



Santee Cooper Electric Retail Rates

Rates Stakeholder Meeting #1

September 29, 2025

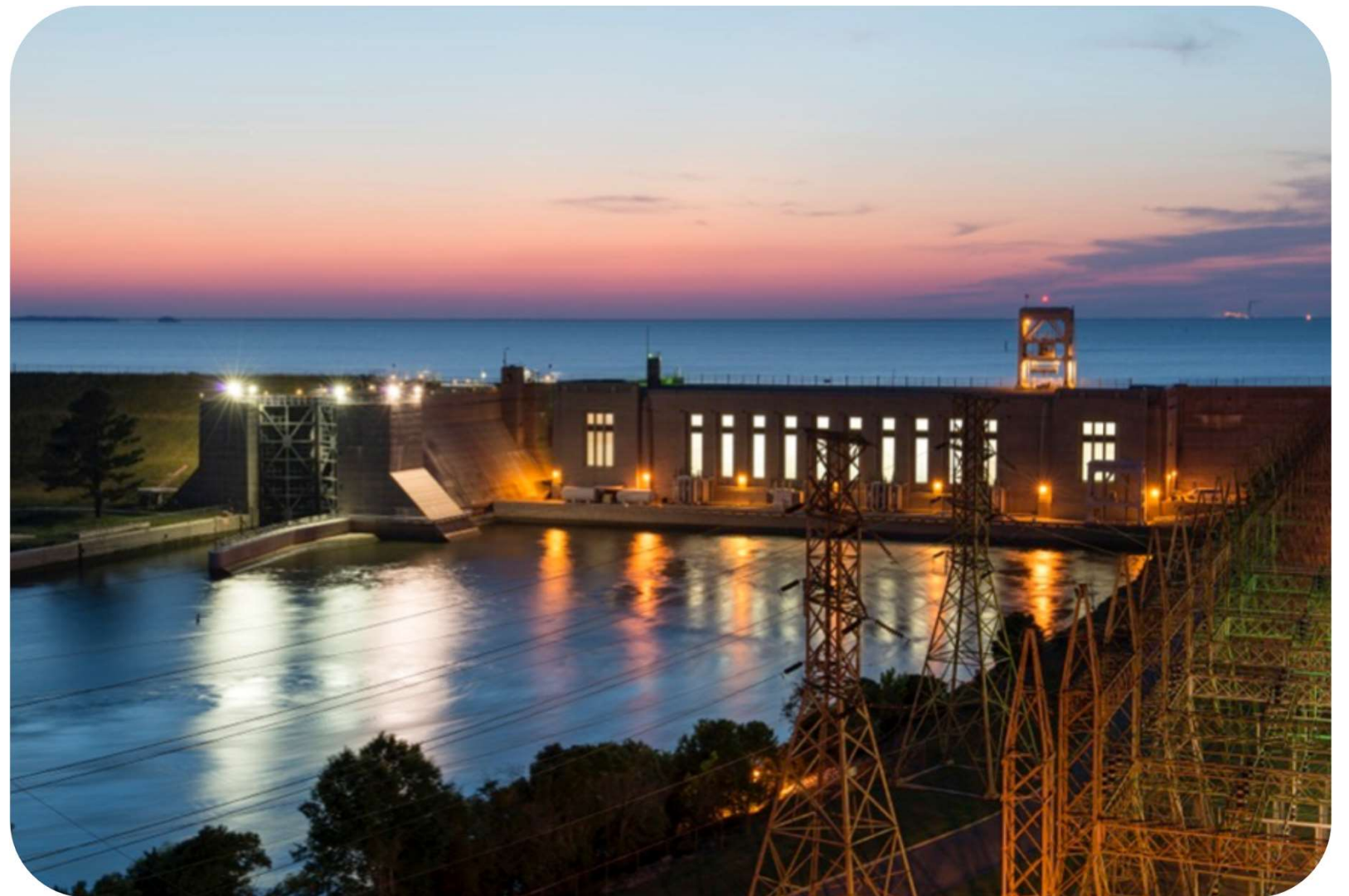
Principles to guide today's session

- Respectful dialogue
- Questions and comments are public and will be shared via the rates webpage
- Transparency of all questions & answers
- Participant email address use is limited to rates communications
- The email list will not be shared or made public

The purpose of today's meeting is to provide an overview of Santee Cooper and our development and implementation of direct-served residential, commercial and lighting rates

- **Introduction to Santee Cooper**
- **Santee Cooper Retail Electric Rate Foundations**
- **Santee Cooper Retail Electric Rate Design Process**
- **Current Electric Rate Structure and Impacts**

