SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
SANTEE COOPER

PROPOSED RATE ADJUSTMENT	TRANSCRIPT OF SPECIAL CALLED MEETING OF THE SANTEE COOPER BOARD OF DIRECTORS

Date: August 31, 2026

Time: 2:00 p.m.

Location: Santee Cooper HG Office Auditorium, 305A Gardner Lacy Road, Myrtle Beach, South Carolina

Reported by
Julie Taradash

APPEARANCES

Santee Cooper Board of Directors Present:
David F. Singleton, Vice Chair
Charles S. Bennett, II, 1st District
Kristofer Clark, 3rd District
Charles E. Dalton, 4th District
A. Berl Davis, Jr., Ex Offcio Member (videoconference)
Brian C. Frerichs, 5th District
Chad T. Lowder, Ex Offcio Member (videoconference)
Stephen H. Mudge, At Large
Alyssa L. Richardson, 6th District
Stacy K. Taylor, 2nd District
Timothy M. Tilley, Georgetown County
John S. West, Berkeley County (videoconference)
Hugh L. Willcox, Jr., 7th District

Santee Cooper Executive Team:
Jimmy Staton,
President and CEO (videoconference)
Tami Wilson,
Vice President and Chief Financial Officer
Carmen Thomas,
Vice President,Chief Legal Officer, and General Counsel
Mike Finissi,
Deputy CEO and Chief Operating Officer(videoconference)
Ken Lott,
Senior Advisor to CEO
Crystal Brinson,
Executive Assistant to CEO

Staff Members Present:
Lindsey Whitley,
Corporate Secretary and Associate General Counsel
Sandra Starks,
Assistant Corporate Secretary
Emily Tyner,
Manager Corporate Communications
Devin Ritter,
Manager of Pricing
Mollie Gore,
Director Corporate Communications & External Affair

Staff Members Present (Continued):

Shawan Gillians,
Senior Director Communications and Community
Greg McCormack,
Senior Director of Financial Planning
Bryan Lewis,
Director Customer Service Retail
Stephanie Burgess,
Senior Manager Retail Services and Customer Experience
Marty Watson,
Senior Director Commercial and Customer Service
Chad Hudson,
Director of Wholesale and Industrial Services
Jack Stewart,
Deputy Chief Law Enforcement & Security
Tracy Vreeland,
Public Relations Specialist III
Paul Zoeller,
Creative Specialist III
Gleason DeLuca,
Customer Experience Analyst III
Brittany Rabon,
Administrative Associate
John Calhoun,
Financial Analyst III
Kristin Bennett,
Financial Analyst II
Jack Grooms,
Financial Analyst II
Haylee Cooper,
Retail Customer Billing Analyst III
Rebecca Alvarez,
Customer Service Rep III
Jennifer Dittbenner,
Customer Service Rep III(videoconference)
Alex McCoy,
Manager Commercial Energy Services

Southern Alliance for Clean Energy:
Eddy Moore, Decarbonization Director

Department of Consumer Affairs:
Jake Edwards, Assistant Consumer Advocate
Roger Hall, Deputy Consumer Advocate

Office of Regulatory Staff:
Donna Rhaney, Senior Counsel and Legislative Liaison
Stig Rasmussen, Staff Attorney
Shane Hyatt, Program Manager
Michael Seaman-Huynh, Deputy Director Energy Operations

Concentric Energy Advisors:
Jonathan Byrd, Vice President
and Utility Regulatory Expert
Peter Blazunas, Vice President(videoconference)

Arcadian Consulting Group:
Michael Deupree, Senior Research Consultant
(videoconference)
Arden Koschel, Senior Research Analyst,
(videoconference)

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PROCEEDINGS

VICE CHAIRMAN SINGLETON: All right. I'd like to welcome everybody to the Santee Cooper meeting and to call the meeting to order. I'm Dave Singleton. I'm First Chair of Santee Cooper, and I'll be chairing the meeting in Chairman McCoy's stead today, as he has a -- another commitment that he cannot get out of. So we'd like to -- to appreciate, again, all of our guests and media and welcome you to this special called meeting for comments on the proposed rate adjustment. I'd like to recognize, at this point, Lindsey Whitley, our corporate secretary, to provide information on the meeting and the -- and the -- and to perform the roll call.

MS. WHITLEY: Thank you, Director Singleton. Welcome to our guests and customers. For y'all's awareness, this is a public meeting. It's being livestreamed. We also have a court reporter present, and she's transcribing the meeting. The -- the livestream and the transcript will be made available on our website shortly after the meeting, and the transcript will be provided to the Board for its consideration prior to its final vote.

Mr. Chairman, notice of this meeting of -- and of the proposed rate adjustment complies with FOIA and our statutory rate adjustment process. A written notice of the meeting and the proposed adjustment were provided on May 1st by first-class mail and electronically to customers. Notice of the proposed adjustment was also provided to the press, news release, and on our website. And finally, notice of today's meeting was posted online on Friday in our lobby and provided to the media.

At this time, I'll move through our roll call. Director McCoy is not here. Director Singleton?

VICE CHAIRMAN SINGLETON: Here.

MS. WHITLEY: Director West?

STAFF MEMBER: He's not -- he's off --

MS. WHITLEY: We'll come back. Director Bennett?

DIRECTOR BENNETT: Here.

MS. WHITLEY: Director Clark?

DIRECTOR CLARK: Here.

MS. WHITLEY: Director Dalton?

DIRECTOR DALTON: Here.

MS. WHITLEY: Director Frerichs?

DIRECTOR FRERICHS: Here.

MS. WHITLEY: Director Mudge?

DIRECTOR MUDGE: Here.

MS. WHITLEY: Director Richardson?
DIRECTOR RICARDSON: Present.
MS. WHITLEY: Director Taylor?
DIRECTOR TAYLOR: Here.
MS. WHITLEY: Director Tilley?
DIRECTOR TILLEY: Here.
MS. WHITLEY: Director Willcox?
DIRECTOR WILLCOX: Here.
MS. WHITLEY: Director Lowder?
DIRECTOR LOWDER: Here. And we can barely hear you, by the way.
MS. WHITLEY: Okay. Is this better?
DIRECTOR LOWDER: There's a lot of background noise.
MS. WHITLEY: Okay. How about this?
DIRECTOR LOWDER: A little bit better, yeah.
MS. WHITLEY: What about now?
DIRECTOR TAYLOR: He said, "Yeah," thumbs up.
MS. WHITLEY: Okay. Thank you.
DIRECTOR LOWDER: Yeah. I'm sorry. Yeah, a lot better.
MS. WHITLEY: Okay. And then Director Davis?
DIRECTOR DAVIS: Here.
MS. WHITLEY: Okay. So I will make a note for our -- our speakers and any commentors that we need to speak in a very projecting voice and -- from the diaphragm. So, Director --

DIRECTOR WEST: Lindsey, this is John West. I am present.

MS. WHITLEY: Thank you, Director West.

Vice Chairman Singleton, you have the quorum, and you may conduct business.

VICE CHAIRMAN SINGLETON: Thank you very much, Lindsey. At this juncture, we're going to have -- Haylee Cooper and Rebecca Alvarez are going to lead us in the invocation and the -- and the pledge, and I'm going to tell you a little bit about each one of them.

Haylee is a retail customer billing analyst in the Myrtle Beach office. She's a Clemson graduate and has an MBA from CCU. Haylee began her career at Santee Cooper as the summer intern and has been a full-time employee since 2021. In addition to her regular responsibilities, Haylee is chair of Santee Cooper's United Way campaign.

Rebecca has been a resident of Myrtle Beach for over 15 years. She joined Santee Cooper in 2017, and is a customer service representative in the Myrtle Beach office. Rebecca specializes in resolving complex billing and payment issues, and is a -- is passionate about the process of alleviating customers' problems.

So Haylee and -- if you will lead us in the invocation.

MS. COOPER: All right. If we'll bow our heads, please.

Dear Lord, we want to thank you for this day. We thank you for the opportunity to be here. We are thankful for Santee Cooper, our employees, and our leaders, Lord. We just would like to pray for clarity and wisdom today for the decisions that will be made, and we will also pray for safety for everyone to return home safely today and every day. Thank you and Amen.

VICE CHAIRMAN SINGLETON: And the pledge?

MS. ALVAREZ: Please stand for the Pledge of Allegiance.

ATTENDEES IN UNISON: I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

MS. ALVAREZ: Thank you.

VICE CHAIRMAN SINGLETON: Thank you, ladies. The -- the purpose of this meeting is for the Board to receive written and oral comments Santee Cooper management has received thus far through the -- through the adjustment process. The Board will --

AUDIENCE MEMBER: You need to speak up louder, please.

VICE CHAIRMAN SINGLETON: Certainly. The Board will also listen to oral comments from customers, other parties, the Department of Consumer Affairs, and the Office of Regulatory Staff. The Board's independent consultant will also present its report on the proposed adjustment. First on the agenda is the presentations from staff and the Board's consultant on rates. So at this juncture, I'll recognize Greg McCormack, Senior Director of Financial Planning, to present a summary of the public comments

MS. WHITLEY: The microphone isn't being helpful, so we're going to ask everyone just to speak loudly. The room is hot mic'd, so the webcast should be able to hear us fine, but for those in the room, we'll just have to use our good public speaking voices. Thank you.

MR. MCCORMACK: Okay. Wonderful. So I -- I have just a couple of short slides for you-all to talk about our process to date. So on May 1st, I stood before you-all and talked about the fact that Santee Cooper needed rate adjustments. In that presentation, we talked about, you know, the details of what we were proposing, and you-all authorized Santee Cooper to initiate a public comment process.

So what we did from May until July 30th was that process so far. So we met with the industrial customers in May. We met with the customer advisory council in June, and then we held three separate public comment meetings in July as part of the rate study process.

So today, I'm going to give you an update --

MS. WHITLEY: I'm sorry, Greg. This needs to come back up. Continue.

MR. MCCORMACK: Okay. Is that better? Okay. I'll just keep going.

So today, I'm going to give you an update on the written comments thus far and some of the other comments that we've received. Importantly, what we are going to be talking about today, we are not going to recommend any changes to our rates; that's not what this process is for. We're here to receive comments, so you won't hear anything from management on anything that we may be considering as a result of the public comments that we've received to date.

In that May presentation, one of the things that I committed to this Board and to our customers was that our goal was transparency. And so this is what we meant by that: After the Board meeting in

May, we uploaded 17 files initially; we provided a lot of details to our customers right off the bat without them having to ask. So a working rate model, our entire financial forecast, the management report that you-all received, all of that was uploaded basically right after our meeting on May 1st.

Over the period until July, we received 303 written comments. It's a little bit more than half as many comments as we received in the 2025 rate adjustment, and we responded to all of those comments. So we provided written responses to all of those comments for our customers.

