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July 30, 2026

VIA ELECTRONIC MAIL

Lindsey F. Whitley, Esquire
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South Carolina Public Service Authority
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Re: South Carolina Public Service Authority's 2026 Request for Rate Adjustment

Dear Ms. Whitley:

In accordance with S.C. Code Ann. § 58-31-730 *et seq.*, please find the South Carolina Office of Regulatory Staff's ("ORS") attached report of its inspection, audit, and examination of the South Carolina Public Service Authority's ("Santee Cooper") 2026 proposed rate schedule, revenue requirements, cost-of-service analysis, and rate/tariff design. ORS's review, analyses, and conclusions are based on information and responses provided by Santee Cooper in response to ORS data requests with the expectation that such information and responses were complete and accurate.

Thank you for your attention to this matter.

Sincerely,

s/ Donna L. Rhaney

Donna L. Rhaney

cc: Nanette S. Edwards, Esquire
(via electronic mail with attachments)



Review of the South Carolina Public Service Authority 2026 Request for Rate Adjustment

South Carolina
Office of Regulatory Staff

July 30, 2026

**Review of the South Carolina Public Service Authority 2026 Request for Rate
Adjustment**

Pursuant to Section 58-31-730(B), South Carolina Code of Laws

July 30, 2026

Prepared by the South Carolina Office of Regulatory Staff

South Carolina Office of Regulatory Staff
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I. Executive Summary

On May 1, 2026, the Senior Management Team and Senior Director of Financial Planning (“Management Team”) of the South Carolina Public Service Authority (“Santee Cooper”) presented proposed retail rate adjustments for calendar years 2027 and 2028 to the Santee Cooper Board of Directors (“BOD”). Santee Cooper stated its proposed retail rate adjustments are supported by Santee Cooper’s 2026 Electric System Cost of Service Study and Rate Design Study (“COSS”) and would adjust retail rates in two stages for bills rendered on or after February 1, 2027, and February 1, 2028.

The COSS projects a retail revenue deficiency of approximately \$34.9 million, or 3.3% for 2027. For 2028, the COSS projects a cumulative deficiency of approximately \$67.3 million, or 6.4%, compared with revenues under current rates. Santee Cooper proposes incremental average retail rate adjustments of 3.3% in 2027 and 3.1% in 2028. On a cumulative basis, the proposed class increases are 9.3% for residential customers, 5.8% for commercial customers, 6.2% for lighting customers, and 4.7% for industrial customers.

The South Carolina Office of Regulatory Staff (“ORS”) reviewed Santee Cooper’s proposal for rate adjustments (“Proposal”) submitted pursuant to S.C. Code Ann. § 58-31-730(B)(1) 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. In accomplishing its responsibilities under this article, the Office of Regulatory Staff must use the authority granted to it pursuant to Section 58-31-225. The Office of Regulatory Staff must treat as confidential or proprietary the information provided by the Authority pursuant to this subsection that is identified by the Authority as such unless or until the Authority agrees that such information is no longer confidential or proprietary. Any disputes concerning whether such information is subject to protection must be resolved by the South Carolina Public Service Commission.

Santee Cooper provided information and supporting documentation in response to ORS data requests and participated in meetings concerning the Proposal. ORS inspected, audited, and examined the proposed rate schedules, revenue requirements, COSS, and rate and tariff design. ORS’s review included the 2027 and 2028 financial forecasts and budgets, generation, transmission, and distribution operations, supporting workpapers and schedules, projected billing determinants, allocation methods, proposed rate components, and illustrative customer bill impacts.

Santee Cooper was cooperative and provided timely responses to ORS data requests. ORS appreciates Santee Cooper’s cooperation in this process.

A. Summary of ORS Comments and Observations

In compliance with S.C. Code Ann. § 58-31-730, ORS reviewed the Proposal and provides its findings in this report ("Report") as follows:

- ORS verified that the projected 2027 and 2028 total system revenue requirements reflected in Santee Cooper's COSS were supported by the workpapers reviewed, accurately stated, and mathematically correct. ORS's review of individual cost components and any recommendations are addressed in the applicable sections of the Report.
- Santee Cooper projects gross revenue requirements of approximately \$3.057 billion for 2027 and \$3.243 billion for 2028. After projected non-retail revenues and wholesale power revenues are credited, the resulting retail cost of service is approximately \$1.085 billion for 2027 and \$1.120 billion for 2028.
- The projected revenue requirements reflect the following: 1) significant capital investment in generation, transmission, and distribution facilities; 2) increasing operating and purchased capacity costs; 3) projected debt service requirements; recovery of deferred Cook Settlement costs; and 4) an increase in the Capital Improvement Fund requirement from 9% to 10% of annual gross revenue requirements.
- The functionalization, classification, and allocation methods used in the COSS generally align with electric utility industry practices. Projected wholesale revenues are credited before determining the revenue requirements assigned to retail customers.
- The proposed Balanced Demand Billing methodology would modify the current demand billing methodology implemented for Residential and Small General Service customers in 2025. Under the proposed Balanced Demand Billing methodology, billed demand would be based on the average of a customer's four highest hourly demands occurring on separate days during the billing cycle, rather than the single highest hourly demand.
- ORS recommends that Santee Cooper evaluate customer impacts following each proposed rate increase. The evaluation should include billed demand, peak-period usage, bill volatility, the distribution of percentage and dollar impacts, migration between residential rate schedules, commercial customer transfers, and the operation of the High Impact Load Schedule.
- ORS recommends that Santee Cooper continue customer education concerning Balanced Demand Billing, applicable peak periods, and the actions customers may take to manage demand related charges. Customers should continue to have timely access to interval usage information and clear examples explaining how billed demand is calculated.

II. Background

On May 22, 2019, Governor Henry McMaster signed Act No. 95 of 2019 (“Act 95”) into law. In November 2019, in response to the enactment of Act 95, the BOD adopted a resolution that approved the Reform Plan, which was then submitted to the South Carolina Department of Administration. The Reform Plan included governance reform, an updated generation plan, and a revised financial plan, among other initiatives. As part of the governance and oversight reforms, Santee Cooper proposed revised “Pricing Principles and Metrics.”

As part of the Reform Plan, consistent with the requirements of S.C. Code Ann. § 58-31-710, the BOD adopted the following Pricing Principles:

Mission: Limit price increases to less than inflation.

Equity: Allocate costs to specific customer classes in a reasonable, equitable and defensible manner.

Efficiency: Design prices so that conservation savings are shared with the customers.

Adequacy: Provide sufficient revenue to preserve the financial integrity of Santee Cooper.

Notice: Ensure customer notice and engagement in rate proceedings.

Protection: Allow reasonable relief mechanisms for financially distressed customers.

Transparency: Require openness in annual review of compliance with Pricing Principles.

On June 15, 2021, Governor Henry McMaster signed Act No. 90 of 2021 (“Act 90”) into law. Act 90 added and revised the statutes governing Santee Cooper, including a requirement that any retail rate adjustments proposed to the BOD to be reviewed by the ORS. Relevant statutory provisions are provided as follows:

S.C. Code Ann. § 58-31-225 states, in part:

The Office of Regulatory Staff . . . is vested with the authority and jurisdiction to make inspections, audits, and examinations of the Public Service Authority pursuant to the provisions of Chapter 4, Title 58, relating to the electric rates established by the Public Service Authority. Upon completion of an authorized inspection, audit, or examination, the Office of Regulatory Staff must report its findings to the management and board of the Public Service Authority and attempt to resolve with the management and board any issues that are identified.

S.C. Code Ann. § 58-31-730(B) states, in part:

(1) [T]he 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. In accomplishing its responsibilities under this article, the Office of Regulatory Staff must use the authority granted to it pursuant to Section 58-31-225.

(4) . . . The Office of Regulatory Staff [shall have the opportunity], in advance of the board of directors' consideration and determination of rates, to review the proposed rate schedules and written findings and analyses of employees and consultants retained by the Authority that support the proposed rate adjustments.

(7) The Office of Regulatory Staff [will make a submission] of written comments and supporting documentation in the same manner as customers and [have] an opportunity . . . to provide comments to, and answer questions from, the board of directors.

In 2024, pursuant to S.C. Code Ann. § 58-31-730(B), ORS conducted an inspection, audit, and examination of Santee Cooper's proposed retail rate schedules, revenue requirements, cost of service analysis, and rate design. ORS submitted written comments in support of the review on September 6, 2024, and presented the comments orally on October 2, 2024. Santee Cooper's BOD approved the revised rates on December 9, 2024, and the rates became effective on April 1, 2025.

On May 1, 2026, Santee Cooper management presented proposed rate adjustments for 2027 and 2028 to the BOD. The presentation initiated the customer notice, review, and public comment process required by Act 90. If approved, the proposed rate adjustments would become effective for bills rendered on or after February 1, 2027, and February 1, 2028.

III. ORS Review of Operations

Santee Cooper provides electric generation, transmission, and distribution services. The generation mix includes natural gas combined-cycle units; simple-cycle combustion turbines; hydro units; landfill gas-to-energy biomass facilities; solar photovoltaic sites; coal fired generating stations; and, through a partnership with Dominion Energy South Carolina, Inc. ("DESC"), a one-third ownership interest in the V.C. Summer Nuclear Station Unit 1.¹ Santee Cooper's generation resources total approximately 5,163

¹ Generation, Transmission, and Distribution Report to Santee Cooper Board of Directors, May 1, 2026, p. 2.

megawatts (“MW”) of capacity in the summer and approximately 5,388 MW in the winter, which also includes various power purchase arrangements.² Santee Cooper purchases approximately 1,350 MW of nameplate capacity and associated energy and 883 MW in winter capacity through power purchase agreements with third-parties.³

ORS reviewed information provided by Santee Cooper including reports, analyses, documents, and procedures relating to the current operations, systems, and capabilities as well as the plans and support for future system management, operations, and maintenance activities. ORS also reviewed Santee Cooper’s responses to data requests, met with Santee Cooper, and reviewed Proposal materials presented to the BOD, various Santee Cooper presentations, and information from BOD meetings.

A. Generation, Transmission, and Distribution

Currently, Santee Cooper directly serves approximately 219,000 retail customers including 27 large industrial customers, while indirectly serving approximately 2 million customers via wholesale contracts with Central Electric Power Cooperative, Inc. (“Central”) and the cities of Bamberg, Georgetown, and Seneca.⁴ Santee Cooper also serves power to Piedmont Municipal Power Agency and the town of Waynesville, North Carolina.⁵ To serve its customers, Santee Cooper owns and operates over 40 miles of dams and dikes, several large generating facilities, over 5,000 miles of a high-voltage transmission network, and over 3,000 miles of distribution lines and associated facilities.⁶

1. Generation

Santee Cooper owns and operates two coal-fired generating stations, two natural gas combined-cycle units, three combustion turbines units, six hydro units, five landfill gas-to-energy units, and three solar facilities. Santee Cooper also has a one-third ownership in the V.C. Summer Nuclear Station Unit 1 as a shared resource with DESC.

