



# **Santee Cooper Cost of Service Practices**

**Rates Stakeholder Technical Working Group**

**November 5, 2025**

# Agenda

---

- **Background**
- **Revenue Requirement Development**
- **Functionalization**
- **Classification**
- **Allocation**
- **Questions/Discussion**

- Rate development is a lengthy process
  - Usually takes about 18+ months from start to finish
  - At a bare minimum could be done in 10 – 12 months
- Involves a lot of stakeholders, including customers
  - Public meetings
    - Public notice
  - Industry/trade groups
  - Transparency is paramount
  - Act 90 Changes
  - **Rates Stakeholder Process**
- Rates are generally only adjusted when a revenue to cost deficit occurs that cannot be corrected via any other practical means

# 2024 Rate Revision Process and Timeline



Date	Event
June 20, 2023	<b>Board Meeting</b> – Board approved comprehensive review of electric rates to address projected shortfall (ie approved Rate Study kickoff)
June 10, 2024	<b>Board Meeting</b> - Present proposed rates to Board and provide formal notice of rate revisions to customers, ORS; comment periods begin - Completed
August 26, 2024	<b>Public Comment Meeting</b> – Moncks Corner
September 8, 2024	Written comment period ends
September 17, 2024	<b>Public Comment Meetings</b> – Pawley’s Island and Myrtle Beach
September 24, 2024	<b>Public Comment Meeting</b> - Virtual
October 8, 2024 (120 days)	<b>Public Comment Meeting/ Board Meeting</b> – Public meeting to receive additional public comments from impacted customers, ORS, Consumer Advocate AND “other interested parties;” presentation by staff on public comments received. Oral comment period ends.
November 7, 2024 (150 days)	<b>Board Meeting</b> - Provide final proposed rate revisions to Board including any changes made to proposed rates as a result of public input
December 9, 2024	<b>Board Meeting</b> - Board vote on proposed rate revisions
January 1, 2025	Rate Freeze ends (not related to rate adjustment)
April 1, 2025	New rates become effective

120  
Days

651  
Days

# Santee Cooper 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



# Revenue Requirement Development

# Overview of Revenue Requirements



## Cost of Service Revenue Requirements

<b>Fuel &amp; Purchased Power</b>	<ul style="list-style-type: none"><li>• Based upon an economic dispatch of Santee Cooper's system to meet our Load Forecast (LF 24-01 in most recent Study)</li><li>• Includes fuel to run our plants, short term and market purchases, and both the energy and capacity costs of purchased power agreements</li></ul>
<b>Non-Fuel O&amp;M (NFOM)</b>	<ul style="list-style-type: none"><li>• Projected Operating and Maintenance expenses from Santee Cooper's corporate budget</li><li>• Includes Generation, Transmission, Distribution, Customer and Administrative &amp; General Expenses</li></ul>
<b>Debt Service (DS)</b>	<ul style="list-style-type: none"><li>• Principal and interest payments of Santee Cooper's Revenue Obligation Bonds, Commercial Paper, Revolving Credit Facilities and other borrowings</li><li>• Includes existing debt service and projected future issuances</li></ul>
<b>Payment to State (PTS)</b>	<ul style="list-style-type: none"><li>• Payment to the State of South Carolina of 1% of projected revenues</li></ul>
<b>Working Capital (WC)</b>	<ul style="list-style-type: none"><li>• Covers the timing difference between payment of expenses and receipt of revenues from customers</li><li>• Calculated as 1/8 of the annual change in Operating and Maintenance Expenses excluding purchased power and nuclear fuel</li></ul>
<b>Sums in Lieu of Taxes (SIL)</b>	<ul style="list-style-type: none"><li>• Santee Cooper is not subject to federal or state income taxes or local property taxes, but is required to make certain payments in place of taxes to local authorities</li></ul>
<b>Subtotal</b>	<ul style="list-style-type: none"><li>• Subtotal of all Revenue Requirements prior to the calculation of the CIF requirement</li></ul>
<b>Capital Improvement Fund (CIF)</b>	<ul style="list-style-type: none"><li>• Provides a source of non-debt funded capital expenditures and additional equity capital and debt service coverage</li><li>• The CIF requirement is currently 9% of gross revenues</li><li>• Calculated as: <math>[ \text{Subtotal before CIF} / ( 1 - 9\% ) ] - \text{Subtotal before CIF}</math></li></ul>
<b>Total Revenue Requirement</b>	<ul style="list-style-type: none"><li>• Total costs before other income, including investment income, that Santee Cooper must recover through rates and charges to ultimate customers</li></ul>