What I'm going to talk about on the next slide is, you know, some of the details of those comments. You-all have all of the comments and Santee Cooper's responses to those comments. But on the next slide, I'm not going to talk about the comments from the industrial customers or from the Department of Consumer Affairs. They're going to speak to you about those, and they're a little bit more nuanced than some of the -- the more common comments that we got, and so we're not going to be speaking to you about those.

Over the -- the period through July, we

answered 175 questions and provided over 500 documents to our customers, so to the extent that customers had questions, wanted some additional information, we provided those responses to those customers to help them better understand our process. A lot of that was related to the Office of Regulatory Staff. They were very, very involved in this process. They asked us a lot of questions, trying to understand, trying to make sure that they agreed with what Santee Cooper was doing or at least understood what Santee Cooper was doing. And so a lot of those documents were related to ORS questions, and we put all of those documents that we could on our website. So all of our customers have access to any non-confidential information as a result of that process. And then I already mentioned the public comment meetings.

And so this is what the -- the public comments looked like. The way to -- to read this chart is that it's basically anytime a customer mentions something, we counted it. So if a customer said, "I have" -- "I'm opposed to this rate adjustment. I'm a fixed income customer, and I'm concerned about the cost that data centers are bringing to the system," you would see one, two, three comments for that customer comment, okay? So that -- that's why you're seeing 250, and it doesn't add up to the 300.

The general opposition: affordability. Just general, you know, not agreeing with the rate adjustment. Some of these comments were related to inflation and the impact of inflation on their budget generally and then Santee Cooper needing rate adjustments. There were also a number of comments about profits -- Santee Cooper's profits. And so, when we responded to those comments, you know, we talked about some of the things that Santee Cooper was doing, the -- the $200 million of debt service savings that we've achieved, the $75 million, approximately, of capacity that we have not had to purchase as a result of working with some of our large customers to reduce their impact on the peak, and then also we told our customers we are a not-for-profit. So we are cost-based -- you-all know that -- and so trying to help them understand this is who Santee Cooper is, this is what our process is.

Peak charges. So that's the demand charges -- that's what that's referring to. A number of comments there. There is still some confusion from our customers over what that is, you know, just generally, you know, not liking the idea of having a peak demand charge. We -- we did notice a number of those comments viewed peak demand charges as a new charge as opposed to taking costs that we incur and allocating a portion over to demand charge to better align cost causation with the customers responsible for those costs. And so when we responded, we tried to help customers understand the demand charge, understand what we are trying to do, and the purpose of the demand charge.

Interestingly -- sort of an interesting stat, of that 160, 20 customers were concerned about the impact of a single peak period on their bill. And so those were fun ones to respond to -- right? -- because we were able to tell customers we made this change for balanced demand billing to take the average of your four highest peak periods to alleviate some of the concern that they expressed in their comment to us.

Residential allocation, that's related to how much of this increase is going to the residential class, that there was a -- a trend or a theme that some of the -- that the commercial customers in the Myrtle Beach area should be picking up more of this increase. So again, we -- we responded to those talking about cost allocation, talking about charging the customers who are causing the peak -- the -- the costs at the peak to be responsible for those costs.

General complaints, those are just general Santee Cooper complaints, whatever the variety may be. Could be related to their own individual billing. It could be related to some -- something that they don't like about Santee Cooper but generally not rate-related comments.

Cost control comments, I already, you know, talked about some of the savings that -- that we've achieved and, you know, we certainly provided that feedback to our customers. But those were just asking, you know, "What is Santee Cooper doing to help lower your costs?"

And then data center concerns. So you can see 23 customers identified data centers as a concern, that they did not want to be picking up the costs associated with those.

I skipped over the fixed income because I wanted to go back to it. So on May 1st when we talked about the focus groups, if you remember, my presentation was heavily focused on the focus groups and the feedback that we got from Santee Cooper's own customers over how we should be approaching this rate study. One of the things that I mentioned was that we had met with some energy burdened groups, but we didn't go into detail with what they said. So the fixed income concerns, this is related to, I think, sort of obviously, customers who, you know, are lower income or, you know, seniors or whatever it may be, who are potentially having some challenges paying their bill. One of the feedback items that we heard very loudly from the energy burdened support groups that we spoke with was that they did not favor a rate solution to that, and so that's why we did not put something into our rates was that was not the favorite approach to support energy burdened customers.

And so the way that we responded to these fixed income concerns was to point them to some of the programs that Santee Cooper has. We have, you know, budget billing, we have payment assistance, any number of programs. The -- the specific comments from the focus groups related to energy burden was that they wanted Santee Cooper to do things to fix the issue instead of Band-Aid the issue. So if there was a customer who had a drafty house or poor insulation or whatever it may be that was causing them to have higher energy usage, instead of a direct subsidy, what they favored was Santee Cooper providing support to fix the issue that the customer was having that would then naturally lower that customer's bill.

So just sort of quickly, over on the right, 17 mentions -- so positive mentions about the balanced demand billing concept, the averaging of the four, so customers recognized that and they appreciated that.

And then 24 mentions related to suggesting that Santee Cooper should exclude weekends and holidays from our balanced demand calculation. So that was great feedback. And so we did an analysis, and what we responded to those customers with was that approximately 21 percent of our system peaks occur on the weekend. So you can see in this commentary that -- that the suggestion was that Santee Cooper had lower demand during the weekends and so we should exclude those. We found that not to be the case, and so we provided that information to our customers.

So that's all I have, unless you-all have any questions about the comments that we have received so far.

VICE CHAIRMAN SINGLETON: Any questions or comments for Greg? All right. Hearing none, thank you, Greg.

MR. MCCORMACK: Thank you.

VICE CHAIRMAN SINGLETON: We'll move on to the public comment. This part of the meeting is for the Board to receive information directly from customers and other parties on the proposed rate adjustments. On behalf of the Board, we look forward to hearing from you and your comments.

Regarding the proposed rate adjustments, no deliberations will be conducted today, no decision will be made today, and no votes will be taken today. As the final decision-maker on the adjustment, the Board is here to listen to you and will -- but will not be responding to questions.

At this juncture, I'd like to recognize Tami Wilson, our vice president and chief financial officer, to provide an overview of the public comment process.

MS. WILSON: Thank you, Vice Chairman. So I would like to thank the public for attending today, and we look forward to hearing your comments.

As Vice Chairman Singleton mentioned, we are receiving information this afternoon on the proposed rate adjustments only. If you have questions about your existing account or how the proposed adjustments affect your individual accounts, Santee Cooper customer service representatives are in the lobby to assist you.

There is a handout here by the door which summarizes the process -- the process, the adjustments, along with a frequently asked questions document. The full rate schedules, studies, and management reports are also available at the front desk and available on Santee Cooper's website.

To ensure an orderly and efficient process, we'll go over some information and the ground rules for making comments. Please silence your cell phones and be courteous to others who are speaking. Please do not interrupt, clap, or make loud noises during the meeting when customers are speaking, as this will interfere with the court reporter's ability to actually -- accurately capture the information provided.

Santee Cooper customers and other parties may comment today. Multiple commenters per organization may comment, but in the interest of efficiency, no more than five commenters per customer or group should speak. Only those registered to speak will be called. If you are not registered to speak and would like to do so, please step out to the front desk and give them your name and register.

This is a large room, please speak loudly and clearly, so everyone in the room can hear. Please stay within -- you'll see there's blue tape down here, please stay within the taped lines by the podium when you're speaking. This will ensure that you stay within the frame of the live camera stream.

We will take comments by groups of commenters. We will start with our residential customers, followed by our commercial customers, then our industrial customers, and then we will provide an opportunity for other parties to speak. We will finish up with comments from the Department of Consumer Affairs and the Office of Regulatory Staff.

To ensure everyone gets a chance to speak, each person will be limited to three minutes. There is a clock back there, so please keep an eye on that. When your time is up, you may finish your thought before ceding the podium. The ORS and the DCA may speak longer, given their roles in this process.

As mentioned, we have already had three public meetings to receive comments on the proposed adjustments. Even if you commented at one of those meetings, you are welcome to comment directly to the Board this afternoon. Santee Cooper may decline to consider some comments based on appropriate grounds. That includes statements that are not related to the rate adjustment process. If needed, we may take short breaks between commenters. Should a break be necessary, we will announce the time we will reconvene before pausing.

And with that, we will get started with comments. And again, we're going to start with our residential customers. When speaking -- when your name is called, please come to the podium, speak loudly and clearly, and state your name, the name of the street, but please do not provide your house number. We don't request that because of confidentiality purposes. Also state your town or county where you receive service from Santee Cooper, confirm that you are a customer of Santee Cooper, and please indicate whether you have spoken at previous meetings. There is a sheet up here in case you all forget those -- to provide that information.

And so we'll start with our first residential customer, Ms. Patti Raneri.

MS. RANERI: My name is Patti Raneri, I'm a resident of South Carolina for the past ten years. I live at Palmetto Park. I have a three-bedroom condo, and one of my bills went from -- can you hear me?

AUDIENCE MEMBER: No.

MS. RANERI: No? I'm a resident at South Carolina. I live at Palmetto Park. I've been here for ten years. When this started, my bill went from $80 to 260. I live on Social Security. I think the state has over a million people that are retired. I have to get on my toes so maybe you can -- and there's 20 percent of people that are retired. And this hike, like, from three to six and from six to three, is like the worst time because I have to shut the air conditioner off. I don't know what people do with five kids or two kids or one kid, but -- and then in the -- in the winter, I have to freeze.

I am -- my next birthday, I will be 80 years old. And honestly, I didn't think I would go from here to here. South Carolina is a great state for all of us to retire, and this has made it really hard, out of my Social Security check. $300 out of a Social Security check, as opposed to 80, is a lot of money. And I think the people that use the most should pay the most. Not -- not the residents. I mean, we're residents. Thank you.

MS. WILSON: Thank you, Ms. Raneri. Next is Brenda Ziemann.

MS. ZIEMANN: Hello, everyone. My name is Brenda Ziemann, and I have been living here for over 25 years. And also, I am retired; I live on Social Security. And I have paid and been with Santee Cooper for all this time. My bill, I've noticed, as it says they pick -- they manage to pick the peak hours when we need -- in the summertime, when we need the -- the air conditioner the most, when it's the hottest day -- hottest time of the day, and also in the wintertime, you'll always manage to pick the times that we need the warmth. And my bill has gone up a tremendous amount.

I have Social Security, which is a very low amount, very low amount, and it's very hard for me. I mean, I afraid to wash my hands, I'm afraid to turn on the water. I have to turn everything off.

I have a atrial fibrillation. I'm not trying to complain about it, but it really makes it very hard for me.

And -- and I just don't understand why we have to suffer for it. I don't. I mean, I don't know where the money goes. I know things grow, and I know that things go up, you know, like, everything else, you know, prices of everything goes up, but it just makes it really tough, you know. So I just wanted to get a word in. So thank you for listening, and thank you. Have a good day.

MS. WILSON: Thank you, Ms. Ziemann. Mr. John Beatty.