**To be the state's
leading resource for
improving the quality of
life for the people of
South Carolina.**



Current Impact | Santee Cooper: At a Glance



- Electric and water utility headquartered in Moncks Corner
- Owned by the State, not-for-profit, operated as a business (without equity shareholders)
- One of the nation's largest public power utilities, with approximately \$1.9 billion in annual revenues (2024)
- Retail and wholesale power provider, serving more than 2 million South Carolinians
- Provider of wholesale drinking water to more than 237,000 people



14-Member Board

- 12 members appointed by the Governor with advice and consent of the Senate
 - 1 from each congressional district; 7 total
 - 1 from each county where residential retail service is offered; 3 total
 - 2 at-large members, 1 is designated as chair
 - Serve 4-year terms
 - Screened by the Public Utilities Review Committee
- 2 non-voting ex-officio members from Central Electric Power Cooperative, Inc.

- Power
 - Electric Cooperatives
 - Santee Cooper is the primary power supplier to the state's electric cooperatives through Central Electric Power Cooperative, Santee Cooper's largest customer
 - Municipalities
 - Cities of Bamberg and Georgetown
 - Military and Large Industrial Entities: 27
 - Customers Served Directly – 188,207 residential, 29,195 commercial (through August 2025)
- Water
 - Santee Cooper Regional Water System
 - Cities of Goose Creek, Moncks Corner and Summerville and Berkely County
 - Lake Marion Regional Water System
 - Counties of Berkeley, Calhoun, Dorchester and Orangeburg and Town of Santee

Current Impact | Recent Recognition



- **Reliability** – Top 10% nationally for residential reliability (out of nearly 500 utilities)
- **Customer Satisfaction** – 95.4% residential, 99% commercial (2024)
- **Safety** – First Place award, American Public Power Association (APPA)
- **Operational Efficiency** – Earned RP3 award for operational efficiency from APPA every year it's been offered
- **Community Support** – Employees volunteered more than 27,000 hours in 2024 with community-based nonprofit organizations



Community Support: Santee Cooper employees received Trident United Way's 2024 Campaign Excellence award



Retail Electric Rate Basics

The system of charges used to recover the projected cost of providing electric service to customers. They are:

- “Forward-looking”
- Based on a “Cost of Service” Approach
- Different based on customer type
- An obligation of Santee Cooper



Santee Cooper is obligated and empowered to set rates that cover costs

- **Santee Cooper Bond Rate Covenant**
 - **Section 8.1 of Santee Cooper’s “Master Revenue Obligation Resolution”**
 - So long as any Original Bonds are Outstanding, the Authority shall comply in all respects with each of the provisions, covenants and agreements of or contained in the Indenture; and so long as any Revenue Bonds are Outstanding, in the Revenue Bond Resolution.
 - **Section 8.2 of same Resolution**
 - The Authority shall establish, maintain and collect rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished, or supplied through the facilities of the System which shall be adequate to provide the Authority with Revenues sufficient to pay...any and all amounts which the Authority may now be and hereafter become obligated to pay from the Revenues of the System by law or contract.
- **Rate Setting Authority is with our Board of Directors**
 - **58-31-30 (A.) (13) South Carolina Code of Laws**
 - The Public Service Authority has power...to fix, alter, charge, and collect tolls and other charges for the use of their facilities of, or for the services rendered by, or for any commodities furnished by, the Public Service Authority at rates to be determined by it, these rates to be at least sufficient to provide for payment of all expenses of the Public Service Authority, the conservation, maintenance, and operation of its facilities and properties, the payment of principal and interest on its notes, bonds, and other evidences of indebtedness or obligation, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such notes, bonds, or other evidences of indebtedness or obligation;

- **Santee Cooper effectively has three broad types of electric rates:**
 - **Retail Rates** – Rates produced for direct served customers:
 - Residential
 - Commercial
 - Industrial (Both Firm and Non-Firm)
 - Lighting
 - Municipal (in some cases)
 - **Wholesale Rates** – Cost-based rates for our largest customer
 - **Other Wholesale Rates** – Generally contract specific rates that represent everything else

The focus of this stakeholder meeting is Retail Rates

Santee Cooper develops rates in accordance with 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



Retail Electric Rate Design



- 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
- Process involves many stakeholders
 - Customers (Residential, Commercial and Industrial)
 - South Carolina Office of Regulatory Staff and Department of Consumer Affairs
 - Industry groups
 - Other interested parties
- Rates are generally only adjusted when a deficit or surplus is realized between projected revenue and projected costs that cannot be corrected via any other practical means