# 2024 Rate Study Revenue Requirements



**Santee Cooper sets rates on a cash basis using Financial Forecast projections of Revenue Requirements**

## COST OF SERVICE REVENUE REQUIREMENTS

Fuel & Purchased Power  
+ Non-Fuel O&M  
+ Debt Service (DS)  
+ Payment to State (PTS)  
+ Working Capital (WC)  
+ Sums in Lieu of Taxes (SIL)  
Subtotal  
+ Capital Improvement Fund (CIF)  
  
Total Revenue Requirement ("Cost")

### **2025 Total Revenue Requirement**

(millions)

**\$2,246**

Table ES-1 Total System Costs (\$000) <sup>(1)</sup>	
Total System Revenue Requirements	2025
<b>Operations &amp; Maintenance Expenses</b>	
Fuel Expenses	\$687,589
Purchased Power	\$245,497
Other Production O&M Expenses	\$312,698
Total Production Expenses	\$1,245,784
Transmission Expenses	\$73,934
Distribution Expenses	\$21,253
Customer Acct. & Information Exp.	\$17,772
Sales Expenses	\$3,147
Administration & General Expenses	\$134,020
<b>Total Operations &amp; Maintenance Expenses</b>	<b>\$1,495,910</b>
Sums in Lieu of Taxes and Other	\$28,368
Debt Service	\$505,695
Working Capital Requirement	\$13,534
Total Revenue Requirement Before CIFR	\$2,043,507
CIFR Requirement	\$202,255
<b>Gross Revenue Requirements</b>	<b>\$2,245,762</b>
Less: Interest and Miscellaneous Income	(\$4,230)
Less: Other Operating Revenues	(\$22,292)
Less: Off-System Sales	(\$38,650)
<b>Total System Revenue Requirements</b>	<b>\$2,180,590</b>
Less: Wholesale Power Sales	(\$1,336,977)
<b>Total Cost of Service</b>	<b>\$843,613</b>





# Functionalization

# Functionalize Costs

- Santee Cooper uses the FERC Uniform System of Accounts
- O&M Functionalized primarily based on FERC code
- Exceptions exist for non-FERC items
  - Debt service
  - CIF
  - Working Capital
- Central & other Wholesale is removed from total Revenue Requirements in this step
  - Central revenue is a credit to total Requirements, by function
  - Remaining Requirements will be allocated to Santee Cooper customer classes

Table 4-1 Functionalization of Test Year Retail Revenue Requirements (\$000)		
2025		
<b><u>Production</u></b> – Those costs associated with generating and purchasing power, and delivering that power to the utility's bulk transmission system.	\$	635,351
<b><u>Transmission</u></b> – Those costs incurred in connection with the delivery of power over the bulk transmission system to the primary and secondary distribution system.	\$	103,102
<b><u>Distribution</u></b> – Those costs incurred in connection with the delivery of power through the primary and secondary distribution system to the utility's consumers.	\$	73,166
<b><u>Customer and Sales Expense</u></b> – Those costs incurred for billing accounts and providing various services and information for its customers.	\$	31,994
<b>Total Functionalized Revenue Requirements</b>	<b>\$</b>	<b>843,613</b>