MR. BEATTY: Good afternoon. My name's John Beatty. I'm a residential customer on Park Ridge Drive in Aynor, South Carolina. The thing I want to say is that the reason -- I believe the reason the rates are going up is because we fell into a fallacy that providing power at the most economical rate for our customers was lost recently. We fell into the solar, wind, renewables, all that stuff that we now know means nothing to the world.

We need not to pollute, but we need to promote clean, cheap energy: gas, coal. We can do coal cleanly and cheaply, and reduce the rates for these people who are suffering. I myself was enticed into buying solar by Santee Cooper, offered a great rebate back in 2017. But as makes sense, I pay for power set -- set -- set --set-asides that, when solar is not producing, you have to have gas or coal, or something else to replace it. So I pay for that.

I pay for the privilege to have -- I have an extra fee to also have solar. Now, when solar -- okay? When solar, like I said, is paid back to me as a customer, right, I only get half of what I'm paying for electricity back. So it doesn't seem fair. I'm giving you power, right, and when I sell it back to you, right, when I pay for it, it's 8 -- 8 -- over 8 cents. When I sell it back to you, it's only 4 cents, okay.

Now -- now if you say that's what you pay for power or something like that, I agree. But you have EV customers that are a drain on the system, right? I'm -- I'm talking about, you know, EV passenger vehicles or electric -- any electric vehicle. They get a special rate to suck off the system. Why is that? Why are we promoting that? We all know now that EVs don't reduce the carbon footprint of anything in society. They're create -- they're going to create a huge disposal problem with all these batteries; that's coming up. And yet, we're -- these people are subsidizing people with EVs. That -- that just seems crazy to me.

So thank you for listening. I appreciate it, and everybody have a wonderful, blessed day.

MS. WILSON: Thank you, Mr. Beatty. Mr. Keith Compton.

MR. COMPTON: Say it again? Was it Compton?

MS. WILSON: Yes, Compton.

MR. COMPTON: My name is Keith Compton; I've been in Myrtle Beach since 1949. I live on Pine Lake Drive in Old Pine Lakes. I don't have any complaints; I have a couple of observations. And I feel like the reason for rate hikes is because the cost of doing business is going up, obviously. But I read where your leader just took a $250,000 pay cut, because he's a really good guy, but he's still making $100,000 a month. Think about that. When we go to cut the cost of doing business, just think about that.

It seems like -- and this is optics -- every time you turn around, when Santee Cooper comes -- and they come when you call -- they're in a new vehicle. Normal businesses use older -- they run vehicles more than a year or two. They operate differently. I know y'all are not-for-profit;

you're not a nonprofit. But it's optics, and the optics are real. You got great equipment. I don't knock that, but it's new, new, new. And then if I can read -- and here -- and I didn't even have this on my list, but when we -- this is -- this is nice.

But if you're a nonprofit, this a piece of 8 1/2-by-11 that you got at Wally World or somewhere. Flashy stuff. I don't knock it, but if you're a not-for-profit company riding on the shoulders of ratepayers, don't do this. Save the cotton-picking money. That's all I ask you to do. Save the money. And I like -- like someone else, I'm not sure why the residential customer gets the bump, bump, bump, and the other guy gets duh-duh-duh. That's all I have to say. Thank you.

MS. WILSON: Thank you, Mr. Compton. Ms. Jacqueline Blakely.

MS. BLAKELY: I first want to say, I apologize if I repeat something that's been said, but I don't hear well, and I could not hear everything that was being said. I don't know if Santee Cooper is one of the companies that thank us for being their customer. In my opinion, they're not showing us that when they keep raising the rates. When they did that first thing, it hurt people that work and have kids that go to school.

I want to know why is it necessary, when you got all of these homes being built here, apartments being built here, and all these businesses that have come here, that we have to raise a rate? And I know good and well that a person that lives in a house don't use as much electricity as a restaurant. I would like to know -- my -- my question is: Is the other thing going to go away next year when you raise the rates again? That's my question. Thank you.

MS. WILSON: Thank you, Ms. Blakely. Mr. Robert Ebling.

MR. EBLING: Good afternoon. I will use my outside voice so you can hear me, despite the fact that for 37 years, my wife has been saying, "Shut up, you talk too loud." But I bet you can all hear me.

With everything that's been said, I spoke at the last meeting. I live on Laurelwood Lane in Conway, which is effectively across the street. What I want to reinforce is what everybody else has been saying. It's going to be difficult. Please understand that it is manageable with the peak, as people are talking about, but not equally for everyone. I can live with it and have workarounds, but many people can't, and I'll be back to talk about a commercial account shortly where we can't manage it at all.

However, just please consider the stakeholders, the rest of us, when you're out there raising the rates on what the impact is going to be to some people who are on fixed incomes. And I will give you a challenge for the future. Many years ago, I inhabited the DC suburbs, for almost 40 years. The power company at that point, which has changed hands four times, but at that point it was called Potomac Electric Power, good old PEPCO. PEPCO had a peak problem. PEPCO dealt with their peak problem by incenting the customers to reduce the use. So if you -- they would call a day early in the morning -- it was on the radio, on the TV you got a little e-mail eventually -- and said, "Today's going to be a peak day." If you set your thermostat up and worked on it and the rest of the day, you got a rebate for cutting down that usage. I don't know if that's manageable given what we're dealing with here. I do understand that we have more than 200,000 individual customers, and that's why we're getting the bigger part of the increase, but consider us and consider another way to save your energy.

Thank you very much. I still have time left, so I will shut up this time.

MS. WILSON: Thank you, Mr. Ebling. Reuben Hyman.

MR. HYMAN: Good afternoon. I'm a resident of Myrtle Beach, 63rd Avenue North. Have been in Myrtle Beach since I was raised in 1944, and I have seen a lot of changes in Myrtle Beach. But the thing that concerns me most is some of the words that were spoken by some of the ladies here and that seems that Santee Cooper seem to be -- ought -- ought to be able to, especially the Board of Directors, come up with a way to show that you really care about people who are having health problems or have fixed income problems. Especially with other things that are outside your -- your ability to control, such as other corporations, insurance companies, etc., gas companies, grocery stores. This is all what -- we all are -- are having to live with.

And to see something that has been already determined of the 3 percent plus for this year, and then 3 percent next year tells me that you don't have any concern for us at all. I -- I myself personally, when three to six comes in the winter -- in the summertime, I strip down and dress accordingly. In the wintertime, I do the same thing, put on more clothes to dress accordingly. There are other people that don't do that, and some of them can't do it. Like -- like a single housewife. She has to cook for her kids at the peak hours in the summertime, and also the -- the -- the peak -- the hours that you have in the wintertime for her kids. She can't wait and let them starve and -- and not have to eat, according to your schedule.

And I understand about having to increase prices. I've been in -- I've been in restaurant business; I've been in the clothing business. There's times when you have to do -- do those things, but you have to also be considerate about your customer and what you're going to do about it. And not have this conversation here and have this place for us to meet that is very difficult to get to. It's -- I mean, I didn't even know where your office was here. I know the one on Oak Street, because that's the one I go to. But to come here to have a talk, I have to -- I have to figure out how to get here. It seems like that's what you're doing to us.

And as Board of Directors, you got to be more sensitive to what we want, and make happy customers out of us. Not giving us these partial things you think you're doing for us like partial payments or these types of benefits, you know? I've been calling them, you know, "Why don't you pay your bills a certain amount of way?" Well, "Why don't you just control the way you charge me for my bill?" Why I got to make always the adjustment? And I come to find out that other areas of this state who have other sources than Santee have better rates than you guys do. And as Board of Directors, I think you have a responsibility to your consumer. Thank you.

MS. WILSON: Thank you, Mr. Hyman. Are there any residential customers who wish to speak who have not done so? Okay. Hearing none, we'll move on to the commercial customer comments. When your name is called, please come to the podium, speak loudly and clearly, and state your name, the name of the commercial customer you represent, the name of the street where the customer takes service, the town or county the customer receives service. Please confirm the business is a customer of Santee Cooper and whether you have spoken -- please indicate whether you have spoken at a previous meeting. So I'd like to call Mr. Robert Ebling back up to speak on behalf of commercial customer.

MR. EBLING: Don't worry, we're not industrial, so you only get to hear my cheerful voice one more time. My name's Robert Ebling. I represent Myrtle Trace Homeowners Association, which is in Conway. We consist of 518 homes, 15 acres of lakes, 15 miles of road, several buildings, and a whole bunch of well pumps, which run transfer pumps that are 385 feet subterranean. I can't manage them like I do my residence. I don't have the ability to bring pumps on and off, because I damage them and they're 385 feet down, and you know what happens if I take a well pump out down there.

So we are adapting. We are making changes at -- we're working with Santee Cooper, and we're making some changes where we can. However, I got to understand, when we're being told it's 2 or 3 percent increase, don't worry about it; it's not. It's a lot more than that, try 13 or 14. We are making changes in our clubhouse and trying to become more efficient, but again, it's like in this facility here, I cannot turn the air conditioning off for people using a recreational facility, and everybody's above 55 at three o'clock in the afternoon. That's just not fair, and it's not possible, and I don't want to -- I can't run that fast.

So we are making changes, but understand as a commercial customer where there's only so much we can do, we're bearing a lot of this and we're going to pass that along to the same people you're talking about because I'm going to have to raise my HOA dues. I'm not asking you to do anything different; I'm asking you to understand what we're up against and we're hitting people twice.

I thank you for the times that you are able to help us and give us some coaching on where we should make some changes to our infrastructure.

But I -- by the way, I also have a 114 streetlights, and thank you for the bill on that one. That's going up too, and I really can't pull out streetlights. Actually, some of the drivers going to the hospital do, but that's another story. We have to put them back up.

So again, consider that there is a far-reaching effect of the rates, consider that we understand why they have to go up. You can look at the annual report and see that the costs are outweighing the revenue as you go to the operations, but understand what we're dealing with and how we're juggling. And please be mindful of that as you set your rates and think about your overall customer base. That's what I have to say.

Thank you very much, very much, and I'm done talking for the day. Bye.

MS. WILSON: Thank you, Mr. Ebling. Are there any other commercial customers who would like to speak that have not done so? Okay. Hearing none, we will move on to our industrial customer comments. So for the industrial customers, when your name is called, please come to the podium, speak loudly and clearly, and state your name, the name of the customer you represent, the town or county where the customer receives service. Please confirm the business is a customer of Santee Cooper and indicate whether you have spoken at a previous meeting.

So the first industrial customer I would like to call up is Mr. Jeffrey Pollock.

MR. POLLOCK: Thank you and good afternoon, Board Members. I'm Jeffrey Pollock. Myself and two of my colleagues co-authored comments sponsored by the Industrial Customer Group, which is a group of large industrial customers located all over the state of South Carolina. Obviously, they make a very important economic contribution to the state and local economies. Our comments address a wide range of issues, but given the time limitation, let me just address some of the key points and summarize our recommendations.

