

STATE OF SOUTH CAROLINA )  
COUNTY OF HORRY )

In Re: )  
 )  
SANTEE COOPER, )  
PROPOSED RATE ADJUSTMENT )

SPECIAL CALLED MEETING OF THE  
SANTEE COOPER BOARD OF DIRECTORS

PUBLIC COMMENT MEETING

DATE: Tuesday, October 8th, 2024  
TIME: 2:13 p.m.  
LOCATION: Webex and Santee Cooper  
Horry-Georgetown Office-Auditorium  
305 Gardner Lacy Road  
Myrtle Beach, South Carolina

REPORTED BY:

Cara-Leigh V. Richardson

A P P E A R A N C E S

SANTEE COOPER BOARD OF DIRECTORS:

Stephen H. Mudge, 1st Vice Chairman, At-Large  
David Singleton, 2nd Vice Chairman, Horry County  
Charles (Sam) Bennett, 1st District  
Kristofer Clark, 3rd District\*  
Charles E. Dalton, 4th District\*  
Merrell W. Floyd, 7th District\*  
Herb Leaird, 5th District\*  
Steve Mudge, At Large  
Dan J. Ray, Georgetown County  
Alyssa Leigh Richardson, 6th District  
Stacy K. Taylor, 2nd District\*  
John S. West, Berkeley County\*  
Rob Ardis, Ex Officio Member  
A.Berl Davis, Ex Officio Member\*

SANTEE COOPER EXECUTIVE STAFF MEMBERS:

Jimmy Staton, President & Chief Executive Officer  
Vicky Budreau, Chief Customer Officer  
Rahul Dembia, Chief Planning Officer  
Ken Lott, Chief Financial & Administrative Officer  
Monique Washington, Chief Audit & Risk Officer  
Marty Watson, Chief Commercial Officer\*  
Pamela Williams, Chief Public Affairs  
Officer & General Counsel

STAFF MEMBERS & OUTSIDE COUNSEL:

Crystal Brinson, Executive Assistant to CEO  
Stephanie Burgess, Senior Manager-Retail  
Services & Customer Exp.  
John Calhoun, Financial Analyst III  
Jennifer Dittbenner, Senior Customer  
Services Representative  
Nanette Edwards, Partner, Burr Forman  
Catherine Floyd, Senior Customer Service Representative  
B. Shawan Gillans, Director Sustainability  
& Associate General Counsel  
Mollie Gore, Director-Corporate Communications  
& External Affairs  
Traci Grant, Director-Inclusive  
Strategies & Corporate Sec.  
Andre Green, Senior Network Analyst

PLEASE NOTE: \*INDICATES APPEARING VIA WEBEX

A P P E A R A N C E S

STAFF MEMBERS & OUTSIDE COUNSEL (continued):

Tracey Green, Partner, Burr Forman  
Jack Grooms, Financial Analyst III  
Brandy Incorvia, Manager-Community Relations  
Neil James, Director Distribution  
Engineering & Operations  
Bryan Lewis, Director-Customer Service Retail  
Alex McCoy, Manager-Commercial Energy Services  
Jerry McGill, Network Analyst III  
George Megre, Financial Analyst III  
Devin Ritter, Manager-Pricing  
Ken Sandiford, Manager-Retail Office  
Matthew Singleton, Special Analyst III  
Leah Smith, Customer Service Representative III  
Mike Smith, Director-Billing & Pricing  
Sandra Starks, Assistant Corporate Secretary  
Jack Stewart, Deputy Chief Law Enforcement & Security  
Anna Strickland, Economic Development  
& Local Government Spec. III  
Mark Trotta, Special Agent III  
Tracy Vreeland, Public Relations Specialist III  
Lindsey Whitley, Attorney III  
Paul Zoeller, Creative Specialist III  
Scott Burnham, Consultant, NewGen  
Strategies & Solutions  
Michael Simpson, Consultant, NewGen  
Strategies & Solutions

REGULATORY ASSISTANCE PROJECT (Consultant to Board):

Mark LeBel, Senior Associate\*  
Demali Harding, US Program Director\*  
Richard Sedano, Senior Director of Innovation\*  
Alex Antal, Principal\*  
Raphael Breit, Associate\*

OFFICE OF REGULATORY STAFF:

Shane Hyatt, Program Manager  
Dawn Hipp, Chief Operating Officer  
Ben Mustian, Chief of Legal Affairs  
& Strategic Communications  
Sharad Bharadwaj, Associate Director, E3 Consulting\*  
Andrew DeBenedictis, E3 Consulting\*

PLEASE NOTE: \*INDICATES APPEARING VIA WEBEX

A P P E A R A N C E S

DEPARTMENT OF CONSUMER AFFAIRS:

Roger Hall, Deputy Consumer Advocate  
Jake Edwards, Assistant Consumer Advocate  
Michael Deupree, Acadian Consulting Group\*  
Dr. David Dismukes, Acadian Consulting Group\*

PLEASE NOTE: \* INDICATES APPEARING VIA WEBEX

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P R O C E E D I N G

VICE CHAIRMAN MUDGE: Ladies and gentlemen, good afternoon, and welcome all customers, guests, and media to Santee Cooper's Board of Directors Special Called Meeting for comments on the proposed rate adjustment. We apologize for the delay in starting. We had a little issue getting the reporter here through the crazy traffic in the Myrtle Beach area. I hope all is well, welcome.

I hereby call the board meeting to order. I'd like to acknowledge any members of the South Carolina General Assembly or congressional delegation or local government if they're in the room. I'm not aware of anybody, but in the off-chance somebody snuck in; I don't see anybody.

I'd also like to acknowledge the appearance of the Department of Consumer Affairs, and the Office of Regulatory Staff, and Vicky will handle further introduction a little bit later.

Again, we want to acknowledge the press is here today. We appreciate them being here covering it.

At this point, Traci Grant, the Corporate Secretary, will perform Roll Call.

MS. GRANT: Thank you, Mr. Chairman. Good afternoon,

1           everyone.

2    ATTENDEES:        Good afternoon.

3    MS. GRANT:         Director Bennett?

4    DIRECTOR BENNETT:   Here.

5    MS. GRANT:         Director Clark?

6    DIRECTOR CLARK:     Here.

7    MS. GRANT:         Director Dalton?

8    DIRECTOR DALTON:    Here.

9    MS. GRANT:         Director Floyd?

10   DIRECTOR FLOYD:     Here.

11   MS. GRANT:         Director Leaird is not here. Director

12           Mudge?

13   VICE CHAIRMAN MUDGE:   Here.

14   MS. GRANT:         Director Ray?

15   DIRECTOR RAY:        Here.

16   MS. GRANT:         Director Richardson?

17   DIRECTOR RICHARDSON:   Present.

18   MS. GRANT:         Director Singleton?

19   DIRECTOR SINGLETON:   Here.

20   MS. GRANT:         Director Taylor?

21   DIRECTOR TAYLOR:     Here.

22   MS. GRANT:         Director West?

23   DIRECTOR WEST:       (No response.)

24   MS. GRANT:         I saw you on there. Director West?

25   VICE CHAIRMAN MUDGE:   He's muted.



1 MS. GRANT: I have you present, Director West.

2 DIRECTOR WEST: (Unintelligible audio.)

3 MS. GRANT: Thank you, Mr. West, I have you present.

4 Chairman McCoy is not here today. Director Ardis?

5 DIRECTOR ARDIS: Here.

6 MS. GRANT: And Director Davis?

7 DIRECTOR DAVIS: Here.

8 MS. GRANT: Thank you. Mr. Chairman, we have a

9 quorum, and we're ready to conduct business.

10 VICE CHAIRMAN MUDGE: Thank you, Traci. At this, at

11 this point we'll, as is customary, have an

12 invocation and the Pledge of Allegiance, and as

13 Alex and Catherine walk to the front, I'll give you

14 their bios. Welcome, both of you, appreciate you

15 coming.

16 Alex McCoy, III, serves as Manager, Commercial

17 Energy Services for Santee Cooper's Conservation

18 and Energy Efficiency Team in the Horry-Georgetown

19 office. Born in Dillon, graduated from Dillon High

20 School, went to Clemson -- go Tigers -- graduated

21 with a BS in electric engineering in 2005, pursued

22 an MBA from Coastal Carolina in 2019, and became a

23 licensed professional engineer for the State of

24 South Carolina 2014. What an accomplishment.

25 During his tenure at Santee Cooper, which

1 began in December, 2008, he's worked in many  
2 different departments. Each time his role changed,  
3 his new job became his new favorite due to his  
4 desire for learning new things and taking on new  
5 challenges.

6 Married with two children, a 5-year-old and a  
7 1-year-old, and you're getting sleep, I guess.  
8 He's also a graduate of the Leadership Conway  
9 program and a current member of the Leadership  
10 Grand Stand program. So, he will do the invocation  
11 to be followed by Catherine Floyd who will lead us  
12 in the Pledge.

13 Catherine's a Senior Customer Service  
14 Representative and works at the Customer Care  
15 Center in the Horry-Georgetown office. Born in  
16 Arlington, Virginia, and eventually transplanted to  
17 Conway. Began her career with Santee Cooper as a  
18 contractor in 1998, working as a Customer Service  
19 Representative at the Myrtle Beach Retail Office.

20 She was hired as a full-time employee in 1999  
21 at the Garden City office and transitioned to the  
22 Call Center six months later where she's remained  
23 for the last 24 years.

24 Catherine recently completed her 25th year of  
25 full-time service to Santee Cooper and is a great

1           asset to the customer service team. She's a leader  
2           in the customer care team, takes pride in her daily  
3           roles and responsibilities, and provides excellent  
4           service to our customers every day.

5                   Welcome, both of you.

6   MR. McCOY:        Thank you.

7   MS. FLOYD:        Thank you.

8   VICE CHAIRMAN MUDGE:    Alex? If we'll all stand.

9   MR. McCOY:        Please stand.

10                           (Mr. McCoy offers invocation.)

11   MR. McCOY:        Thank you.

12   MS. FLOYD:        Would you please join me in the Pledge of  
13           Allegiance.

14                           (Ms. Floyd leads Pledge of Allegiance.)

15   MS. FLOYD:        Thank you.

16   VICE CHAIRMAN MUDGE:    Thank you Alex and Catherine.

17           It's always impressive to see long-serving  
18           employees. You guys are the backbone of this  
19           company. Santee Cooper would not be what it is  
20           without what you do daily, so thank you.

21                   All right. Next, I'd like to thank the  
22           customers and the public for attending today.  
23           We've got a good room full.

24                   I've been asked to make everybody aware that  
25           this room is wired in the ceiling and, for the

1 online filming and for the WebEx. And so, they  
2 want us to be careful when we talk because it will  
3 pick up everything everybody says, not just us.  
4 Okay? So, everybody's warned.