# 2024 Rate Study COS Functionalization

Line No.	Expense	FERC	2025 (\$M)	Functionalization Allocator	Production (\$M)	Transmission (\$M)	Distribution (\$M)	Customer (\$M)
1	<b>Electric Operating Expense</b>							
2	Fuel used in Electric Generation	501, 518, 547	687.6	Production	687.6	-	-	-
3	Purchased Power	555	245.5	Production	245.5	-	-	-
4	Non-Fuel O&M Expense	500-557	312.7	Production	312.7	-	-	-
5	Transmission Expenses	560-574	73.9	Transmission	-	73.9	-	-
6	Distribution Expenses	580-598	21.3	See Below	-	-	20.1	1.1
7	Customer Acct. & Info. Expenses	901-910	17.8	Customer	-	-	-	17.8
8	Sales Expenses	911-917	3.1	Customer	-	-	-	3.1
9	Admin. and General Expenses	920-935	134.0	See Below	89.0	21.7	10.8	12.6
10	<b>Total Operation &amp; Maintenance</b>		<b>1,495.9</b>		<b>1,334.8</b>	<b>95.6</b>	<b>30.9</b>	<b>34.6</b>
11	Payments in Lieu of Taxes		28.4	See Below	22.9	4.0	1.4	0.2
12	Debt Service		505.7	Net Plant	381.5	89.5	31.2	3.5
13	Working Capital Requirement		13.5	O&M x/NFPP	11.8	1.1	0.3	0.4
14	<b>Total Revenue Requirement before CIF</b>		<b>2,043.5</b>		<b>1,750.8</b>	<b>190.2</b>	<b>63.8</b>	<b>38.6</b>
15	Capital Improvement Fund Requirement		202.3	Net Plant	152.6	35.8	12.5	1.4
16	<b>Gross Revenue Requirement</b>		<b>2,245.8</b>		<b>1,903.4</b>	<b>226.0</b>	<b>76.3</b>	<b>40.0</b>
17	Non-Operating Income		(4.2)	Net Plant	(3.2)	(0.7)	(0.3)	(0.0)
18	Other Operating Income		(22.3)	See Below	(11.1)	(5.5)	(2.9)	(2.8)
19	Off System Sales		(38.7)	Production	(38.7)	-	-	-
20	<b>Total System Revenue Requirement</b>		<b>2,180.6</b>		<b>1,850.5</b>	<b>219.7</b>	<b>73.2</b>	<b>37.2</b>
21	Wholesale Power Sales		(1,337.0)	See Below	(1,215.1)	(116.6)	-	(5.2)
22	<b>Total Net Revenue Requirement</b>		<b>843.6</b>		<b>635.4</b>	<b>103.1</b>	<b>73.2</b>	<b>32.0</b>

# 2024 Rate Study COS Functionalization

	Production	Transmission	Distribution	Customer	Used to Functionalize
Net Plant	75%	18%	6%	1%	Debt Service, CIF, PTS
O&M x/NFPP	87%	8%	3%	3%	Working Capital
Labor x/A&G	66%	17%	9%	9%	Most Admin & General Expense

- **Net Plant**

- The pro rata share of Santee Cooper's assets by function (net of depreciation) is used to functionalize capital cost recovery
- Debt Service and CIF are treated identically in this step

- **O&M excluding Nuclear Fuel & Purchased Power**

- Mirrors the underlying calculation of the Working Capital Revenue Requirements

- **Labor excluding Administrative and General**

- The pro rata share of Santee Cooper's labor cost is used to functionalize A&G
- Some exceptions – for example, property insurance is directly assigned to functions based on assets insured

- **Off System & Wholesale Power Sales**

- In general, non-retail sales are functionalized based on how the revenues are collected
- Some adjustments made in this step to align with Santee Cooper's gross functionalized revenue requirements