First, Santee Cooper has an affordability problem. Since the rate freeze ended, retail rates have increased nearly 20 percent, but the corresponding increase in the consumer price index was only 6.4 percent. With the proposed 6.4 percent two-step rate increase, rates will have increased by nearly 26 percent the beginning of January, but the CPI is projected to increase by only 11.8 percent to the end of 2028. Affordability is at risk whenever rates increase faster than inflation. In this case, rates would be going up 2 1/2 times the inflation rate.

Number two, the authority -- the authority is facing fewer financial headwinds than in the past. South Carolina and Santee Cooper are growing. This load growth helps to spread the fixed costs over more -- a larger sales base, which puts downward pressure on rates. Santee Cooper also has strong credit metrics. And if the key milestones outlined in the memorandum with Brookfield are achieved, which continues to be on track, and -- and those milestones or achieve -- achievements occur mid to late next year, Santee Cooper may receive up to $2.7 billion to pay down significant debt. That, of course, will also put downward pressure on rates. Now, the MOU is not part of this rate study, but even ignoring this very positive impact to the MOU, Santee Cooper can still achieve its target debt service coverage ratios, as -- as -- as recommended by credit rating agencies, by maintaining its current capital improvement fund rate at 9 percent.

Number three, the capital improvement fund or SIF rate increase from 9 percent to 10 percent accounts for about ten to eleven million dollars of the increase. It affects all customers -- residential, commercial, industrial. But the higher SIF rate disproportionately affects industrial customers because fuel, secondary, and economy purchase prices, the latter of which have gone through the roof since the last rate study, are marked up by the SIF rate. Fuel, secondary, economy power costs comprise a larger share of the electricity costs incurred by industrial customers.

Fourth, these upward cost pressures on

industrial customers are further exacerbated by the proposed 55 percent increase in the economy power reservation charge and a 45 percent increase in the economy power optional reservation charge. This is rate shock by any definition and -- and my experience in ratemaking, rate shock is a no-no. You don't -- you don't shock customers with those kind of rate increases.

Interruptible customers take significant market risks to supply their electricity needs. By taking this risk, interruptible and secondary economy power customers benefit other customers because it means South -- Santee Cooper requires less capacity to meet their needs, and it helps to lower fuel costs. Thus, economy power customers should be rewarded and not penalized --

MS. WILSON: Mr. Pollock, you --

MR. POLLOCK: -- by taking the risks.

MS. WILSON: Your time is up.

MR. POLLOCK: Thank you. I urge you to read the recommendations that are contained on Pages 5 and 6 of these comments. Thank you.

MS. WILSON: Thank you, Mr. Pollock. Mr. Lane Grant.

MR. GRANT: Good afternoon. My name is Lane Grant, and I serve as the melt shop manager for Nucor Steel

Berkeley in Huger, South Carolina. On behalf of the 1,050 teammates who work at our steel making facility, we appreciate the opportunity to provide feedback on the rate study. I will provide a brief overview of Nucor and the energy issues that are important to our mill, while Brad Powell, our power engineer, and Mike Lavanga, our energy counsel will provide a more detailed discussion of our specific concerns and recommendations.

Nucor has invested over $625 million in modernization projects at our facility over the last four years. We're particularly excited that we have completed construction and commissioning of our new state-of-the-art $450 million galvanizing line. This investment enables our Berkeley plant to make higher margin value-add sheet products for BMW South Carolina and other automotive customers in the Southeast.

This year we are celebrating 30th anniversary of making steel in Berkeley County. And as many as you know, South Carolina is where Nucor got its start in the steel business over 60 years ago, when we purchased a small steel joist facility in Florence and then opened our first steel mill in Darlington a few years later. Since then, Nucor has grown into America's largest steel producer and recycler. We currently operate 27 steel mills nationwide that all utilize electric arc furnaces that recycle millions of tons of scrap metal to produce new steel.

In addition to our steel mills, we operate more than 300 locations that either produce and fabricate steel products or produce the scrap and other raw materials we use in our mills. Ninety-five percent of our locations are in the United States, and in South Carolina, we currently have operating divisions spread across half a dozen counties. And York County now serves as the group headquarters for both our towers and structures and skyline steel businesses.

I provide this history to demonstrate the importance of our longstanding partnerships in South Carolina. When industry is competitive, team South Carolina wins. Santee Cooper and Nucor have a longstanding partnership, and it is one that we value immensely. As a steel producer whose business centers around electric arc furnace technology, there's nothing more critical to our business than the availability of abundant, reliable, and competitively priced electricity.

We appreciate the study's recommendation to not increase the interruptible rate. This is extremely important to Nucor and to Santee Cooper's other interruptible customers. However, we believe this rate can be further improved. In addition, we believe there's a need to address reliability and the impacts of the economic curtailments. We're blessed to have a strong order book at this time, but the secondary power costs of economic curtailments have had a huge impact this year. High fuel costs are also having a negative impact on all classes of customers, and on industrial customers in particular.

Therefore, your consideration of our suggestions related to the fuel adjustment clause will be appreciated. On behalf of Nucor, I want to thank the entire Santee Cooper team for all that you do to improve the lives of people in South Carolina, and we appreciate you taking the time to hear from us today. Thank you.

MS. WILSON: Thank you, Mr. Grant. Mr. Bradley Powell.

MR. POWELL: I am Brad Powell, the power engineer at Nucor Berkeley. I work closely with Santee Cooper on electric supply issues at the plant. Santee Cooper is a very important operational partner for

Nucor. We value our relationship with Santee Cooper, and appreciate their efforts to provide safe and reliable electric power to the plant. Our steel mill uses massive amounts of electric power, and electricity is one of our most significant operating costs.

Stable and economic electric supply is critical to our ability to remain competitive, and even a small increase in the electric costs can have a negative impact on our competitiveness. Last year, we saw three significant rate increases: an increase in base rates, an increase in fuel costs, and the establishment of a new charge to recover Cook exception costs. As a result, these -- as a result of these increases, we have seen some of our highest electric bills ever over the past year.

Even without the impacts of the new rate review, we expect electric costs to remain high due to continued high fuel and purchase power costs. In order to help manage our electric costs, Nucor takes a large amount of non-firm services, including interruptible and economy power. It is important to note, all things being equal, Nucor would prefer to be a firm customer, rather than be subject to interruptions. We take non-firm services because it costs less to -- it costs less than the firm services. And we could not economically run the plant without these non-firm rate options.

Nevertheless, there are significant costs associated with being an interruptible customer. For example, customers on the interruptible rates are subject to 200 -- up to 250 hours of economic curtailments a year. When electric -- when an economic curtailment is called, we can either curtail our load or buy through the interruption at an incremental cost rate, referred to as "secondary power."

Over the last 2 years, the cost of secondary power has skyrocketed. When secondary power costs get very high, we are left with a very difficult choice of running our plant at extremely high electricity prices or shutting down and not producing steel during these hours. All of this is to say the we are currently facing upward price -- upward price pressure on electric costs on several fronts, and other manufacturers are likely facing the same pressures.

We urge Santee Cooper to do everything it can to mitigate these cost impacts to its customers. We have carefully reviewed the rate -- the rate study and have developed a detailed set of comments and recommendations. A key focus on our comments is the interruptible rate.

We appreciate the -- that the rate study recognizes the increasing importance and value of the interruptible load by proposing no increase to the interruptible rate. However, we still feel this rate is undervalued and should be improved. Our comments also include recommendations related to the economy power rates and the fuel cost recovery mechanism. We hope that you review our comments and give strong considerations to adopting our recommendations. Thank you.

MS. WILSON: Thank you, Mr. Powell. Mr. Mike Lavanga.

MR. LAVANGA: Good afternoon. My name is Mike Lavanga. My firm represents Nucor -- Nucor on electric supply matters throughout the country, and I've had the privilege of working with the Berkeley Mill for many years. It has been less than two years since we were here providing comments on Santee Cooper's last rate review. Back then, we expressed concern over the impact of three significant rate increases: base rates, Cook exceptions, and fuel costs.

According to a presentation by Santee Cooper management to the Board back in May, the combined impact was an increase of 14.3 percent across all retail customer classes in 2025. Now, that's certainly a significant rate increase. However, the increase on the industrial class was almost 17 percent, by far the highest increase among the customer classes. As a result, Nucor is paying significantly higher rates today than it did only a few years ago. And as you heard from Lane and Brad, Nucor's competitiveness will suffer if rates continue to increase.

In our view, rates should be designed to reflect cost causation and provide appropriate price signals. The recommendations in our formal comments reflect these principles. Given the short time we have, I will just touch on two of the issues of importance to Nucor that are addressed in our comments.

First, the interruptible rate. The rate study recognizes that interruptible load provides important reliability and cost avoidance benefits, and that interruptible load is critical to helping Santee Cooper deal with capacity constraints and the expected increase in new load on the system. While we appreciate the rate study's recommendation to not increase the interruptible rate, we think the interruptible credit reflected in the rate is still undervalued, because it does not account for important costs that Santee Cooper avoids with interruptible load, including avoided reserves and avoided incremental energy costs.

In addition, not crediting non-firm sales to interruptible customers through the demand sales adjustment clause, effectively results in a steep discount to the interruptible credit. These points are fleshed out in much greater detail in our formal comments, and we would request that Santee Cooper consider making a further adjustment to the interruptible rate to account for these factors.

The second issue I want to touch on briefly is fuel cost. Since fuel costs are allocated and recovered based on energy, fuel costs hit industrial customers particularly hard. While it makes sense to recover costs that vary based on kilowatt-hours consumed through an energy charge, this is not the case for fixed or demand-related costs. This is because allocating and recovering fixed costs on an energy basis over-assigns these costs to customers that use large amounts of kilowatt-hours at high-load factors.

We've identified certain costs, including firm natural gas, transportation costs, and renewable purchase power costs, that are currently recovered through the fuel adjustment clause that we think are more appropriately categorized as fixed or demand related. We think these costs should be removed from the fuel factor and recovered in base rates or through a different rate and mechanism that allocates costs based on demand.

Nucor's written comments discuss these issues in much greater detail and address a number of other important topics, and we ask that you carefully consider our comments and consider adopting our recommendations. Thank you.

MS. WILSON: Thank you. Are there any other industrial representatives who want to speak that have not done so? Hearing none, we will move on to comments from other parties. If you're not a customer but wish to speak for yourself or on behalf of a group, you may do so. When your name is called, please come to the podium, speak loudly and clearly, state your name, whether you are speaking as an individual on -- or on behalf of an organization.

If on behalf of an organization, please state the name and address of the organization you represent. If on behalf of yourself, the name of your street, but not your house number, and the town in which you live in.

The first one I'll call is Mr. Eddy Moore.