Projected Revenues and Costs are compared for several years

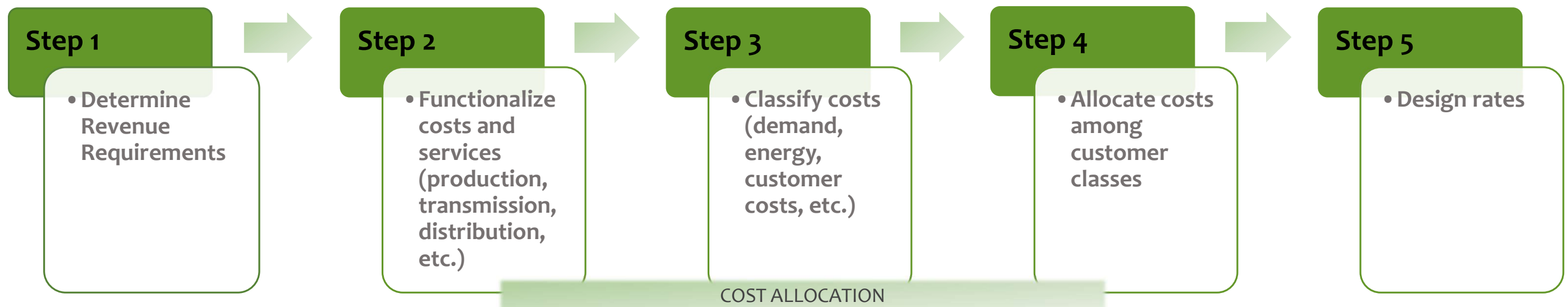
- **Revenue** for future years is calculated using
 - Current rates
 - The load forecast
 - Fuel forecast
 - Miscellaneous revenue
- **Costs** (from the company budget), are projected annually and approved by the Board of Directors in December for the following calendar year
 - Two budgets are developed - Non-Fuel Operations & Maintenance and Capital
- **Should a projected deficit or surplus occur in forecast years the Board could be asked to approve the performance of a “rate study”**

Retail Rate Design | Example Rate Study Timeline

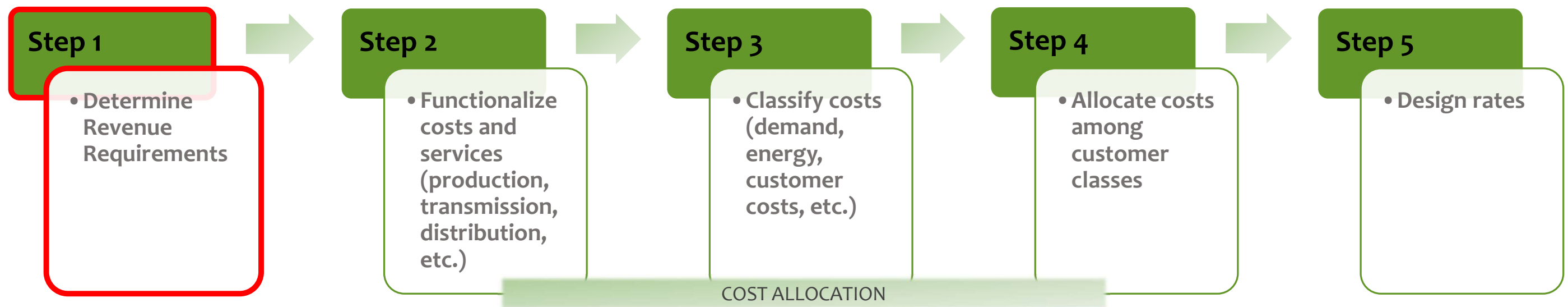


Date	Event
Prior to Day 1	Rates are developed - Supporting materials as well.
Day 1	Present rates to Board and request to provide Public Notice - Present proposed rates to Board and provide formal notice of rate revisions to customers, ORS; comment periods begin.
Day 1 - 90	Written Comment Period conducted.
Day 1 - 120	Hold Public Comment Meetings – At least two, in separate locations within our service territory.
>= Day 120 from Public Notice	Public Comments presented to the Board/Additional oral comments received – Board 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.
>= Day 150 from Public Notice	Management provides final proposed rate revisions to Board - Including any changes made to proposed rates as a result of public input.
>= Day 180 from Public Notice	Board votes on proposed rate revisions.
>= Day 60 from Board Vote	New rates effective for billing.