# Classification



# Classification - Production

Line No.	Expense	FERC	2025 (\$M)	Production (\$M)	Production Allocator	Production Demand Fuel (\$M)	Production Demand Purchased (\$M)	Production Demand Other (\$M)	Production Energy Fuel (\$M)	Production Energy Purchased (\$M)	Production Energy Other (\$M)
1	<b>Electric Operating Expense</b>										
2	Fuel used in Electric Generation	501, 518, 547	687.6	687.6	Fuel	34.4	-	-	653.2	-	-
3	Purchased Power	555	245.5	245.5	See Below	-	50.4	-	-	195.1	-
4	Non-Fuel O&M Expense	500-557	312.7	312.7	See Below	-	-	242.9	-	-	69.8
5	Transmission Expenses	560-574	73.9	-	NA	-	-	-	-	-	-
6	Distribution Expenses	580-598	21.3	-	NA	-	-	-	-	-	-
7	Customer Acct. & Info. Expenses	901-910	17.8	-	NA	-	-	-	-	-	-
8	Sales Expenses	911-917	3.1	-	NA	-	-	-	-	-	-
9	Admin. and General Expenses	920-935	134.0	89.0	See Below	0.2	-	76.2	2.9	-	9.7
10	<b>Total Operation &amp; Maintenance</b>		<b>1,495.9</b>	<b>1,334.8</b>		<b>34.5</b>	<b>50.4</b>	<b>319.2</b>	<b>656.1</b>	<b>195.1</b>	<b>79.5</b>
11	Payments in Lieu of Taxes		28.4	22.9		0.0	-	22.8	0.0	-	0.0
12	Debt Service		505.7	381.5		0.0	-	380.4	0.2	-	0.8
13	Working Capital Requirement		13.5	11.8		0.4	-	3.5	7.0	-	0.9
14	<b>Total Revenue Requirement before CIF</b>		<b>2,043.5</b>	<b>1,750.8</b>		<b>34.9</b>	<b>50.4</b>	<b>726.0</b>	<b>663.3</b>	<b>195.1</b>	<b>81.2</b>
15	Capital Improvement Fund Requirement		202.3	152.6		0.0	-	152.2	0.1	-	0.3
16	<b>Gross Revenue Requirement</b>		<b>2,245.8</b>	<b>1,903.4</b>		<b>34.9</b>	<b>50.4</b>	<b>878.1</b>	<b>663.4</b>	<b>195.1</b>	<b>81.5</b>
17	Non-Operating Income		(4.2)	(3.2)		(0.0)	-	(3.2)	(0.0)	-	(0.0)
18	Other Operating Income		(22.3)	(11.1)		(0.0)	(0.0)	(11.1)	-	-	-
19	Off System Sales		(38.7)	(38.7)		-	-	(20.8)	-	-	(17.8)
20	<b>Total System Revenue Requirement</b>		<b>2,180.6</b>	<b>1,850.5</b>		<b>34.9</b>	<b>50.3</b>	<b>843.1</b>	<b>663.4</b>	<b>195.1</b>	<b>63.6</b>
21	Wholesale Power Sales		(1,337.0)	(1,215.1)		(24.4)	(35.2)	(589.3)	(407.4)	(119.8)	(39.1)
22	<b>Total Net Revenue Requirement</b>		<b>843.6</b>	<b>635.4</b>		<b>10.5</b>	<b>15.1</b>	<b>253.8</b>	<b>256.0</b>	<b>75.3</b>	<b>24.6</b>

- Production costs are classified between Demand and Energy
  - Additional classification to Fuel, PP and Other
- NFOM classified to Demand or Energy based on line item budgeted activity
- 5% of Fuel Costs are classified to Demand