MR. MOORE: Thanks very much, Vice Chairman Singleton, members of the Board. I'm Eddy Moore with the Southern Alliance for Clean Energy. Our members live across the Southeast, including within Santee Cooper territory. Today, I will target a couple of recommendations out of a longer written comment that we provided along with the Coastal Conservation League, the South Carolina Appleseed Legal Justice Center, and the South Carolina Small Business Chamber of Commerce.

First, we agree with the remarks that you're going to hear from the South Carolina Department of Consumer Affairs: that Santee Cooper should allocate power plant costs on a basis that recognizes that the new base load power plants are being built partly to serve high load factor customers like data centers, and these power plants have not only a demand function, but also an energy function. Allocating power plant costs according to their true function is important to prevent residential ratepayers from paying an unfair share of the rising power plant costs.

My recommendation today is that, if you want to enable a modest step in the direction of our state's consumer advocate, the next time rates go up, you could require that the next cost-of-service study include both your current cost allocation method and, in addition, the method that consumer affairs recommends. And that would enable you, the Board, to have a sound basis to consider whether or not to do anything different. Absent that evidentiary record, you're just hearing comments.

Second, I want to focus on the -- the residential demand charges. Santee Cooper designates three hours a day. So that works out to about 90 hours a month as higher cost peak hours. Customer bills currently hinge on only one of these 90 hours, and numerous parties predicted in the last rate proposal that this demand charge structure would lead to confusing and unfair results. And I believe the focus group has generally born that out.

Choosing four hours out of 90 instead of one doesn't really get to the underlying issue. It means that customers are getting no price signal or essentially no reward for reducing usage during 86 out of the 90 hours. If these hours are really important and costly for Santee Cooper, which I believe they are, then it would be smart to align the utility and customer reward system for peak usage reduction.

The answer is fairly simple. You already have a TOU energy rate that does this, but the demand charge rate has been made the default rate. And Santee Cooper now proposes to add $48 a year more in fixed fees to any customer who chooses the TOU rate rather than the demand charge rate. And the TOU rate excludes the solar and battery customers, who are the ones most able to help reduce peak demand.

(Timer sounds.)

MR. MOORE: I think I've got three sentences to go.

I recommend that you make these two rates equal in terms of both fixed charges and access, and let all residential customers choose either rate without penalty. As the full $10 billion capital plan goes into effect over the next decade, demand rates in particular will continue to rise. I think it's smarter now to begin moderating the cost allocation and rate structures, so that you're working with the customers more as those demand charges rise. Thank you.

MS. WILSON: Thank you, Mr. Moore. Are there any other parties who wish to speak that have not done so? Hearing none, we'll move on to the Department of Consumer Affairs. So with us today from the Department of Consumer Affairs, we have Roger Hall, Advocacy Director and Deputy Consumer Advocate, and Jake Edwards, Assistant Consumer Advocate.

Mr. Edwards, you're welcome to come up to the platform.

MR. EDWARDS: Good afternoon, everybody. Thank you, Vice Chairman Singleton, members of the Board. My name is Jake Edwards. I'm an attorney with the Department. My official title is assistant consumer advocate. I'm also joined by Roger Hall, seated over there.

Joining via Webex, we have Mr. Michael Deupree with the Acadian Consulting Group. Acadian has extensive experience in utility ratemaking and assisted the Department in our review of the technical issues associated with the proposed rate increase, particularly focused on Santee Cooper's cost-of-service study. Mr. Deupree is going to be available to answer any questions the Board may have that I'm unable to answer, myself, after I'm done speaking.

For those unfamiliar with the Department of Consumer Affairs, we are the state's consumer protection agency established in 1974. We administer and enforce over 120 statutes, including the Consumer Protection Code. Our mission is to promote a fair marketplace for consumers and businesses throughout advocacy, complaint mediation, enforcement, and education.

And prior to 2004, when the Office of Regulatory Staff was created, the Department was the state-designated intervener at the Public Service Commission. On the heels of VC Summer, our limited role was restored in 2018, and we now represent the consumer interest in rate-related matters at the PSC. And for the Department, "consumer" means South Carolina residents who purchase utility services primarily for a personal, family, or household use. And the Department approached its review of Santee Cooper's proposal, with a focus on residential customers. However, many of the issues that the Department identified may also impact small commercial customers as well.

And before providing a summary of our comments, I'd like to thank the Board for accommodating us. I would like to thank the Legislature for giving us this opportunity and the Santee Cooper staff and outside counsel for assistance and cooperation in this process. I'd also like to thank the customers that came out to speak today and to the previous meetings and thank them for sharing their concerns. It's obvious y'all are well versed on these issues, and you've done your research. So today, I'd like to give a brief summary, and I know our comments are submitted. So I'm going to try and keep this short in the interest of everyone else's time as well.

Our first concern, like Mr. Moore said, is the production plant allocation. It relies on methods that are biased and negatively impact low-use customers, such as residential and small business classes. And you can see this beginning on Page 24 of Acadian's report. The production plant allocation is an issue that's specifically related to the cost-of-service study methodology. And due to the method that Santee Cooper uses to classify and allocate plant costs, residential customers are being asked to pay more than they should. If we think about it, if we have a combined cycle plant, that plant is going to have both a peak or a demand and an energy or a base load function. And it's normal for these plants. Acadian notes these roles for Santee Cooper's plants on Slide 28.

And if you look at Slide 29 and 30, Acadian notes that Duke Progress's plants on average are classified 66 percent to base load related and 34 percent to peak related functions. Meanwhile, Duke Carolinas, you have roughly a 47.3 percent base load and a 52.7 percent peak functions. Presumably, Santee Cooper's plants have a similar of net plant and service between those base load and those peak plants. This assumption is shown on Slide 28.

However, Santee Cooper's study allocates all production plant costs to peak or demand and none to that base load function. Therefore, we believe that Santee Cooper's cost-of-service approach, overemphasizes the peaking function. And this is a concern because residential customers contribute a lot to the peaking issues, are therefore picking up a lot more of these peaking cost allocations. We believe this concern can compound when new large load and high load factor customers enter the service territory that clearly favor this base load need. We're concerned that the current approach can lead to cross-subsidization, if and when these customers arrive. And even if you do not consider a cost-of-service allocation approach today, we recommend the Authority consider peak and average in the future.

If we turn to the demand charges, the Authority has proposed increasing its residential demand charge from $8 to $8.75 per kilowatt in the first year, and then a subsequent increase to 9.50 per kilowatt the following year. The Authority has also proposed balanced demand billing, which calculates the demand charge based on the average across four hours.

We would like to first mention that we think the balanced demand billing is a step in a positive direction. We think this can help mitigate that "one bad day" fear that these demand charges could pose before. And with our comments last rate increase, and just in a similar line, we would like to note that we still think the $8 demand charge you have now is high, and therefore the increase still produces a high demand charge, which we think can harm residential customers. We do recommend that you continue to educate customers on these demand charges if you look to continue their use.

Further, as with the last rate study, we continue to recommend not including weekends and holidays in the demand window. These dates typically have a different load profile than your average weekday and are typically excluded from other time-of-use or demand charges. Residents are typically home on these days, and consumption's going to be more uniform over time.

And while we're aware of the impact of Winter Storm Elliott a few years back, we think alleviation from the -- the demand windows on these holidays can offer a nice reprieve to customers and still maintain system reliability. And I believe you've heard similar comments from one of your customers at the Myrtle Beach public hearings.

And lastly, we recommend the Authority withdraw its proposal to increase the residential RG and residential RT customer charges. Page 39 of our report shows Santee's fixed customer charge, including its proposed 2027 and 2028 customer charges, compared against Southeastern investor-owned utilities. The current and proposed customer -- residential customer charges are the highest among these peers.

Regulatory commissions have recognized that an increase in fixed bill charges can be counter to energy efficiency goals because less bill savings are produced due to gains in efficiency. This gives customers less control over their bills, and you can see that on Page 41 of our report. And the Department of Energy has also shown that an increase in the customer charge will disproportionately impact lower income customers, and you can see that on Slide 42 of our report.

Therefore, just a quick succinct summary of our recommendations, we first recommend shifting the cost-of-service allocation methodology to classify the fixed production plant costs in a more appropriate fashion that reflects the dual base load and peak use of Santee Cooper's power plants. We also suggest withdrawing the proposed increase to the monthly customer charge. We suggest removing weekends and holidays from the demand charge and the time-of-use rate. We suggest continued education on residential demand charges.

And I would like to thank you for your time. I'm happy to answer any questions y'all might have. But I'd first like to see if Mr. Deupree has anything to add or possibly to correct me on anything.

MR. DEUPREE: Hey, Jake. No. I think that you did a fantastic job summarizing our report. Thank you.

MR. EDWARDS: Thank you. And Mr. Deupree and I are now available for questions if y'all got any.

DIRECTOR BENNETT: Thank you for the report and your time.

MR. EDWARDS: Thank you.

MS. WILSON: Thank you, Mr. Edwards. We appreciate the role that the Department of Consumer Affairs plays in this process and appreciate your comments. Next, we'll be hearing from the South Carolina Office of Regulatory Staff. With us today from the ORS, we have Donna Rhaney, Senior Council and Legislative Liaison, and Shane Hyatt, Program Manager. Mrs. Rhaney, if you'd like to come up and make some comments.

MS. RHANEY: Good afternoon, everyone. Good afternoon, Vice Chairman Singleton, and members of the Board, and everyone in attendance today. Again, my name is Donna Rhaney. I'm counsel for the South Carolina Office of Regulatory Staff, and also counsel for ORS in attendance today is Stig Rasmussen.

ORS represents the public interest in matters before the South Carolina Public Service Commission. We represent all classes of customers. We are before you today pursuant to Act 90 of 2021, which outline the process that we're going through now. On behalf of the Executive Director of ORS, we appear before you to fulfill our statutory duties under Act 90. On July 30th, ORS submitted its written comments that outlined its review and recommendations in this matter.

At this time, Shane Hyatt, Program Manager for Energy Ops, will come before you and outline our recommendations in our review. But before Shane comes before us, I would be remiss for not pointing out Michael Seaman-Huynh, Deputy Director of Energy Ops from the ORS team as well. Thank you for -- for allowing us to participate in this process, and we encourage you to ask any questions that you may have. Thank you.

MR. HYATT: All right. Had I known I was supposed to be loud, I would have brought one of my kids with me, but I will do the best that I can. As -- as Ms. Rhaney said, my name is Donald Shane Hyatt. I'm employed by the South Carolina Office of Regulatory Staff as a program manager in the energy operations group.

And first, I'd like to thank Santee Cooper's staff and management team. As pointed out earlier, we asked a lot of questions, and they were quick to respond. We also had to have a couple of meetings to make sure that we understood everything that was going on. And as soon as we needed those meetings, they set them up and was really cooperative in -- in making this as easy a process as they could.

Today, I will briefly discuss ORS's statutory role, our review of Santee Cooper's operations and revenue requirements, and our review of the 2026 cost-of-service study proposed rate design, rate schedules, and customer bill impacts.

