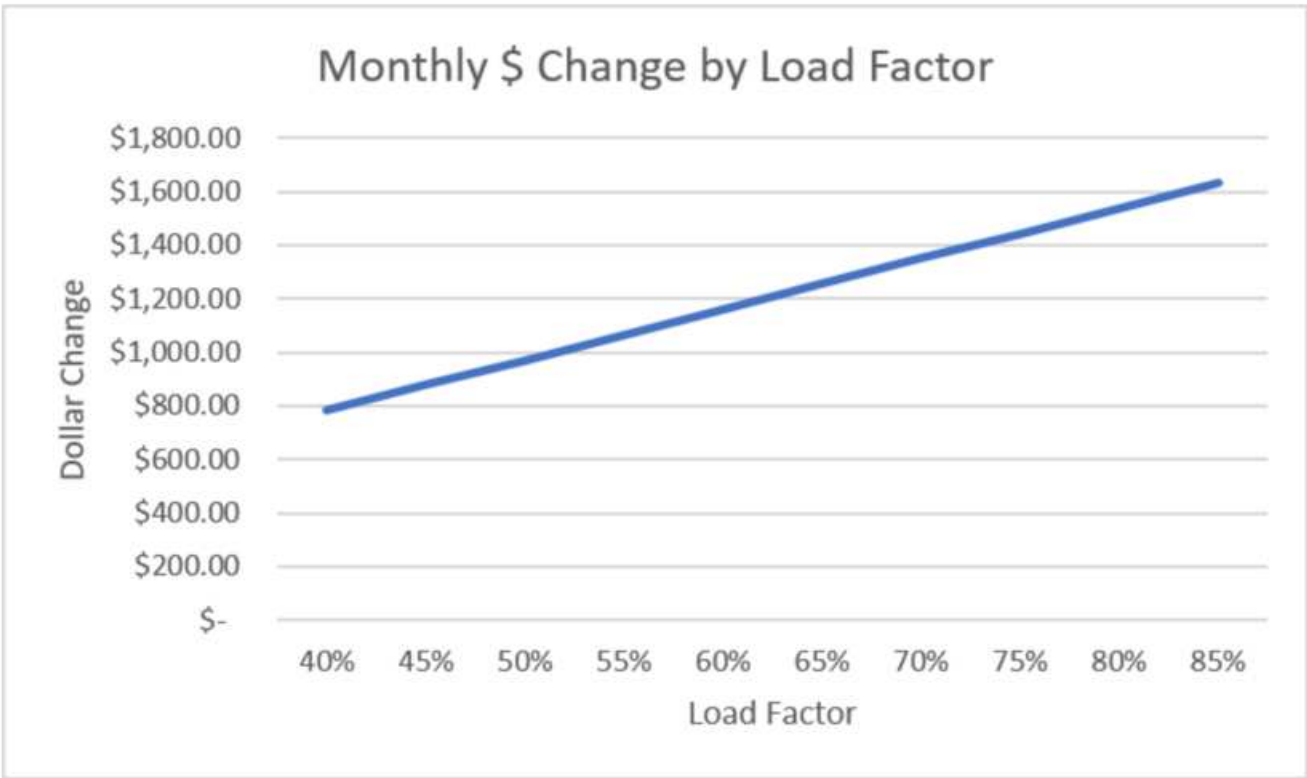
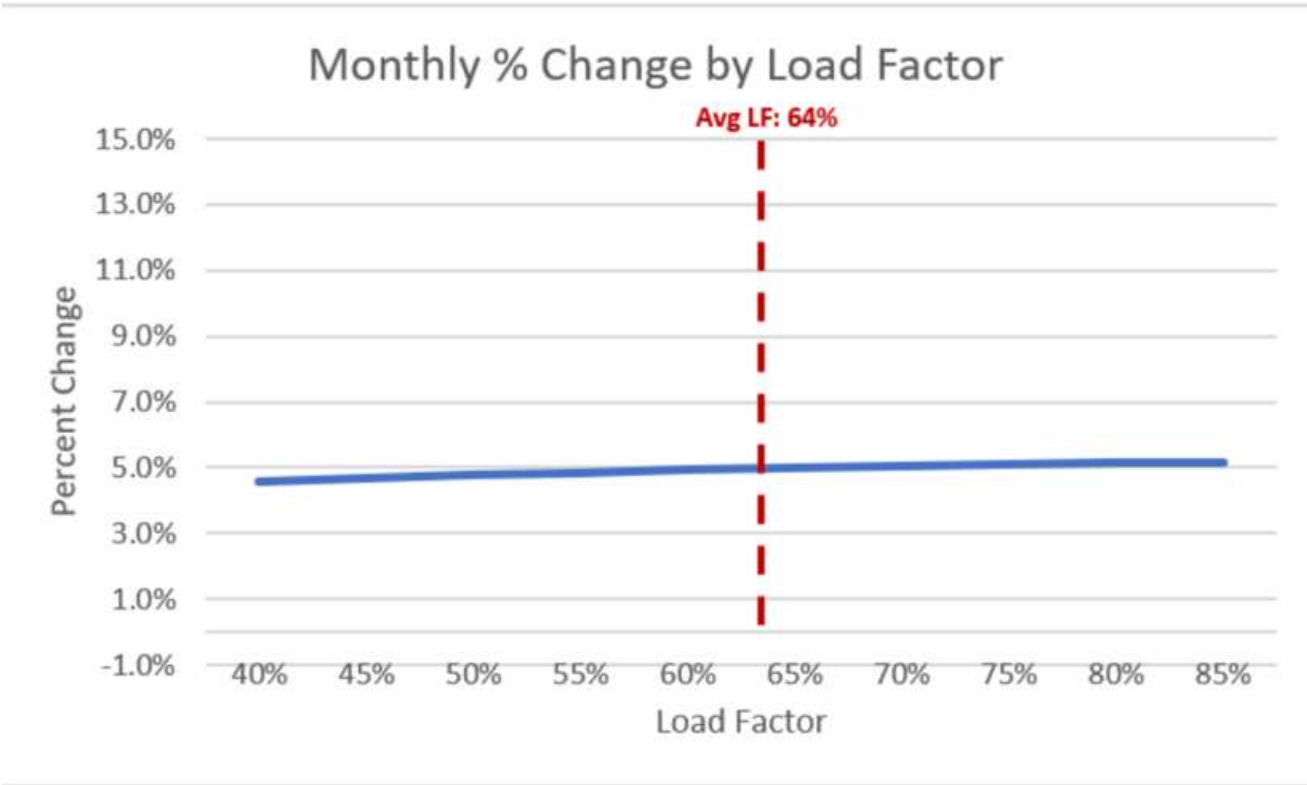