² *Id.* at 1.

³ *Id.* at 4.

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.* at 1.

Table 1. Santee Cooper Generating Units⁷

Facility or Resource Group	Winter MW	Summer MW	Primary Energy Source
Jefferies and Wilon Dam	142	142	Hydroelectric
Myrtle Beach and Hilton Head Combustion Turbines	165	140	Oil
Winyah and Cross Generating Stations	3,480	3,465	Coal
V.C. Summer Nuclear Station Unit 1 (1/3 ownership)	322	322	Nuclear
Landfill Gas Facilities	26	26	Methane Gas
Rainey Generating Station and Cherokee	1,248	1,063	Natural Gas
Solar Facilities	5	5	Solar
Total Existing Capability	5,388	5,163	

Capacity represented by Net Dependable Capacity (NDC)

Myrtle Beach 4 Unavailable Winter (20 MW) Summer (19 MW) until further notice and not included above

Capacity values for Solar reflect nameplate capacity. The Authority owns approximately 5 MW of solar capacity

2. Transmission and Distribution

Santee Cooper operates an integrated transmission system to include overhead and underground lines, transmission substations, switching stations, distribution stations, and delivery points. The system includes approximately 5,277 miles of lines primarily rated between 69 kilovolts (“kV”) and 230 kV. The transmission system also includes 94 transmission substations and switching stations that serve the delivery point substations for Santee Cooper and Central.⁸

The Santee Cooper distribution system, which serves approximately 219,000 residential, commercial, and industrial retail customers, consists of over 3,237 miles of 12 kV and 34 kV primary lines and over 3,622 miles of secondary lines. Additionally, the distribution system includes thousands of poles, transformers, switches, fuse protective devices, underground enclosures, mesh network devices, advanced metering infrastructure (“AMI”) meters, and over 800 regulators and 400 distribution line capacitors.⁹

B. Investments

ORS’s review of the \$1.096 billion budget for capital investments and debt service¹⁰ listed in the Santee Cooper 2027 budget and \$1.132 billion listed in the 2028 budget¹¹, consisted of reviewing documentation, analysis, and studies of Santee Cooper’s plans for improving the reliability of service to meet the needs of current customers and plans for meeting the forecasted growth in electric demand. According to Santee Cooper, the

⁷See *id.* at Table 1, p. 3.

⁸ *Id.* at 4.

⁹ *Id.* at 5.

¹⁰ Financial Planning and Requirements Report, p. 3.

¹¹ *Id.*

proposed capital investment budget includes the projected costs to add future generation. The budgeted capital investments also include additional 230 kV lines, 230 kV switching stations, and rebuilding 115 kV facilities to improve and expand transmission capabilities to serve the growing number of residential, commercial, and industrial retail customers in Santee Cooper's service territory.¹²

Table 2. Projected Electric System Capital Expenditures (\$ Millions)¹³

Type	2027	2028
Generation	\$ 617	\$ 639
Transmission	\$ 364	\$ 389
Distribution	\$ 63	\$ 58
Customer and Corporate Services	\$ 52	\$ 46
Total Capital Budget	\$ 1,096	\$ 1,132

IV. ORS Audit of Revenue Requirements

ORS completed an examination and audit of the projected 2027 and 2028 total system revenue requirements the Management Team presented to the BOD as part of the proposed changes in rates and rate structure. To complete its examination, ORS reviewed supporting documents, spreadsheets, schedules, and responses to data requests to verify the calculations reflected in the 2027 and 2028 total system revenue requirements.

A. Total Retail Revenue Requirements

Santee Cooper's projected gross revenue requirements are approximately \$3.057 billion for 2027 and \$3.243 billion for 2028. After deducting interest and miscellaneous income, other operating revenues, and off-system sales, the projected total system revenue requirements are approximately \$2.997 billion for 2027 and \$3.190 billion for 2028. Wholesale power revenues are then credited to determine the portion of cost of service applicable to retail customers.¹⁴ The resulting projected retail cost of service is approximately \$1.085 billion for 2027 and \$1.120 billion for 2028. Compared with revenues under current rates, Santee Cooper projects a revenue deficiency of approximately \$34.9 million or 3.3% for 2027, and a cumulative deficiency of approximately \$67.3 million or 6.4% for 2028.¹⁵

¹² Generation, Transmission, and Distribution Report to Santee Cooper Board of Directors, May 1, 2026, pp. 7-11.

¹³ Financial Planning and Requirements Report, p. 3.

¹⁴ 2026 Electric System Cost of Service and Rate Design Study, Tables ES-1 and 3-3.

¹⁵ *Id.*

Table 3. 2027 and 2028 Total System Revenue Requirements from Table ES-1¹⁶

Total System Revenue Requirements	2027	2028
Operations & Maintenance Expense		
Fuel Expenses	\$ 848,987	\$ 928,720
Purchased Power Other Production O&M Expenses	\$ 553,501	\$ 452,292
Other Production O&M Expenses	\$ 334,706	\$ 346,119
Total Production Expenses	\$ 1,737,194	\$ 1,727,131
Transmission Expenses	\$ 90,068	\$ 94,420
Distribution Expenses	\$ 24,121	\$ 28,133
Customer Acct. & Information Exp.	\$ 22,601	\$ 24,055
Sales Expenses	\$ 3,147	\$ 3,192
Administration and General Expenses	\$ 151,215	\$ 156,319
Total Operations & Maintenance Expenses	\$ 2,028,346	\$ 2,033,250
Sums in Lieu of Taxes and Other	\$ 37,712	\$ 40,134
Debt Service and Capital Leases	\$ 592,138	\$ 756,230
Working Capital Requirement	\$ 14,179	\$ 13,038
Total Revenue Requirement Before CIF	\$ 2,672,375	\$ 2,842,652
CIF Requirement	\$ 296,930	\$ 315,850
Cook Charge	\$ 87,215	\$ 84,235
Gross Revenue Requirements	\$ 3,056,520	\$ 3,242,737
Less: Interest and Miscellaneous Income	\$ (4,061)	\$ (5,110)
Less: Other Operating Revenues	\$ (22,860)	\$ (24,886)
Less: Off-System Sales	\$ (32,969)	\$ (22,634)
Total System Revenue Requirements	\$ 2,996,630	\$ 3,190,107
Less: Wholesale Power Sales	\$ (1,911,789)	\$ (2,069,918)
Total Cost of Service	\$ 1,084,841	\$ 1,120,189
Less: Revenues Under Current Rates	\$ 1,049,947	\$ 1,052,852
Estimated Revenue Surplus (Deficiency)	\$ (34,894)	\$ (67,337)
% Rev. Surplus (Deficiency) Under Current Rates	-3.3%	-6.4%
CIF is Capital Improvement Fund		
Other Operating Revenues: wheeling, pole attachments, and other miscellaneous revenues		
Off-System Sales: Includes Cook Charge Recovery Revenue		
Wholesale Power Sales: Includes Central and Municipal revenues at estimated/proposed rates, including Cook Charge Recovery Revenue.		
Revenues Under Current Rates: Includes industrial non-firm revenues, as well as Cook Charge Recovery Revenue.		
Percentage of Revenue needed for 2028 is cumulative relative to current revenues		

ORS reviewed the supporting schedules Santee Cooper used to calculate Table ES-1 as follows:

- ORS verified line items to supporting workpapers containing functional cost accumulations and detailed projected expenses for the 2027 and 2028 test years (“Test Year” if referring to one year and references to both years as “Test Years”).
- ORS recalculated applicable formulas and verified projected expense line items to Santee Cooper’s supporting schedules, including schedules organized by Federal Energy Regulatory Commission (“FERC”) account.
- ORS examined reconciliations between supporting workpapers, the financial forecast, and the COSS, including explanations provided by Santee Cooper.
- ORS reviewed schedules generated from Santee Cooper’s budgeting systems and compared those schedules with amounts included in the revenue requirements workpapers.

¹⁶ *Id.* at Table ES-1.

- ORS reviewed Santee Cooper's explanations for significant variances and other projected expenses.

B. Total Operations and Maintenance ("O&M") Expenses

Santee Cooper projects total O&M expenses of approximately \$2.028 billion for 2027 and \$2.033 billion for 2028. Production expenses represent the largest component, including fuel, purchased power, and other production O&M. Santee Cooper also projects transmission, distribution, customer accounts, sales, and administrative and general expenses.¹⁷

ORS reviewed projected O&M expenses by functional area, examined supporting schedules and FERC account details, and requested explanations for significant variances. ORS reviewed Santee Cooper's responses and supporting documentation and found them to be reasonable.

C. Other Revenue Requirements

The 2027 and 2028 Santee Cooper budgets contain other revenue requirement categories required by South Carolina law or Santee Cooper's Master Revenue Obligation Resolution. The cost categories are:

- **Sums in Lieu of Taxes and Other:** Santee Cooper projects approximately \$37.712 million for 2027 and \$40.134 million for 2028. These amounts include the payment to the State, sums in lieu of taxes, kWh sales taxes, generation taxes, land rental taxes, and other applicable statutory payments. ORS reviewed the supporting schedules and calculations and verified the application of the applicable statutory rates.
- **Debt Service and Capital Leases:** The COSS includes approximately \$592.138 million for 2027 and \$756.230 million for 2028. These amounts include principal and interest for existing and projected debt and applicable capital lease obligations. The projected Cook Charge is shown separately in the COSS. ORS reviewed supporting debt service schedules and the mathematical accuracy of the projected amounts. Further, ORS confirmed Santee Cooper provided a comprehensive review of its rate structure and rates, consistent with provisions of Chapter 31, Title 58 and its bond covenants as required by S.C. Code Ann. § 58-31-730(B)(2).
- **Working Capital Requirement:** Santee Cooper projects working capital requirements of approximately \$14.179 million for 2027 and \$13.038 million for 2028. The allowance is based on 45 days (1/8 of 365 days) of applicable O&M expenses, excluding purchased power, nuclear fuel, and lease payments. The

¹⁷ *Id.*

annual revenue requirement reflects the applicable year-over-year change in working capital need.

ORS examined the components in Santee Cooper's working capital calculation and verified the components in supporting documentation, reports, and schedules. ORS also performed a recalculation of the working capital requirement to verify the working capital requirements included in the 2027 and 2028 total system revenue requirements are mathematically accurate.