So why am I here? So first, ORS reviewed the Santee Cooper proposal for rate adjustments, pursuant to Code Annotated 58-31-730, which states, "The Office of Regulatory Staff must review any rate adjustments proposed to the Authority's Board of Directors under this article, including conducting an inspection, audit, and examination of the proposed rate schedule, revenue requirements, cost-of-service analysis, and rate tariff design."

So on May 1st, 2026, Santee Cooper staff and management proposed to the Board the 2027 and 2028 rate adjustments. And as part of our review, ORS examined the 2026 cost-of-service and rate design study; the proposed rate schedules; financial planning revenue requirements; the 2027 and 2028 future test years' generation, transmission, and distribution information; customer bill comparisons; supporting work papers; and responses to the ORS data requests.

We started with a review of operations, which is ultimately what Santee Cooper has in place now, what they are needing to put in place in the future to meet customer growth and the load forecast that they have. Santee Cooper currently serves more than 219,000 retail customers and supports additional customers through wholesale arrangements. The current generation capability is about approximately 5,163 megawatts in the summer, 5,388 megawatts in the winter, in addition to purchase power arrangements.

ORS also reviewed that Santee Cooper's transmission and distribution systems and capital projects needed additional investment of $1.096 billion in 2027, $1.132 billion in 2028. These investments include generation, transmission, distribution, and customer and corporate system projects. To support our review, ORS examined reports, studies, budgets, presentations, work papers, and responses to data requests, and conducted meetings with Santee Cooper personnel regarding the assumptions and projects supporting the proposed rates.

Once we finished our review of the operations, we then had to review how much it's all going to cost. That is the revenue requirements. ORS examined Santee Cooper's projected 2027 and 2028 total system revenue requirements and supporting financial schedules. The gross revenue requirements are approximately $3.057 billion in 2027, $3.243 billion in 2028. But then after credits and wholesale revenues and other non-retail revenues, the projected retail cost of service is approximately $1.085 billion for 2027, and $1.12 billion in 2028.

When compared to revenues that would be collected under the current rates, Santee Cooper's projects -- or projects, sorry, a retail revenue deficiency of approximately $34.9 million, or 3.3 percent, for 2027, and an additional 3.1 percent in 2028. The cumulative two-year revenue deficiency of approximately 67.3 million or 6.4 percent relative to current rates.

ORS reviewed supporting schedules for operations and maintenance expenses, sums in lieu of taxes, debt service, and capital leases, working capital, the capital improvement fund, the Cook charge, and other revenue requirement components. ORS verified that the 2027 and 2028 total system revenue requirements reflected in Santee Cooper's study were supported by work papers reviewed, accurately stated, and mathematically correct.

We then moved to the review of the cost of service and rate design. Santee Cooper retained NewGen Strategies and Solutions, LLC, to prepare the 2026 cost-of-service and rate design study. ORS independently reviewed the study including the functionalization, classification, and allocation of costs to the retail customer classes. The study functionalizes costs among production, transmission, distribution, and customer and sales functions, and it classifies those costs as either demand, energy, customer, or directly assigned costs.

The demand related production costs are allocated using the four coincident peak method based in January, February, July, and August.

Transmission demand costs are allocated using 12-CP which is, you know, the 12 monthly coincident peak throughout the year. And then using the 12 non-coincidental peaks is how Santee Cooper allocated the distribution demand costs.

ORS found that the overall cost-of-service methodology and the allocation of costs generally align with electric utility industry practices. The study also treats wholesale revenue separately from the retail cost of service by crediting predicted wholesale revenues against the total system revenue requirements before determining the amount to be recovered from retail customers.

The proposed class increases are not uniform. For 2027, the proposed average increases are 4.7 percent for residential customers, 2.9 percent for commercial customers, 3.2 percent for lighting customers, and 2.6 percent for industrial customers. The incremental 2028 increase of 4.6 percent for residential, 2.9 percent for commercial, 3.0 percent for lighting, and 2.1 percent for industrial. On a cumulative basis the proposed two-year increases are 9.3 percent for residential, 5.8 percent for commercial, 6.2 percent for lighting, and 4.7 percent for industrial customers.

The 2026 proposal also includes several other rate design changes. The most significant for residential and small commercial customers is the balanced demand billing. Under the current method billed demand is based on the customer's single highest one-hour demand during the applicable peak window. Under the proposal, billed demand would be based on the average of the customer's four highest hourly demands occurring on four separate days during the billing cycle. This change is intended to reduce the effect of a single isolated peak while maintaining an incentive to manage use during peak periods.

Other proposed changes include aligning certain commercial peak periods with the residential three-hour peak window, making the general service low load schedule permanent, eliminating the large general service schedule, and transferring those customers to general service, establishing a permanent high impact load schedule, revising portions of the demand sales adjustment, and increasing the capital improvement fund requirement from 9 percent to 10 percent of annual gross revenue requirements.

One point that is important to distinguish is that the average class increase is a revenue target for the class and is not the expected bill increase for every individual customer. Actual bill impacts depend on the customer's usage level, demand, timing of usage, rate schedule, and applicable riders. Two customers using the same amount of energy can experience different bill impacts if the -- their peak demand and usage patterns are different. ORS recommends that Santee Cooper continue to monitor balanced demand billing and customer impacts after each proposed step. The monitoring should include billed demand, peak period usage, bill volatility, the distribution of customer bill impacts, and the migration of rates between the residential general service and residential time-of-use schedules.

ORS also recommends continued customer education regarding the balanced demand billing, peak periods, and the actions customers can take to manage their bills. Customers should have timely access to interval usage information so that they can understand when their peak usage occurs and how changes in usage behavior may affect their monthly bill.

This concludes my summary, and I'll open it up to any questions.

MS. WILSON: Thank you, Ms. Rhaney and Mr. Hyatt for your comments. We appreciate the role that ORS plays in this process.

So this concludes the public comments for this meeting. I'd like to thank everyone for their comments and their interest in this process.

The next steps in the process include a September 29th Board meeting, where management will provide a set of proposed final rate revisions to the Board, including any proposed changes resulting from this public comment process. Following the meeting, the Board is expected to vote on the proposed rates at the October 30th Board meeting.

Any new rates approved by the Board of Directors through this process would become effective for services charged on or after February 1st of 2027, and February 1st of 2028.

Thank you, again, for your time and your interest in the process today.

Vice Chairman Singleton, I'll turn it back to you.

VICE CHAIRMAN SINGLETON: Thank you, Tami. And, again, we'd like to thank the public and the customers for your comments.

Now the Board will hear from our independent consultant, Concentric Energy Advisors. And I'll recognize Jonathan Byrd with Concentric Energy -- Energy Advisors to present its review of the proposed rate adjustment.

MR. BYRD: Thank you. Good afternoon, members of the Board and Vice Chairman Singleton. On behalf of Concentric Energy Advisors, really appreciate the opportunity to perform this review for you. Hopefully it's helpful in walking through the proposal and giving you a perspective that you can use in -- in approving these recommendations. I am joined today by Peter Blazunas, my colleague with Concentric, virtually, but I'll be speaking to the -- to the report. I also want to thank the management team and counsel for their support during this review and also others who provided comments and written remarks for this review, which were helpful in us performing our review as well.

I believe we've got slides. We can jump to the next slide. Just an introduction as well. I've been in the electric energy industry for over 20 years, with a bulk of that time focused on customer programs and also rate design, so it was a pleasure to perform this review and look at that kind of holistically.

We have provided a more complete written report, and this PowerPoint today is going to walk you through a high level of what we found that's -- that's more detailed in that report. But this gives you a sense for what we found and some considerations there.

Let's jump to, I believe, Slide Number 4 in the introduction.

In terms of introduction, our purpose was -- was similar to -- to what others were commenting here on, just to support the Board in its statutory review of this proposal. And the scope, we did look carefully at cost-of-service study and the rate design. And our real focus is to make sure that, when we're looking at cost of service and rate design, it's aligning and considering a couple of different factors that have to be balanced.

One is making sure that cost to serve is aligned with pricing. And we think about that from two different buckets. One is cost of service; that makes sure that the revenues from each customer class -- so residential, commercial, industrial -- are being allocated based on the costs from those classes. So that's the rate design -- that's the cost-of-service piece. The rate design piece ensures that within each of those buckets, there is a fair price that reflects costs from those customers, and also it gives those customers a price signal that can help them to modify their energy consumption, which benefits them on their bill, but also can benefit the entire system by saving the grid money, which is long-term beneficial for all customers. So we're looking at those types of balance.

Also, just a consideration of customer impacts. As you're making changes on rate designs, we want to make sure that there's -- there's a thoughtful consideration to how the customers will feel those changes and avoid any adverse outcomes or unexpected outcomes when customers receive their bills, so that was an important part of the review as well.

Again, we did not perform the cost-of-service analysis or recommend rates in this proceeding. We were just supporting you-all in the review of the management recommendations and the -- the overall recommendation for the changes in '27 and '28.

We'll jump to the next slide. I've got just some slides here to keep you where we are, so Board overview for summary.

In summary, we did find that the recommendations from management do reflect industry best practices, and they are a balance between the customer benefits and the grid. So that's very helpful. We want to make sure that the rate designs, in particular, give customers actionable price signals that they can use to modify and better control their -- modify their energy use and better control their bill, as well as drive down those long-term costs for -- for Santee Cooper's system. We heard from management that that was occurring. We believe that the changes that are proposed here will continue to see that benefit that -- that has happened over the past couple of years.

And finally, we wanted to make sure that within the rate design themselves, there were no risks associated with you-all receiving the revenues that were necessary to continue to run your operations, and we did not see any of those concerns.

So just kind of in conclusion there, we -- we thoroughly reviewed cost of service, the proposed tariffs, all those changes in depth and provided our remarks in writing and summarized here, and then we -- we did see really good balance across the board in terms of the decisions being made. In these often competing objectives in these two buckets, we saw a fair and reasonable approach to balancing those competing objectives. And I also appreciated that management shared some of the customer feedback, and we talked about some of that today on how that was incorporated into the recommendations, so that was beneficial for us in our review.

Let's jump a couple of slides, and I'll -- I'm going to walk through each of the customer classes in turn and then describe a few of the changes and how we thought about those.

So on the residential side, as was mentioned, one of the largest changes is that shift to a balanced billing demand, that avoidance of a "one bad day" concern, if you will, from a customer perspective. We do believe that the changes will help address this but continue to preserve a price signal that customers can act on. We also looked in detail at how the revenue is being collected from demand versus energy, and there's more of a shift towards revenue recovery through energy versus demand, and so where you've heard customers concerned about those surprise bills or whatever, we do believe that this approach will -- will address that concern that was -- was raised last time and has been -- has been reflected in some customer comments. So management has responded to that appropriately.