| Rates                      | Current       | 2027          |
|----------------------------|---------------|---------------|
| Monthly Facilities Charge: |               |               |
| All Customers              | \$ 300.00     | \$ 325.00     |
| Energy Charge:             |               |               |
| Summer On-Peak             | \$ 0.10470    | \$ 0.14035    |
| Summer Off-Peak            | \$ 0.05542    | \$ 0.06546    |
| Winter On-Peak             | \$ 0.07694    | \$ 0.08997    |
| Winter Off-Peak            | \$ 0.04689    | \$ 0.04998    |
| Demand Charge:             |               |               |
| Annual kW                  | \$ 12.58      | \$ 11.00      |
| Power Cost Adjustment:     |               |               |
| All Energy                 | \$ 0.02040    | \$ 0.02040    |
| Revenue from Rate          | \$ 10,331,628 | \$ 10,848,210 |
| Change from Current        |               | \$ 516,581    |
| Percentage Change          |               | 5.0%          |



# NEW PROPOSED RATES

## INDUSTRIAL - ECO STEADY NON PHASE IN

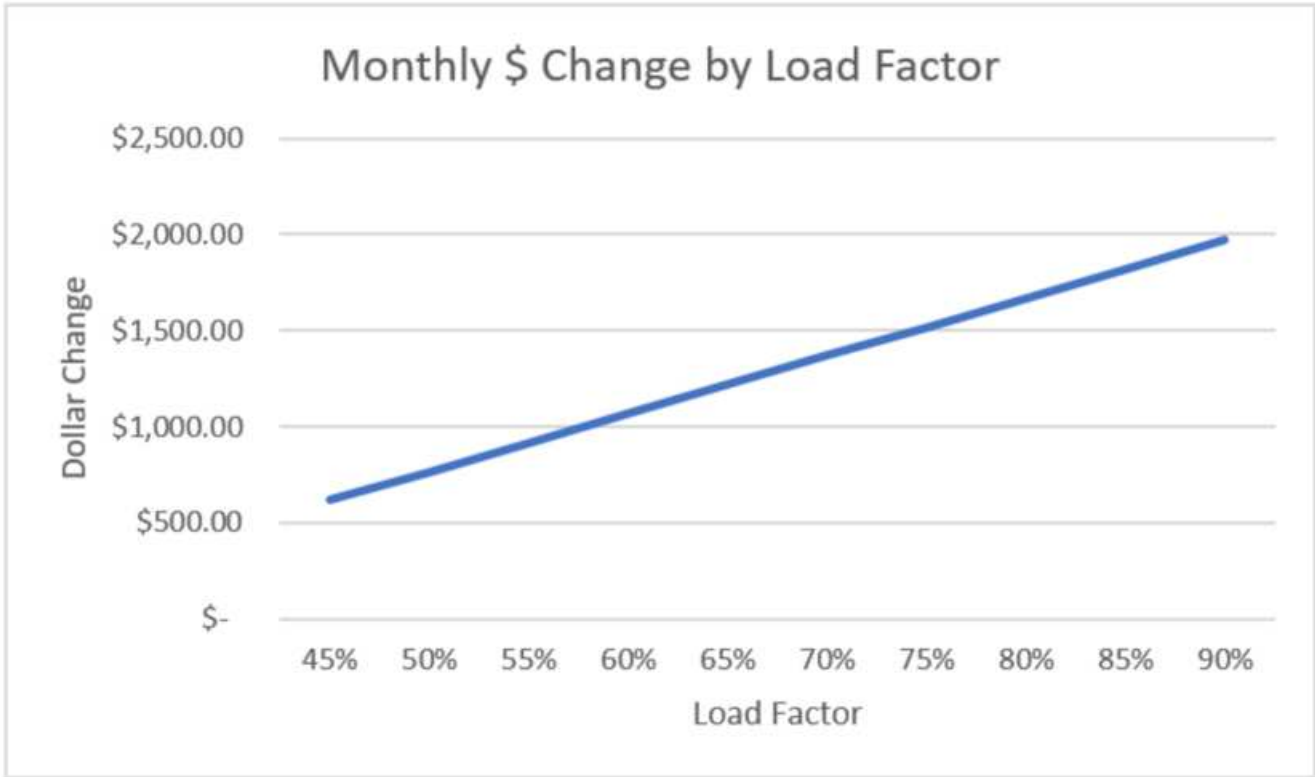