Retail Rate Design | Rate Development Process



Retail Rate Design | Rate Development Process



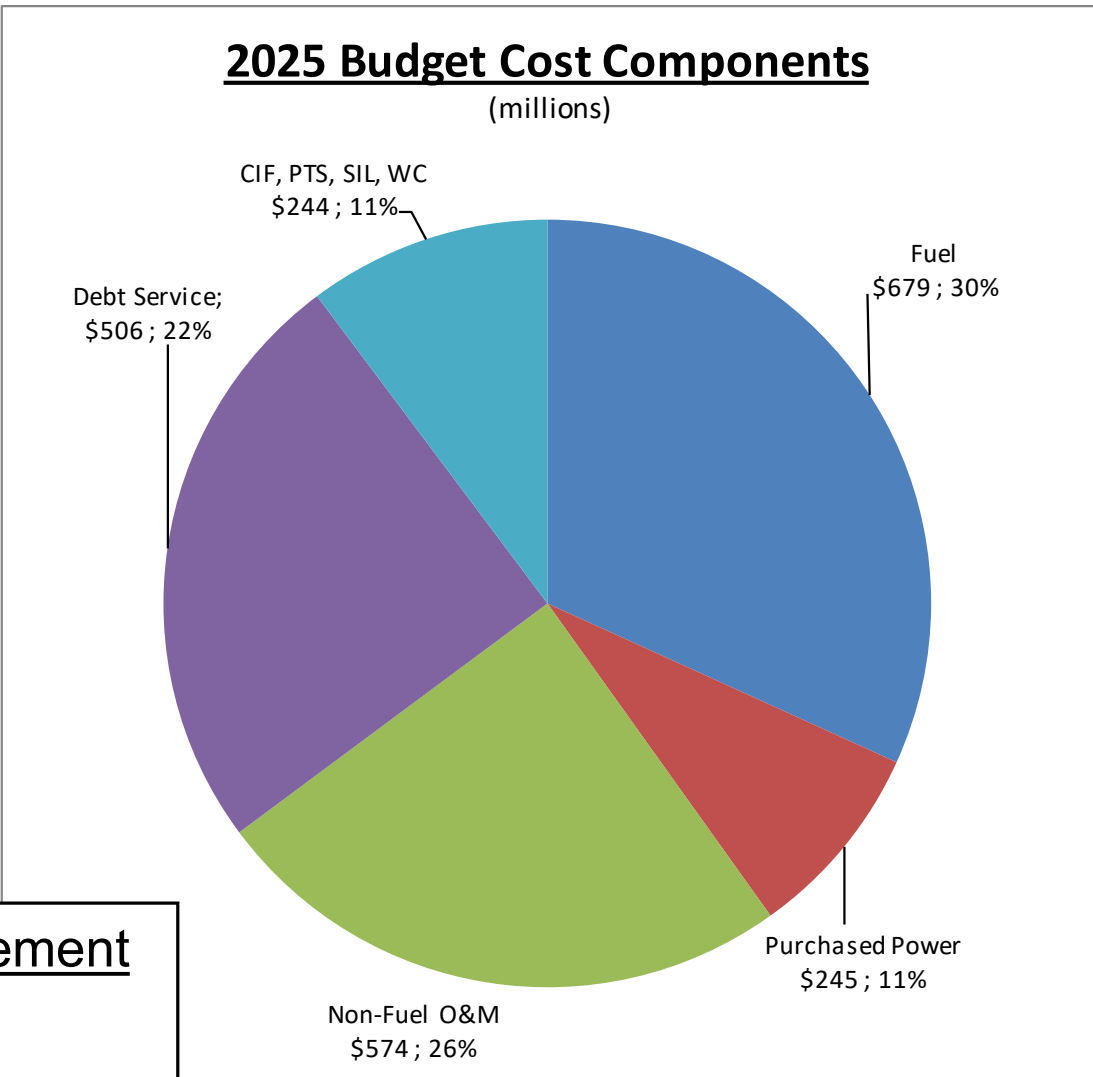
- The first step in the rate development process is determining the Revenue Requirements to be recovered
- This step is accomplished via the annual budget process, as previously stated



Santee Cooper defines costs as “Revenue Requirements” for ratemaking

COST OF SERVICE REVENUE REQUIREMENTS	
Fuel & Purchased Power	
+ Non-Fuel O&M (Salaries, Contracts, Materials)	
+ Debt Service (Principal and Interest)	
+ Payment to State (1% of Revenue)	
+ Sums in Lieu of Taxes	
+ Working Capital	
= Subtotal	
+ Capital Improvement Fund (9% of Revenue)	
= Total Revenue Requirement (“Cost”)	