# Classification – Transmission & Distribution

Line No.	Expense	FERC	2025 (\$M)	Transmission (\$M)	Distribution (\$M)	Transmission Allocator	Transmission (\$M)	Distribution Allocator	Distribution Substations (\$M)	Distribution Lines (\$M)	Distribution Other (\$M)	Distribution Debt/CIF/Misc. Revenues (\$M)
1	<b>Electric Operating Expense</b>											
2	Fuel used in Electric Generation	501, 518, 547	687.6	-	-	NA	-	NA	-	-	-	-
3	Purchased Power	555	245.5	-	-	NA	-	NA	-	-	-	-
4	Non-Fuel O&M Expense	500-557	312.7	-	-	NA	-	NA	-	-	-	-
5	Transmission Expenses	560-574	73.9	73.9	-	Transmission	73.9	NA	-	-	-	-
6	Distribution Expenses	580-598	21.3	-	20.1	NA	-	See Below	4.3	5.9	10.0	-
7	Customer Acct. & Info. Expenses	901-910	17.8	-	-	NA	-	NA	-	-	-	-
8	Sales Expenses	911-917	3.1	-	-	NA	-	NA	-	-	-	-
9	Admin. and General Expenses	920-935	134.0	21.7	10.8	See Below	21.7	See Below	2.4	1.5	6.9	-
10	<b>Total Operation &amp; Maintenance</b>		<b>1,495.9</b>	<b>95.6</b>	<b>30.9</b>		<b>95.6</b>		<b>6.7</b>	<b>7.4</b>	<b>16.8</b>	-
11	Payments in Lieu of Taxes		28.4	4.0	1.4		4.0		0.3	0.3	0.8	-
12	Debt Service		505.7	89.5	31.2		89.5		-	-	-	31.2
13	Working Capital Requirement		13.5	1.1	0.3		1.1		0.1	0.1	0.2	-
14	<b>Total Revenue Requirement before CIF</b>		<b>2,043.5</b>	<b>190.2</b>	<b>63.8</b>		<b>190.2</b>		<b>7.1</b>	<b>7.8</b>	<b>17.8</b>	<b>31.2</b>
15	Capital Improvement Fund Requirement		202.3	35.8	12.5		35.8		-	-	-	12.5
16	<b>Gross Revenue Requirement</b>		<b>2,245.8</b>	<b>226.0</b>	<b>76.3</b>		<b>226.0</b>		<b>7.1</b>	<b>7.8</b>	<b>17.8</b>	<b>43.7</b>
17	Non-Operating Income		(4.2)	(0.7)	(0.3)		(0.7)		-	-	-	(0.3)
18	Other Operating Income		(22.3)	(5.5)	(2.9)		(5.5)		-	-	-	(2.9)
19	Off System Sales		(38.7)	-	-		-		-	-	-	-
20	<b>Total System Revenue Requirement</b>		<b>2,180.6</b>	<b>219.7</b>	<b>73.2</b>		<b>219.7</b>		<b>7.1</b>	<b>7.8</b>	<b>17.8</b>	<b>40.5</b>
21	Wholesale Power Sales		(1,337.0)	(116.6)	-		(116.6)		-	-	-	-
22	<b>Total Net Revenue Requirement</b>		<b>843.6</b>	<b>103.1</b>	<b>73.2</b>		<b>103.1</b>		<b>7.1</b>	<b>7.8</b>	<b>17.8</b>	<b>40.5</b>

- Transmission costs are classified to demand
- Distribution costs are further functionalized to Substations, Lines, Other and Debt Service/CIF/Misc Revenues
  - Costs are classified to demand