5 This is a public meeting. It is being  
6 livestreamed and the recording will be available on  
7 our website. A court reporter is here, thankfully,  
8 and transcribing the meeting to create a written  
9 record. The registration list and the sign-in  
10 sheet for this meeting will also be part of the  
11 record.

12 The purpose of the meeting is for the Board to  
13 receive the written and oral comments Santee Cooper  
14 has received thus far, as part of the state rate  
15 adjustment process. The Board will also take oral  
16 comments from customers and other interested  
17 parties.

18 So, first on the agenda is presentations from  
19 staff and the Board's consultants on rate. So, at  
20 this point, I'd like to introduce Mike Smith,  
21 Director of Billing and Pricing to present the Rate  
22 Study Summary of Public Comments. Mike? Thank  
23 you, sir.

24 MR. SMITH: Thank you very much, Mr. Chairman, and  
25 thank you for the opportunity to come and talk

1 about rates this afternoon. I'm excited to be  
2 here, and I'm also excited to have my team with me.

3 I have the Manager of Pricing here, Devin  
4 Ritter. Devin does a fantastic job. He is smarter  
5 than I dare even imagine. He knows rates, and I  
6 really appreciate Devin.

7 Additionally, I've got his team. I've got  
8 George Megre, John Calhoun, and Jack Grooms there.  
9 A good group of folks, and they've done just a  
10 fantastic job throughout this entire process. I'm  
11 very proud of them and all that they have done.

12 The purpose of my presentation is to summarize  
13 the report that you have received. In your board  
14 materials, you have a report that's about 1800  
15 pages or so in length. It includes all of the  
16 public comments and everything associated with the  
17 comment period itself.

18 What I'm going to do today is provide a bit of  
19 a summary of that report. So, shrink it down and  
20 condense it just a little bit from the 1800 or so  
21 pages that you have in it, and make it into  
22 something, I hope, that is a little more easy to  
23 understand, a little easier to process.

24 Before I do that, I'd like to cover several  
25 things about the comments that you have received

1 and that you're going to receive today. The first  
2 thing that I'd like to talk about is ratemaking  
3 itself. Ratemaking is both an art and a science,  
4 both an art and a science.

5 It's a science because we have to, with the  
6 rates that we produce, our existing rates or the  
7 projected rates we're supposed to have, we have to  
8 ensure that we recover our costs of doing business.  
9 We have to recover all of our revenue requirements  
10 with those rates. However, it's a science [sic],  
11 because there are many different approaches that  
12 you can use to recover those revenue requirements.  
13 There are many different perspectives that folks  
14 have on how their rates are developed, how costs  
15 are allocated, how costs are functionalized. There  
16 are many different ways to do that, and they vary  
17 based on the utility, and based on how those costs  
18 are recovered, and the makeup of the customer  
19 class. So, ratemaking is an art and a science.

20 Next, there are many different constituents  
21 here today, many different constituencies here  
22 today, and the bottom line is that those groups  
23 will effectively advance positions that more or  
24 less are aligned with, with their group. So,  
25 because ratemaking is an art and a science, there

1 are different ways to approach the problem, you  
2 will see some comments that appear to be in direct  
3 conflict to another group's comments. The reason  
4 for that most likely is because of the constituent  
5 that is involved.

6 And then finally, I'd like to say that the  
7 rates that we are trying to recover are effectively  
8 one pie. At Santee Cooper, we just have our costs  
9 of doing business and that's it. There's no,  
10 there's no rate of return. There are no dollars  
11 that are going to shareholders. There's nothing  
12 that's happening like that with Santee Cooper. We  
13 recover our costs of doing business, and because of  
14 that, we have a pie of costs, and if one customer  
15 class, one constituency, gets a smaller portion of  
16 that pie, that means that the others will get more.

17 I like to think of it with the balloon  
18 analogy. If you push on one side of the balloon,  
19 if you push in on it, it's going to pop out the  
20 other side, and that's effectively what happens  
21 with our ratemaking. If there is a customer class  
22 that benefits, there are other customer classes  
23 that are going to have issues.

24 I hope you consider those three things as we  
25 walk through these comments and as you look through

1 the comments in the report.

2 So, on June 10th of this year, on June 10th of  
3 this year, I asked this Board for permission to  
4 provide public notice of proposed rates. That  
5 kicked off the comment period, and specifically,  
6 two comment periods. The first comment period was  
7 a written comment period of 90 days. That period  
8 ended on September 13th.

9 There's also an oral comment period that ends  
10 today. That oral comment period included four  
11 meetings, four public meetings that were held,  
12 three of them on location, one of them in Pawley's  
13 Island, two of them here at the Myrtle Beach  
14 office, and then one of them that was a virtual  
15 meeting. We'll talk a little bit about the  
16 contents of those meetings and the customers who  
17 were able to participate.

18 And then today we have a meeting where you'll  
19 receive comments as well. And what will happen  
20 today is we'll take those comments, roll them up  
21 into a supplemental report, and then at the next  
22 board meeting, which will be November 7th, we'll  
23 make any modifications to rates as a result of this  
24 comment period, and then also provide a  
25 supplemental comment report.



1           So, let's go ahead and start by talking about  
2           our written comments; 513 written comments were  
3           received by Santee Cooper. The vast majority of  
4           those were from residential customers. About 399  
5           of those -- and those were the ones that we could  
6           identify. You'll note that we had about 110 or so  
7           comments that were simply unidentified. What that  
8           means is when the customer made the comment, they  
9           did not elect if they were a residential,  
10          commercial, or industrial customer. That's a big  
11          number and, as a matter of fact, it's a big number  
12          even when considered in the vein of investor-owned  
13          utilities within the State of South Carolina.

14                 As a matter of fact, Duke Carolinas, Duke  
15          Progress, and Dominion Energy South Carolina in  
16          their last three rate cases combined received a  
17          total of just over 600 written comments. So, for  
18          us to have 513 written comments for our small  
19          service territory and small number of customers is  
20          a big deal.

21                 The reason for that is, is twofold.  
22          Primarily, the reason for that is because there  
23          were several sets of customers that were motivated  
24          by some information that was posted and delivered  
25          to them. There was a slight bit of misinformation

1 and so, because of that, we received a lot of  
2 comments in a very short period of time. As a  
3 matter of fact, we think that about 321 of those,  
4 based on what we have seen, 321 of those comments  
5 that we received were from that action of a little  
6 bit of misinformation about our rates.

7 Far and away though, the majority of the  
8 comments that we received were about the  
9 residential general service rate transition to a  
10 three-part rate. Again, 329 comments or so were  
11 based on that.

12 Also, we had some concern about the total  
13 residential increase being a little bit too high,  
14 and that's 215 comments or so. We also received  
15 comments from the South Carolina Office of  
16 Regulatory Staff, Consumer Affairs, Industrial  
17 Customer Association, AARP, the Small Business  
18 Chamber of Commerce, and an industrial customer,  
19 Nucor Steel.

20 What's interesting is all of those folks, as I  
21 mentioned before, represent constituents, specific  
22 customer classes, whether it's residential,  
23 commercial, or industrial, whatever class may be,  
24 they all represent a specific constituency, with  
25 the exception of the South Carolina Office of

1 Regulatory Staff. They're the objective group out  
2 of these groups that is looking at the entire rate  
3 study as a whole. And as I said before, the public  
4 comment period ended on September 13th.

5 Oral Comments: Four public meetings were held  
6 and we had a total of about 80 customers in total  
7 at those meetings. It was a good experience.  
8 We didn't have any comments from those customers.  
9 As a matter of fact, the most that we have is 15  
10 customers at Pawleys Island who commented  
11 specifically at that meeting, but it was a good  
12 experience, and we heard a lot of information from  
13 a lot of customers.

14 You'll note that we had a virtual meeting.  
15 Seventeen customers attended our first ever virtual  
16 meeting in the rate study, and that was a neat  
17 experience for all of us. We did just have one  
18 customer comment, but 17 customers did attend that  
19 process, and that comment period ends today as I  
20 just said.

21 I'd like to bring up information requests and  
22 the data requests that we answered. My team spent  
23 a great deal of time answering data requests. You  
24 can see that there are a lot of groups who were  
25 active: eight total requests from ORS; six from the

1 Industrial Customer Association; two from Central,  
2 our largest customer; and two from Nucor Steel.

3 The responses were issued to all those  
4 requests in a timely manner, and the timely manner  
5 varied depending on the severity of the request and  
6 the length of the request. A great deal of  
7 information was included in a lot of those  
8 requests, and we made sure that we answered every  
9 question to the best of our ability.

10 So, in summary, our comment period that you  
11 authorized us to undertake was successful. Our  
12 customers have been engaged and we think that's,  
13 that's great. We wanted the feedback, we received  
14 the feedback, and fully appreciated it.

15 Our processes worked in the way that we  
16 thought they would, and that was extremely  
17 important. The comment process, whether it was the  
18 comment, receiving comments via email or receiving  
19 comments via the website, that process worked well  
20 for us, as well as the process of asking questions  
21 and getting the information back out to our  
22 customers, that process worked well, as well.

23 And then, the public meeting process has  
24 worked well. The four public meetings were  
25 executed effectively flawlessly. I'd like to

1 recognize Lindsey Whitley for the great job she did  
2 leading our Public Meeting Task Force, but that was  
3 an excellent process as well.

4 Next Steps: What we'll do is we'll take all  
5 the information that we have received and put into  
6 the public comment report, we'll take all of that  
7 information, as well as direction from the Board  
8 based on what you have read in those comments and  
9 what you ask us to do, and we'll feed that back  
10 into revisions to our rates, and those will be  
11 proposed to you on November 7th.

12 We'll also provide a supplemental comment  
13 report that I mentioned previously on November 7th  
14 as well. And then, on December 9th, that is the  
15 date you're scheduled to vote on proposed or  
16 revised rates.

17 That's all I have. Any questions? (Pause for  
18 response.) Thank you.

19 VICE CHAIRMAN MUDGE: Okay, hearing none, next up is  
20 Mark LeBel with the Regulatory Assistance Project,  
21 who is the Board's consultant for the proposed rate  
22 adjustments to present its review of the proposed  
23 rate adjustment, and he is on WebEx. Mark?

24 MR. LeBEL: Hi. Hi, thank you very much, Mr.  
25 Chairman. Can you all hear us?

1 VICE CHAIRMAN MUDGE: Yes.

2 MR. LeBEL: Great. Now, we will share our slides.

3 How's that coming through?

4 VICE CHAIRMAN MUDGE: You're good.

5 MR. LeBEL: Great. All right. Thank you so much  
6 again, Mr. Chairman, and thank you to the entire  
7 Board for paying close attention to these important  
8 issues.

9 Thank you to the hardworking staff of Santee  
10 Cooper and the employees of all the utilities  
11 across the Southeast, who are working so hard in  
12 this challenging couple of weeks. Our thoughts go  
13 out to all the people hit hard by the hurricane.  
14 Everyone's struggling to get things back to normal,  
15 and everyone's preparing for the next hurricane.