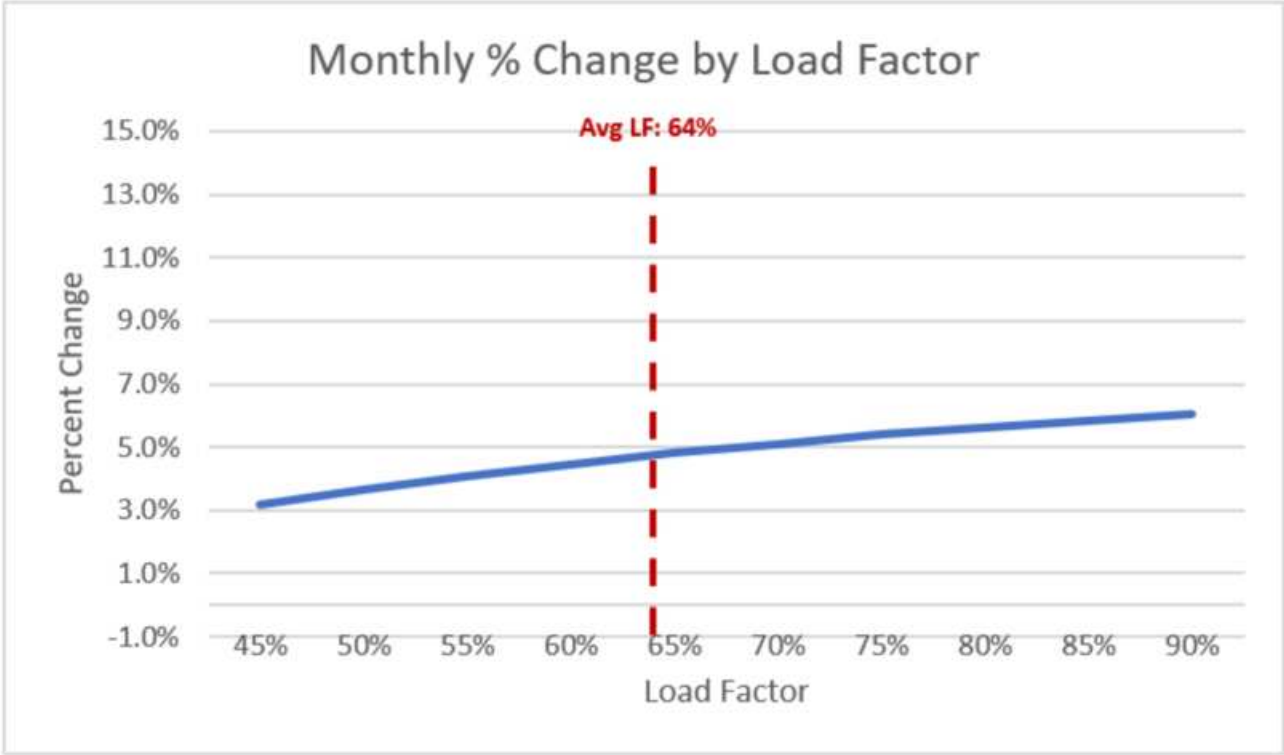


| Rates                      | Current       | 2027          |
|----------------------------|---------------|---------------|
| Monthly Facilities Charge: |               |               |
| All Customers              | \$ 300.00     | \$ 325.00     |
| Energy Charge:             |               |               |
| Summer On-Peak             | \$ 0.17317    | \$ 0.18630    |
| Summer Off-Peak            | \$ 0.06532    | \$ 0.07027    |
| Winter On-Peak             | \$ 0.08986    | \$ 0.09667    |
| Winter Off-Peak            | \$ 0.03971    | \$ 0.04272    |
| Demand Charge:             |               |               |
| Annual kW                  | \$ 8.18       | \$ 8.18       |
| Power Cost Adjustment:     |               |               |
| All Energy                 | \$ 0.02040    | \$ 0.02040    |
| Revenue from Rate          | \$ 12,928,993 | \$ 13,575,007 |
| Change from Current        |               | \$ 646,014    |
| Percentage Change          |               | 5.0%          |