# Classification - Customer

Line No.	Expense	FERC	2025 (\$M)	Customer (\$M)	Customer Allocator	Customer Meters (\$M)	Customer Accounting / Service (\$M)	Customer Sales (\$M)	Customer Sales A&G (\$M)	Customer Non-Sales A&G (\$M)	Customer Payment to State (\$M)	Customer Debt/CIF (\$M)	Customer Misc. Revenues (\$M)	Customer DSM (\$M)	Customer Lighting (\$M)	Customer Property Insurance (\$M)
1	Electric Operating Expense															
2	Fuel used in Electric Generation	501, 518, 547	687.6	-	NA	-	-	-	-	-	-	-	-	-	-	-
3	Purchased Power	555	245.5	-	NA	-	-	-	-	-	-	-	-	-	-	-
4	Non-Fuel O&M Expense	500-557	312.7	-	NA	-	-	-	-	-	-	-	-	-	-	-
5	Transmission Expenses	560-574	73.9	-	NA	-	-	-	-	-	-	-	-	-	-	-
6	Distribution Expenses	580-598	21.3	1.1	See Below	1.1	-	-	-	-	-	-	-	-	0.1	-
7	Customer Acct. & Info. Expenses	901-910	17.8	17.8	Acct/Svc	-	17.8	-	-	-	-	-	-	-	-	-
8	Sales Expenses	911-917	3.1	3.1	Sales	-	-	3.1	-	-	-	-	-	-	-	-
9	Admin. and General Expenses	920-935	134.0	12.6	See Below	-	-	-	0.8	9.7	-	-	-	2.1	-	0.0
10	<b>Total Operation &amp; Maintenance</b>		<b>1,495.9</b>	<b>34.6</b>		<b>1.1</b>	<b>17.8</b>	<b>3.1</b>	<b>0.8</b>	<b>9.7</b>	-	-	-	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>
11	Payments in Lieu of Taxes		28.4	0.2		-	-	-	-	-	0.2	-	-	-	-	-
12	Debt Service		505.7	3.5		-	-	-	-	-	-	3.5	-	-	-	-
13	Working Capital Requirement		13.5	0.4		0.0	0.2	0.0	0.0	0.1	-	-	-	-	-	-
14	<b>Total Revenue Requirement before CIF</b>		<b>2,043.5</b>	<b>38.6</b>		<b>1.1</b>	<b>18.0</b>	<b>3.2</b>	<b>0.8</b>	<b>9.8</b>	<b>0.2</b>	<b>3.5</b>	-	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>
15	Capital Improvement Fund Requirement		202.3	1.4		-	-	-	-	-	-	1.4	-	-	-	-
16	<b>Gross Revenue Requirement</b>		<b>2,245.8</b>	<b>40.0</b>		<b>1.1</b>	<b>18.0</b>	<b>3.2</b>	<b>0.8</b>	<b>9.8</b>	<b>0.2</b>	<b>4.9</b>	-	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>
17	Non-Operating Income		(4.2)	(0.0)		-	-	-	-	-	-	(0.0)	-	-	-	-
18	Other Operating Income		(22.3)	(2.8)		-	-	-	-	-	-	-	(2.8)	-	-	-
19	Off System Sales		(38.7)	-		-	-	-	-	-	-	-	-	-	-	-
20	<b>Total System Revenue Requirement</b>		<b>2,180.6</b>	<b>37.2</b>		<b>1.1</b>	<b>18.0</b>	<b>3.2</b>	<b>0.8</b>	<b>9.8</b>	<b>0.2</b>	<b>4.8</b>	<b>(2.8)</b>	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>
21	Wholesale Power Sales		(1,337.0)	(5.2)		-	-	-	-	-	-	-	(5.2)	-	-	-
22	<b>Total Net Revenue Requirement</b>		<b>843.6</b>	<b>32.0</b>		<b>1.1</b>	<b>18.0</b>	<b>3.2</b>	<b>0.8</b>	<b>9.8</b>	<b>0.2</b>	<b>4.8</b>	<b>(8.0)</b>	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>

- Customer costs are all classified to customer, but retain more granular categorization within the customer function
- Enables multiple allocators and direct assignment of appropriate costs



# Allocation



# 2024 Rate Study Allocations

Table 4-2  
2025 Summary Demand Allocation Factors

Customer Class	Production 4 CP		Transmission 12 CP		Distribution 12 NCP	
	MW	%	MW	%	MW	%
Residential	575,997	47.48%	500,508	44.93%	478,521	60.15%
Commercial	332,756	27.43%	310,830	27.90%	305,148	38.36%
Lighting	7,819	0.64%	6,789	0.61%	11,904	1.50%
<b>Total Distribution</b>	<b>916,571</b>	<b>75.55%</b>	<b>818,127</b>	<b>73.44%</b>	<b>795,574</b>	<b>100.00%</b>
Industrial (Firm)	296,558	24.45%	295,883	26.56%	N/A	N/A
<b>Total</b>	<b>1,213,129</b>	<b>100.00%</b>	<b>1,114,010</b>	<b>100.00%</b>	<b>795,574</b>	<b>100.00%</b>

Table 4-3  
Summary of Energy Allocation Factors

Customer Class	2025	
	GWh	%
Residential	2,071	31.77%
Commercial	1,873	28.73%
Lighting	61	0.94%
<b>Total Distribution</b>	<b>4,006</b>	<b>61.43%</b>
Industrial (Firm)	2,515	38.57%
<b>Total</b>	<b>6,521</b>	<b>100.00%</b>

- In general, allocations are selected based on underlying cost drivers
- Allocators were developed based on LF 24-01 for the 2025 Test Year
  - Weather Adjusted historic AMI data was used to estimate Residential, Commercial and Lighting allocation factors
- 4CP includes two winter and two summer months to reflect dual peaking system
- Allocators vary significantly based on the load profile of the class
  - Ex: Industrial contributes to 24% of the 4 CP, but consumes 39% of Retail energy