In ORS's experience reviewing Investor-Owned Utilities ("IOUs"), the most accepted method to determine the appropriate working capital allowance is the lead-lag study method, rather than the 1/8 method, particularly for large utilities. The lead-lag study method determines the specific number of days between the payment of the utility's bills compared to when revenue is received from the customers. ORS does not have a recommendation for any changes to the methodology for Santee Cooper. This is provided for informational purposes only.

- **Capital Improvement Fund ("CIF"):** The COSS includes CIF requirements of approximately \$296.930 million for 2027 and \$315.850 million for 2028. The CIF provides a source of non-debt funding for additions, renewals, replacements, and improvements to Santee Cooper's system. Santee Cooper proposes to increase the CIF requirements from 9% to 10% of annual gross revenue requirements for the 2027 and 2028 Test Years. ORS reviewed the supporting schedules and verified the mathematical inclusion of the projected CIF requirements.
- **Cook Charge:** The COSS includes approximately \$87.215 million for 2027 and \$84.235 million for 2028 for recovery of deferred costs associated with the Cook Settlement through the Deferred Cost Recovery Adjustment Rider. Projected revenues under current rates and certain wholesale and off-system revenues also include Cook Charge recovery revenue.

D. ORS Review of Additional Expenses

In ORS's experience reviewing IOUs, certain expenses incurred by an electric utility may not directly contribute to the provision of high quality, reliable service to customers and are often removed for ratemaking purposes by the Public Service Commission of South Carolina ("Commission"). Below, ORS provides a general list of expenses that are often excluded from electric customer rates by the Commission. The list includes, but is not limited to the following, and is provided for informational purposes only:

- Contributions (charitable, civic, educational, political)
- Memberships in social and athletic clubs
- Employee awards and trophies
- Other employee awards
- Novelty or company image building items

- Recreational benefits
- Birthdays, anniversaries, baby showers, bereavement flowers, etc.
- Luncheons and Banquets
- Retiree Gift Cards
- Advertising
- Economic Development
- BOD Expenses
- Certain Legal claims
- Diversity, Equity, and Inclusion and Environmental, Social, and Governance related expenses

E. ORS Examination and Audit Summary

ORS verified the 2027 and 2028 total system revenue requirements reflected in Table ES-1 were supported by the workpapers reviewed, accurately stated, and mathematically correct.

V. Overview of the Cost of Service, Rate Design and Rate Schedules Proposed by Santee Cooper

ORS conducted a comprehensive review of Santee Cooper's 2026 COSS, proposed retail rate schedules, and rate design.

A. Existing Rate Schedules

Santee Cooper currently offers multiple retail rate schedules for residential, commercial, lighting, and industrial service. Residential customers may take service under Residential General Service (RG-25), Residential Time of Use (RT-25), Residential Electric Vehicle Power (REV-25), or the Residential Electric Vehicles only Power Rider (RG-25-EVO). Commercial service is available under seven rate schedules: Small General Service (GA-25), General Service (GB-25), Seasonal General Service (GV-25), General Service Time of Use (GT-25), Large General Service (GL-25), Temporary Service (TP-25), and the Experimental Small General Service Low Load Schedule (GA-LL-25).¹⁸

Santee Cooper also offers multiple lighting schedules for traffic signals, municipal street lighting, private outdoor lighting, and related contribution arrangements. Industrial service is provided under the Large Light and Power schedule (L-25) and associated riders. Rates charged to Central and other wholesale customers are governed separately by the terms and conditions of applicable contracts. Retail rate schedules are subject to approval by the BOD.¹⁹

¹⁸ 2026 Electric System Cost of Service and Rate Design Study, Table 2-6, pp. 2-6 through 2-7.

¹⁹ *Id.*

B. Attributes of the Proposed Rates and Cost of Service Study

Santee Cooper retained NewGen Strategies and Solutions, LLC (“NewGen”) to complete the 2026 Electric System Cost of Service and Rate Design Study for Santee Cooper’s retail customer classes. The 2026 Study aligns with the ratemaking practices established by FERC and the National Association of Regulatory Utility Commissioners, as well as Santee Cooper’s policies and applicable customer contracts. The 2026 Study explains the functionalization, classification, and allocation processes used to assign the retail revenue requirements to customer classes. Because a significant portion of Santee Cooper’s revenues are derived from wholesale service, projected wholesale revenues are deducted from total system revenue requirements before determining the cost responsibility assigned to retail customers.²⁰

The Proposal retains the rate structure implemented in 2025 from the 2024 study and includes a few modifications:²¹

- The Proposal would reduce applicable commercial on-peak windows from four hours to three hours to align with the residential windows
- Eliminates the Large General Service Schedule, and transfers affected customers to the General Service Schedule
- Makes the Experimental Small General Service Low Load Schedule permanent
- Replaces the Experimental Large Load Service Schedule with a permanent High Impact Load Schedule.

Additional proposed changes include revising the Economy Power Optional pricing threshold, the introduction of balanced demand billing for residential and small general service customers, adding a true up mechanism for incremental or decremental purchased power capacity costs through the Demand Sales Adjustment Clause, and increasing the capital improvement fund requirements from 9% to 10%.

The COSS was conducted by Santee Cooper to align with FERC COSS guidelines. Santee Cooper provided sufficient explanations of the functionalization, classification, and allocation processes, which are essential for proper allocation of costs to each customer class and to ensure alignment between cost causation and cost recovery. Since a significant portion of Santee Cooper’s revenue comes from wholesale customers, Santee Cooper provided analysis to demonstrate the revenue from wholesale customers is calculated separately. Although the FERC guidelines offer general structure for conducting a COSS, the functionalization, classification, and allocation processes inherently include decisions by Santee Cooper to assign costs to categories and determine which class caused the cost to be incurred.

²⁰ *Id.* at Executive Summary, p. 1.

²¹ Management’s Rate Recommendation Presentation to Board, May 1, 2026, pp. 9-17.

1. Overview of Santee Cooper's Total Retail Revenue Requirements Request

Santee Cooper's current retail rate schedule was approved by the BOD on December 9, 2024, and became effective on April 1, 2025. Those rates represented Santee Cooper's first base-rate increase since 2017.²²

NewGen identifies several drivers of the proposed 2027 and 2028 rate adjustments, including significant capital investment in new and existing generation resources, upgrades and maintenance of transmission and distribution facilities, increasing costs to acquire capacity and operate Santee Cooper's existing generation fleet, an increase to the winter reserve margin from 18% to 20%, and the proposed increase in the CIF. Santee Cooper is also projecting substantial load growth with expected winter load increasing approximately 18% by 2030 and 32% by 2035.²³

Santee Cooper serves both wholesale and retail customers. Projected revenues from wholesale customers are deducted from total system revenue requirements to determine the cost of service applicable to retail customers. Based on the current retail rates and projected sales, the COSS estimates that the cost to serve retail customers will exceed revenues by approximately \$34.896 million or 3.3% in 2027 and an additional \$32.427 million or 3.1% in 2028, totaling \$67.323 million or 6.4% over the two-year period.²⁴

Based on NewGen's findings, Santee Cooper proposes to implement the necessary adjustments in two stages, effective for bills rendered on or after February 1, 2027, and February 1, 2028, respectively. The proposed 2027 adjustment includes average class increases of 4.7% for residential customers, 2.9% for commercial customers, 3.2% for lighting customers, and 2.6% for industrial customers. The proposed 2028 adjustment includes incremental increases of 4.6% for residential customers, 2.9% for commercial customers, 3.0% for lighting customers, and 2.1% for industrial customers. On a cumulative basis, the proposed two-year increases are 9.3% for residential, 5.8% for commercial, 6.2% for lighting, and 4.7% for industrial customers.²⁵

The proposed allocation of the retail revenue requirements for 2027 and 2028 are summarized in Tables 4 and 5 below. The functionalization, classification, and rate design methods used to develop these results are discussed in greater detail in Sections VI through VII of this Report.

²² Management's Rate Recommendation Presentation to Board, May 1, 2026, pp. 4-5.

²³ *Id.* at 5-6.

²⁴ *Id.* at 5.

²⁵ *Id.*

Table 4. 2027 Retail Cost of Service and Existing Firm Rate Revenue Projections²⁶

Service	Calendar Year 2027 (\$000)				
	Cost of Service	Existing Rate Revenue	Difference		
			Amount	Percentage	
Residential	\$ 337,526	\$ 322,390	\$ 15,136	4.7%	
Commercial	\$ 229,435	\$ 222,913	\$ 6,522	2.9%	
Lighting	\$ 18,798	\$ 18,215	\$ 583	3.2%	
Total Distribution	\$ 585,759	\$ 563,518	\$ 22,241	3.9%	
Industrial (Firm & Non-Firm)	\$ 499,083	\$ 486,428	\$ 12,655	2.6%	
Total	\$ 1,084,842	\$ 1,049,946	\$ 34,896	3.3%	

Numbers may not Add due to rounding

Table 5. 2028 Retail Cost of Service and Existing Firm Rate Revenue Projections²⁷

Service	Calendar Year 2028 (\$000)					
	Cost of Service	Existing Rate Revenue	Amount	Difference		
				Incremental Percentage	Percentage	
Residential	\$ 354,707	\$ 324,471	\$ 30,236	4.6%	9.3%	
Commercial	\$ 234,110	\$ 221,175	\$ 12,935	2.9%	5.8%	
Lighting	\$ 19,303	\$ 18,168	\$ 1,135	3.0%	6.2%	
Total Distribution	\$ 608,120	\$ 563,814	\$ 44,306	3.9%	7.9%	
Industrial (Firm & Non-Firm)	\$ 512,055	\$ 489,039	\$ 23,016	2.1%	4.7%	
Total	\$ 1,120,175	\$ 1,052,853	\$ 67,322	3.1%	6.4%	

Numbers may not Add due to rounding

The proposed increases in retail revenue requirements result in changes to multiple rate components. Santee Cooper states “The proposed rates were designed to meet the revenue requirements for 2027 and 2028. To test the reasonableness of the proposed rates, an analysis was prepared using the projected billing determinants.”²⁸

Electric rate schedules generally may include a fixed customer charge, an energy charge ($\text{\$/kWh}$), and a demand charge ($\text{\$/kW}$). Energy and demand charges may vary by season, time of day, or both. Based on the COSS, the proposed changes are summarized below:

- **Residential:** The proposed Residential General Service, Residential Electric Vehicle Power, and Residential Electric Vehicles only schedules would use Balanced Demand Billing. The demand charge applicable to those schedules would increase from \$8.00/kW to \$8.75/kW in 2027 and \$9.50/kW in 2028.