2025 Total Revenue Requirement
(millions)
\$2,248



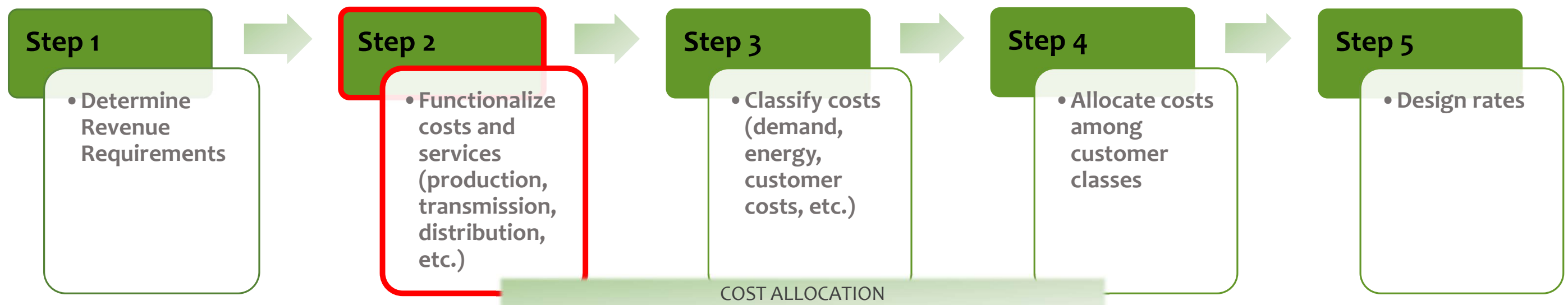
Santee Cooper Revenue Requirements are different than investor-owned utility costs for ratemaking

- **Are Based on Projections**
 - Santee Cooper Revenue Requirements are “forward looking”
- **Include a Payment to State**
 - Santee Cooper pays the state 1% of projected total revenue each year
- **Do not include taxes, but “Sums in Lieu of Taxes”**
 - As a state agency, Santee Cooper pays no tax, but collects sums in lieu for the benefit of local areas where the company does business
- **Include a Capital Improvement Fund (CIF) component**
 - For various expenditures, including capital construction/improvements
 - Provides debt service coverage, equity and liquidity

Santee Cooper Revenue Requirements are different than investor-owned utility costs for ratemaking

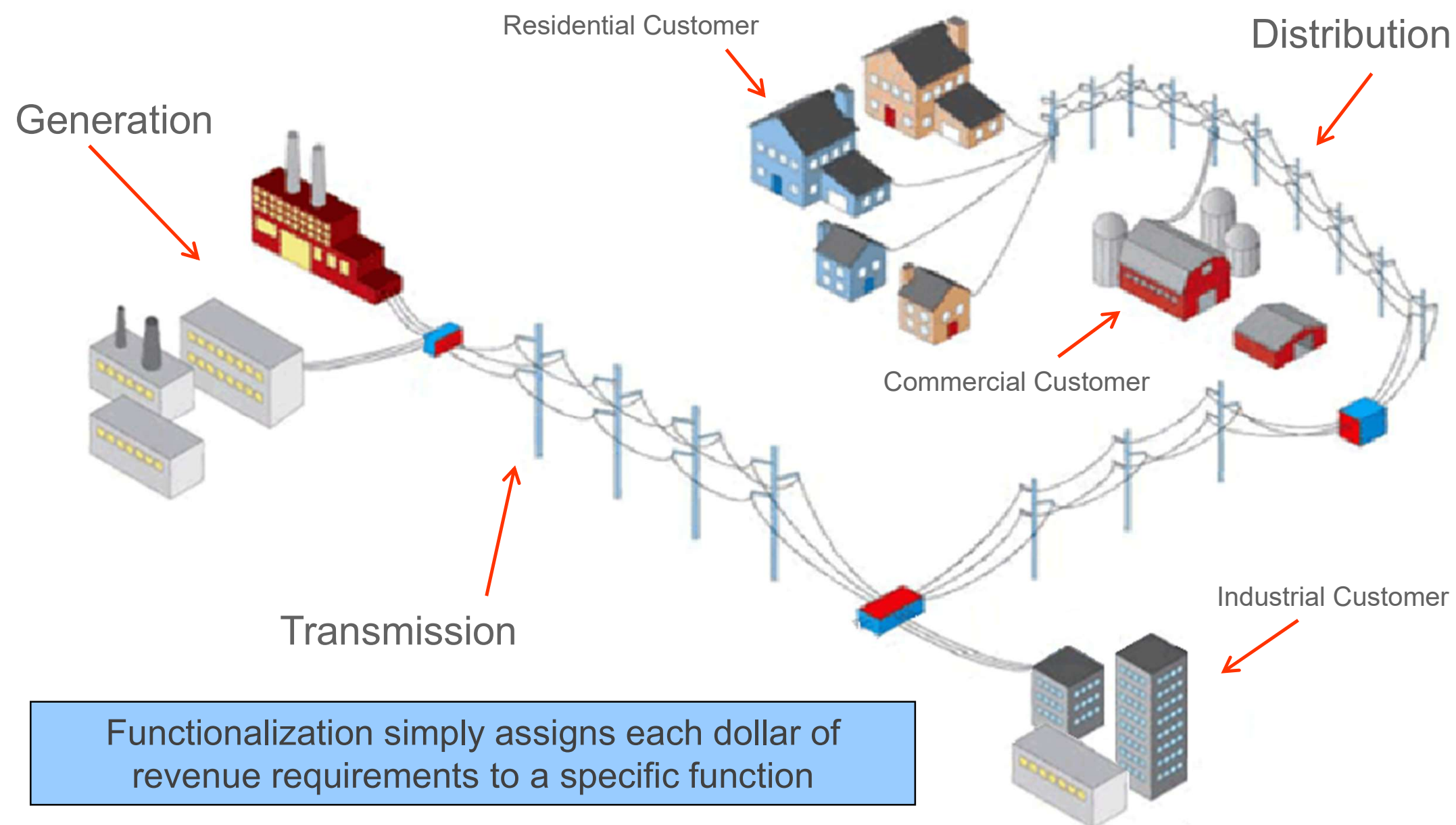
- **Include “Debt Service” instead of depreciation and interest**
 - Interest AND principal are included
 - Service is projected for all of Santee Cooper’s debt, including projected construction debt during test years, including spending in accordance with our Integrated Resource Plan
- **Retail Revenue Requirements are net of major wholesale customer’s portion of Total Revenue Requirements**
 - Revenue from our largest wholesale customer is determined via the terms of a separate agreement
 - These values, along with revenues from smaller wholesale customers, interest & miscellaneous income and other revenues are credited from total revenue requirements and what is left is the Santee Cooper Retail “Net Revenue Requirement”
 - This revenue requirement is used for ratemaking