# NEW PROPOSED RATES

## INDUSTRIAL - ECO CHAMPION PHASE IN

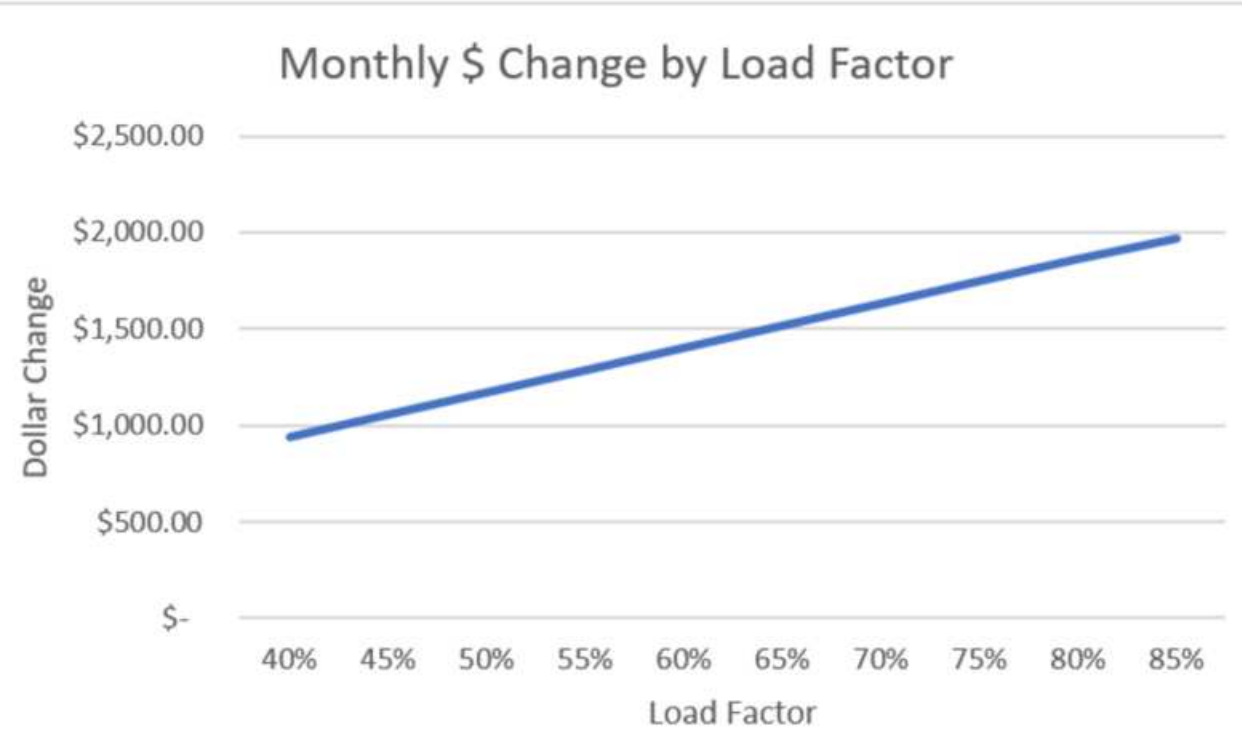


| Rates                      | Current       | 2027          |
|----------------------------|---------------|---------------|
| Monthly Facilities Charge: |               |               |
| All Customers              | \$ 300.00     | \$ 325.00     |
| Energy Charge:             |               |               |
| Summer On-Peak             | \$ 0.12446    | \$ 0.16883    |
| Summer Off-Peak            | \$ 0.05719    | \$ 0.06676    |
| Winter On-Peak             | \$ 0.07774    | \$ 0.08786    |
| Winter Off-Peak            | \$ 0.04739    | \$ 0.04989    |
| Demand Charge:             |               |               |
| Annual kW                  | \$ 12.58      | \$ 11.00      |
| Power Cost Adjustment:     |               |               |
| All Energy                 | \$ 0.02040    | \$ 0.02040    |
| Revenue from Rate          | \$ 12,934,630 | \$ 13,581,362 |
| Change from Current        |               | \$ 646,732    |
| Percentage Change          |               | 5.0%          |



# NEW PROPOSED RATES

## INDUSTRIAL - ECO CHAMPION NON PHASE IN



| Rates                      | Current    | 2027       |
|----------------------------|------------|------------|
| Monthly Facilities Charge: |            |            |
| All Customers              | \$ 300.00  | \$ 325.00  |
| Energy Charge:             |            |            |
| Summer On-Peak             | \$ 0.23090 | \$ 0.24880 |
| Summer Off-Peak            | \$ 0.06920 | \$ 0.07457 |
| Winter On-Peak             | \$ 0.08985 | \$ 0.09682 |
| Winter Off-Peak            | \$ 0.03970 | \$ 0.04278 |
| Demand Charge:             |            |            |
| Annual kW                  | \$ 8.18    | \$ 8.18    |
| Power Cost Adjustment:     |            |            |
| All Energy                 | \$ 0.02040 | \$ 0.02040 |
| Revenue from Rate          | \$ 675,369 | \$ 709,137 |
| Change from Current        |            | \$ 33,768  |
| Percentage Change          |            | 5.0%       |