# Production & Transmission Allocation

Line No.	Expense	2025 (\$000)	Allocator	Residential (\$000)	Commercial (\$000)	Lighting (\$000)	Industrial Firm (\$000)	Industrial Non-Firm (\$000)	Total Retail (\$000)
1	<b>Production Expense</b>								
2	<i>Demand Related</i>								
3	Fuel	10.5	4CP	5.0	2.9	0.1	2.6	-	10.5
4	Purchased Power	15.1	4CP	7.2	4.2	0.1	3.7	-	15.1
5	Other	253.8	4CP	120.5	69.6	1.6	62.0	-	253.8
6	<i>Total Demand Related</i>	279.5		132.7	76.7	1.8	68.3	-	279.5
7		-		-	-	-	-	-	-
8	<i>Energy Related</i>	-		-	-	-	-	-	-
9	Fuel	256.0	NEFL	82.3	74.4	2.4	97.0	-	256.0
10	Purchased Power	75.3	NEFL	24.2	21.9	0.7	28.5	-	75.3
11	Other	24.6	NEFL	7.9	7.1	0.2	9.3	-	24.6
12	<i>Total Energy Related</i>	355.9		114.3	103.4	3.4	134.8	-	355.9
13		-		-	-	-	-	-	-
14	<b>Total Production Expense</b>	<b>635.4</b>		<b>247.0</b>	<b>180.1</b>	<b>5.2</b>	<b>203.1</b>	-	<b>635.4</b>
15		-		-	-	-	-	-	-
16	<b>Transmission Expense</b>	-		-	-	-	-	-	-
17	Transmission Demand	103.1	12CP	46.3	28.8	0.6	27.4	-	103.1
18	<b>Total Transmission Expense</b>	<b>103.1</b>		<b>46.3</b>	<b>28.8</b>	<b>0.6</b>	<b>27.4</b>	-	<b>103.1</b>

# Production Demand Allocation Impact

- \$279M of Production Demand costs were allocated using 4CP in 2024 Rate Study
- Allocator selection has a significant impact on class level allocated costs
- The chart below shows the impact on total allocated cost levels of moving from 4CP to alternative allocation methodologies (applied to production demand only)

Production Demand Allocation Impact on Overall Allocated Costs					
	4CP <sup>1</sup>	1CP	12CP	NEFL <sup>2</sup>	AED <sup>3</sup>
Residential	-	↑ 6.7%	↓ 2.9%	↓ 17.5%	↓ 7.9%
Commercial	-	↓ 7.1%	↑ 0.7%	↑ 2.5%	↓ 1.3%
Lighting	-	↑ 3.3%	↓ 0.6%	↑ 5.4%	↑ 4.6%
Industrial <sup>4</sup>	-	↓ 1.1%	↑ 1.6%	↑ 10.4%	↑ 10.4%

1.) Current Methodology (Jan, Feb, Jun, Jul)

2.) Net Energy for Load

3.) NARUC Average & Excess Demand

4.) Industrial includes Firm & Nonfirm

# Distribution & Customer Allocation

Line No.	Expense	2025 (\$000)	Allocator	Residential (\$000)	Commercial (\$000)	Lighting (\$000)	Industrial Firm (\$000)	Industrial Non-Firm (\$000)	Total Retail (\$000)
20	<b>Distribution Expense</b>	-		-	-	-	-	-	-
21	Substations	7.1	12NCP	4.3	2.7	0.1	-	-	7.1
22	Lines	7.8	12NCP	4.7	3.0	0.1	-	-	7.8
23	Other	17.8	12NCP	10.7	6.8	0.3	-	-	17.8
24	Debt/CIF/Misc. Revenue	40.5	Dist S, M, L, O	23.2	14.3	3.0	-	-	40.5
25	<b>Total Distribution Expense</b>	<b>73.2</b>		<b>42.9</b>	<b>26.8</b>	<b>3.5</b>	-	-	<b>73.2</b>
26		-		-	-	-	-	-	-
27	<b>Customer Expense</b>	-		-	-	-	-	-	-
28	Meters	1.1	Cust x/Lighting	0.9	0.2	-	0.0	-	1.1
29	Accounting / Service	18.0	Acct/Svc Alloc	14.6	2.4	0.2	0.7	-	18.0
30	Sales	3.2	Sales	1.0	1.0	-	1.1	-	3.2
31	Sales A&G	0.8	Sales A&G	0.4	0.2	0.1	0.1	-	0.8
32	Non-Sales A&G	9.8	Avg. Cust Accts/Svcs	8.0	1.3	0.1	0.4	-	9.8
33	Payment to State	0.2	Customers	0.1	0.0	0.0	0.0	-	0.2
34	Debt/CIF	4.8	Cust Debt	2.0	0.5	1.9	0.4	-	4.8
35	Misc. Revenues	(8.0)	Wtg Cust Accts/Svcs	(6.3)	(1.4)	(0.0)	(0.3)	-	(8.0)
36	DSM	2.1	Res/Comm DSM	0.4	1.7	-	-	-	2.1
37	Lighting	0.1	DA-Light	-	-	0.1	-	-	0.1
38	Property Insurance	0.0	DA-Ind	-	-	-	0.0	-	0.0
39	<b>Total Customer Expense</b>	<b>32.0</b>		<b>21.3</b>	<b>5.9</b>	<b>2.3</b>	<b>2.4</b>	-	<b>32.0</b>