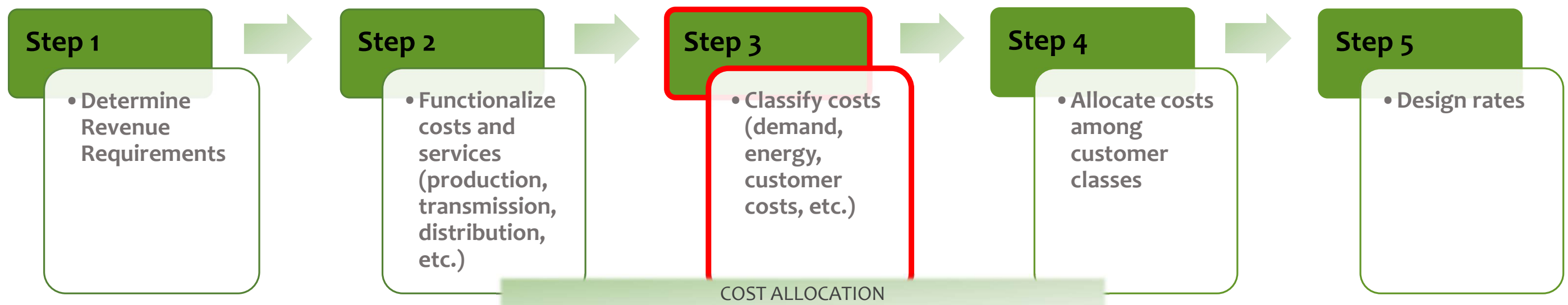
Retail Rate Design | Rate Development Process