16 My name is Mark LeBel. I'm the Senior  
17 Associate at the Regulatory Assistance Project.  
18 The Board hired us to assist as an independent  
19 consultant in this process. We're a global  
20 nonprofit organization focused on cutting-edge  
21 regulatory challenges, and I personally specialize  
22 in ratemaking, cost allocation, and rate design.

23 I'll turn it over to our US Program Director,  
24 Damali Harding, to briefly introduce the rest of  
25 our team.

1 MS. HARDING: Hi. Good afternoon, everyone, and again,  
2 thank you for offering us the opportunity to be  
3 able to support the citizens of South Carolina and  
4 the constituents of Santee Cooper.

5 My name is Damali Harding; I'm the US Program  
6 Director. I do have direct ties to South Carolina.  
7 My father lives up the road in (signal disruption),  
8 so I was excited again to be able to take this on  
9 and support Santee Cooper in their, looking at  
10 their rate request filing.

11 I am joined today by Rich Sedano, who is our  
12 Senior Director of Innovation at RAP and former  
13 CEO. Rich brings over 30 years of experience and  
14 is a former Commissioner to this project.

15 I'm also joined and you will hear from Alex  
16 Antal. Alex has spent over 10 years at the  
17 Missouri Commission, still living in Columbia where  
18 he supported, most recently, the Commission Chair  
19 looking at rate cases and rate filings.

20 And to my right, who I don't think you are  
21 able to see, unfortunately with the camera angle  
22 that we are at, we're also joined by Rafael Breit,  
23 who is an Associate here at RAP, who helps support,  
24 helps support us in looking at various programs  
25 across South Carolina and the equity component.

1 I'm going to now turn it back over to Mark and  
2 Alex to discuss our findings.

3 MR. LeBEL: Thank you so much, Demali. RAP submitted  
4 a memo containing our thoughts on several elements  
5 of the Santee Cooper management proposal, including  
6 the rate request. We'd like to highlight a few  
7 things at the beginning.

8 First, the proposal is a responsible and  
9 substantial application for new rates. This is a  
10 similar structure to other rate applications and  
11 reasonable for a utility of this type and size.

12 Second, there are many different approaches to  
13 cost of service studies used across the country.  
14 The cost of service studies performed by NewGen  
15 uses some traditional methodologies that have  
16 existed for a long time. These methods work for  
17 many purposes, but it is important to start  
18 thinking about these, how these methods should be  
19 updated as the electric system modernizes for the  
20 21st century, and some caution should be used when  
21 applying all the techniques in new contexts such as  
22 residential rate design reforms.

23 Third, when we are talking about rate design  
24 reforms, there is no one correct approach and there  
25 is a national debate for many important questions.



1 Utilities and regulators, including Santee Cooper  
2 and its Board, must balance efficient pricing,  
3 optimal protection, and revenue stability.

4 Next, this is our typical list of policy goals  
5 and ratemaking principles. This is similar to many  
6 other lists used by utilities and their regulators,  
7 as well as the pricing principles used by Santee  
8 Cooper in many respects, which are approved by the  
9 Board. I use this slide in nearly every  
10 presentation I give. The important takeaway is  
11 that there are lots of things to care about and the  
12 hard part is thinking about the tradeoffs, weighing  
13 them well.

14 Now, of course it's very relevant that Santee  
15 Cooper is a publicly-owned utility. For example,  
16 principle related to effective revenue collection  
17 encompasses the need to meet bond covenants.

18 Now, foundationally, all of our principles and  
19 goals remain the same, but the context is changed.  
20 With modern technology, we can do new things, and  
21 we can do old things in a smarter way. New data,  
22 both for customers and the system, should enable  
23 better planning, better system operation, and  
24 better pricing. That's rate design. These new  
25 technologies and customer options can help us

1           achieve one of our fundamental goals, a cost  
2           effective portfolio of energy resources.

3                   Importantly, older analytical techniques for  
4           cost of service studies were based on older models  
5           of the electricity system. As the electricity  
6           system changes, the assumptions underpinning older  
7           techniques become less realistic, and we need to  
8           think about adapting them going forward.

9                   Narrowing down on residential rate design, it  
10          is important that the management proposal supports  
11          smarter residential customer pricing. This, this  
12          post takes advantage of investments in advanced  
13          metering and is part of creating a cost effective  
14          energy portfolio.

15                   When creating smarter residential rate design,  
16          there are many details to worry about when  
17          balancing many goals. The details of cost of  
18          service studies influence what rate design might  
19          look like. A few utilities nationally are moving  
20          towards residential demand charges broadly, but  
21          again, the details matter. Many utilities across  
22          the country are starting with residential time-of-  
23          use rates first, and with any significant  
24          residential rate design reform, there are many ways  
25          to protect customers during the transition to

1 promote fairness in rates.

2 Now, this slide shows two different  
3 illustrative time-of-use rate designs, but much of  
4 what I'm about to say also applies to peak demand  
5 charges. The graph on the left has a large  
6 differential between off-peak rates and on-peak  
7 rates. In this example, most hours are 5 cents per  
8 kilowatt hour, and a few hours are 32 cents per  
9 kilowatt hour. This is the natural consequence of  
10 a cost of service study method that puts nearly  
11 every single investment cost into the on-peak  
12 hours.

13 The graph on the right shows a three-period  
14 time-of-use rate with a few peak hours at 26 cents  
15 per kilowatt hour, but instead of one low flat rate  
16 in the other hours, the hours in the middle of the  
17 day are 14 cents per kilowatt hour and overnight  
18 hours are at 8 cents per kilowatt hour. This type  
19 of rate design is the natural consequence of a cost  
20 of service study structure that follows a peak,  
21 intermediate, and all hours method.

22 Under such a method, baseload costs are  
23 allocated to all hours as they're incurred for  
24 service in all hours. The details of course would  
25 vary depending on the specifics of the electric

1 system, and again, this is illustrative.

2 The point to take away here is that the method  
3 of the cost of service study influence what choices  
4 you might want to make in the rate design.

5 And importantly, analysts using either method  
6 would say they are cost-based. You have to  
7 evaluate the underlying methods to have an opinion  
8 about which one better reflects the cost of the  
9 electric system. These distinctions matter less  
10 when the rate design is simple, but as we move into  
11 smarter rate designs, we need to consider these  
12 issues in more detail.

13 Now, I'll hand it over to my colleague Alex  
14 Antal.

15 MR. ANTAL: Thank you, Mark. Both time-of-use energy  
16 rates and peak demand charges provide similar  
17 incentives to customers to move usage out of peak  
18 periods. However, one of the risks of rate design  
19 is that the peak will move just outside the hours  
20 designated as on-peak as customers seek to avoid  
21 the high cost time of day. This is a particular  
22 risk for a two-period time-of-use energy rate with  
23 this significant spread or significant peak demand  
24 charge like those proposed by Santee Cooper's  
25 management.

1           Thankfully, there are ways to mitigate these  
2           risks for both rate designs. In general, demand  
3           charges create additional complexity for small  
4           consumers compared to most other rate designs,  
5           including time-of-use energy rates, causing concern  
6           for many rate design experts. This does not mean a  
7           residential demand charge is necessarily  
8           inappropriate for Santee Cooper, but the Board  
9           should be aware of the concerns raised with  
10          residential demand charges and how to potentially  
11          avoid or manage them.

12          RAP takes these concerns seriously, but has  
13          frequently presented a modest demand charge related  
14          to local network needs. Many residential customers  
15          were describing modernized electric rates paired  
16          with time-of-use energy rates. For example,  
17          Georgia Power and Arizona Public Service both now  
18          have optional rates combining demand charges and  
19          time-of-use energy rates that are available for  
20          residential customers and have been adopted by a  
21          significant number of those customers. Notably,  
22          both of these utilities still offer customers  
23          traditional energy rate design options.

24          Additionally, Arizona Public Service and  
25          Georgia Power, both have developed messaging and

1 other measures to help residential customers  
2 understand managed an targets. Importantly, both  
3 utilities have set up a message of, "Don't stack  
4 usage, stagger usage," to help customers understand  
5 how to manage a demand charge. This slide  
6 illustrates this concept. In addition, the  
7 websites for both utilities link to a PDF with  
8 typical demand for numerous residential uses.

9 Santee Cooper has provided online educational  
10 materials to help inform residential customers  
11 about the proposed rate changes including a rate  
12 proposal webpage, a two-page educational PDF, and a  
13 2.5 minute video. These efforts are a useful  
14 starting point; however, a key message about how  
15 customers can manage their demand charge is  
16 referenced only once in the educational video, and  
17 not at all in the other materials.

18 Additionally, a two-page educational PDF  
19 provides sample demands for only five types of  
20 appliances. Santee Cooper should improve these  
21 materials based on the examples from Georgia Power  
22 and Arizona Public Service.

23 When implementing rate design changes for a  
24 broad customer group, the impacts on bills often  
25 are not proportional across all customers. The

1 bill impacts table from the NewGen study indicate  
2 that a quarter of Santee Cooper's residential  
3 customers could see their bills increase by 20  
4 percent or more, and 10 percent of residential  
5 customers could see an increase of 30 percent or  
6 more when the proposed rates go into effect. Many  
7 options are available to minimize the risk of  
8 unreasonable customer bill impacts and maximize the  
9 benefits of rate design reforms.

10 One simple method that can be used is, to  
11 address several issues, is to phase in new rate  
12 elements over multiple years. This allows a  
13 customer to learn the incentives built into a new  
14 rate element, with less risk of significant,  
15 significant bill impacts, and still allows the  
16 utility to earn its revenue requirement.

17 When a utility provides multiple rate designs  
18 for customers within the class, the various  
19 measures can help customers navigate their options.  
20 The utility can advise the customer on the best  
21 rate option using their past bill data. The  
22 utility can show a customer on their bill what  
23 their bill would have been if they adopted a  
24 different rate option. The utility could bill a  
25 customer based on whichever the rate options leads

1 to the lowest bill.

2 Additionally, when implementing the rate and  
3 benefits from customer response, program assistance  
4 can be appropriate. For example, Oklahoma Gas &  
5 Electric provides a rebate for SMART thermostats to  
6 encourage efficiency responses to the utility's  
7 variable peak pricing rates.

8 There are also other ways to construct demand  
9 charges that may provide more customer protection.  
10 For example, while RAP acknowledges that Santee  
11 Cooper management could have proposed a shorter  
12 time period than 60 minutes to establish the  
13 customer's demand charge for a particular billing  
14 period, an even longer time can be helpful in  
15 mitigating bill impacts. Additionally, a utility  
16 can institute an automatic floor for the customer  
17 load factor, and the utility can provide a demand  
18 charge credit to help customers manage the risk of  
19 unreasonable demand charge, charges on their bill.

20 Any of the suggestions and observations in  
21 this presentation, and in RAP's memo to the Board,  
22 have different time horizons for implementation,  
23 with some being appropriate to consider for this  
24 rate proceeding and others being more appropriate  
25 for future rate proceeds.



