ELECTRICITIES of NORTH CAROLINA, INC.
The energy behind public power

Cost of Service Study
For City of Lincolnton
September 23, 2025

Cost of Service Study

Scope:

- Executive Summary for Management and the Board of Directors
    - a. Cost of service identifying cost to serve each class of customers
    - b. Minimum system analysis to identify cost to recover in customer charges
    - c. Load research development on how customers use electricity
        - i. Load Factors
        - ii. Contribution to system peak demands
        - iii. Peak demand of each class of customers
    - d. Power Supply cost breakdown by class
        - i. By season, demand and energy
    - e. Distribution breakdown of costs
        - iv. Customer charge
        - v. Distribution charges at voltage (service) level
- Financial Projection and long-term rate track
    - a. Development of five-year financial projection
    - b. Identification of long-term rate adjustments
    - c. Identification of projected debt coverage ratios
    - d. Minimum cash reserve for the utility to maintain
    - e. Identification of target operating income
- Rate Design for one year at current rate structure
    - a. Impact of rate designs at various usage levels within each class
    - b. Movement of rate toward cost of service
- Detailed report for Management
    - a. Identifying process and result of study
- Presentation to Management and the Board of Directors/City Council
    - a. Presentation of results via MS Teams included, on-site optional
    - b. Training at the presentation on financial targets and how to consider looking at costs
- Input from Board/Council on rate adjustments and movement toward cost of service
- Fees by number of customers. Fees below include an MS Teams presentation, optional, on-site.

Time to Complete:

3-6 months after receipt of data

ElectriCities Role:

ElectriCities will partner with Utility Financial Solutions (UFS) to provide the above deliverables. ElectriCities staff will assist by reviewing data inputs, analysis and reports; facilitating meetings; and providing information and guidance regarding NCMPA1 wholesale power costs and retail rate design objectives.

Project Cost (a):

Cost Quote (a):	$28,900
Less System Betterment Allocation (b):	$ 5,000
Net Cost to City:	$23,900

(a) Quoted price is effective until February 28, 2026.
(b) The city may elect to reduce the cost of this service by utilizing $5,000 of funding available from the ElectriCities System Betterment Program if not already designated for other purposes.