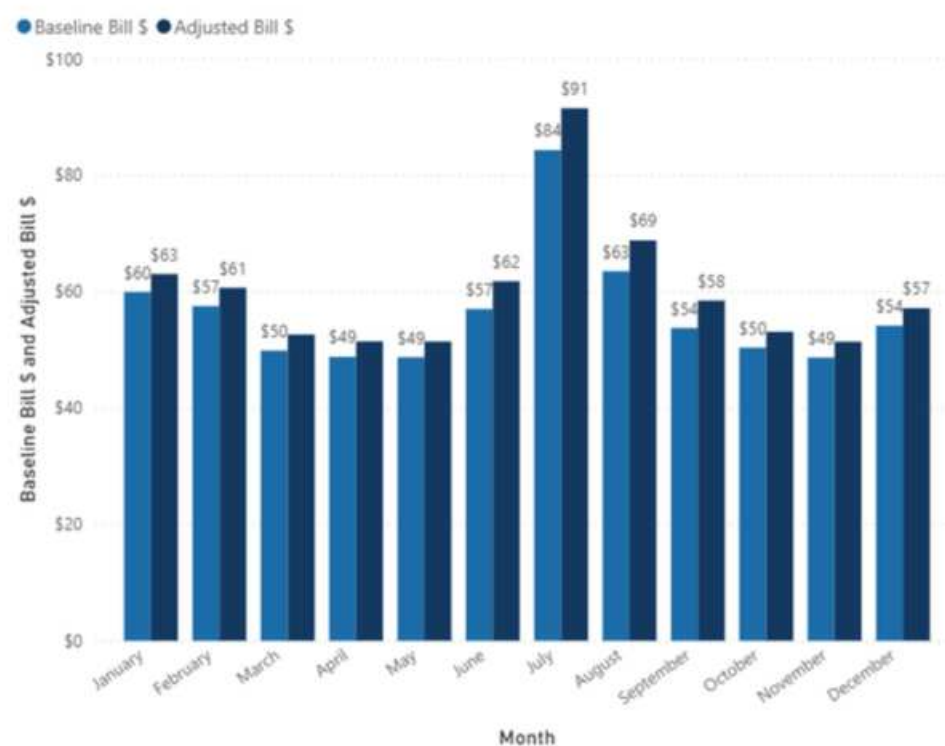


# IMPACTS OF RATES BASED ON DIFFERENT CONSUMPTION LEVELS

## Residential

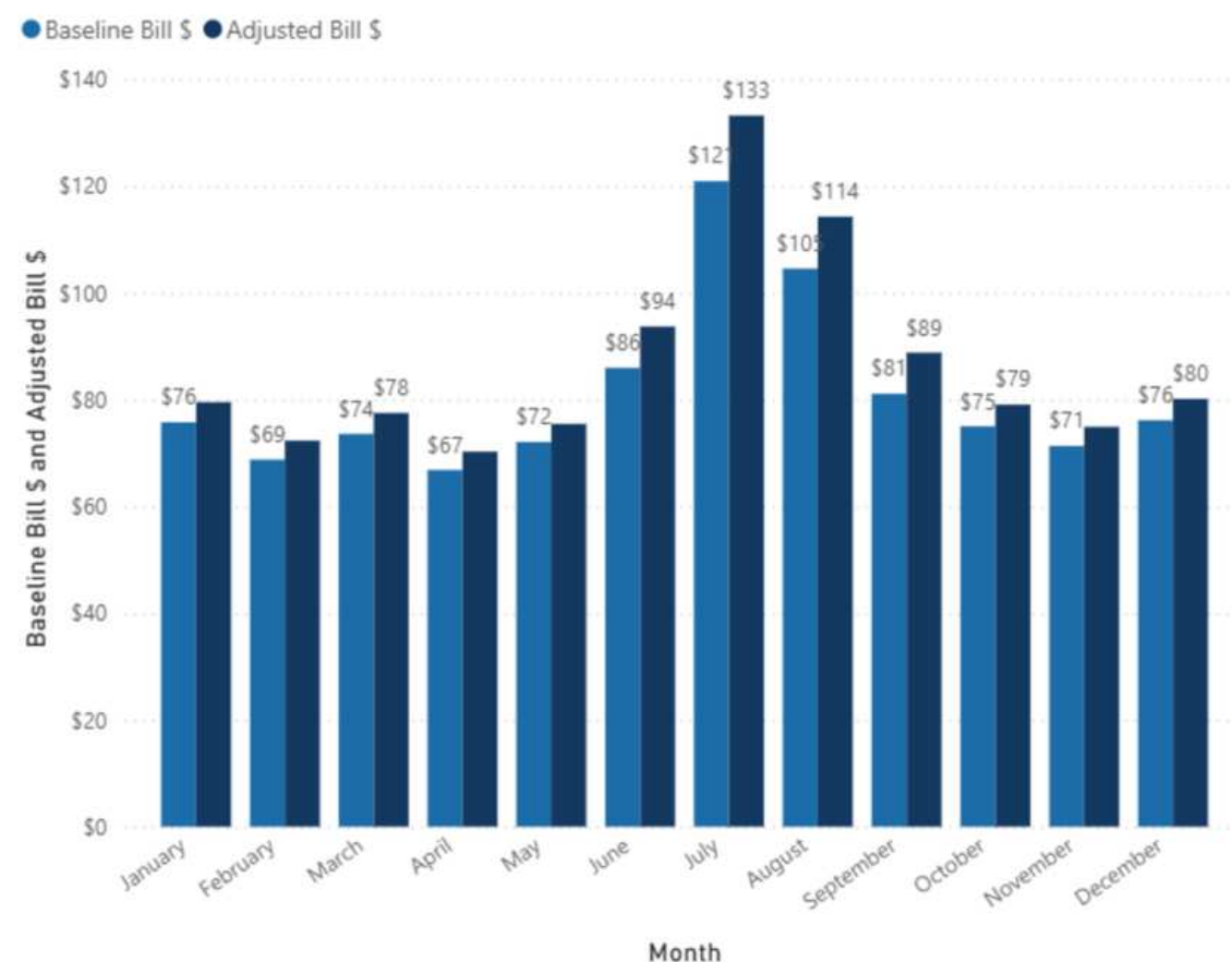
### MID CONSUMPTION

#### LOW CONSUMPTION



**\$3.74 per Month**

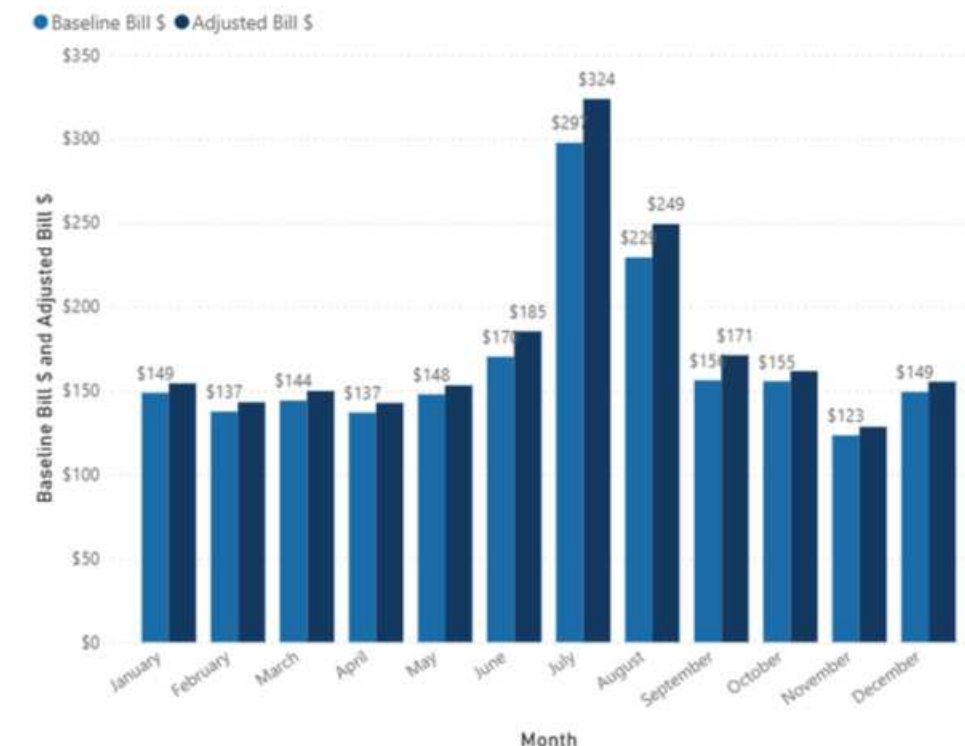
**3,531 kWh**



**\$5.60 per Month**

**6,410 kWh**

#### HIGH CONSUMPTION



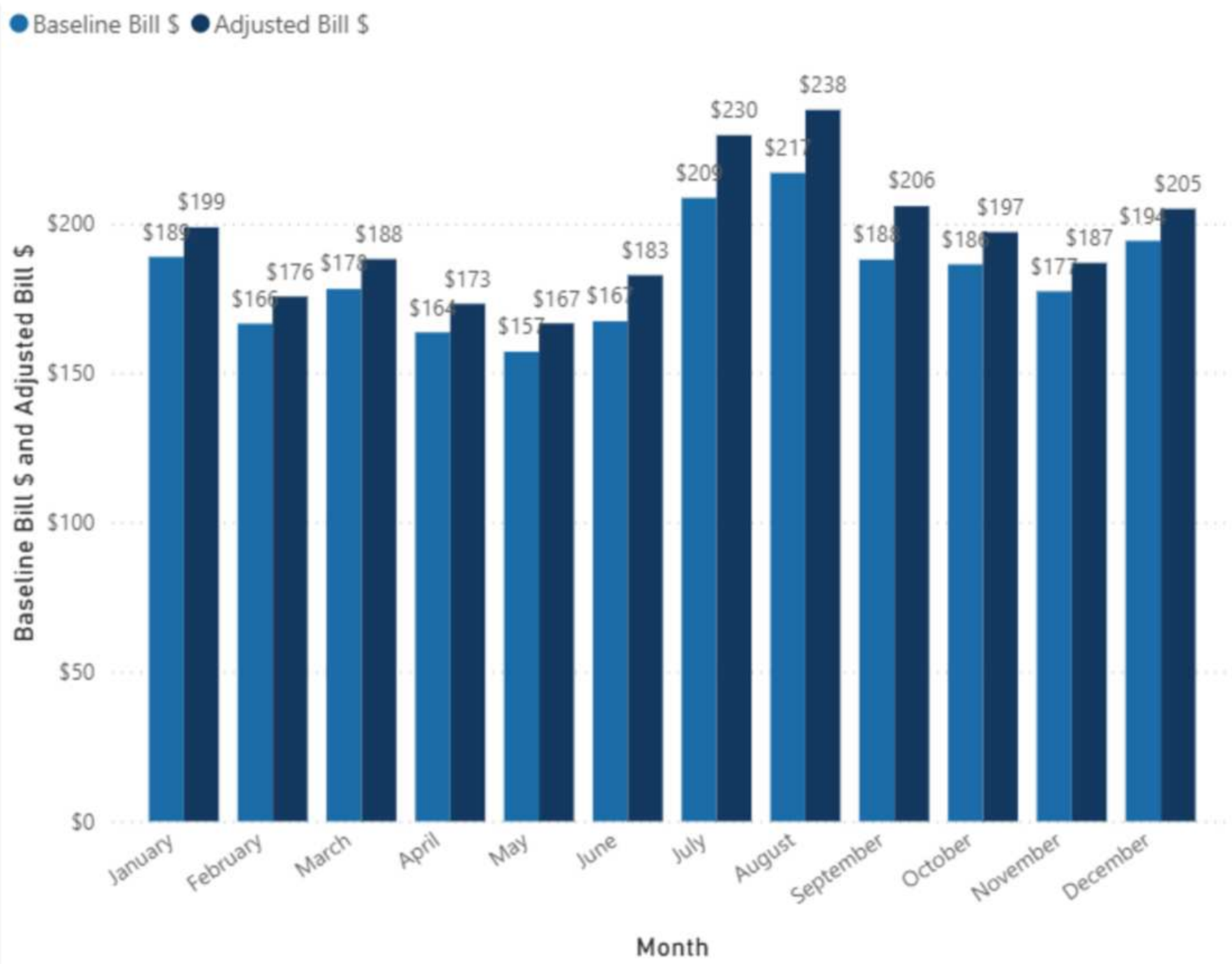