1           RAP looks forward to continue to engage with  
2           Santee Cooper on these critical issues, and  
3           appreciates the hard work, the time, and attention  
4           of Santee Cooper management, staff, and other  
5           stakeholders. Thank you for your attention, and  
6           I'll turn it back over to Mark to lead the  
7           question-and-answer session.

8       MR. LeBEL:       Thank you so much, Alex. We're happy to  
9           take any questions from the Board, or however you'd  
10          like to structure this.

11       VICE CHAIRMAN MUDGE:       I think we're good. Thank  
12          you.

13       MR. LeBEL:       Thank you so much everyone.

14       VICE CHAIRMAN MUDGE:       Okay, thank you very much.

15               Next on the agenda is the Public Comment Overview,  
16               and leading, and going into this, this part of the  
17               meeting is for the Board to receive information  
18               directly from customers and other interested  
19               parties on the proposed rate adjustments.

20               On behalf of the Board, we're looking forward  
21               to hearing your comments. With regard to the  
22               proposed rate adjustments, no deliberations will be  
23               conducted today. No decision will be made today,  
24               and no vote will be taken today. As the final  
25               decision-maker on the adjustment, this Board is

1 here to listen to you and is not in a position to  
2 respond to questions.

3 At this point, I'd like to introduce Vicky  
4 Budreau, Chief Custom Officer, to provide an  
5 overview for the public comment process. Thank  
6 you, Vicky.

7 MS. BUDREAU: Thank you, Vice Chairman. Can everybody  
8 hear me okay? So, thank you for attending today.  
9 We're eager to hear the comments that we get back  
10 from everybody here that's signed up to speak.

11 As Vice Chair Mudge mentioned, we are  
12 receiving information only on the rate adjustment  
13 today. If you have any questions about your bill,  
14 we have our customer service reps available right  
15 outside that can help you with your bill. They  
16 also can help you do a bill compare today of what  
17 your bill would look like under the new rate. So,  
18 if you'd like to speak with them, they are  
19 available.

20 There is a handout, hopefully everybody got a  
21 copy of it, that summarizes the proposed rate  
22 adjustment, the full rate schedules, the study, and  
23 the management report are also available for review  
24 at the front door and on our website. So, to  
25 ensure an orderly and efficient process today, I

1           need to go over some information and I call them  
2           ground rules.

3           So, please silence your cell phones, and be  
4           courteous while others are speaking. Please do not  
5           clap or make loud noises during the meeting when  
6           customers are speaking as it will interfere with  
7           the court reporter's ability to report the  
8           information.

9           So, Santee Cooper's customers and other  
10          interested parties may comment today. Multiple  
11          comments per customer organization may comment, but  
12          for the interest of efficiency, we're going to  
13          limit that to five commenters per customer or per  
14          customer group.

15          Only people that have registered to speak may  
16          speak. So, if you have not registered and you're  
17          interested in speaking today, please, please sign  
18          up at the door. So, we're going to take comments  
19          by groups. So, we're going to start with our  
20          residential customers, and then we'll move to our  
21          commercial customers. We'll move to our industrial  
22          customers next. And then finally, we're going to  
23          finish up the comments from the Department of  
24          Consumer Affairs and the Office of Regulatory  
25          Staff.

1           So, with the exception of the Department of  
2           Consumer Affairs and the ORS, we ask that each  
3           person only speak for three minutes. So, you'll be  
4           limited to three minutes to deliver your comments.  
5           There is a timer back in the back, and if you're in  
6           the middle of a thought when the timer goes off,  
7           you can finish that thought, but we do ask that you  
8           stick to your three minutes.

9           We've had, as others have mentioned, we've had  
10          four public comment meetings to receive comments.  
11          If you commented at one of those meetings, you can  
12          still comment today. And so, finally, Santee  
13          Cooper may decline to consider some statements  
14          based on appropriate grounds, and that includes  
15          statements not related to the rate adjustment  
16          today.

17          So, let's get started with the comments. What  
18          I'll ask is, when I call your name, you can come up  
19          to the podium and speak. Like I said, the timer's  
20          right back there, and we'll get started.

21          So, first up, we're going to start with the  
22          residential customers. Okay, so when you come up,  
23          what we need you to do is come to the podium; speak  
24          clearly into the microphone; state your name; the  
25          name of the street, but not the house number that

1           you live in because it would become part of the  
2           public record; the town or county that you receive  
3           service from Santee Cooper; confirm that you are a  
4           customer of Santee Cooper; and then whether you  
5           spoke at a previous meeting or not. And there's,  
6           there's a sheet up here on the podium to help you  
7           remember it.

8                    So, the first person that signed up is Orval  
9           Cullen. I'm not sure -- he signed up online, so  
10          I'm not sure if he's here today. (Pause for  
11          response.)

12                   All right, the next person, Susan Granger.  
13          (Pause for response.)

14                   Mike Rallings, I believe we had gotten word,  
15          that Mike wasn't going to join us today.

16                   Nancy or Paul Kanicki? (Pause for response.)

17                   Samantha Kumaran. (Pause for response.)

18          Samantha?

19          MS. KUMARAN: Thank you very much. My name's Samantha  
20          Kumaran. I'm a resident of Horry County, live on  
21          Silvercrest Drive, and I'm a residential class  
22          customer.

23                   Quick background, I have a career in, in the  
24          energy consulting business, and I have a small  
25          business both in New York City and down in South

1 Carolina, I relocated during the pandemic. And I'm  
2 also on the Leadership Council for the National  
3 Small Business Association.

4 I have submitted a report that's quite lengthy  
5 opposing the rates for the residential class group.  
6 There are several main comments, but one of the,  
7 the first one is that the demand charges as, as  
8 also was stated by Mike LeBel, are typically in  
9 other states considered voluntary and optional, and  
10 are not mandatory for the residential, residential  
11 group.

12 I also think that imposing such a steep change  
13 in the rate structure for residents is too much to  
14 do in one go, and that the Board should look  
15 carefully at the, at how it's been done in other  
16 states, including Georgia, and majority of the  
17 states have made demand charges optional.

18 Secondly, I think that the method of  
19 calculation of the rates is too broad. It doesn't  
20 adequately separate the winter peak from the summer  
21 peak, and having one flat charge across the whole  
22 year doesn't necessarily fairly address the usage,  
23 especially for residents when I think the system  
24 really has the most risk, especially in the winter.  
25 We understand that you need to recover costs and I

1 think it's understandable reducing some of the load  
2 in specific winter peaks, especially with climate  
3 change, but having a flat charge across all  
4 shoulder months, such as April and October, when  
5 there isn't much stress, I think the calculation is  
6 too broad.

7 Third, the actual analysis, and I agree again  
8 with RAP, shows that the actual impact to  
9 residential customers will be closer to 14.65 to  
10 21.65 percent, and not the 8.5 percent on the  
11 public literature. There's a concern that that  
12 number that's been in the public, circulated  
13 publicly is too low and isn't an annual number, and  
14 especially in light of the Board's objective to  
15 keep inflation in line with objectives, and  
16 inflation being a core concern, a 21 percent  
17 increase to residential customers will be too high,  
18 and could cause inflation shock which many  
19 residents have already felt too much over the last  
20 several years.

21 And I also think that there are several other  
22 ways to achieve the same cost recovery, and one of  
23 the ways is to introduce it much more slowly, or  
24 eliminate it, or make it significantly lower, but  
25 residents should definitely have the ability to opt

1 out this charge. It's too much in one, in one.

2 In addition, I don't think that the way that  
3 the charge is being implemented properly  
4 incentivizes customers to reduce their load. For  
5 example, many resident families, which I'm proud to  
6 be one of, if you accidentally on the 1st of June,  
7 turn on your microwave, you know, kids come home  
8 and they want to have something before they go to  
9 sports, you're penalized then for the entire month.  
10 You don't have any additional benefit for the rest  
11 of the month.

12 And second, if you, if you've conserved energy  
13 for the whole month and then you can make one  
14 mistake, you're then penalized. It could be \$1500  
15 for that month. So, there's many reasons why I  
16 don't think those rates should be adopted as is.

17 Thank you.

18 MS. BUDREAU: Thank you very much. Next up is Larry  
19 Lauffer.

20 MR. LAUFFER: Who's that?

21 MS. BUDREAU: Larry Lauffer. Just make sure to state  
22 your name, where you live, the street, not the  
23 number.

24 MR. LAUFFER: Okay.

25 MS. BUDREAU: Yep.



1 MR. LAUFFER: Okay. The first question's pretty easy.

2 My name is Larry Lauffer. I live on Thames Court  
3 here in Myrtle Beach. And, is that it? That's  
4 pretty much it, ain't it? Yeah. I have not spoken  
5 to any previous meetings yet.

6 Nice presentation so far by, by ---

7 MR. SEWARD: Is that microphone on? I haven't heard a  
8 word anybody's said all day.

9 MR. LAUFFER: --- by Santee Cooper. You know, I've  
10 learned a lot more today. I had a certain thoughts  
11 and ideas of things I wanted to say, but I have  
12 made some adjustments a little bit.

13 (Unintelligible group cross-talk.)

14 (To Mr. Seward) Did you hear the last person?

15 MR. SEWARD: I haven't heard a word anybody's said all  
16 day.

17 MR. LAUFFER: Okay.

18 MS. BUDREAU: Okay, now go. You want to ---

19 MR. LAUFFER: I guess. Okay. But nonetheless, these  
20 handouts have been helpful.

21 MS. BUDREAU: You might have to it ---

22 VICE CHAIRMAN MUDGE: Can everybody else hear?

23 MR. SEWARD: We need some electromotive force in that  
24 thing.

25 MR. LAUFFER: Okay, it's not a big room. I'll speak

1 up. Perhaps more people can hear me if I shout  
2 out. Well, first question, it is more of a  
3 question that I'm going to present. I know it's  
4 not a question-and-answer session here, but a 20  
5 percent increase across the board, I saw a number  
6 up there the guy presented saying 20 percent of the  
7 customers would find themselves with a, like a 15  
8 percent rate increase, which on an individual  
9 basis, whether you're, you're, you're wealthy or  
10 you're not wealthy or you're on a fixed income,  
11 that's pretty high.

12 Now, more of a question, this handout talks  
13 about things like SMART thermostat, Energy Star  
14 appliances, water heater, and duct work. Certain,  
15 certain appliances can be upgraded and improved.  
16 And would that cause, and I'll leave it up for  
17 Santee Cooper to talk about it themselves, but will  
18 that actually cause your monthly invoice to not be  
19 increased as much as possible?

20 Of course, if that's the case, that also means  
21 that the individual customers have to go spend  
22 hundreds and hundreds of dollars to get themselves  
23 a energy efficient refrigerator or whatever the  
24 case may be.

25 And I will apologize also for not seeing this

1           before if it was posted on, on your website, but  
2           this is the first time I've taken a look at it.  
3           And that's on, that could very well be on me, you  
4           know, as far as, you know, not, not seeing that or,  
5           you know, I can pay attention to that a little bit  
6           more, but.