We also reviewed the other rates -- RT, REV, and EVO. The bottom two are more focused on EV owners, and RT is a time-of-use rate that is generally available to all customers, but it is a less used or a less popular rate. For some considerations there, in terms of the EV rates themselves, we do see that as appropriate design encouraging off-peak charging of the vehicles that customers own. So that is a lower cost-to-serve time, and this sends an appropriate price signal for customers to charge their vehicles during off-peak hours, which helps save all customers money over the long haul. And then we did provide some future design considerations, particular to RT and REV, with having -- so some modifications potentially in the future, not in this -- in this '27 and '28 review, but in the future. There were some design elements there that could be beneficial to all customers that we highlighted in our lengthy report -- our longer report, that may be worthy of consideration for -- for use in some of the other, like RG. So those were things, just maybe some simplification across the board in the next time. But for this, the suite of options is appropriate for customers, and we felt that the price changes were -- were beneficial to customers and also thought about gradualism.

That's a word we use in rate design, where we don't want to make a -- a sudden move that would -- I think you heard the term, "rate shock" earlier. The opposite for that is "gradualism," and a slow move towards an -- an end goal. The changes that we saw in this overall rate design do reflect that gradualism principle that's a pretty core tenet of rate design.

I will skip forward to the time-of-use review. I think you've heard about a few other comments on the time-of-use periods. I show this just as a helpful visual for when the time periods are, so that afternoon period in the summer, as well as in the winter, that -- that morning focus. And so both of those periods are important for managing the peak for Santee Cooper, and I think management's done a good job putting these time periods in line with -- with how the system peaks are. And also that three-hour window, you'll notice there, I believe, that the commercial rates are shifting from a four-hour to a three-hour window. That three-hour window gives customers an opportunity to respond. I've seen time-of-use rates before, other places, that were eight or ten hours long, and that's just not a good price signal for responsiveness. The customer's ability to change during that period is -- is -- is very difficult. Here we have a price signal that's responsive, not for all customers, but for some.

And I would underscore that "some" word. You -- you heard earlier not all customers can respond to those. I would say that -- that these designs help all customers because, if some customers can respond, that keeps costs down and lower, and those benefits accrue to all customers. That's an important thing to remember in the design of time-of-use rates.

And I think just future design considerations, that super off-peak hour, you'll see that really low price period that's reflected in Rate REV, I've seen that as a feature that's generally available to -- to more customers, as well. So I thought that was a good rate design. Right now, it's constrained more to EV owners, but it could be considered for broader application in future. Nevertheless, this is a good suite of offerings for residential customers, and this is a picture of how the -- the TOU price signal should help keep system costs low for -- for Santee.

I will jump to the next slide. Commercial rates. Here for commercial rates, one of the big changes, as well, to align that balanced billing demand with Rate RG, which we saw on the residential side. So we see that on the commercial side as well. It's a good move to match the residential rate and also provide those same benefits to commercial customers by spreading those demand costs across the four highest hours in -- on different days for -- for customers there.

There's a consolidation recommendation for rates GB and GL. We reviewed that as well, and the difference -- differences between those tariffs is fairly modest, and typically what you would be concerned about there is a customer impact when you -- when we move two rate schedules together. We did not see any potential for that. Any impact would be very, very modest, and management was very thoughtful, I think, in -- in combining these two and driving some administrative simplicity, maybe removing some customer having to decide which rate to go on or moving between rates, removing that complexity, but also being careful about not impacting customers. So that was a reasonable move.

The bottom four rates are more for particular unique customer circumstances, like temporary use or controllable loads, and so those were -- were smaller, lightly used tariffs, but are -- are typical industry practices for customers in those unique circumstances.

The only thing that I think, we noted here is a future consideration. Again, not a recommendation that has to be implemented now, but we have seen a trend of another unique class of customers, which is DC Fast Charge, a direct current Fast Charge customers for EV customers that are not at their home or at their business. It's a public-facing application. Those -- those customers have very unique usage profiles, and we've seen different rate applications for those coming up across the country, and that may be a future consideration for you-all, if -- if requested by customers.

Jump to industrial now. For the industrial rates, there were not a lot of proposed modifications here. We spoke with management about this, and management had gotten feedback from customers on their suite of offerings and felt -- felt good about where they are. We -- we were seeing only changes for Schedule L in the demand charges and the basic monthly charges, which aligns with cost of service. So those energy charges were staying the same, and for the interruptible rate, I think you've heard from remarks already that those prices were not changing in this proposal. So we saw the interruptible customers as receiving material value for the contributions to controlling the peak that they're delivering to the system, and they're not getting a rate increase in this particular rate update because of that -- of that value.

Future design considerations there as well, just taking a look at other ways that customers might could use time-of-use or be price responsive in the future. Again, Santee Cooper has a -- a pretty good suite of offerings, but keeping your eyes open towards the evolution of how customers are using energy, maybe providing a different solution or tweaks to those design, and we provided a few remarks on that in the -- in the written report.

Let's stop there. Talk a little about high impact loads. On the next slide. So, obviously, this is in the news every day if you're reading the paper you see about large loads, often talked about data centers; other high impact loads could be very large industrials as well. I've reviewed that carefully. Santee Cooper has a very robust high impact load tariff that they have for these large, very large class of customers, and so I wanted to walk through a few of the design elements that I saw in this tariff and how they reflect in -- versus industry practices. And so I'm not going to read everything on this slide to you, but the design --

DIRECTOR RICHARDSON: Jonathan, if I could interrupt you.

MR. BYRD: Sure.

DIRECTOR RICHARDSON: Thank you so much for your presentation. This has just been really helpful.

As you walk us through this, we heard so many times today about the idea around affordability. Can you weave that in as you describe sort of --

MR. BYRD: Sure.

DIRECTOR RICHARDSON: -- how we're treating large, high impact loads and how that might affect other customers around affordability?

MR. BYRD: Absolutely. So that -- that's very helpful. Let me talk about two big buckets for that, right? So if you have a large load coming, there are two ways where you want to be concerned about potential affordability issues for other customers. One is, what happens if that load does not show up? I've built a resource to serve that load, whether it's transmission or generation. What happens if that load doesn't come? Who pays for the -- the investment that was made?

And the second is, if they do show up, and they are here consuming energy and consuming demand, so forth, are they paying their fair share?

So those are the two big buckets. And I would say most of the design elements on Schedule HIL, are meant to protect the first circumstance. That is, what happens if they don't show up? You don't want to build, you know, a lot of infrastructure to serve a load, and it not be here.

So the way you -- you approach that is -- and everybody in the industry is doing this -- long-term contracts, having significant demand charges, having significant termination penalties, and credit support, to prevent these large customers from saying, "Hey, I need 100 megawatts, 200 megawatts, 300 megawatts." Then they don't -- they're not here. Who's paying for that? Well, they're still on the hook. And I think Santee Cooper's done a fantastic job of making sure that that affordability challenge doesn't happen.

On the other hand, what if they do? I think we're -- I'll get onto the next page a little bit, and I'll show you where I think you've got some very good protection on that. What's core to that, I think, is the cost-of-service methodology, which is, you know, appropriate aligned with industry practices. We'll talk about that. But on the next page, we'll see some design elements that speak to that second one.

There's a -- there's kind of a guarantee making sure they pay their fair share. So good -- good question. I'll make sure I -- I hit that as well. I did touch on -- on this. These are --

these are kind of the core tenets. So it's holding them financially accountable for the resources that are going to be required to serve the load that they're asking for. So I think it's putting the accountability rightly on the shoulders of those large load customers, to make sure they're paying for the resources they're requesting.

This -- these are very typical, again, and I think I've covered everything I wanted to say here. Some of these are -- are very strong. I've -- I've commented that there's some of those are stronger termination damages and credit provisions. When I look at where Santee is, kind of, on the broad spectrum of the industry, I would say stronger than average in -- in terms of protecting existing customers from costs associated with these large loads.

So let's jump to the next slide. I'll comment a little bit further on that. The -- the top one in terms of interconnection costs, Santee Cooper's HIL schedule puts those interconnection costs on the large load customer directly. They're responsible for paying that. And then there's also a number of provisions down below that, if things change over time, it forces that customer to provide adequate notice and have contract reductions or automatic contract extensions that make sure that you-all have time to adjust your resource plans to any changes that they may have over many years in terms of their ultimate needs. So that's a -- that's a fair balance with -- with the uncertainty that exists over a long period. But upfront, they're paying for their interconnection costs.

And then, I'll -- I'll respond to your question on the sufficiency. What if they do show up at that very bottom charge? There's a retail sufficiency recovery charge. That basically says that Santee Cooper has the ability to look at the revenues that this customer is bringing in and the costs that are being incurred to serve them and make sure that those revenues are covering their costs and not harming other customers. And there's ability for -- for management to look back over time, make sure that's happening. And if it's not, then they can apply charges to that large load customer to make sure that gap is closed. So that's -- that's a significant protection. I would say that's not common, but it is a -- a very strong protection for you-all in terms of making sure that customers aren't picking up the tab for these large loads.

So hopefully that's helpful. Any other -- I'll pause on that one. That's a good topic. I'll pause there but -- okay.

Jump to my next slide. Just on high impact loads, one -- one more closing remark. I know there is a -- there's a lot of change in the industry right now, and there's been a -- a pretty strong evolution of how these contracts have looked over the last three years. And the balance there is certainly trying to find appropriate fair rates for these large load customers. You want to see economic development. And I think you even heard remarks earlier today about the benefits of larger customers or growth coming onto the system and spreading fixed costs over a larger base. That is true. You want to make sure that you can do that, at the same time protecting existing customers.

And so these are areas where I think the protections are very strong. Might be considered for, well, how does the industry evolve over the next three years. This has not been a -- a static topic by any means. And I've spent the last three years really studying these particular issues. And so, we -- we continue to see evolution expected in this space. And these are just some areas that Santee Cooper could look at over -- you know, for future rate changes. So . . .

All right. Go to the cost of service for just a moment. And that was the bulk of it. So I talked a long time. Apologize for that. That was the bulk of it. The rest of it is just a couple of comments on cost of service, and then a review of some remarks from other parties.

From cost of service, I'll just say generally we saw that Santee Cooper is using standard industry -- industry practices for cost of service, allocating those revenues between the customer classes. Thank you to the -- the ORS representative earlier for speaking. ORS commented in their report that they concluded the functionalization, classification allocation methods used in the cost of service generally align with electric utility industry practices. We agree. In our review, we found that to be appropriate and satisfactory in terms of splitting the cost between the classes.

Others commented on -- on changes they wanted to see, and I would say there is no "right answer" for cost of service. You're trying to look at how to allocate costs and fuel as -- as a -- you know, something that was discussed as well in there. All these things have to be looked at together. When you step back and look at a big picture of allocating costs between the classes, what I saw that Santee Cooper was doing and is proposing to retain here, no changes from the prior cost-of-service study. What they're choosing to retain -- retain is appropriate and reasonable split of costs between the classes.