²⁶ 2026 Electric System Cost of Service and Rate Design Study, Executive Summary p. 4.

²⁷ *Id.*

²⁸ *Id.* at Section 6, p. 6-1.

Customer charges would increase under each residential schedule. Energy charge changes vary by schedule. The Residential General Service energy charge and the Residential Time of Use off-peak charge would increase while the Residential Time of Use on-peak charge would decrease in 2027 and increase in 2028, which is projected to result in an overall decrease to the current rate. On-peak charges for the electric vehicle schedules would increase, and the super off-peak electric vehicle charges would remain unchanged.²⁹

- **Commercial:** The proposed Small General Service Schedule would use Balanced Demand Billing and replace the current on-peak and off-peak energy charges with a single energy charge. The experimental Small General Service Low Load Schedule would become permanent. The Large General Service Schedule would be eliminated, and affected customers would be transferred to the General Service Schedule. Applicable commercial peak windows would be reduced from four hours to three hours to align with residential peak periods. Customer charges would increase under the proposed commercial schedules, and demand charges would increase for schedules that include a demand component. Energy charge changes vary by schedule.³⁰
- **Lighting and Industrial:** Proposed lighting rates include changes to customer, energy, lamp, fixture, and related charges, depending on the applicable schedule. For Large Light and Power service, the Proposal changes customer and demand related charges while leaving the on-peak and off-peak energy charges unchanged. Customers taking interruptible service would not experience an increase during this rate adjustment. The proposed High Impact Load Schedule would replace the Experimental Large Load Service Schedule and would include revised eligibility criteria and additional provisions intended to protect existing customers from costs caused by new large loads.³¹

Santee Cooper also proposes to align residential and commercial on-peak hours, revise Economy Power Optional pricing provisions, modify the Demand Sales Adjustment Clause, and increase the CIF requirement. The methodology for designing the new rate schedule, the alignment with customer bills with the revenue requirements, and detailed changes in the rate schedules are further explained in Sections VII and VIII.

2. ORS Recommendations

The proposed Balanced Demand Billing methodology modifies, rather than introduces, the demand charge implemented for residential and small commercial customers in April 2025. Santee Cooper's public materials indicate the customers shifted usage in response

²⁹ Managements Rate Recommendation to the Board May 1, 2026, pp.10-16.

³⁰ *Id.*

³¹ *Id.*

to the existing peak -period price signal but expressed concern that a single high-demand event could affect the entire monthly bill. The proposed four-peak average is intended to reduce the effect of an isolated usage spike while retaining an incentive to reduce usage during peak periods.³²

ORS recommends that Santee Cooper continue to monitor the implementation of demand-based billing, including changes in peak-period usage, billed demand, monthly bill impacts, and migration between the standard and optional residential schedules. Because the Proposal includes separate adjustments in 2027 and 2028, Santee Cooper should evaluate and report customer impacts after each stage of implementation.

ORS also recommends that Santee Cooper continue customer outreach and education regarding Balanced Demand Billing, the applicable peak windows, and the actions customers can take to manage demand charges. Customer materials should clearly distinguish between the single peak method from 2024 study to the four-peak average proposed with the 2026 study.

VI. Examination of Santee Cooper's COSS

Santee Cooper's 2026 COSS develops the projected retail revenue requirements for calendar years 2027 and 2028 and assigns those costs to residential, commercial, lighting, and industrial customer classes. The principal steps in the COSS are the development of the revenue requirements, functionalization of costs, classification of costs, and allocation of those costs among customer classes.

A. The 2027 and 2028 Revenue Requirements

The following sections provide an overview of the methods used by Santee Cooper to project its 2027 and 2028 revenue requirements.

1. Future Test Years

The 2026 Study uses two Future Test Years ("FTYs"), each representing a 12-month period ending December 31, 2027, and December 31, 2028. A future test year relies on projected costs, sales, customers, demand, and energy requirements rather than the actual operating results of a historical 12-month period. Santee Cooper states that the forward-looking approach is intended to establish rates that reflect the costs expected to be incurred during the periods in which the proposed rates will be in effect.³³

The Test Years revenue requirements were developed using the 2026 budget Financial Forecast for the electric system. The 2026 budget was adopted in December 2025 and includes the 2027 and 2028 Planning years. The financial forecast, projected load, and

³² 2026 Electric System Cost of Service and Rate Design Study, p. 5-2.

³³ 2026 Electric System Cost of Service and Rate Design Study, pp. 3-2 through 3-3.

other assumptions were used as the baseline for the 2026 study's projected annual revenue requirements.³⁴

The proposed rate adjustments would become effective for bills rendered on or after February 1, 2027, and February 1, 2028. The COSS presents annual Test Year costs and projected revenues for each calendar year.³⁵

2. Load Forecast

Santee Cooper used Load Forecast LF 25-02 to develop projected demand, energy, customer, and usage characteristics for the Test Years. LF 25-02 was prepared by Santee Cooper and Central with assistance from GDS Associates, Inc. The forecast incorporates updated models and the current economic outlooks for the Santee Cooper and Central service areas, projected retail price changes, normal weather conditions, off-system sales, and estimated reductions from demand-side management ("DSM") and energy efficiency ("EE") programs. The 2026 Study uses the average of the 2027 and 2028 projected values in several Test Year allocation factors.

Table 6. Projected Test Years Net Demand and Energy Requirements³⁶

System	Test Years*
Test Years 60-minute Peak Demand*	
Winter - MW	6,095
Summer - MW	5,826
Test Years Energy Requirements (GWh)	33,077
Test Years System Load Factor*	61.94%
Test Years Average of 2027 and 2028	
Includes the estimated reduction in sales associated with DSM/EE programs.	
System Load Factor = Test Years Energy Requirements/ total hours in the period (8760 hours)/average Test Years winter peak demand.	

³⁴ *Id.* at 3-2.

³⁵ *Id.* at Appendix B, Proposed Rate Schedules.

³⁶ See *id.* at Table 2-5, p.2-4.

Table 7. Projected Customers and Energy by Customer Class³⁷

Customer Class	Average Number of Customers*	Percentage of Total	Annual GWh Sales*	Percentage of Total
Residential	199,339	86.0%	2237	19.6%
Commercial	30,171	13.0%	1894	16.6%
Lighting	2,328	1.0%	61	0.5%
Total Distribution	231,838	100.0%	4,192	36.8%
Industrial (Firm & Non-Firm)*	50	0.02%	7201	63.21%
Total*	231,888	100.0%	11,393	100.0%

Average of 2027 and 2028

The industrial customer count double-counts some customers who take service on both firm and non-firm rate schedules

Direct serve customers do not include Municipal Customers or Central.

The projected system demand and energy requirements include Santee Cooper's distribution customers, industrial customers, Central, other wholesale customers, off-system sales, and applicable losses. Wholesale requirements represent a significant portion of the overall system forecast, while the retail class information shown in Table 7 is used in developing retail billing determinants and other customer class allocation factors.

The 2026 Study states the material differences in customer load characteristics, the timing of new customer additions, the effectiveness of DSM and EE programs, or other forecast assumptions could result in an over- or under-recovery of the projected revenue requirements.³⁸

3. Financial Forecast and Revenue Requirements

The Financial Planning and Requirements Report ("Financial Report") describes the financial planning process supporting the 2027 and 2028 revenue requirements. The financial plan is based on budgeted non-fuel operations and maintenance ("NFOM") expenses, capital projections, fuel and purchased power projections, debt service requirements, and other financial assumptions. The Financial Report states that the 2026 financial plan incorporates the 2025 Integrated Resource Plan ("IRP"), while the COSS uses LF 25-02 for the Test Year demand and energy requirements.

The projected gross revenue requirements are comprised of the following:

- **Fuel Expense and Purchased Power:** Costs associated with fuel consumed by Santee Cooper's generating resources and purchased power, including purchased power capacity and energy.

³⁷ *Id.* at 2-7.

³⁸ *Id.* at 3-3.

- **Other Operations and Maintenance:** NFOM expenses associated with production, transmission, distribution, customer accounts and information, sales, and administrative and general functions.
- **Payments in Lieu of Taxes and Other:** Payments to the State and local governments, including applicable sales, generation, and land-rental taxes and other sums in lieu of taxes.
- **Debt Service and Capital Leases:** Principal and interest for existing and projected debt, together with applicable capital lease obligations.
- **Working Capital:** An allowance intended to address timing differences between the payment of expenses and collection of revenues.
- **Capital Improvement Fund:** A source of non-debt funding for additions, renewals, replacements, and improvements. Santee Cooper proposes to increase the CIF requirement from 9% to 10% of annual gross revenue requirements.
- **Cook Charge:** Recovery of deferred costs associated with the Cook Settlement through the Deferred Cost Recovery Adjustment Rider.

The amounts of each component are summarized in the tables below.

Table 8. Expenditures in Financial Forecast (\$000)³⁹

Expenditure Type	2027	2028
Fuel and Purchased Power	\$ 1,402,488	\$ 1,381,012
Other Operation and Maintenance	\$ 625,856	\$ 652,238
Total operation and Maintenance	\$ 2,028,344	\$ 2,033,250
Payment in Lieu of Taxes	\$ 37,712	\$ 40,134
Debt Service and Lease Payments	\$ 592,138	\$ 756,230
Working Capital	\$ 14,179	\$ 13,038
CIF Requirement	\$ 296,930	\$ 315,850
Cook Charge	\$ 87,215	\$ 84,235
Gross Revenue Requirement*	\$ 3,056,518	\$ 3,242,737

Totals may not add due to rounding.

The CIF requirement included in the COSS equals 10% of gross revenue requirements for each Test Year. The working capital allowance is based on 1/8 of the annual change in applicable O&M expenses, excluding purchased power, nuclear fuel, and lease payments. The projected Cook Charge is approximately \$87.2 million in 2027 and \$84.2 million in 2028.

The 2026 Study also includes assumptions concerning future financing, fuel and purchased power costs, the continued applicability of existing laws and regulations, and Santee Cooper's continued operation within its assigned service territory. The 2026 Study does not include the potential financial benefit of the Fairfield County Nuclear Transaction

³⁹ See *id.* at Table 3-1, p. 3-2.

because the outcome of the feasibility study was uncertain when the COSS was prepared.

To determine the cost of service applicable to retail customers, Santee Cooper deducts projected non-retail revenues from gross revenue requirements. These deductions include interest and miscellaneous income, other operating revenues, off-system and non-class sales, and wholesale revenues. The remaining amount represents the projected retail cost of service.