7                        So, yeah, in general, 20 percent is too much.  
8           And then the question to Santee Cooper is do I  
9           need, is this based on certain appliances? And we  
10          all understand what power is and what electricity  
11          does as far as off hours and peak hours and non-  
12          peak hours, when to cut your thermostat back, you  
13          know, things along those lines. You do that before  
14          or after an increase, been doing it for years and  
15          will continue to do it for years regardless if the  
16          base price is increased or not increased, whether  
17          it's low or it's high. And I get, I get inflation  
18          -- was that my beep?

19       MS. BUDREAU:    It was your beep, sir. Thank you for  
20                        your comments.

21       MR. LAUFFER:    Well, I lost a minute here on my mic, but  
22                        I'm, I'm good. Thank you.

23       MS. BUDREAU:    Thank you. All right, so next up is John  
24                        McLaughlin. Is John here? (Pause for response.)  
25                        Okay.

1                   We have Robert Seward. Yes, sir. You have  
2                   three minutes and -- oh, you took my sheet, my  
3                   cheat sheet.

4       MR. SEWARD:     Do we have the time for the people that  
5                   didn't show up?

6       MS. BUDREAU:    No, sir. So, I need you to state your,  
7                   your ---

8       MR. SEWARD:     Robert Seward, Great Lakes Road, Pawleys  
9                   Island, South Carolina, 29585, Georgetown County.

10                   I want to talk to the non-technical people  
11                   here. I was born in Pittsburgh, educated in  
12                   Pittsburgh as a double E, and they built this thing  
13                   called the Civic Arena. In 1961, it opened, and  
14                   the big deal was it opened up these six sleeves  
15                   with these 480-volt motors, and it was mostly for  
16                   entertainment. So, Frank Sinatra was there, all  
17                   that stuff. The Beatles were there, all that  
18                   stuff. And Duquesne Light was providing the  
19                   electromotive force for that, and it gets hit with  
20                   a demand charge. So, opening that roof had such a  
21                   hickey and they were charged for the next 11 months  
22                   for that transgression for that one evening. So,  
23                   hit for that, an 11-month penalty.

24                   So, what I want to say, I'm a residential  
25                   customer, and I guess we're the majority by numbers

1 if not by money, we do not need demand built into  
2 the billing. Please do not put demand on  
3 residential. Let's get, let's get smarter.

4 My house is insulated. I had a Good Sense  
5 home, which you guys took away from me, but it's  
6 insulated to the max. I've got a resistive heater  
7 versus a non-efficient engine. Everything's good,  
8 and I hope everybody wises up and looks at things.  
9 Don't take it for granted. It's a major change.

10 I ran my bill, 21 percent, based on what I saw  
11 online, is going to be my increase. Thank you.

12 MS. BUDREAU: Thank you, sir. So, next up Robert  
13 Jeffcoat. Please go through the, the list.

14 MR. JEFFCOAT: Through the checklist.

15 MS. BUDREAU: Yes, sir.

16 MR. JEFFCOAT: Hello, I'm Robert Jeffcoat. I live in  
17 Land O Pines Circle in Moncks Corner. I'm a  
18 customer of Santee Cooper, and I've not spoken at  
19 any of the other things. And as many of you know,  
20 I wear many hats, and today I come as a customer, a  
21 retired employee, and a contractor of utility  
22 business.

23 First, I understand the reason for the rate  
24 increase. Inflation dramatically has increased  
25 over the past four years, and an increase is

1           needed.

2                   Second, has there been any thoughts about on  
3           eliminating or forgiveness for the one high peak  
4           day that would affect a customer's bill for the  
5           entire month? For instance, Saturday football  
6           game, friends over, you hit the peak at that one  
7           time and all the other days of the month it was  
8           considerably less, and it doesn't happen on the  
9           system peak day.

10                   Third, and finally, I would like to express my  
11           gratitude during Hurricane Helene. Having worked  
12           at Santee Cooper both in transmission and  
13           distribution, I come here understanding what it  
14           means to be a lineman: late night calls to duty,  
15           sardines and crackers, soggy clothes, wet boots,  
16           the scent of diesel, and the far away cheers from  
17           the customers when power is restored. Their  
18           professionalism, knowledge, ability, and desire to  
19           work the craft showed in their determination and  
20           teamwork. These employees all hold the mission of  
21           Santee Cooper to heart to improve the quality of  
22           life of all South Carolinians. This includes being  
23           a good neighbor and cultivating partnerships and  
24           innovation and growth. Santee Cooper demonstrated  
25           its core values and mission for the State of South

1 Carolina: safety, honesty, trustworthiness,  
2 respect, ethics, creativity, and adaptability.

3 The behind scene crews from the warehouse to  
4 the logistics to the management clearly contributed  
5 in making sure the line crews had a place to sleep  
6 and materials needed to work. The case in point,  
7 the City of Abbeville had ordered material from a  
8 vendor. It was several days out. I reached out to  
9 Santee Cooper and asked, you know, did they have  
10 any materials they could spare? And management  
11 agreed. They got it delivered to them. It was  
12 enough to continue restoration throughout the  
13 process for Abbeville and not deplenish Santee  
14 Cooper's resource.

15 Outstanding job performance seldom gets  
16 mentioned, and it was performed. I witnessed this  
17 from all the Santee Cooper crews. You should be  
18 extremely proud Board members.

19 Thank you, from me personally and as a  
20 contractor for the City of Abbeville. The  
21 monumental tasks of restoration would not have been  
22 completed in a timely fashion without Santee  
23 Cooper's assistance. Thank y'all.

24 MS. BUDREAU: Thank you, Robert. All right, next up is  
25 Patrick Lynch.

1 MR. LYNCH: Hello.

2 MS. BUDREAU: Hi. Here's the little cheat sheet that  
3 tells you.

4 MR. LYNCH: Got it. Thank you. Good afternoon. My  
5 name is Patrick Lynch. I live at Dykman Circle,  
6 Windjammer Village in Little River, South Carolina,  
7 29566. I am a Santee Cooper customer and I have  
8 not spoken at any other meetings you've had. I am  
9 also here as a representative of the Board of  
10 Directors for Windjammer Village. Our village has  
11 over 400 households that are Santee Cooper  
12 customers. On behalf of Windjammer Village and  
13 myself, I'm here to voice concerns with proposed  
14 rate hikes and restructuring of how these rates are  
15 calculated and passed along to customers of this  
16 service.

17 Specifically, under your proposal, the highest  
18 rate increase will be borne by residential  
19 customers and not new and existing industrial  
20 users. This burden should be passed along to the  
21 high-use commercial users and not residential  
22 customers. Additionally, the proposed mandatory  
23 demand charge seems excessive and should be removed  
24 from consideration. We recommend that Santee  
25 Cooper should instead be raising the volumetric



1 rates or the money per kilowatt hour of our bill.  
2 We believe that this would be a more fair way to  
3 distribute this rate increase.

4 We'll be watching the direction taken by this  
5 proposal action very closely, as most of our  
6 residents are retired and living on fixed incomes.  
7 We understand the need for certain rate hikes, but  
8 fairness must be included in your decisions to make  
9 them sustainable for our residents. Thank you very  
10 much.

11 MS. BUDREAU: Thank you, Mr. Lynch. Next on the list  
12 is Mary Lopez.

13 MS. LOPEZ: Good afternoon. My name is Mary Lopez.  
14 I live at Snowy Egret Drive in Murrells Inlet,  
15 29576.

16 Actually, I was going to speak on this  
17 article, and I suggest every consumer please read  
18 this. It enlightened me so much. It is April the  
19 5th, and it's done by Jessica Holdman and it's the  
20 South Carolina Daily Gazette.

21 Since I won't be able to speak on that, my  
22 concern is not the present day. Okay? We know  
23 we're going to have to get a rate hike. We all  
24 know that. However, my biggest concern is not  
25 today, tomorrow, but it's the future that I'm

1 worried about. After reading this article, it  
2 really concerned me on the debt that this has  
3 incurred with -- I guess I can't speak on it, but  
4 with things that happened in the past. And it's my  
5 understanding that in the future, they're going to  
6 be building another plant, gas-powered plant. If  
7 you read this article, you'll understand what I'm  
8 talking about.

9 And I, I, I am concerned with right hikes. We  
10 all are. I mean, I'm retired, and I moved down  
11 here, basically, for the wonderful, you know, bills  
12 that we -- I mean, our water bill, our electric  
13 bill was so much less than other states. However,  
14 I'm finding this not to be true, unfortunately.  
15 But that's my big concern, is I know we're going to  
16 get a rate hike. However, I'm not worried about  
17 today. I'm worried about two or three years from  
18 now. If you are allowed to increase each year, 20  
19 percent, who knows? We'll have to wait and see.  
20 But that's my concern. Make it short and sweet.  
21 But I do want everybody to read this article. It's  
22 very enlightening. Thank you.

23 MS. BUDREAU: Thank you. Can I have that, Ma'am?

24 MS. LOPEZ: Huh?

25 MS. BUDREAU: Can I have that one sheet?

1 MS. LOPEZ: Which one? Oh.

2 MS. BUDREAU: Thank you, thank you. Marcia Pawloski.

3 MS. PAWLOSKI: My name is Marcia Pawloski, 63rd Avenue  
4 North, Myrtle Beach 29572. I have not spoke before  
5 at, at any of these meetings.

6 My only concern is about the peak, the peak  
7 range that you're trying to go with is that is  
8 important family time. Okay? My daughter, a young  
9 professional, has three children: 7, 5, 3. Those  
10 early morning hours, getting ready to go to school,  
11 can we turn up the heat, can we turn on the TV for  
12 a few minutes while we're having breakfast? That's  
13 important family time.

14 In the evening when you have the peak hours,  
15 again, that's important family time. These  
16 children are in school, you know, it's time for the  
17 family. And do you want to be worried about  
18 running the microwave or we can't watch the  
19 football game? So, that's my only concern about  
20 the peak hours. Okay? And that's it. And I yield  
21 to my husband.

22 MS. BUDREAU: So, Glen, Glen Pawloski.

23 MR. PAWLOSKI: My name's Glen Pawloski, live in Myrtle  
24 Beach, 29572. I am, we are a customer of Santee  
25 Cooper, and I'm a fan of Santee Cooper, too. I

1           like coal-fired electric energy production. I like  
2           nuclear power. I'm not a fan of wind. I'm not a  
3           fan of solar.

4           Victoria Budreau, nice to make your  
5           acquaintance. I haven't met Parker Diedrich. Is  
6           he here today? But these two people have given us  
7           forward guidance coming to this meeting today.  
8           Initially, we had information from the Myrtle Beach  
9           Herald in MyHorryNews.com. This was in the paper,  
10          "Santee Cooper rates may change in 2025, what to  
11          know about the proposal."