And next, for just a few remarks on rate design perspectives. Again, I appreciate the comments from other parties on rate design. Again, several said, "Let's continue to educate and equip customers on the changes to the demand charge." I agree with that. I think it can be helpful when you have a charge like that that maybe customers have expressed concern about not understanding or not being able to respond to, how can you make sure that they understand the impacts to their bill from these charges? How can you equip them with tools to respond better and save themselves and the broader grid costs?

So -- so that we agreed with. And then some of the other remarks I've got up here, I -- I reviewed the BMC carefully to look at that relative too, in particular, other municipalities' co-ops in South Carolina. Did not find what Santee is proposing to be out of step with that. It was in line or even lower than several that we saw.

And saw remarks on some of the other folks. I -- I won't reiterate what they've said today. But I felt like in general the rate designs were -- were very fair, in line with cost of service, and consistent with industry practices that I've been familiar with and -- and observing for many years. So I will stop there and just turn to -- well, actually, let me go to my last slide, if we can.

I'm not going repeat what -- what I've said. We found the report to be -- the -- the management proposal to be very helpful, in line with industry practices, to be fair, balanced. I've reiterated -- I think summarized some of my future considerations that I -- I hit on the other slides. And I would just say again, we appreciate the opportunity to do this review. Hopefully it's been helpful, informative, and I'll be happy to take any questions that you all have to the particulars here, or other comments that you've heard today.

VICE CHAIRMAN SINGLETON: Thank you, Jonathan, for an excellent overview. Any questions or comments from the Board?

DIRECTOR TILLEY: Yes, sir. Jonathan, I am a residential ratepayer, Schedule RG, area -- ZIP Code 29440. So I -- I am curious, and I -- I've got a multi-part question depending on how you answer the first part. How commonplace is it for other utilities in the region, out of the region, across the country to have residential rate schedules based on demand or time of use?

MR. BYRD: Yeah. Good -- good question. So I've seen that for utilities to have that as an option is more common. For utilities to have a lot of customers on that rate, I think it's more common within municipalities and cooperatives. So -- so there is -- there are other rate alternatives that are trying to drive the same outcome. I see those as -- as fairly common as well. I'll give you a couple of examples. And again, these are just different attempts to achieve the same thing, right?

DIRECTOR TILLEY: Uh-huh.

MR. BYRD: One of them is like a critical peak pricing rate. So it looks like a -- a time-of-use rate, but I've got a callable event where you can call an event and customers respond. Maybe they get an e-mail the day ahead, and there's a really high price during a particular window. Another one I think that was referred to earlier today is a peak time rebate where you've got a slightly higher price overall, but I provide a discount if there is a response during a peak event.

And Santee Cooper's approach is having that demand rate, which again is -- is right in line with those. It's encouraging customers to constrain their usage during those peak hours that are really driving the costs for the utility. And so I think that's a -- it's a very reasonable approach. It's not an uncommon tariff to have out there as an option for customers.

DIRECTOR TILLEY: And how -- second part, how commonplace is it to have the balanced demand billing?

MR. BYRD: I've seen -- so I've seen a lot of variety there. I've seen some where you have a demand charge on a daily basis. So that would be like a balanced demand billing of 30, if you will.

DIRECTOR TILLEY: Uh-huh.

MR. BYRD: And you're using four. I think there's somewhat of a diminishing returns there. So there is a customer benefit from moving from one to four, in terms of eliminating that single bad day concern. And moving beyond that, you don't -- you don't see much benefit. And what you're retaining by kind of finding your -- your sweet spot in that four is maintaining that solid price signal for customers to be able to control their consumption and manage their bill. So I -- I think that's a -- a very reasonable place for management to move, from the one to the four.

DIRECTOR TILLEY: And with that being the case, my -- my last part of that question is: In other locations, other -- other utilities, what type of vehicles and processes might there be out there that are being utilized to notify residential clients of real time -- I mean, it's done in industry. I have an industry background and -- interruptible, firm, demand, time of use, and industrial clients have a notification that comes in, "You do this. Here's the times." Can that be done for residential where it would benefit them?

MR. BYRD: I -- I've seen that. A couple of examples would be, like I mentioned to you, the critical peak pricing or peak time rates, just other programs where there's an option for customers to sign up for either an e-mail or a text message or some other alert process that they can get day ahead. Now, in those cases, it's because there's a program or an event being called.

What -- what you're talking about here is more of a general grid-type alert, which is not uncommon either. Like, "Tomorrow is going to be a -- a resource constrained day. Please make sure you're conserving energy. The grid's going to be really constrained." That's a fairly typical alert. I think what would -- what could be considered as beneficial here is where you include in that alert, just a notice for customers to say, "Tomorrow might be a day when you set one of your four peaks for the month. It's going to be, you know, so many degrees tomorrow morning. It's a cold snap." And that type of alert might help customers just be particularly concerned about that day.

DIRECTOR TILLEY: So predictive means?

MR. BYRD: It's -- it would be largely weather oriented. Just an alert that --

DIRECTOR TILLEY: Okay.

MR. BYRD: -- in particular, residential customers with, you know, their -- their heating that comes on in the morning might benefit from that.

DIRECTOR TILLEY: Thank you. I appreciate it.

Mr. Chair or -- I -- I would like to put forth that Santee Cooper Management consider implementing, reviewing what type of vehicle could be implemented to help residential clients, in particular, in some type of notification or alert.

VICE CHAIRMAN SINGLETON: Very good. Yes, sir?

DIRECTOR MUDGE: I have a comment. I appreciate your presentation, everybody. Having been on this Board for about ten years, I -- I look back, and I want to make sure the record's clear that, until rates went up in 2025, for seven or eight years, there were no increases. So if you look at the rate increases, I think you need to look at a broader time period. Our -- our rates are very competitive with -- with our peers in the state. As I look at it as one board member, we have to be competitive at every class. We have to serve every class, and balancing there beyond most of us. So I recognize how complicated it is.

From what I've heard through the -- the comments through the last month or so, having been to the other meetings, I think we're on the right road. I -- from the comments I hear, I'd like to think there's something better we can do for people in the residential classes that are in a tough position, kind of following up on Tim's comment about residential, and I would challenge us to that as we go forward to the next two meetings. Thank you.

VICE CHAIR SINGLETON: Thank you.

DIRECTOR BENNETT: I -- I think it's a -- that's a very fair statement, Steve. And, Tami, I'd ask that you guys give some consideration to particularly our folks on fixed income and the lady earlier -- I think she's left -- mentioned that there are people out there that moved to South Carolina to retire, and -- and if there are things that we can -- we do a lot already, you know. I appreciate what our team. If we can review this things to see if there are additions we can add for -- for our retirees and our fixed income folks here in the future.

MS. WILSON: Yeah.

DIRECTOR BENNETT: I'd like management to do that as well.

DIRECTOR DALTON: I think that's a challenge all utilities have, but I would hope Santee Cooper would be creative enough to figure a way to deal with that --

MS. WILSON: Yes.
DIRECTOR DALTON: -- a little better.
MS. WILSON: So thank you all for your comments. Santee Cooper has launched two energy efficiency programs this year to address the issue that you just mentioned, Director Bennett. One is our marketplace, which allows customers to purchase energy saving products, along with applicable rebates. The other is our power partner program, and that is -- helps qualifying customers be able to lower their energy use and make their homes more affordable and -- or more comfortable. And so what that program involves is that we provide and install energy saving measures at no cost to the customer. This program is provided to Myrtle Beach and Socastee area. It really serves two -- two specific benefits, right? So in addition to addressing the root cause of the home's inefficiency, it permanently reduces the customer's monthly energy costs, as well as it contributes to lowering Santee Cooper's overall system peak demand.
VICE CHAIRMAN SINGLETON: Thank you.
MS. WILSON: And we will continue to evaluate other programs.

DIRECTOR BENNETT: Please do. We appreciate y'all and the folks who work Santee Cooper also. Just -- Tim said our customers, and Santee's -- we're the hometown utility. So keep that up.

MS. WILSON: Thank you.

VICE CHAIRMAN SINGLETON: Anything else? Any questions or comments?

DIRECTOR RICHARDSON: Yeah. I just -- I echo those comments. I agree with that. You know, in Greg's presentation I believe you said, across all the comments that we've received, the top two issues have been affordability and -- and peak, you know, that -- that single bad day.

I just want to follow up on that comment that we had at a previous meeting and even here today from DCA around the idea of holidays and weekends, right? Removing that. And I believe I heard Greg say that with weekend pricing, that tends to be a 21 percent or so of -- of -- of when our peaks are occurring. But I'm curious, what -- what else are you seeing in the industry? You've been very grounded in industry standards this whole time. Is that something you're seeing across the board and for other utility companies?

MR. BYRD: I -- I do think it's fairly common to have holidays and/or weekends. I think what's driving that is the grid reality itself. So you want to make sure that you're providing off-peak periods to customers when you're actually experiencing a lower peak demand on the grid. And so what management was saying was that they still have those peak grid concerns on the weekend. And so I would be cautious about sending, you know, an off-peak signal without confidence that it is genuinely an off-peak period for -- for the system you're serving. And then that just, you know, depends on your customer base and where you're located and the weather and so forth. And so I think management's reviewed that and had some concerns about that.

DIRECTOR RICHARDSON: Right. And, Greg, y'all have reviewed the peak pricing on the weekends. Have you done the same study and analysis for holidays?

MR. MCCORMACK: No.

DIRECTOR RICHARDSON: Okay. Well, Mr. Vice Chair, I'd love us to direct management to take a look at potentially excluding federal holidays from those peak pricing signals that -- that are coming in.

VICE CHAIRMAN SINGLETON: Duly noted. Thank you, Director. Any other question or comments from the Board? All right. Hearing none, we have no other business. I'll entertain a motion to adjourn.

DIRECTOR CLARK: So moved

VICE CHAIRMAN SINGLETON: Motion. Second?

DIRECTOR TAYLOR: Second.

VICE CHAIRMAN SINGLETON: Second. All in favor?

BOARD IN UNISON: Aye.

VICE CHAIRMAN SINGLETON: We stand adjourned.

(Whereupon, the hearing was concluded at 3:58 p.m.)

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STATE OF SOUTH CAROLINA)
) CERTIFICATE
COUNTY OF RICHLAND)

Be it known that Julie Taradash took the foregoing proceeding and hereby attests:

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that the deponent/witness, if any, was first duly sworn to testify to the truth, the whole truth, and nothing but the truth, concerning the matter in the controversy aforesaid;

that the foregoing transcript represents a true, accurate, and complete transcription of the testimony so given at the time and place aforesaid to the best of my skill and ability;

that I am neither a relative nor an employee of any of the parties hereto, nor of any attorney or counsel employed by the parties hereto, nor interested in the outcome of this action;

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In witness thereof, I have hereunto affixed my signature and title.

Julie Taradash

Date: 9/2/2026
Notary public for South Carolina
My commission expires March 27, 2035
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