



Post-Comment Proposed Rate Modifications

Santee Cooper Board of Directors

November 7, 2024 DRAFT

Many written and oral comments were received

- Vast majority of comments addressed the transition of RG to three-part design
 - Concerns about wide range of bill impacts due to load factor
- Bill impact issues identified with some GA customers
 - Could be greater for some with extremely low load factors
 - Ball park lighting
 - Municipal Pump Stations
 - Churches
- Industrial customers provided input on several areas
 - Primarily focused on the interruptible and economy power rates

Proposed Changes

1. Residential

- Reduce RG-25 demand charge/Increase energy charge
 - Revise RT, REV, EVO rates for new RG-25 energy charge
- Reduce RT-25 On-Peak energy hours from four to three

2. Commercial

- Reduce GA-25 demand charge/Increase energy charge
- Introduce Low Load Factor Experimental Rate

3. Industrial

- Reduce EP& EP-O reservation charges

Proposed Residential Changes (RG-25)



Description	Proposed	Modified
Residential General Service (RG)		
Customer Charge (\$/Month)	\$20.00	\$20.00
Demand Charge (\$/kW)	\$10.03	\$8.00
Energy Charge (\$/kWh)	\$0.0684	\$0.0792

- **Reduce Proposed Demand Charge and Increase Energy Charge**
 - Addresses customer comment that “penalty” for high demand within peak window is excessive
 - Would “tighten” the distribution of bill increase percentages
 - Revenue neutral change - overall average rate increase unchanged
 - Resulting energy rate would also impact RT, REV and EVO

Proposed Residential Changes (RT-25)



Description	Proposed	Modified
Residential General Service (RG)		
Customer Charge (\$/Month)	\$20.00	\$20.00
On-Peak Energy Charge (\$/kWh)	\$0.3139	\$0.3380
Off-Peak Energy Charge (\$/kWh)	\$0.0684	\$0.0792

- **Revise On-Peak Energy hours to match RG-25 Demand Window**
 - 3 Hour Summer On-Peak Energy hours: **3:00 pm – 6:00 pm April - October**
 - 3 Hour Winter On-Peak Energy hours: **6:00 am - 9:00 am November - March**
 - Allows RT customers the same opportunity to respond to price signal
 - Revenue neutral change - overall average rate increase unchanged

Proposed Commercial Changes



1. Reduce Proposed GA-25 Demand Charge to Include Only Production Costs

- Reduce demand charge and increase energy charge
- Would result in a significant decrease of customers with large rate increases

2. Introduce Experimental Rate for Low Load Factor/Low Usage Customers

- Create experimental rate to mitigate large increases
- Since this rate was not included in original proposal to the Board it must be an experimental rate