# Adjustments to Allocation

Line No.	Expense	2025 (\$000)	Allocator	Residential (\$000)	Commercial (\$000)	Lighting (\$000)	Industrial Firm (\$000)	Industrial Non-Firm (\$000)	Total Retail (\$000)
41	Retail Class Cost of Service	843.6		357.5	241.5	11.7	232.9	-	843.6
42	Non-Firm Adjustment	-		(77.8)	(60.2)	(1.8)	(71.0)	210.8	-
43	Policy Adjustment	0.0		(13.2)	7.6	6.6	(1.0)	-	0.0
44	Adjusted Retail Cost of Service	843.6		266.5	188.9	16.5	160.9	210.8	843.6
45		-		-	-	-	-	-	-
46	Revenues at Proposed Rates	843.6		266.5	188.9	16.5	160.9	210.8	843.6
47	Revenues at Current Rates	803.9		245.1	181.5	15.8	154.9	206.6	803.9

- **Non-Firm Adjustment**

- Represents the class level impact of functionalized and allocated non-firm industrial revenue at proposed rates (Interruptible, EP, & EP-O)
- Some adjustments made in this step to align with Santee Cooper's gross functionalized revenue requirements

- **Policy Adjustment**

- Represents the difference between proposed rate levels and Cost of Service

- **Adjusted Cost of Service**

- Represents targeted revenue levels for proposed rates



# 2024 Rate Study Increases

- Applying the allocators to the functionalized costs gives us the revenue targets for each class
- The difference between existing revenue and allocated revenues forms the basis for increases by class

Table 4-7  
Comparison of Allocated Costs to Existing Rate Revenues (2025) <sup>(1)</sup>  
(\$000)

Customer Class	Cost of Service <sup>(2)</sup>	Revenues at Existing Rates	Difference	%
Residential	\$266,508	\$245,108	\$21,400	8.7%
Commercial	\$188,875	\$181,522	\$7,354	4.1%
Lighting	\$16,541	\$15,756	\$785	5.0%
<b>Total Distribution</b>	<b>\$471,924</b>	<b>\$442,385</b>	<b>\$29,539</b>	<b>6.7%</b>
Industrial (Firm & Non-Firm)	\$371,689	\$361,524	\$10,164	2.8%
<b>Total</b>	<b>\$843,613</b>	<b>\$803,910</b>	<b>\$39,703</b>	<b>4.9%</b>

(1) Numbers may not add due to rounding.

(2) Includes policy adjustments related to cost allocation amongst classes.



# Questions / Comments / Suggestions for Future Technical Topics



# Connect With Us

---



[www.santeecooper.com](http://www.santeecooper.com)



[@SanteeCooper](https://www.instagram.com/SanteeCooper)



[@SanteeCooperTV](https://www.youtube.com/@SanteeCooperTV)



[thecoop.santeecooper.com](http://thecoop.santeecooper.com)



[linkedin.com/company/santeecooper](https://www.linkedin.com/company/santeecooper)

## #PoweringSC