Table 9. Projected Net Revenue Requirements Summary (\$000)⁴⁰

Expense/Revenue Type	2027	2028
Operating Expenses	\$ 2,028,345	\$ 2,033,250
Other Revenue Requirements	\$ 1,028,174	\$ 1,209,488
Gross Revenue Requirements	\$ 3,056,519	\$ 3,242,738
Projected Revenue (Non-Retail)		
Off System & Non Class Sales*	\$ 32,969	\$ 22,634
Other Operating Revenues	\$ 22,860	\$ 24,886
Interest and Miscellaneous Inc.	\$ 4,061	\$ 5,110
Wholesale	\$ 1,911,789	\$ 2,069,918
Total Projected Revenue (Non-Retail)	\$ 1,971,679	\$ 2,122,548
Total Cost of Service	\$ 1,084,840	\$ 1,120,190
Existing Rate Revenues	\$ 1,049,947	\$ 1,052,852
(Deficiency) Under Existing Rates	\$ (34,893)	\$ (67,338)
Percentage of Existing Rate Revenue	-3.3%	-6.4%
Numbers include Cook Charge and Cook Charge recovery Revenue		
Totals may not add due to rounding		

The 2026 Study estimates a retail revenue deficiency of approximately \$34.9 million or 3.3% in 2027 and an incremental deficiency of approximately \$32.4 million or 3.1% in 2028. The total deficiency for both years equals approximately \$67.3 million or 6.4%.

B. COSS Functionalization Methods

Functionalization assigns projected expenditures to the utility functions associated with providing electric service. Santee Cooper states that the COSS generally follows the FERC Uniform System of Accounts and functionalizes retail revenue requirements into production, transmission, distribution, and customer and sales functions. Certain costs, including administrative and general expenses, debt service, and other costs not directly recorded by function, are reassigned to the appropriate functions for cost of service purposes.⁴¹

⁴⁰ See *id.* at Table 3-3, p. 3-6.

⁴¹ 2026 Electric System Cost of Service and Rate Design Study, pp. 4-1 through 4-2.

Table 10. Functionalization of Test Years Retail Revenue Requirements (\$000)⁴²

Function	2027	2028
Production - Those costs associated with generating and purchasing power and delivering that power to the utility's bulk transmission system.*	\$ 880,261	\$ 875,658
Transmission - Those costs incurred in connection with the delivery of power over the bulk transmission system to the primary and secondary distribution system.	\$ 84,265	\$ 108,356
Distribution - Those costs incurred in connection with the delivery of power through the primary and secondary distribution system to the utility's consumers.	\$ 82,073	\$ 95,335
Customer and Sales Expense - Those costs incurred for billing accounts and providing various services and information for the utility's customers.	\$ 38,243	\$ 40,827
Total Functionalized Revenue Requirements	\$ 1,084,842	\$ 1,120,176
Includes Cook Charge		

Production represents the largest functional category, comprising approximately 81.1% of the 2027 retail revenue requirement and 78.2% of the 2028 revenue requirement. Transmission and distribution costs represent a larger proportion of the retail revenue requirement in 2028 than 2027, reflecting the projected increase in transmission, distribution, debt service, and capital investments.

C. COSS Classification

After costs are functionalized, the COSS classifies the costs as demand related, energy related, customer related or directly assigned. Demand costs generally reflect the costs of maintaining a system capable of meeting the peak requirements. Energy costs vary with the amount of electricity generated, purchased, or sold. Customer costs are associated with the number, type, and size of customers and include customer accounting, metering, service, and minimum system costs.

⁴² *Id.*

Table 11. Cost Classification Summary⁴³

Cost Category	Classification Method
Production O&M	Fuel and purchased power expenses are primarily energy related. 5% of fuel expense is classified as demand related to reflect startup and spinning reserve costs. Other production O&M is classified through an account by account review.
Transmission O&M	Classified as 100% demand related because transmission system is sized to meet demand and O&M costs do not vary directly with energy usage.
Distribution O&M	Classified among demand, customer, and direct assignment categories. Meter and customer installation costs and certain maintenance expenses are customer related. Load dispatching, station, and line expenses are generally demand related.
Customer Accounts, Service Information, and Sales	Classified as customer related. Sales expenses are subsequently directly assigned where possible. The remaining amounts are allocated based on energy usage.
Administrative and General	Property insurance is functionalized and classified based on insured property. Other administrative and general expenses are assigned based on functionalized wages and salaries.
Payment in Lieu of Taxes	Generally classified as demand related apart from some franchise costs directly assigned to distribution customers.
Debt Service, Capital Leases, and CIF	Classified and allocated consistent with the related plant and facilities. The CIF requirement equals 10% of gross revenue requirements.
Working Capital	Classified among demand, energy, and customer components based on the classification of applicable O&M expenses, excluding nuclear fuel and purchased power.
Other Income and Revenues	Classified as demand, energy, or customer related based on the source of the income or revenue.

D. COSS Allocation Factors

The allocation process distributes costs among customer classes. Santee Cooper states that the 2026 allocation methodology remains consistent with its prior COSS, with limited changes. The allocation factors were developed using the load forecast, historical billing and customer information, and Advanced Metering Infrastructure data. The demand and energy allocation factors are based on firm requirements and exclude interruptible sales.⁴⁴

- **Demand Allocation Factors:**⁴⁵ Demand related production costs are allocated using the four coincident peaks (“4 CP”) occurring in January, February, July, and August. Transmission costs are allocated using the average of the twelve monthly coincident peaks (“12 CP”). Distribution line, substation, and load-dispatching costs are allocated using the twelve monthly non-coincident peaks of each rate

⁴³ *Id.* at Section 4.

⁴⁴ See *id.* at Table 4-2, pp 4-5 through 4-6.

⁴⁵ *Id.*

class. Industrial customers are not allocated distribution system costs because they do not take service from Santee Cooper's distribution system. (See Table 12).

- **Energy Allocation Factors:**⁴⁶ Energy related costs are allocated based on each firm customer class's projected energy requirements at the production level, including applicable transmission and distribution losses. (See Table 13).
- **Customer Allocation Factors:**⁴⁷ Customer related costs are allocated using projected customer or delivery-point counts and weighting factors intended to reflect differences in customer-related costs among rate classes. The 2026 Study applies a weight of 1.0 to residential customers, 1.3 to Small General Service and Temporary Service, 2.1 to the larger commercial and industrial classes, and 0.5 to lighting fixtures. (See Table 14).
- **Other allocation factors and direct assignment:**⁴⁸ Administrative and general expenses are allocated based on wages and salaries, except property insurance, which is allocated based on net plant in service. Debt service is functionalized using net plant in service and allocated using the applicable plant factor. Sales expenses are directly assigned where possible, and remaining sales expenses are allocated based on class energy usage. DSM and EE costs are directly assigned to residential and commercial classes and allocated based on projected demand and energy savings. (See Table 15).

Table 12. Summary Demand Allocation Factors⁴⁹

Customer Class	Production 4 CP		Transmission 12 CP		Distribution 12 NCP	
	MW	%	MW	%	MW	%
Residential	592,646	45.7%	517,089	43.4%	494,937	61.0%
Commercial	335,973	25.9%	308,328	25.9%	303,731	37.5%
Lighting	8,409	0.6%	7,140	0.6%	12,355	1.5%
Total Distribution*	937,028	72.2%	832,557	69.9%	811,023	100.0%
Industrial (Firm)	360,387	27.8%	358,147	30.1%	N/A	N/A
Total*	1,297,415	100.0%	1,190,704	100.0%	N/A	N/A

Average of 2027 and 2028

Totals may not add due to rounding

⁴⁶ *Id.* at Table 4-3.

⁴⁷ *See id.* at Table 4-4, p. 4-7.

⁴⁸ *See id.* at Table 4-5 at pp. 4-7 through 4-8.

⁴⁹ *See id.* at Table 4-2 at p.4-6.

Table 13. Summary of Energy Allocation Factors⁵⁰

Customer Class	Test Years*	
	GWh	%
Residential	2,237	30.8%
Commercial	1,894	26.0%
Lighting	61	0.8%
Total Distribution*	4,192	57.6%
Industrial (Firm)	3,082	42.4%
Total	7,274	100.0%

Average of 2027 and 2028

Totals may not add due to rounding

Table 14. Summary of Customer Allocation Factors⁵¹

Customer Class	Rate	Customer Delivery		Weight Factor	Weighted Customer	
		Points	%			%
Residential	RG	199,339	86.0%	1.0	199,339	82.6%
Small General Service	GA, TP	27,654	11.9%	1.3	35,950	14.9%
General Service	GB, GV	2,141	0.9%	2.1	4,496	1.9%
Commercial Lg Demand	GL	38	0.0%	2.1	80	0.03%
Commercial Time of Use	GT	24	0.0%	2.1	50	0.02%
Commercial Traffic Light	TL	313	0.1%	1.0	313	0.1%
Lighting	MS, OL	2,328	1.0%	0.5	1,164	0.5%
Total Distribution*		231,837	100.0%		241,393	100.0%
Industrial (Firm)		30	0.0%	2.1	63	0.0%
Total Retail System*		231,867	100.0%		241,456	100.0%

Average of 2027 and 2028

Totals may not add due to rounding

Table 15. Summary of Sale Expense Allocation Factors⁵²

Customer Class	Test Years %*
Residential	32.4%
Commercial	26.9%
Lighting*	0.0%
Total Distribution	59.3%
Industrial	40.7%
Total	100.0%

Average of 2027 and 2028

No customer sales expenses were allocated to the lighting class

⁵⁰ *Id.* at Table 4-3.

⁵¹ *See id.* at Table 4-4, p. 4-7.

⁵² *See id.* at Table 4-5, p. 4-8.

E. Adjustments and Treatment of Wholesale Revenue

The 2026 Study's COSS results include policy adjustments related to the allocation of costs among retail customer classes and an allocation of the Cook Charge. The public summary tables identify these adjustments but do not separately quantify or describe each class-level policy adjustment.

The Cook Charge is included in gross revenue requirements at approximately \$87.215 million in 2027 and \$84.235 million in 2028. The Cook Charge is recovered from retail customers through the Deferred Cost Recovery Adjustment Rider. Projected existing rate revenues, wholesale revenues, and certain off-system sales amounts reported in the COSS include Cook Charge recovery revenue.⁵³

Santee Cooper applies revenues from on-system wholesale contract sales as a functional credit to the gross retail revenue requirement. Revenues from municipal and other off-system wholesale sales are also credited to the retail cost of service.⁵⁴

VII. Analysis of Santee Cooper's Proposed Rate Design

A. Overview of Rate Design Principles

Rate design establishes how the revenue responsibility assigned to each customer class through the COSS will be collected through customer charges, demand charges, energy charges, riders, and adjustment clauses. Properly designed rates should produce the authorized revenue requirement, reflect cost causation, provide understandable price signals, avoid undue bill impacts, and support reliable electric service.