12          And I thought that Santee Cooper was finally  
13          starting to pay attention to -- when I write a  
14          check every month for my electric usage, I always  
15          put down in the memo, 10 cents a kilowatt hour is  
16          too much. And then it goes to 12 cents a kilowatt  
17          hour. That's too much. And I finally thought,  
18          we're having this meeting, I said, "Marcia, they're  
19          listening to me. Look, I'm the squeaky wheel that  
20          got the grease."

21          I say the cost is too much. I'm used to six  
22          cents a kilowatt hour. But I understand that the  
23          environmental duress, what it does to the electric  
24          companies, and you have to do something. I am  
25          hopeful that Santee Cooper is able to get these

1 rate charges recognized by the Public Utilities  
2 Commission. They might say, "You're not charging  
3 enough. What's your plan for charging more in the  
4 future?"

5 So, I did have a question, please. Right now,  
6 we have two choices. We have opted for the peak-  
7 demand charge, and given what Mr. Smith said about  
8 the art and science, that this is an art and  
9 science with these rate changes, with these rates,  
10 then I request the option to revert back to a four-  
11 hour window at 38 cents a kilowatt hour. But also,  
12 what Mr. Jeffcoat had brought up, I think he made a  
13 good suggestion for at least a one-time forgiveness  
14 per month on a demand charge. Thank you for your  
15 time.

16 MS. BUDREAU: Thank you.

17 MR. PAWLOSKI: Nice to meet you.

18 MS. BUDREAU: Anne Rymski? Anne Rymski? (Pause for  
19 response.)

20 MS. RYMSKI: Just let me get my cane. My name is Anne  
21 Haun Rymski. I live on Sand Ridge Road in Conway.  
22 I have been down here just over three years. I  
23 come from a very high utility rate. My utility  
24 costs are cut in half down here. I would not want  
25 to see retirees have to deal with the rates that I

1           came from. I look at the hours, because I'm  
2           retired, I've been trying to avoid these peak  
3           hours. It's not always easy. If I want to get a  
4           shower before I go to church on Sunday, oops, I've  
5           just done it.

6                     And I can see where families are going to have  
7           a hard, hard time. Those hours where you're trying  
8           to get them ready. Then, they come home from  
9           school and you're trying to get dinner done.

10                    You know, us retirees, we could eat it seven  
11           o'clock, eight o'clock at night, that's fine, but  
12           not a family. So, I think you need to really look  
13           at your rate structures and what you are actually  
14           doing.

15                    If you are raising these rates, what else are  
16           you doing with this system? Has anyone heard of  
17           EMP? Anybody? Let me tell you, in this room, only  
18           one out of 10 people will be alive in one year if  
19           we're hit with an EMP. So, if you're going to  
20           raise our rates, you need to harden this electric  
21           system to survive it. Maine is the only state that  
22           has hardened theirs. Now, the feds know about  
23           this. In fact, I just saw where we could be  
24           threatened by terrorists and we could lose our  
25           electric grids.

1           Now, also, looking around, I don't think many  
2           of you were alive in October, 1965. If you were,  
3           were a baby. I was in nursing school, a 17-year-  
4           old, and I went through the entire East Coast  
5           blacking out. It went down like dominoes. Our  
6           hospitals did not have generators, and that was a  
7           wake-up call for everybody. Our different utility  
8           systems ---

9   MS. BUDREAU:    Ma'am?

10   MS. RYMSKI:     --- decided they better figure out how  
11           they could stop that decline.

12           So, you know, think about what you do with  
13           your money, use it efficiently, and protect our  
14           system.

15   MS. BUDREAU:    Thank you. Okay, next up, Jacqueline  
16           Blakey.

17   UNIDENTIFIED FEMALE:    She left.

18   MS. BUDREAU:    She left? Okay. All right, Shane Hyatt.

19   MR. HYATT:        I'm supposed to ---

20   MS. BUDREAU:    Oh, okay. Richard Hall? (Pause for  
21           response.) Next up, Vickie Lynch.

22   MS. LYNCH:        I'm sorry, I didn't mean to sign up. I  
23           didn't know.

24   MS. BUDREAU:    All right, thank you. Duane Comco,  
25           Comco?

1 MR. COMEAUX: Comeaux.

2 MS. BUDREAU: You're good?

3 MR. COMEAUX: (Nods.)

4 MS. BUDREAU: Thank you, sir. All right. Samantha  
5 Siva. (Pause for response.) Samantha?

6 MS. SIVA: That's me, but I already spoke.

7 MS. BUDREAU: Okay. So, you were on the list twice.

8 Okay, thank you. And then, Jay Jeffcoat. Answer  
9 the questions please.

10 MR. JEFFCOAT: Yes, ma'am. I'm Jay Jeffcoat. I live on  
11 Pierpoint Drive in Little River, South Carolina,  
12 and I am a residential customer. I also, I spoke  
13 at the virtual meeting. I'm probably going to  
14 rehash some of what I said there; I don't feel like  
15 I got full answers.

16 And my first point is about the fuel  
17 adjustment. Right now, it's anywhere from 10 to 12  
18 percent credit on my bill. I don't know why it  
19 changes every month, but it does. And as I  
20 understand rates, when you put new rates out, you  
21 take into account the cost of fuel. So, that fuel  
22 adjustment should go pretty close to zero.

23 That's another 10 or 12 percent increase  
24 that's over the 8 percent that y'all are  
25 advertising, which your own consultant says a lot



1 of people are going to see 20 percent. So, I would  
2 like to see truth in advertising. If it's 8  
3 percent or is it 20 percent, we need to know that.  
4 Customers should know that.

5 The other point is around the demand charge.  
6 The one bad day principle I call it, which  
7 everybody's mentioned so far, and even the  
8 consultant brought it up that there should be some  
9 leveling or something in there, because my demand  
10 may run 5 kW all month long. One day I hit 10,  
11 that costs me \$50 for the month. There's just --  
12 your, your own consultant mentioned you need some  
13 fairness in that. So, I would like to see that  
14 applied.

15 I don't know how you do it, but y'all are the  
16 rates people, smartest people in the world, right,  
17 that need to come up with a way to adjust for that.

18 The other question, I do have a question, is  
19 typically with rate increases, there's more than  
20 one part. Usually, you have a rate increase one  
21 year, another one in five years, or another one in  
22 two years. Is there any upcoming plan rate  
23 increases is my question, and that's all I got.

24 MS. BUDREAU: All right, thank you. All right, that  
25 was the last residential customer that I had on my

1 list. Is there anybody else here that would like  
2 to speak? (Pause for response.) Yes, ma'am?

3 MS. CURIOSO: Well, she has a folder, so that's not a  
4 good sign.

5 MS. BUDREAU: You are a residential customer.

6 MS. CURIOSO: Yes, my name is Shirley Curioso.

7 MS. BUDREAU: If you'll just write your name ---

8 MS. CURIOSO: I have it on the list outside.

9 MS. BUDREAU: Okay. All right.

10 MS. CURIOS: All right. I live on Fringetree Drive in  
11 Murrells Inlet, Georgetown County, and I am a  
12 residential customer, and I happened to be at the  
13 Pawleys Island meeting. I did say something, but  
14 in retrospect, I should have informed myself about  
15 what this rate increase was about before I even  
16 showed up. Because a lot of the comments that were  
17 made there were also made, and I think the people  
18 ahead of me are making it, but the one comment that  
19 nobody made because I don't think they know about  
20 it, is the high humidity factor of not cranking up  
21 your air conditioner when a hurricane is coming  
22 through during peak hours. And the only reason I  
23 know about the danger is because I do have one of  
24 those SMART thermostats, and that's the only  
25 warning I have been getting since the winter.

1                   Now, I installed it in 2023, and in the summer  
2                   of 2023, I did not get that warning. But this  
3                   summer, which was one of our hottest and most humid  
4                   summers, it was on almost all the time during the  
5                   Hurricane Debbie. What it would -- I used to  
6                   think, I was one of those people, I'm not going to  
7                   be hit by this. I don't use energy during the peak  
8                   hours. Was I ever wrong when I checked my bill?

9                   When we talk about fixed income, this is what  
10                  we mean. You are going to make us think about, oh,  
11                  can we turn that air conditioner up when we have  
12                  high humidity ratings, readings going on in our  
13                  house, because that's going to put us into that  
14                  high hour category that you are going to be  
15                  charging us \$10 a kilowatt for. You talk about it  
16                  just being one hour. It's 90 hours a month that  
17                  we're going to have to stress over, 90 hours a  
18                  month, if we're on a fixed income, because a 20  
19                  percent increase is unacceptable.

20                  When you increase by maybe a penny across the  
21                  board, that's actually encouraging people to be  
22                  energy efficient. But when you go \$10 on a  
23                  kilowatt during peak hours, that's intimidation.  
24                  So, I brought with me handouts to give to the State  
25                  and to Santee Cooper what high humidity does,

1           especially to toddlers and elderly. And I want to  
2           point out to you -- who's the State? Who  
3           represents the State here and who represents Santee  
4           Cooper?

5           Let me just tell you, let me find my handout  
6           first. The three issues you have to be concerned  
7           about, three main issues: exacerbating respiratory  
8           diseases, which are exacerbated -- oops.

9           Well, the handout is on -- there's two  
10          handouts. One is mold, I also gave the health  
11          risks of mold.

12        MS. BUDREAU: We'll, we will ---

13        MS. CURIOSO: And the other one, the third one is off-  
14          gassing of formaldehyde. Guess what? Your vinyl  
15          floors have formaldehyde in it.

16        MS. BUDREAU: Thank you.

17        MS. CURIOSO: Not to mention, what is this green issue,  
18          when you're given increases to the employees, ---

19        MS. BUDREAU: Thank you.

20        MS. CURIOSO: --- especially your CEO.

21        MS. BUDREAU: Thank you. All right, so that was all  
22          the residential customers that we had signed up to  
23          speak, and so, let's move to commercial customers.

24                I did not have any commercial customers signed  
25          up to speak. Are there any commercial customers in

1 the room that would like to speak? (Pause for  
2 response.)

3 Okay, if not, we will move to, we have some of  
4 our industrial customers here. And so, when I call  
5 your name, if you will, please come to the podium,  
6 speak your name, the name of customer you  
7 represent, the town or county that the customer  
8 received service, confirm that they are, you are a  
9 Santee Cooper or they are Santee Cooper customer,  
10 and whether you spoke at a previous meeting or not.

11 So, I'm going to call the first name, Jeff  
12 Pollock. There's a list there.

13 MR. POLLOCK: Hi, I am Jeff Pollock. I submitted  
14 comments on behalf of the Industrial Customer  
15 Group, which are eight companies that are  
16 industrial customers of Santee Cooper. I'm not a  
17 Santee Cooper customer.

18 Good afternoon, Mr. Chairman and Board  
19 members. I authored the comments. The comments  
20 listed 12 findings and 10 recommendations. The  
21 most critical of our findings is the fact that it's  
22 clear that retail customers are facing significant  
23 upward rate pressure.