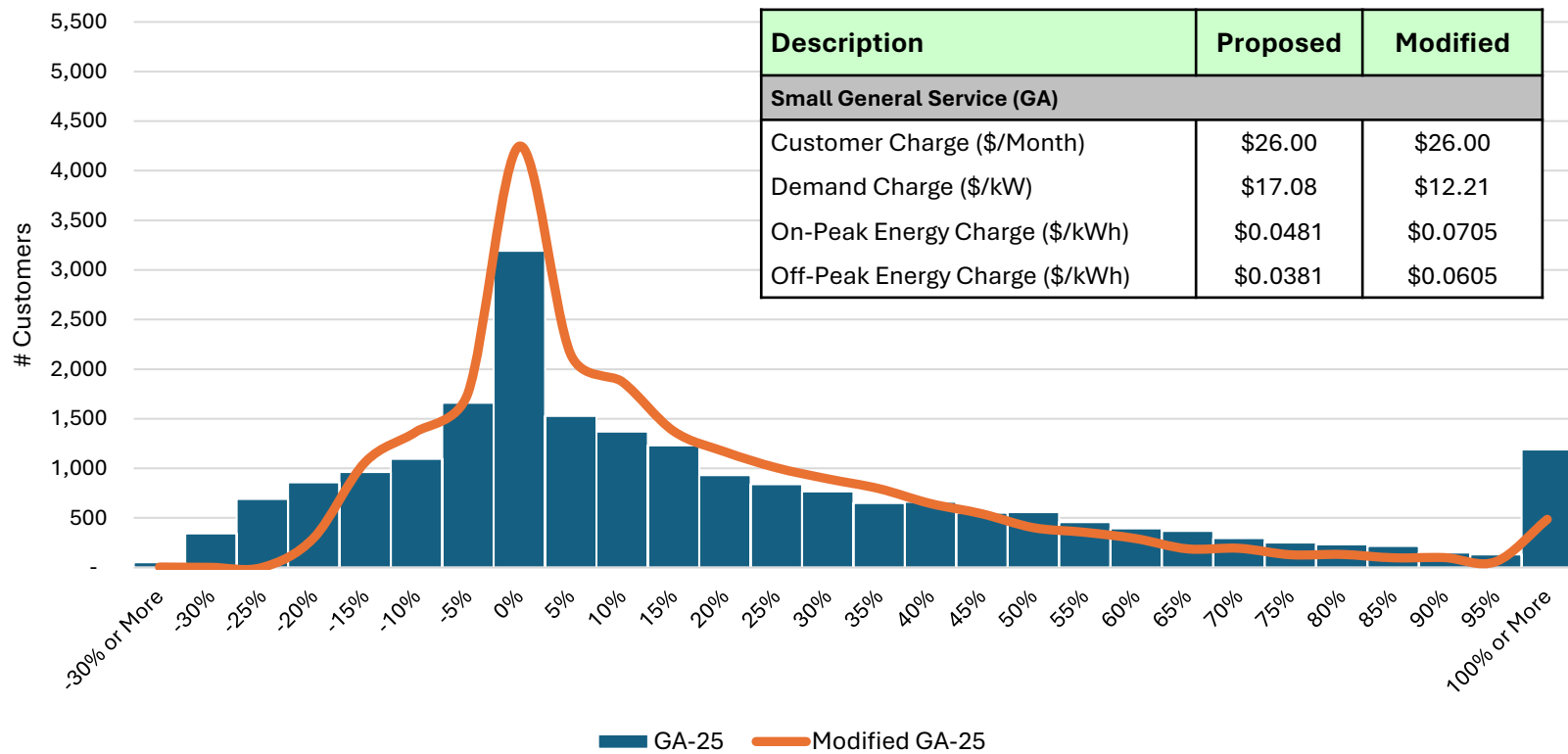
GA-25 Demand Charge Reduction



Modifying GA-25 by reducing demand charge and increasing energy charge would “tighten” the distribution of outcomes

GA-25 Bill Impact vs Modified Tilted Rate

Based on 2023 Billing Data (Excludes GB to GA Migration)



Experimental Low Load Factor Rate



- An experimental two-part rate would allow us to mitigate GA-25 increases vs GA-17 for low load factor customers
 - Experimental rates limited to 4 years and 5% of class (~1,500 commercial customers)
 - Pricing based without additional qualifications (other than GA-25 criteria)

Description	Modified GA-25	Proposed GA-LL-25
Small General Service (GA)		80% Cap
Customer Charge (\$/Month)	\$26.00	\$45.00
Demand Charge (\$/kW)	\$12.21	-
On-Peak Energy Charge (\$/kWh)	\$0.0705	\$0.1973
Off-Peak Energy Charge (\$/kWh)	\$0.0605	\$0.1773
# Customers		888
Average Load Factor		7.6%
Average Monthly Energy (KWh)		581

Proposed Industrial Changes



- Limit the Reservation Charge increase for EP and EP-O
 - EP Reservation Charge is based on system transmission costs, which have increased
 - Limit EP Reservation Charge to pre-determined level to mitigate customer impact and maintain \$1.65 EP-O adder
 - Restore cost-based Reservation Charge at next opportunity

Description	Current	Proposed	Modified
Economy Power (L-EP)			
Customer Charge (\$/Month)	\$1,000	\$1,000	\$1,000
Reservation Charge (\$/kW)	\$1.81	\$3.24	\$2.90
Generation Related Expenses (\$/MWh)	\$8.31	\$7.47	\$7.47
CIF/Transmission Loss %	12.92%	12.92%	12.92%
2025 Revenue	\$15,853,981	\$17,843,399	\$17,336,119
2025 Increase %		12.5%	9.3%
Economy Power Optional (L-EP-O)			
Reservation Charge (\$/kW)	\$3.66	\$4.89	\$4.55
Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0375	\$0.0375
2025 Revenue	\$14,660,954	\$16,275,826	\$15,856,946
2025 Increase %		11.0%	8.2%

- Modifications of noticed rates are anticipated in statute as part of the rate adjustment process
- Management's consultant (NewGen Strategies & Solutions) has reviewed the modifications and found them just and reasonable
- The Board's consultant (Regulatory Assistance Project, or RAP) has reviewed the modifications

Residential Rate Comparison



Santee Cooper will continue to be the lowest-cost provider among large utilities in South Carolina

- Our proposed rates will be well below the national average and very competitive
 - Projected monthly bill for a typical residential customer in 2025
 - Santee Cooper \$126/month
 - Dominion \$148/month
 - Duke Progress \$160/month
 - Duke Carolinas \$161/month

Summary



- Some of the rates proposed on June 10 have been modified in response to customer comments and Board direction
- Changes have been vetted
 - Memorandum produced by NewGen
 - Reviewed by RAP
- Next Steps – Board review and December 9 Board Meeting



Questions