Santee Cooper states that the proposed rates were developed using its established rate-design criteria and the Pricing Principles adopted by the BOD, including mission, equity, efficiency, adequacy, notice, protection, and transparency. The proposed structural changes are intended to further align retail rates with Santee Cooper's underlying cost structure while responding to customer feedback received after implementation of the 2025 rates.⁵⁵

B. Billing Determinants and Rate Design Calculations

Billing determinants are the projected quantities to which rate components are applied, including the number of customers, energy, demand, lighting fixtures, pole attachments, and other applicable billing units. The 2026 Study applies the proposed rates to projected billing determinants to test whether each customer class is expected to produce the revenue assigned to it for 2027 and 2028.

⁵³ See *id.* at Table ES-1, p.3, and Table 3-3, p. 3-6.

⁵⁴ *Id.* at. 3-6.

⁵⁵ *Id.* at. 5-1 through 5-3.

The 2026 Study projects that the proposed rates will produce approximately \$337.526 million and \$354.707 million from residential customers, \$229.435 million and \$234.110 million from commercial customers, \$18.798 million and \$19.303 million from lighting customers, and \$499.083 million and \$512.055 million from industrial customers in 2027 and 2028, respectively.⁵⁶

C. Proposed Rate Schedule

The proposed rate schedules would become effective for bills rendered on or after February 1, 2027, and February 1, 2028. In addition to adjustments to individual rate components, Santee Cooper proposes Balanced Demand Billing for Residential General Service and Small General Service customers, alignment of residential and commercial peak periods, elimination of the Large General Service schedule, permanent adoption of the Small General Service Low Load Schedule, and replacement of the Experimental Large Load Schedule with the High Impact Load Schedule.

1. Residential Rate Schedule

Santee Cooper proposes four residential rate offerings for 2027 and 2028. Residential General Service (RG) remains the standard schedule, while Residential Time of Use (RT), Residential Electric Vehicle Power (REV), and the separately metered Residential Electric Vehicle Power Only Rider (EVO) remain optional offerings.

Table 16. Residential Rate Schedule Descriptions and Applicability

Rate Schedule	Description	Applicability
RG-27/RG-28	Residential General Service	Standard service for private residences, single-family dwelling units, and farms.
RT-27/RT-28	Residential Time-of-Use Rate	Optional residential schedule with on-peak and off-peak energy charges and no demand charge.
REV-27/REV-28	Residential Whole Home Electric Vehicle Rate	Optional whole-home schedule for residences with electric vehicle charging equipment.
RG-27-EVO/RG-28-EVO	Residential Electric Vehicle Power Only Rider	Optional separately metered service for electric vehicle charging equipment.

Santee Cooper proposes Balanced Demand Billing for RG, REV, and EVO customers. Billed demand would equal the average of the maximum 60-minute integrated demand recorded on the four highest separate days during the billing cycle within the applicable peak-demand window. The Summer peak-demand window would remain 3:00 PM to 6:00 PM during April through October, and the winter peak-demand window would remain 6:00 AM to 9:00 AM during November through March. The RT schedule would continue to offer a residential option without a demand charge.

⁵⁶ *Id.* at 6-1.

Table 17. Proposed Residential Rate Schedule Summary⁵⁷

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Residential General Service	RG					
Customer Charge (\$/month)		\$ 20.00	\$ 21.00	\$ 1.00	\$ 22.00	\$ 2.00
Demand Charge (\$/kW month)		\$ 8.00	\$ 8.75	\$ 0.75	\$ 9.50	\$ 1.50
Energy Charge (\$/kWh)		\$ 0.0792	\$ 0.0899	\$ 0.01	\$ 0.0925	\$ 0.01
Residential Time of Use	RT					
Customer Charge (\$/month)		\$ 20.00	\$ 25.00	\$ 5.00	\$ 26.00	\$ 6.00
Energy Charge (\$/kWh)						
On-Peak		\$ 0.3380	\$ 0.2770	\$ (0.06)	\$ 0.2969	\$ (0.04)
Off-Peak		\$ 0.0792	\$ 0.0899	\$ 0.01	\$ 0.0925	\$ 0.01
Electric Vehicle Power (REV)	REV					
Customer Charge (\$/month)		\$ 20.00	\$ 21.00	\$ 1.00	\$ 22.00	\$ 2.00
Demand Charge (\$/kW month)		\$ 8.00	\$ 8.75	\$ 0.75	\$ 9.50	\$ 1.50
Energy Charge (\$/kWh)						
On-Peak		\$ 0.0878	\$ 0.1015	\$ 0.01	\$ 0.1047	\$ 0.02
Super Off-Peak		\$ 0.0418	\$ 0.0418	\$ -	\$ 0.0418	\$ -
Electric Vehicle Power Only (EVO)	EVO					
Customer Charge (\$/month)		\$ 5.00	\$ 5.50	\$ 0.50	\$ 6.00	\$ 1.00
Demand Charge (\$/kW month)		\$ 8.00	\$ 8.75	\$ 0.75	\$ 9.50	\$ 1.50
Energy Charge (\$/kWh)						
On-Peak		\$ 0.1079	\$ 0.1220	\$ 0.01	\$ 0.1259	\$ 0.02
Super Off-Peak		\$ 0.0418	\$ 0.0418	\$ -	\$ 0.0418	\$ -

2. Commercial Rates Schedule

The proposed commercial rate design includes six principal schedules. Small General Service (GA) would apply to non-residential customers with no more than 50 kW of potential demand, and General Service (GB) would apply to non-residential customers with potential demand greater than 50 kW. The existing Large General Service (GL) Schedule would be eliminated, and the customers currently taking service under GL would be transferred to GB. The Small General Service Low Load Schedule (GA-LL) would become permanent.⁵⁸

The GA schedule would also use Balanced Demand Billing based on the same four-day average and peak periods proposed for RG. GA would also replace the separate on-peak and off-peak energy charges with a single energy charge. For GB, GV, GT, and TP, commercial on-peak energy periods would be reduced from four hours to three hours and aligned with the residential peak periods. The new peak periods would be 3:00 PM to 6:00 PM from April through October and 6:00 AM to 9:00 AM from November through March, including weekends and holidays.

⁵⁷ *Id.* at Table 6-1.

⁵⁸ *See id.* at Table 6-2, pp. 5-2 through 5-3.

A comparison of the key components for each commercial rate schedule can be seen in Table 18 below.

Table 18. Key Commercial Rate Schedule Summary

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Small General Service	GA					
Customer Charge (\$/month)		\$ 26.00	\$ 28.00	\$ 2.00	\$ 30.00	\$ 4.00
Demand Charge (\$kW month)		\$ 12.21	\$ 13.00	\$ 0.79	\$ 14.00	\$ 1.79
Energy Charge (\$/kWh)						
On-Peak (Proposed)		\$ 0.0705	\$ 0.0837	\$ 0.0132	\$ 0.0840	\$ 0.0135
Off-Peak (Proposed)		\$ 0.0605	\$ 0.0837	\$ 0.0232	\$ 0.0840	\$ 0.0235
Small General Low Load	GA-LL					
Customer Charge (\$/month)		\$ 45.00	\$ 47.50	\$ 2.50	\$ 50.00	\$ 5.00
Energy Charge (\$/kWh)						
On-Peak (Proposed)		\$ 0.1973	\$ 0.2062	\$ 0.0089	\$ 0.2155	\$ 0.0182
Off-Peak (Proposed)		\$ 0.1773	\$ 0.1862	\$ 0.0089	\$ 0.1955	\$ 0.0182
General Service	GB					
Customer Charge (\$/month)		\$ 28.00	\$ 30.00	\$ 2.00	\$ 32.00	\$ 4.00
Demand Charge (\$kW month)		\$ 24.95	\$ 26.37	\$ 1.42	\$ 27.55	\$ 2.60
Energy Charge (\$/kWh)						
On-Peak		\$ 0.0501	\$ 0.0501	\$ -	\$ 0.0501	\$ -
Off-Peak		\$ 0.0401	\$ 0.0401	\$ -	\$ 0.0401	\$ -

A comparison of the key components for each alternative commercial rate schedule can be seen in Table 19 below.

Table 19. Alternative Commercial Rate Schedule Summary

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Seasonal General Service	GV					
Customer Charge (\$/month)		\$ 28.00	\$ 30.00	\$ 2.00	\$ 32.00	\$ 4.00
Demand Charge (\$kW month)		\$ 26.23	\$ 28.01	\$ 1.78	\$ 29.21	\$ 2.98
Energy Charge (\$/kWh)						
On-Peak		\$ 0.0476	\$ 0.0501	\$ 0.00	\$ 0.0501	\$ 0.0025
Off-Peak		\$ 0.0376	\$ 0.0401	\$ 0.00	\$ 0.0401	\$ 0.0025
Gen. Service Time of Use	GT					
Customer Charge (\$/month)		\$ 33.00	\$ 35.00	\$ 2.00	\$ 37.00	\$ 4.00
On-Peak Demand Charge (\$kW month)		\$ 17.42	\$ 29.16	\$ 11.74	\$ 30.48	\$ 13.06
Off-Peak Demand Charge (\$kW month)		\$ 14.92	\$ 15.75	\$ 0.83	\$ 16.46	\$ 1.54
Energy Charge (\$/kWh)						
On-Peak		\$ 0.0501	\$ 0.0501	\$ -	\$ 0.0501	\$ -
Off-Peak		\$ 0.0401	\$ 0.0401	\$ -	\$ 0.0401	\$ -

3. Lighting Rate Schedules

Santee Cooper offers Traffic Signal (TL), Municipal Street Lighting (MS), Private Outdoor Lighting (OL), and Pole Attachments (PA). The proposed rates retain the existing general

structure while updating customer, energy, lamp, fixture, pole, and attachment charges. The proposed lighting rates are designed to produce approximately \$18.798 million in 2027 and \$19.303 million in 2028.⁵⁹

Table 20. Proposed Lighting Changes

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Traffic Signal Service	TL					
Customer Charge (\$/month)		\$ 26.00	\$ 28.00	\$ 2.00	\$ 30.00	\$ 4.00
Base Energy Charge (\$/kWh)		\$ 0.1113	\$ 0.1133	\$ 0.0020	\$ 0.1183	\$ 0.0070
per lamp 25 W or less		\$ 1.75	\$ 1.89	\$ 0.14	\$ 2.00	\$ 0.25
Per Lamp 26 to 70 W		\$ 2.45	\$ 2.73	\$ 0.28	\$ 2.86	\$ 0.41
Per Lamp > 70 W		\$ 3.36	\$ 3.81	\$ 0.45	\$ 3.97	\$ 0.61
Municipal Street Lighting (see Appendix B)	MS					
Pole & Fixture Rental Charges (See Appendix B)		\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (\$/kWh)		\$ 0.0649	\$ 0.0682	\$ 0.0033	\$ 0.0716	\$ 0.0067
Private Outdoor Lighting	OL					
Pole & Fixture Rental Charges (See Appendix B)		\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (\$/kWh)		\$ 0.0649	\$ 0.0682	\$ 0.0033	\$ 0.0716	\$ 0.0067
Pole Attachment	PA					
Annual Charge (Per Attachment)		\$ 19.10	\$ 20.40	\$ 1.30	\$ 20.40	\$ 1.30

4. Large Light and Power and High Impact Load Schedules

Industrial service is available to customers requiring at least 1,000 kW of demand under the Large Light and Power Schedule (L) and associated riders. The proposed rate portfolio includes firm service, interruptible service, Economy Power, Demand Response Buy Back, Economic Development, Distributed Generation, and the High Impact Load Schedule.