24 The first increase will occur this January  
25 when the fuel adjustment clause is unfrozen.

1           That'll increase retail rates by 64 million, the  
2           majority of which will be borne by the industrial  
3           customers.

4           The second increase will occur shortly  
5           thereafter, a 53 and a half million annualized rate  
6           increase that will be effective in April.

7           The third and perhaps the least discussed and  
8           perhaps most impactful increase will be the  
9           recovery of over 800 million dollars of Cook  
10          Regulatory Assets, the Cook Exceptions, of which  
11          over 300 million will be allocated to retail  
12          customers.

13          Because the amount and nature of these costs  
14          is not fully known, we asked the Board to let's  
15          have a public process like this one to fully vet  
16          both the recovery and amount of the cost to be  
17          recovered from customers, and to that end, we urge  
18          the Board at this time, do not approve the Cook  
19          Regulatory Exception rider at this time. Let the  
20          process bear out.

21          In most respects, the retail rate study, the  
22          proposed rates follow current standard modern  
23          regulatory practices that recognizes that's loads  
24          that the utility is obligated to serve. There are,  
25          however, a few exceptions.

1           One of the primary exceptions is that the cost  
2           of service study shifts about three million dollars  
3           of costs to industrial customers, and we believe  
4           that if the company used the same approach to  
5           allocate transmission plant as is used to allocate  
6           production plant, it would send better price  
7           signals, encourage efficiency, and conservation.

8           Further, in addition to moving rates to cost,  
9           we also recognize that rates should reflect  
10          gradualism. For some of the economy power  
11          customers, however, they're going to see rate  
12          increases of 79 percent and 34 percent. That's  
13          hardly gradual, especially considering that economy  
14          customers are among the few that were not as  
15          protected from retail frozen rates as other  
16          customers.

17          Now, we also recommend changes in the large  
18          industrial time-of-use periods and a collaborative  
19          to better understand and establish the protocols  
20          for when and under what circumstances economic  
21          interruptions and additional off-peak hours can be  
22          called. These provisions expose industrial  
23          customers to tens of millions of dollars, and so  
24          they're very important. In recognizing the price  
25          risk that the customers have agreed to undertake,

1 we believe that the interruptible rate should  
2 reflect the full value of the voided costs.

3 Lastly, we're concerned about the fuel  
4 adjustment clause, and it becomes recovering costs  
5 that is not really intended to recover.

6 In closing, we appreciate the opportunity to  
7 present to you today. We appreciate the work that  
8 Santee Cooper team has done, and we thank the Board  
9 for your time and attention.

10 MS. BUDREAU: Thank you, Jeff.

11 MR. POLLOCK: Thanks.

12 MS. BUDREAU: All right. Next on the list is Lane  
13 Grant.

14 MR. GRANT: Good afternoon, Mr. Chairman, members of  
15 the Santee Cooper Board, the Santee Cooper  
16 Executive Team, and another attendees. My name is  
17 Lane Grant. I currently serve as a Structural Beam  
18 Mill Manager for Nucor Steel Berkeley. On behalf  
19 of more than a thousand Nucor teammates at Nucor  
20 Steel Berkeley, and more than 3000 Nucor teammates  
21 across South Carolina, I appreciate this  
22 opportunity to speak with you today.

23 Nucor Steel Berkeley produces steel beams  
24 needed for support structures and high-rise  
25 buildings, as well as producing flat rolled sheet



1 for automobiles, appliances, and hundreds of other  
2 end uses. Our facility in Huger has been extremely  
3 proud to call Berkeley County home for more than 30  
4 years. We currently have Nucor divisions in  
5 Berkeley, Darlington, Florence, Lawrence, York, and  
6 Lexington Counties here in South Carolina.

7 Currently, Nucor produces over a quarter of  
8 all the steel in the United States, and the  
9 American Steel we manufacture today ranks among the  
10 cleanest and most sustainable in the world. Nucor  
11 has invested more than 12 billion dollars since  
12 2020 to grow our company and to expand our product  
13 portfolio here in the United States, and we're also  
14 in the process now of investing more than six and a  
15 half billion dollars. Nucor Steel Berkeley is  
16 currently investing 625 million dollars to add a  
17 gas separation unit and a new state-of-the-art  
18 galvanizing line that will allow us to compete more  
19 in the automotive market.

20 I provide these highlights to demonstrate the  
21 importance of competitive rates and their positive  
22 outcomes. Because we use electric arc furnaces to  
23 make our steel, it is no surprise that we require  
24 massive amounts of electricity to do this. So,  
25 while we realize Santee Cooper must move forward

1 with the rate study, the fact is there is nothing  
2 more critical to our survival as a company than  
3 having the ability to procure abundant, reliable,  
4 and competitively priced electricity.

5 We have submitted our written comments  
6 regarding the rate study and as you review those  
7 and hear from others, we ask that you please keep  
8 in mind our concerns, particularly our suggestions  
9 regarding interruptible rates and economy power.

10 I've personally witnessed the dedication of  
11 the men and women in our Nucor family who approach  
12 each day with gratitude for our partners like  
13 Santee Cooper, whose support makes our work  
14 possible. Santee Cooper has been one of our  
15 facility's most trusted partners and we are  
16 grateful for the critical service that you have  
17 provided our company for almost 30 years now.

18 On behalf of Nucor, I want to conclude my time  
19 today by thanking the entire Santee Cooper team,  
20 especially the linemen, for the incredible work you  
21 do, seen and unseen, to keep the system energized,  
22 and for all that you're doing across South Carolina  
23 and the Southeast after the devastation of  
24 Hurricane Helene.

25 Thank you for your consideration of our

1           comments, and thank you for your time today.

2       MS. BUDREAU:   Thank you.   The next speaker will be

3           Michael Lavanga.

4       MR. LAVANGA:    Good afternoon.   My name is Michael

5           Lavanga.   I represent Nucor Steel Berkeley, and I

6           have not spoken before at any of the previous

7           comment opportunities.

8           I represent Nucor on electric supply matters

9           throughout the country, and have had the privilege

10          of working with Nucor Berkeley on these issues for

11          many years.   We appreciate the opportunity to share

12          our views on Santee Cooper's proposed rates.   We

13          prepared and submitted detailed written comments on

14          various issues related to the proposed rates, but

15          for now, I'd like to touch on just a few of the

16          topics of importance to Nucor.

17          First, the interruptible rate.   The rate study

18          proposes an increase in the interruptible credit

19          built into the rate reflecting the increased value

20          of avoiding peaking generation since the last rate

21          review.   However, the calculation of the credit

22          does not reflect certain key benefits provided by

23          interruptible load, including the avoided cost of

24          reserves since Santee Cooper does not have to

25          procure reserves to serve interruptible load, the

1           avoided cost of incremental energy due to Santee  
2           Cooper's ability to call economic interruptions,  
3           and avoided transmission costs. We ask that the  
4           interruptible credit be further increased to  
5           reflect these important benefits. We also ask that  
6           the demand ratchet in the interruptible rate be  
7           reduced from 80 percent to no higher than 50  
8           percent to give customers more flexibility and an  
9           incentive to shift more load off peak.

10                   Another key issue related to the interruptible  
11           rate is the application of the demand sales  
12           adjustment clause or DSC to interruptible demand.  
13           Currently, although Santee Cooper credits other  
14           non-class sales to interruptible customers under  
15           the DSC, Santee Cooper does not credit the benefit  
16           of interruptible sales revenues to interruptible  
17           customers like it does for firm customers. The  
18           effect of this treatment is that interruptible  
19           customers receive less than the full avoided cost  
20           value of the interruptible service they provide  
21           since the interruptible credit is effectively  
22           applied to a higher firm demand charge than the  
23           demand charge actually paid by firm customers. We  
24           believe this treatment is unfair to interruptible  
25           customers that are providing a substantial benefit

1 to the system. We recommend that Santee Cooper  
2 return to its historical practice of crediting the  
3 same DSC, including interruptible revenues, to both  
4 firm and interruptible customers alike.

5 Next, Nucor appreciates that Santee Cooper  
6 offers its economy power rates, EP and EPO.  
7 However, there are two issues that we want to  
8 highlight regarding these rates. First, the rate  
9 study proposes to increase the reservation charges  
10 for both EP and EPO tremendously, by 79 percent for  
11 EP and 34 percent for EPO. We think this level of  
12 increase is much too extreme and ignores the  
13 principle of gradualism, and the fact that these  
14 are non-firm rates. If an increase to the  
15 reservation charges is necessary, we recommend that  
16 a more reasonable increase of no more than 10  
17 percent be approved.

18 Second, we ask that Santee Cooper establish  
19 more off-peak hours under the EPO rate.  
20 Specifically, we recommend that weekends and  
21 holidays be considered all off peak and not include  
22 designated on-peak hours.

23 To conclude, we hope that you will carefully  
24 review our comments and give strong consideration  
25 to adopting our recommendations. Thank you.

1 MS. BUDREAU: Thank you, Mike. I think the last person  
2 on the list is Denny Boyd.

3 MR. BOYD: Good afternoon. I'm Denny Boyd. I work with  
4 Nucor. We're located in Berkeley County, and I  
5 have not spoken in any of the other public  
6 meetings.

7 First, I want to thank Santee Cooper, from the  
8 Board, senior management, middle management,  
9 supervisory level, craftsman, sales, everybody I  
10 encounter. Robert Jeffcoat said it best, you  
11 embrace the mission statement to supply safe,  
12 reliable power, and you really want to serve your  
13 customers. Everybody's ambition is to serve the  
14 customers and you do it with passion, so thank you  
15 for that.

16 As Lane explained, the Berkeley mill is one of  
17 our largest and most diversified steel mills in the  
18 Nucor fleet. We use massive amounts of electricity  
19 in our operations, more than most typical  
20 industrial customers. This costs tens of millions  
21 of dollars a year and it's one of our most  
22 significant operating costs, and that's why we're  
23 passionate about the base rate increase.

24 As mentioned by several people, it's not just  
25 the base rate increase coming, it's the unfrozen

1 fuel rates and the Cook Exceptions, all lumped  
2 together, and we're trying to remain competitive.

3 But what we're here to talk about today is the  
4 base rates. Mike Lavanga touched on the  
5 interruptible rates and the economy rates. Those  
6 are obviously very key, key issues to us and that  
7 provides a great service of demand control, which  
8 we're talking about implementing residentially, but  
9 is a huge factor for Santee Cooper for the overall  
10 system. It provides a great benefit to, to all  
11 customers.

12 So, we understand that Santee Cooper has not  
13 had a base rate increase in several years, and we  
14 understand that rates must be set at a level to  
15 recover costs. We've, we've made a lot of  
16 suggestions in our comments. Aside from the  
17 interruptible and the economy power, we just ask  
18 that you carefully consider each and every one of  
19 them. We think they all add value. We think that  
20 they will make things more fair. We think that  
21 they'll help the system operate better.