**\$10.10 per Month**

**16,719 kWh**



# IMPACTS OF RATES - AVERAGE CUSTOMER

## Commercial



Monthly Change

**\$12.86**

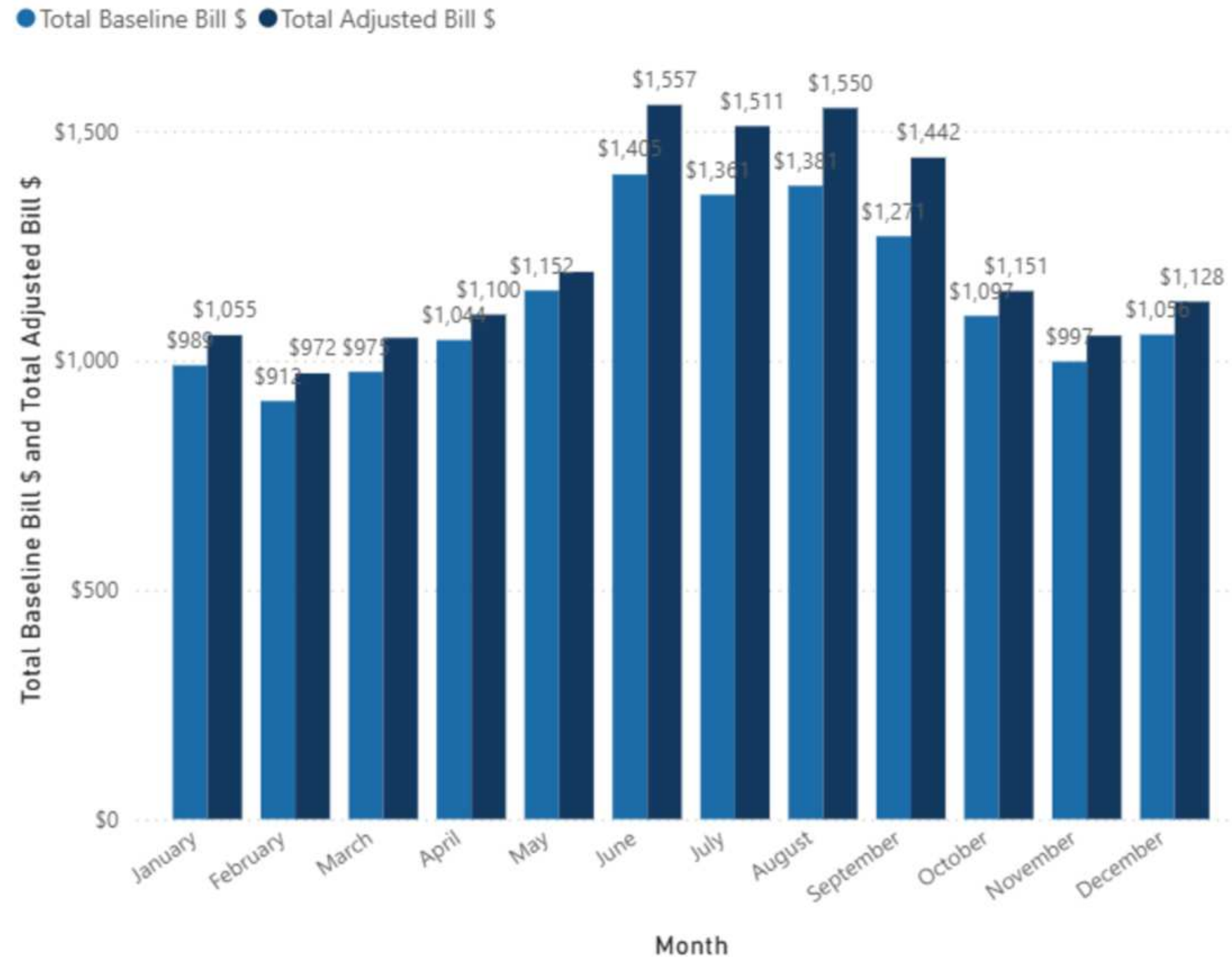
Example Consumption

**13,719 kWh**



# IMPACTS OF RATES - AVERAGE CUSTOMER

## Commercial Demand



Monthly Change

**\$93.43**

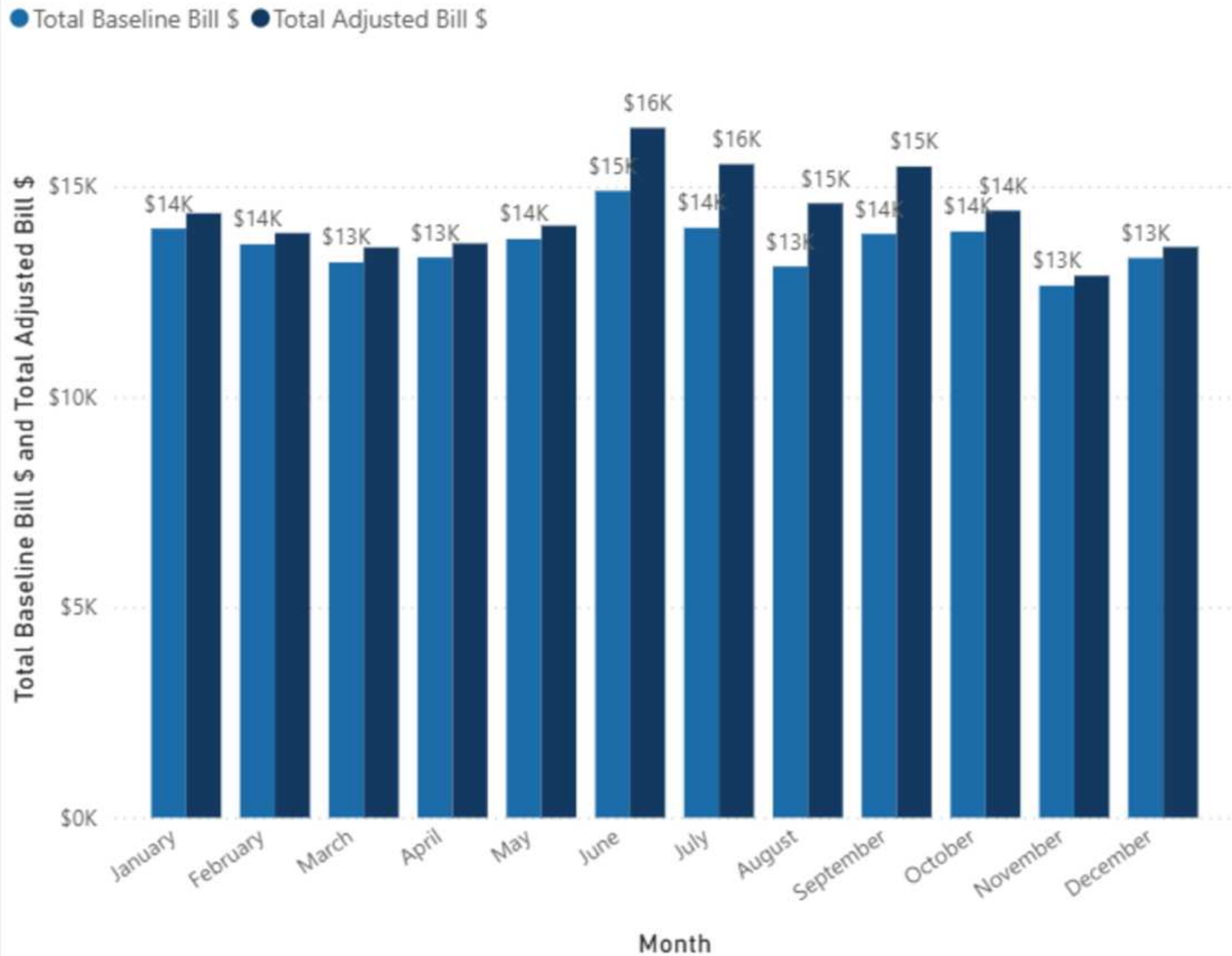
Example Consumption

**137,732 kWh**



# IMPACTS OF RATES - AVERAGE CUSTOMER

## Industrial



Monthly Change

\$728.09

Example Consumption

1,391,410 kWh



# POWER SERVICE COST RECOVERY UPDATED PROJECTION

FY 2026/27 Budget: \$0.0204

Actuals to date: \$0.018919 (*Declined*)

Projections: Reduce



# EV CHARGING RATE HOUSEKEEPING ITEM



**Simplify** tariff language by removing the specific processing fee amount and simply reference it as a "processing fee."

# Public Hearing

September 2026

## MOTION STATEMENT

Moved by \_\_\_\_\_, Seconded by \_\_\_\_\_, that the board tentatively approves the rate adjustment and housekeeping change and authorizes the secretary to set a public hearing for the October 1, 2026 rate adjustment to be held at the September 8, 2026 regular meeting; and further that a notice of the public hearing be posted on the utility's website and placed in the Traverse City Record Eagle.