Firm Large Light and Power customer and demand charges would change in 2027 and 2028, while the base on-peak and off-peak charges would remain unchanged. Santee Cooper proposes no increase to the Interruptible Service demand or energy charges during this rate adjustment. The Economy Power Optional provisions would be revised by adjusting the pricing threshold used to designate additional on-peak hours.⁶⁰

The experimental Large Load Schedule would be renamed the High Impact Load Schedule and be made permanent. The proposed schedule generally applies to specified data centers and other high-load factor facilities with demand greater than 20,000 kW, as well as certain mobile high-impact loads. The schedule includes contract demand, term, ramp-up, security, cost responsibility, and other provisions intended to protect existing customers from costs caused by new large loads.⁶¹

⁵⁹ See *id* at Tables 6-3 and 6-6, pp. 6-4 and 6-7.

⁶⁰ See *id* at Table 6-4, pp. 5-3 through 5-4.

⁶¹ *Id.* at Executive Summary, p. 6.

A comparison of the proposed changes to the Large Light and Power rate and the additional industrial rates can be seen in Tables 21 and 22 below.

Table 21. Large Light and Power Rate

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Large Light and Power	L					
Customer Charge (\$/month)		\$ 3,605	\$ 4,068	\$ 463	\$ 3,994	\$ 389
Base Demand First 300 kW (\$/month)		\$ 8,223	\$ 9,061	\$ 838	\$ 9,773	\$ 1,550
Additional kW Demand (\$/kW month)		\$ 21.08	\$ 23.23	\$ 2.15	\$ 25.06	\$ 3.98
Transformation Discount (\$/kW month)		\$ 0.70	\$ 0.90	\$ 0.20	\$ 0.90	\$ 0.20
Excess Demand Charge (\$/kW month)		\$ 13.00	\$ 14.00	\$ 1.00	\$ 15.00	\$ 2.00
Excess Reactive Demand (\$/kVA month)		\$ 0.93	\$ 0.70	\$ (0.23)	\$ 0.70	\$ (0.23)
Energy Charge (\$/kWh)						
On-Peak Energy Charge		\$ 0.0497	\$ 0.0497	\$ -	\$ 0.0497	\$ -
Off-Peak Energy Charge		\$ 0.0375	\$ 0.0375	\$ -	\$ 0.0375	\$ -
Off-Peak Demand Provision		\$ 0.0229	\$ 0.0280	\$ 0.0051	\$ 0.0294	\$ 0.0065

Table 22. Existing and Proposed Industrial Rates

Description	Sch	Existing	Proposed 2027	Change	Proposed 2028	Total Change
Interruptible Service	L-I					
Demand Charge (\$/kW month)		\$ 10.44	\$ 10.44	\$ -	\$ 10.44	\$ -
Energy Charge (\$/kWh)						
On-Peak Energy Charge		\$ 0.0497	\$ 0.0497	\$ -	\$ 0.0497	\$ -
Off-Peak Energy Charge		\$ 0.0375	\$ 0.0375	\$ -	\$ 0.0375	\$ -
Economy Power Service	L-EP					
Customer Charge (\$/month)		\$ 1,000.00	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -
Reservation Charge (\$/kW month)		\$ 2.90	\$ 3.85	\$ 0.95	\$ 4.49	\$ 1.59
Generation Related Expenses (\$/MWh)		\$ 7.47	\$ 8.69	\$ 1.22	\$ 9.39	\$ 1.92
Markup%		12.92%	13.10%	0.18%	13.10%	0.18%
EP Optional Energy Charge	L-EP-O					
Reservation Charge (\$/kW month)		\$ 4.55	\$ 5.80	\$ 1.25	\$ 6.54	\$ 1.99
Off-Peak Energy Charge (\$/kWh)		\$ 0.0375	\$ 0.0375	\$ -	\$ 0.0375	\$ -
EP As Used	AU					
Hourly Energy Charge (\$/kWh)		\$ 0.0229	\$ 0.0280	\$ 0.0051	\$ 0.0294	\$ 0.0065
Current Large Load/Proposed High Impact	L-LL/HIL					
Customer Charge (\$/month)		\$ 3,605	\$ 4,068	\$ 463	\$ 3,994	\$ 389
Base Demand First 300 kW (\$/month)		\$ 8,223	\$ 9,061	\$ 838	\$ 9,773	\$ 1,550
Additional kW Demand (\$/kW month)		\$ 21.08	\$ 23.23	\$ 2.15	\$ 25.06	\$ 3.98
CP Charge		\$ 7.00	\$ 6.16	\$ (0.84)	\$ 5.96	\$ (1.04)
Energy Charge (\$/kWh)						
On-Peak Energy Charge		\$ 0.0497	\$ 0.0497	\$ -	\$ 0.0497	\$ -
Off-Peak Energy Charge		\$ 0.0375	\$ 0.0375	\$ -	\$ 0.0375	\$ -
Demand Response Buy Back	DRB					
Monthly Credit (\$/kW month)		\$ 418.00	\$ 542.00	\$ 124.00	\$ 542.00	\$ 124.00
Event Credit (\$/kW month)		\$ 502.00	\$ 650.00	\$ 148.00	\$ 650.00	\$ 148.00

D. Other Riders and Adjustment Clauses

The proposed rate schedules continue to apply the Fuel Adjustment Clause, Demand Sales Adjustment Clause, Economic Development Sales Adjustment Clause, and Deferred Cost Recovery Adjustment Clause where applicable. Santee Cooper also proposes revisions to the Demand Sales Adjustment and Distributed Generation Rider.

Table 23. Existing and Proposed Riders and Clauses

Rider/Clause	Proposed Treatment
Fuel Adjustment Clause (FAC-27/FAC-28)	Continue to adjust bills for differences between actual fuel and purchased energy costs and the amounts embedded in base rates.
Deferred Cost Recovery Adjustment (DCR-27/DCR-28)	Continues recovery of eligible Cook Settlement deferred costs through the applicable rider.
Demand Sales Adjustment (DSC-27/DSC-28)	Continues to flow qualifying non-firm and demand sales results to firm customers; adds incremental or decremental purchased power capacity costs and excludes the future High Impact Load class from DSC credits.
Economic Development Sales Adjustment (EDA-27/EDA-28)	Continues to apply to eligible retail schedules
Distributed Generation Rider (DG-27/DG-28)	Residential incremental customer charge remains \$10.00 in 2027 increasing to \$12.00 in 2028; the energy credit changes from \$0.0415/kWh to \$0.0558/kWh in 2027 and \$0.0514/kWh in 2028.
High Impact Load (L-27-HIL/ L-28-HIL)	Replaces the experimental Large Load Schedule with revised eligibility and contractual protections for existing customers

E. Findings Regarding Santee Cooper's Proposed Rate Design

ORS reviewed the proposed rate schedules, rate-design calculations, bill comparisons, and supporting materials provided by Santee Cooper. The proposed rates are structured to recover the class revenue requirements identified in the 2026 Study. The principal rate design issues identified for continued evaluation are Balanced Demand Billing, alignment of peak periods, and the implementation of revised commercial and large load schedules.

1. Balanced Demand Billing

The 2026 Proposal modifies the demand charge implemented for Residential General Service and Small General Service in 2025. Under the existing method, a customer's billed demand is based on the single highest one-hour demand recorded during the applicable peak window. Under Balanced Demand Billing, 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.

Santee Cooper's Board presentation from May 1, 2026, illustrates that customers responded to the peak-period price signal after the 2025 rate change and that usage during peak windows declined.⁶² The presentation also reports that the average residential customer's highest monthly peak was approximately 4.3 kW, compared with 3.6 kW for the second highest peak, a difference of about 17%. Customer focus groups expressed concern that a single usage event could determine the monthly demand charge and contribute to unexpected bills.⁶³

ORS recommends that Santee Cooper monitor billed demand, peak period usage, any customer migration between rates RG and RT, and the distribution of bill impacts after

⁶² Management's Rate Recommendation Presentation to Board, May 1, 2026, p. 7.

⁶³ *Id.* at 9-15.

implementation of each proposed rate step. Santee Cooper should also continue to provide customers with timely access to interval usage information and education explaining the changes to billed demand

2. Alignment of Peak Periods and Other Structural Changes

The Proposal retains the existing three-hour residential peak periods and applies the same peak periods to the GA demand charge. It also reduces the commercial time of use energy window from four hours to three hours for rates GB, GV, GT, and TP.

The elimination of the Large General Service (GL) rate and transfer of those customers to rate GB simplifies the commercial rate structure. The proposal to make the General Service Low Load (GA-LL) rate permanent preserves an energy only alternative for eligible customers. The proposed High Impact Load Schedule provides a permanent replacement of the temporary Large Load rate and includes various changes to the terms and conditions intended to protect existing customers from the costs caused by new large load customers and to simplify the Schedules.⁶⁴

ORS recommends that Santee Cooper monitor customer transfers resulting from the elimination of GL, enrollment, and bill impacts under GA-LL, and the operation of the High Impact Load Schedule. Any costs, revenues, or risks associated with high impact loads should continue to be separately identified and evaluated to determine whether existing retail customers are appropriately protected.