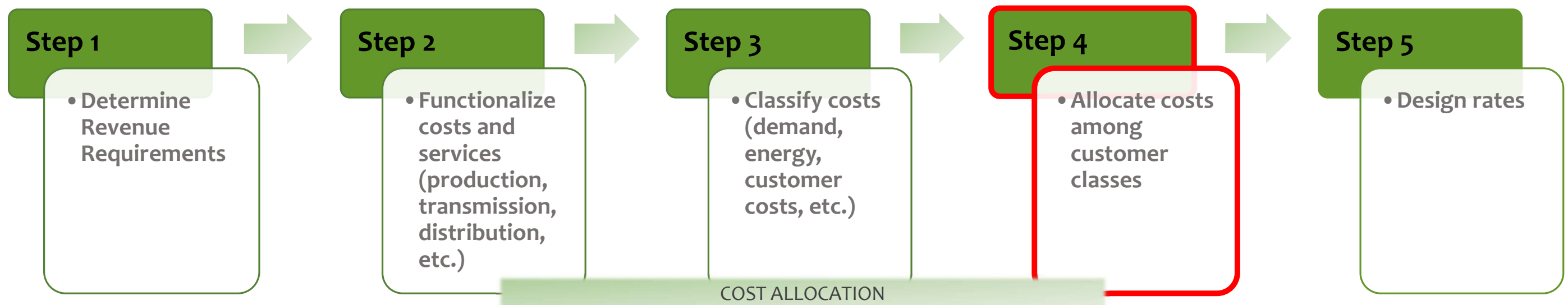
- Proper functionalization is critical to ensuring proper cost allocation
- Wholesale Revenue Requirements and other revenues are removed from Total Revenue Requirements via this step

Retail Rate Design | Cost Functionalization



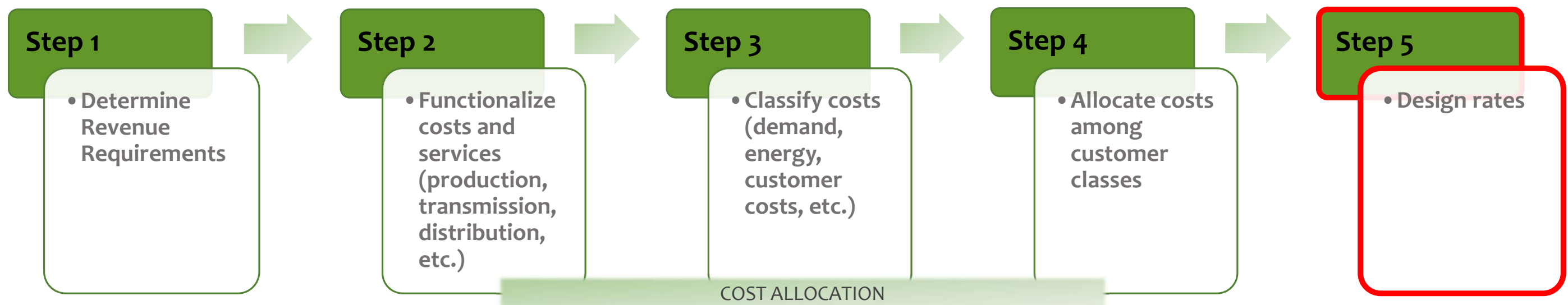


- Cost classification identifies costs as fixed or variable
 - Fixed costs are items such as salaries and debt service
 - Variable costs are items such as fuel and variable operations and maintenance expenses
- Classification is necessary to provide a means of cost allocation to customer classes



- Costs are allocated to customer classes and rates by how they use the system
 - Fixed costs are generally allocated by system peak allocators
 - Variable costs are generally allocated by energy allocators
 - Costs may also be directly assigned to customer classes
- Many allocation methodologies exist, and most vary by utility

Retail Rate Design | Rate Development Process



- Rates are designed to recover projected revenue requirements from firm system customers in accordance with our Pricing Principles
 - Revenue from non-firm customers is used to reduce costs to firm customers
- Most electric utility rates are composed of a combination of three components:
 - Customer Charge – fixed costs related to customers (sales, meters)
 - Energy Charge – variable and fixed costs (fuel, variable O&M)
 - Demand Charge – fixed costs (production, transmission)

- Santee Cooper has several rate components that are unique:
 - Fuel and Purchased Power Costs are recovered through Retail rates monthly via a **Fuel Adjustment Clause (FAC)**
 - The monthly Fuel Adjustment Credit is averaged over 3 trailing months
 - The effect is that “actual” fuel is recovered from retail customers each month
 - Revenue from non-class sales is returned to Retail firm customers via a **Demand Sales Adjustment (DSA)**
 - Rate calculated monthly
 - Retail firm customers benefit from economic development in our service territory – reduced rates are offered to some new customers, and the proceeds are distributed to Retail firm customers via an **Economic Development Rider (EDR)**
 - Rate calculated monthly
 - Deferred costs are recovered via the **Deferred Cost Recovery Rider (DCR)**
 - New rider used for billing beginning July 1, 2025

Retail Rate Design | Example Rate Study Timeline



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Retail Rate Design | 2024 Rate Study Process