VIII. Assessment of Customer Bill Impacts

Appendix A of Santee Cooper's 2026 COSS provides monthly bill comparisons for selected residential, commercial, and industrial rate schedules. The comparisons evaluate the change from current rates to the proposed 2027 rates and the incremental change from the proposed 2027 rates to the proposed 2028 rates. The examples use specified levels of energy usage, demand, load factor, and historical on-peak and off-peak usage patterns. The calculations also incorporate adjustment factor values identified in Appendix A.⁶⁵

Load Factor generally measures the relationship between a customer's average demand and peak demand. A higher load factor reflects more consistent usage and a lower peak relative to the customer's total energy consumption. A lower load factor reflects more concentrated usage and a higher peak relative to total consumption. Because many of Santee Cooper's proposed rates include both energy and demand components, customers with the same monthly usage may experience different bill impacts based on demand and the timing of their usage.

⁶⁴ 2026 Electric Service Cost of Service and Rate Design Study, p. 5-3.

⁶⁵ *Id.* at Appendix A. pp. 1-23.

The Appendix A comparisons are illustrative and do not show the number or percentage of customers expected to experience each bill impact. Therefore, the examples should not be interpreted as a forecast of the distribution of actual customer impacts.

A. Bill Impacts by Customer Class

1. Residential Bill Impacts

Appendix A provides bill comparisons for Residential General Service (RG) and Residential Time of Use (RT) customers. For RG customers, the analysis evaluates monthly usage of 750, 1,000, and 2,000 kWh across load factors of 18%, 22%, 27%, 32%, and 37%. The proposed RG demand rate is applied to the average of the four highest peaks occurring on separate days during the billing period.⁶⁶

For RG customers, the change from current rates to the proposed 2027 rates ranges from approximately 2.4% to 6.1%. The smallest percentage increases occur in the lower load factor examples while the larger percentage increases occur in the higher load factor examples. This relationship differs from the 2024 proposal because the Proposal assumes a 20% reduction in billed demand resulting from the introduction of Balanced Demand Billing. The incremental change from 2027 to 2028 RG rates range from approximately 4.1% to 4.9%.⁶⁷

For RT customers, Appendix A evaluates monthly usage ranging from 500 to 5,000 kWh using historical on-peak and off-peak usage patterns. The change from current rates to the proposed 2027 rates ranges from approximately 0.0% to 5.5% with the incremental change from 2027 to 2028 rates being approximately 4.3% to 4.4%.⁶⁸

Table 24. Potential Residential Bill Impacts

Schedule	Illustrative Scenarios	Current to 2027	2027 to 2028
RG	750-2,000 kWh; 18%-37% load factor	2.4% to 6.1%	4.1% to 4.9%
RT	500-5,000 kWh	0.0% to 5.5%	4.3% to 4.4%

2. Commercial Bill Impacts

Appendix A provides bill comparisons for Small General Service (GA), General Service (GB), General Service Time of Use (GT), Seasonal General Service (GV), Large General Service (GL), and Temporary Service (TP). The proposed GL schedule would be eliminated; therefore, Appendix A provides a comparison of current GL customers under the proposed GB rates.⁶⁹

⁶⁶ *Id.* at 4, 16.

⁶⁷ *Id.*

⁶⁸ *Id.* at 5, 17.

⁶⁹ *Id.* at 6-11 and 18-22.

The GA examples have the widest variation in 2027 bill impacts. Appendix A evaluates existing GA customers with monthly demand from 2 kW to 32 kW and load factors from 18% to 48%. Within the illustrated range, the change from current rates to the proposed 2027 rates varies from a 6.4% bill decrease to an 8.9% bill increase. The incremental 2028 impact ranges from increases of 2.1% to 5.0%⁷⁰

The variation of GA impacts results from a combination of the assumed Balanced Demand Billing reduction of 39% to billed demand and the proposed flat energy charge.

The bill impacts for the remaining commercial schedules are more uniform because those schedules already include demand charges and retain similar rate structures. The ranges are summarized in Table 25 below.

Table 25. Potential Commercial Bill Impacts

Schedule	Current to 2027	2027 to 2028
GA	-6.4% to 8.9%	2.1% to 5.0%
GB	2.3% to 4.3%	2.3% to 3.7%
GT	3.7% to 4.3%	3.1% to 3.4%
GV	5.7% to 6.3%	2.1% to 3.2%
Current GL to Proposed GB	2.8% to 3.1%	Included in GB Comparisons
TP	4.6% to 5.7%	3.0% to 4.5%

3. Large Light and Power Bill Impacts

Appendix A provides bill comparisons for customers taking firm service under the Large Light and Power Schedule (L). The examples evaluate demands from 1,000 kW to 5,000 kW and load factors of 60%, 80%, and 100%. The change from current rates to the proposed 2027 rates range from increases of approximately 4.3% to 6.2%. The incremental change from the proposed 2027 rates to the proposed 2028 rates ranges from approximately 3.3% to 4.4%.⁷¹

Appendix A does not provide bill comparisons for customers taking interruptible service, economy power service, the proposed High Impact Load schedule, or other industrial riders. The impact for customers taking interruptible service, economy power service, the proposed High Impact Load schedule, or other industrial riders is dependent upon contract terms, eligibility, usage characteristics, and other service provisions.

Table 26. Potential Industrial Bill Impacts

Schedule	Illustrative Scenarios	Current to 2027	2027 to 2028
L	1,000-5,000 kW; 60%-100% Load Factor	4.3% to 6.2%	3.3% to 4.4%

⁷⁰ *Id.* at 6, 18.

⁷¹ *Id.* at 12, 23.

B. ORS Findings related to Customer Bill Impacts

1. Inter-class Differences

The proposed average class increases are based on the difference between allocated cost of service for each class and projected revenues under current rates. The residential class is assigned the largest average increase in both years with a 4.7% increase in 2027 and an incremental 4.6% increase in 2028 for a cumulative increase of 9.3%. The commercial, lighting, and industrial classes are assigned smaller cumulative increases of 5.8%, 6.2%, and 4.7% respectively.⁷²

These inter-class differences reflect the COSS allocation results, existing revenues, policy adjustments, and the allocation of the Cook Charge. As discussed in Section VI, the residential class is allocated approximately 45.7% of production demand costs, 43.4% of transmission demand costs, and 61.0% of distribution demand costs in the Test Years.⁷³

Table 27. Proposed Average Class Adjustments

Customer Class	2027 Increase	2028 Incremental Increase	Cumulative Increase
Residential	4.7%	4.6%	9.3%
Commercial	2.9%	2.9%	5.8%
Lighting	3.2%	3.0%	6.2%
Industrial	2.6%	2.1%	4.7%
Total Retail System	3.3%	3.1%	6.4%

2. Revenue Requirement to Bill Impact Comparison

The average class increases in Table 27 are revenue targets for the customer classes and are not intended to equal the bill impact for every customer. Individual bill impacts vary because rates recover the class revenue requirement through a combination of customer, energy, and demand charges. A customer's bill impact may differ from the class average based on usage and demand patterns, applicable riders, and the rate schedule specific to the customer.

Appendix A separately compares current rates to the proposed 2027 rates and the proposed 2027 rates to the proposed 2028 rates. The second comparison is incremental and should not be interpreted as the cumulative change from current rates to 2028.

3. Behavior and Efficiency

Customer behavior may affect the bill impacts under demand based and time of use rates. Under Balanced Demand Billing, the billed demand for RG and GA customers is based on the average of four peak events occurring on separate days. A customer seeking to

⁷² 2026 Electric Service Cost of Service and Rate Design Study Tables ES-2 and ES-3.

⁷³ *Id.* at Table 4-2.

reduce the demand charge may need to manage usage during peak periods but would not be solely impacted by high usage during a single isolated peak.

Residential customers may select RT schedule service instead of RG schedule service. The RT schedule avoids a separate demand charge but exposes customers to a substantially higher on-peak energy price. Whether migration to RT would reduce a particular customer's bill depends on the customer's usage level and ability to shift energy consumption outside the on-peak period.

To the extent customers reduce or shift usage during system peak periods, the proposed rate designs may promote the Pricing Principle of Efficiency and may reduce future demand related costs. Actual savings will depend on customer responsiveness, the persistence of behavioral changes, and whether the reduction occurs during peak periods.

4. Monitoring and Customer Communication

ORS recommends that Santee Cooper monitor customer bill impacts following each stage of the proposed rate adjustment. The review should include the distribution of percentage and dollar impacts, changes in billed demand, bill volatility, migration between rates, and the extent to which customers reduce usage during the designated peak periods.

ORS also recommends that Santee Cooper continue customer education regarding Balanced Demand Billing, peak periods, and the actions customers can take to manage their bills.

IX. Conclusion

This Report details the findings of ORS's review of Santee Cooper's 2026 Request for Rate Adjustment. Pursuant to S.C. Code Ann. § 58-31-730(B)(1), ORS conducted an inspection, audit, and examination of the proposed rate schedule, revenue requirements, cost-of-service analysis, and rate/tariff design.

ORS reviewed the 2027 and 2028 Future Test Year budgets, projected expenses and revenues, supporting workpapers, operational reports, cost allocation methods, proposed rates, and illustrative bill comparisons. ORS verified that the Total System Revenue Requirements reflected in the COSS were supported by the workpapers reviewed, accurately stated, and mathematically correct.

The COSS functionalizes, classifies, and allocates projected costs using methods that generally align with electric utility industry practices. The treatment of wholesale revenues generally separates the cost responsibility of wholesale customers from the revenue requirements assigned to retail customers. The proposed retail rates are designed to recover the class revenue requirements identified in the COSS through customer, energy, and demand charges.

The Proposal includes material changes to Santee Cooper's rate design. Balanced Demand Billing could potentially reduce the effect of a single isolated peak usage event while preserving a price signal for customers to manage usage during peak periods. Other changes could simplify portions of the commercial rate portfolio, align residential and commercial peak periods, establish a permanent low load commercial option, and create a permanent rate framework for specified high impact loads.

The projected average class increase, and the illustrative bill impacts demonstrate that the effect of the Proposal will not be uniform among customers. Residential customers are assigned the largest cumulative class increase, and actual bill impacts will depend on each customer's usage, demand, load factor, rate schedule, and response to the applicable price signals. Because the Proposal would be implemented in separate 2027 and 2028 steps, customer impacts should be evaluated following each stage rather than only after full implementation.

ORS recommends that Santee Cooper continue to monitor demand billing, customer bill volatility, rate migration, commercial customer transfers, peak period usage, and the costs and risks associated with high impact loads. ORS also recommends that Santee Cooper continue to provide customers with clear educational materials, timely interval usage information, and practical examples showing how changes in usage behavior may affect monthly bills.

Based on its review, ORS determined that Santee Cooper's proposed COSS and rate design methodologies generally follow accepted electric utility practices and provide a framework for collecting the projected retail revenue requirements.