- Written Comments
 - Vast majority of comments were from Residential Customers (513)
 - Primarily on the Residential General Service rate transition to a three-part rate
 - Customers also had concerns about the residential increase being higher than the other classes
 - Written comments were also received from:
 - South Carolina Office of Regulatory Staff (ORS)
 - South Carolina Department of Consumer Affairs (DCA)
 - Industrial Customer Association (ICA) and one industrial customer
 - AARP
 - South Carolina Small Business Chamber of Commerce
- Verbal Comments
 - Five public comment meetings held
 - Comments received from ORS, DCA, customers, and other entities at the October 8 Board Meeting
- Comments were addressed with modifications to rates that were presented to the Board on November 7, 2024
- Board approved rates on December 8, with implementation for billing on and after April 1, 2025



Current Rate Structure



- During the 2024 Rate Study Santee Cooper introduced a residential general service rate with a “demand charge”
 - The peak hour demand charge of \$8 per kW is used during the single highest peak demand hour each billing cycle
 - The price of energy consumed was cut 34%
 - Customers can reduce bills by changing when they use high-energy appliances

REMINDER TO DEFEAT THE PEAK
Shift or delay using high-energy appliances during:


Summer:
3 - 6 PM
April – October


Winter:
6 - 9 AM
November – March

Current Rate Structure | Residential Rates

Description	Previous	Current
Residential General Service (RG)		
Customer Charge (\$/Month)	\$19.50	\$20.00
Demand Charge (\$/kW)	N/A	\$8.00
Summer Energy Charge (\$/kWh)	\$0.1197	\$0.0792
Non-Summer Energy Charge (\$/kWh)	\$0.0997	\$0.0792
Residential Time-of-Use (RT)		
Customer Charge (\$/Month)	\$28.00	\$20.00
On-Peak Summer Energy Charge (\$/kWh)	\$0.3438	\$0.3380
On-Peak Non-Summer Energy Charge (\$/kWh)	\$0.3094	\$0.3380
Off-Peak Energy Charge (\$/kWh)	\$0.0613	\$0.0792

RG Structural Changes:

- Default rate for all customers (RT alternate rate)
- 3 Hour Summer Demand Window: **3:00 pm – 6:00 pm April – October**
- 3 Hour Non-Summer Demand Window: **6:00 am – 9:00 am November – March**
- Removal of seasonal energy rate

RT Structural Changes:

- 3 Hour Summer On-Peak Energy: **3:00 pm – 6:00 pm April – October**
- 3 Hour Non-Summer On-Peak Energy: **6:00 am – 9:00 am November – March**
- Alternate rate for customers desiring an alternative to RG



Current Rate Structure | 2025 Residential Bill Impact

Rate	On-Peak Load Factor ¹	On-Peak Demand (kW) ²	Average Monthly Energy (kWh)	Average Monthly Bill	2025 Avg. Monthly Increase
Monthly Bill (Current)	N/A	N/A	1,000	\$115.69	-
Monthly Bill (Approved)	27%	5.1	1,000	\$126.41	\$10.72
	32%	4.3	1,000	\$121.13	\$5.44

- Bill impacts for individual customers will vary depending on each customer's specific demand and energy usage
- By reducing demand during the peak period, a residential customer may use the same amount of energy and receive a lower bill



- 1) On-Peak Load Factor is customer energy usage for the year divided by the product of average monthly maximum customer peak-period demand x the number of hours in the year (8,760 hours in non-leap year); 22%, 27% & 32% represent the 25th, 50th & 75th percentiles of the residential class
- 2) Median residential customer monthly peak-period demand in 2023 was 5.1 kW

Customer education on the demand rate was critical

1. **Bill Comparisons Provided Prior to Implementation**
 - Customers were provided summary comparisons of their annual bill under current rates and the proposed demand rates prior to implementation
 - Additionally, customers had opportunity to review more detailed bill comparison information on the Santee Cooper website
2. **Direct Assistance and/or Outreach to Customers Provided**
 - Customer Service Agents, Energy Advisors and other Company Employees have been trained on the rate and available to help customers save
3. **Advertising Campaign Educated and Emphasized Key Points**
 - Commercial spots on low-cost channels provide insight into how customers might utilize the rate to their benefit



- **In response to customer and stakeholder comments received during the 2024 Rate Study, Santee Cooper will be establishing a Technical Working Group for those wishing to discuss more detailed rate development topics**
- **The first of these meetings will be on November 5 from 9 a.m. to 12 p.m. and will be focused on cost allocation in ratemaking**
- **Those wishing to attend must register at santeecooper.com**

We would like to hear from you about
your experience at this session.

Please complete our survey
that will appear in your browser as you leave the meeting

Thank you!

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