22 Our comments include an executive summary at  
23 the beginning that summarizes the topics addressed  
24 and our recommendations, and the body of the  
25 comments address each, each issue in more detail.

1 I want to thank you again for your time, and I  
2 want you, everybody who represents Santee Cooper,  
3 to be very proud of themselves. You should be.  
4 Thank you.

5 MS. BUDREAU: Thank you, Denny. All right, so those  
6 were the industrial customers that had signed up to  
7 speak. Are there any others here interested in  
8 speaking? (Pause for response.)

9 VICE CHAIRMAN MUDGE: I think we want to take five,  
10 if now is a good stopping point.

11 MS. BUDREAU: A five-minute break? Okay. It's  
12 perfect, it's perfect. So, when we come back,  
13 we'll, we'll start with the other interested  
14 parties if there's any here.

15 VICE CHAIRMAN MUDGE: Okay.

16 \*\*\*\*OFF THE RECORD\*\*\*\*

17 (On the record.)

18 VICE CHAIRMAN MUDGE: (Calls the meeting back to  
19 order.) Everybody, we're back live, appreciate the  
20 break. We'll continue on. Vicky?

21 MS. BUDREAU: Yes, sir. So, at this meeting, other  
22 interest parties are allowed to speak if they would  
23 like. So, at this time, if you are not a customer  
24 but you would wish to speak for yourself or on  
25 behalf of the group related to the rate adjustment,



1 I'd ask for you -- nobody signed up. So, is there  
2 anybody in room that meets that category that is  
3 interested in speaking? (Pause for response.)

4 All right, well, hearing none, next up we do  
5 have Mr. Roger Hall, who is the Deputy Consumer  
6 Advocate from the Department of Consumer Affairs  
7 here to give a presentation.

8 MR. HALL: Thank you, Vicky. Thank you, Mr. Chair,  
9 members of the, excuse me, Mr. Vice Chair, and  
10 members of the Board. My name is Roger Hall. I'm  
11 an attorney with the Department of Consumer Affairs  
12 and, as mentioned, my official title is Deputy  
13 Consumer Advocate. Also with me is Jake Edwards,  
14 another one of our attorneys whose title is  
15 Assistant Consumer Advocate. And joining us via  
16 the WebEx we have Dr. David Dismukes and Michael  
17 Deupree with the Acadian Consulting Group. The  
18 Acadian Consulting Group assisted us with our  
19 review and the comments we submitted in writing on  
20 September 13th. They have extensive experience in  
21 utility ratemaking, and they really helped us with  
22 primarily looking at technical issues with the cost  
23 of service study. I'm going to give a summary of  
24 our comments, but they're here to answer any other  
25 more technical questions in particular y'all might

1 have.

2 So, just real quick for those unfamiliar with  
3 the Department of Consumer Affairs, we are the  
4 State's consumer protection agency. We were  
5 established in 1974. We administer and enforce  
6 over 120 statutes including the Consumer Protection  
7 Code. Our mission is to protect consumers from  
8 inequities in the marketplace through advocacy,  
9 mediation, enforcement, and education.

10 So, prior to 2004 when the Office of  
11 Regulatory staff was created, the Department was  
12 the state-designated intervener at the Public  
13 Service Commission. And on the heels of V.C.  
14 Summer in 2018, a limited role was given back to  
15 the Department and we represent the consumer  
16 interest at the Public Service Commission.

17 For the Department, consumer means a South  
18 Carolina resident who purchases utilities for  
19 personal household, excuse me, for personal,  
20 family, or household use. And so, the Department,  
21 while we like to think we did an objective review  
22 of the proposal, we did focus on issues that would  
23 impact residential customers. As you're going to  
24 hear throughout our comments, those same issues  
25 impact small businesses as well.

1           So, before, just before providing the summary  
2           of our comments, I'd just like to again thank the  
3           Board for accommodating us, the Legislature for  
4           giving us this opportunity, Santee Cooper staff and  
5           counsel, who were of great assistance throughout  
6           this process, and also the customers that have  
7           come. You know, we see, we attend similar  
8           meetings, and when there are rate cases at the  
9           Public Service Commission, it is very obvious that  
10          Santee Cooper's customers are well versed in the  
11          issues and were prepared when coming to offer their  
12          comments. And you'll hear that some of our  
13          comments are the same as you've heard from your  
14          customers.

15                So, I'm going to go through, not every comment  
16                that was in our letter, a good bit of them, but I  
17                know time is limited. But again, at the end, happy  
18                to answer any questions about anything I said today  
19                or that was in our September 13th letter.

20                So, one of our primary concerns I'm going to  
21                start with is kind of the technical one, and that  
22                is the proposed production plant allocation. That  
23                allocation relies on methods that are biased and  
24                negatively impact low-use customers such as  
25                residential and small businesses. This can be

1 found on page, beginning on page 24 of the Acadian  
2 report.

3 So, the production plan again is specifically  
4 related to the cost of service study. Due to the  
5 method that the Santee Cooper study utilized,  
6 essentially what you're doing is asking residential  
7 customers to pay more than they should, and I'm  
8 going to try to give it an example of that. It's  
9 something again, as attorneys, we don't fully  
10 understand all these issues, but it's one that we  
11 address a lot of times at the Public Service  
12 Commission, and hopefully the example will help a  
13 little bit.

14 So, if you assume Santee Cooper has a hundred  
15 million dollar gas plant, that plant is going to  
16 provide both peak or demand power, and energy or  
17 baseload functions, and that's normal. Acadian  
18 notes this in our report on slide 29.

19 If you look at slide 30 and 31, Acadian notes  
20 that Duke Energy's plants are classified as, excuse  
21 me, 82 percent to baseload and 18 percent to peak,  
22 whereas Dominion's plant allocations are allocated  
23 about 50/50 demand to peak. But in this example,  
24 in the Santee Cooper study, instead of allocating  
25 even 50 percent to peak or demand and 50 percent to

1 baseload, it would allocate a hundred percent to  
2 peak or demand, or that a hundred million dollars I  
3 was talking about. It does not allocate any of  
4 those plant costs to baseload function.

5 So, this is a concern for residential  
6 customers, because they contribute a lot to peaking  
7 issues, and they're therefore going to pick up a  
8 larger portion of the peaking cost allocations.  
9 So, again, in this example, the study is asking  
10 residential customers to cover their share of a  
11 hundred million dollars instead of their share of  
12 fifty million dollars if the production plant costs  
13 were allocated how we believe they should be.

14 So, again, this disproportionately impacts  
15 residential customers who use less energy. This in  
16 turn also disadvantages low-income customers and,  
17 further, does not promote energy efficiency.

18 ORS and its consultant recognized this issue  
19 on page 43 to 44 of their comments, and the Board's  
20 consultant, RAP, also recognizes the issue on pages  
21 11 to 14 of their report.

22 So, this plant allocation issue is exacerbated  
23 by the proposal to introduce demand charges for  
24 residential customers. I've heard a lot about that  
25 today obviously, and I think in your past meetings,

1 and a little bit more discussion detail on page 45  
2 of the Acadian report. So, but to illustrate the  
3 impact of demand charges, I wanted to use an  
4 example from the company's own cost of service  
5 study. It's Appendix A.

6 I think most of the Board should have gotten,  
7 we should have given you all a chart that looks  
8 like this. So, what that is, is, is a, again, it's  
9 from Appendix A of the Santee Cooper Cost of  
10 Service Study, specifically page 4 of 12. The  
11 chart shows before and after bill comparisons for  
12 residential customers. So, if you look at the far  
13 left column of the chart, you can see three  
14 categories of kilowatt hour usage, 750, 1000, and  
15 2000. So, two columns to the right of that, it  
16 shows the various on-peak demand for each group.  
17 The on-peak demand obviously is going to be used to  
18 determine the demand charge on each monthly bill.  
19 To the far right of that chart, the last column  
20 there, it shows the percentage bill increase each  
21 customer will receive based on their monthly energy  
22 usage and their demand charge.

23 So, we've heard a little bit about it today,  
24 but Santee Cooper cites an overall residential  
25 class increase of 8.7 percent. However, looking at

1           this chart, it shows that some customers are going  
2           to see a significantly greater rate increase. I'm  
3           going to give you a few examples. If you look at  
4           the top row, it's highlighted all the way across  
5           there, you'll see, it's a customer who uses 750  
6           kilowatt hours per month and -- don't lose my place  
7           here -- who also uses 5.6 kilowatts at, at peak,  
8           they're going to receive a 31.4 percent increase.

9                        So, Santee Cooper has stated its average  
10           customer uses a thousand kilowatt hours monthly and  
11           a 5.1 kilowatt peak demand. That is highlighted  
12           right there in the very middle, you'll see. And  
13           you see that load factor that says 27 percent?  
14           According to the footnote at the bottom, that is  
15           the 50th percentile of the residential class, so  
16           again, about the average. So, again, a customer  
17           that uses a thousand kilowatt hours per month, 5.1  
18           kilowatts at peak, is going to see a 12.6 percent  
19           increase.

20                       And just one more example, at the very bottom  
21           row, you will see this is a 2000 kilowatt hour  
22           customer or someone who uses almost three times as  
23           much energy as in our first example. They're  
24           projected to have a bill decrease even though they  
25           use 7.4 kilowatts during the on-peak demand.

1           So, the Department recognizes that Santee  
2           Cooper is trying to shift customers off of peak  
3           times. That makes sense. This chart illustrates  
4           indeed that if you look at the far right, as you  
5           move further down in your load factor, in your peak  
6           demand charge, that the increase goes down.  
7           However, it's, it's hard to justify how it's fair  
8           that a low-use customer, who's potentially also a  
9           low-income customer, is going to see a drastic 31  
10          percent increase when another customer who uses  
11          three times as much energy and more at peak might  
12          actually get a decrease. So, again, that part of  
13          the methodology of demand charge, we'd ask you all  
14          to kind of take a look at that.

15                OS again and its consultant recognized this  
16                issue on page 41 to 42 of their comments, and RAP  
17                does as well. On page 23 of their report, they  
18                reference Appendix A, and actually, I had a quote  
19                and I guess I'll read it again, but they put it in  
20                their slide. What it said was, "With a static  
21                analysis, 25 percent of residential customers would  
22                see their bills increase more than 20 percent and  
23                10 percent of residential customers would see an  
24                increase in more than 30 percent."

25                So, they, they acknowledge that they things



1 can be done to mitigate that, moving your energy  
2 use off of peak, but they also state that it is  
3 unlikely all customers will be able to do so.

4 So, our next concern, kind of building off  
5 that demand charge issue, is the inclusion of  
6 holidays and weekends in both the demand charge and  
7 the time-of-use rates, as well as the proposed  
8 increase in the fixed customer charge. So, demand  
9 charges on residential bills are not the norm  
10 across the country or in this region. There's only  
11 a handful of utilities that have recently  
12 implemented demand rates and they most of them have  
13 opt-out options.

14 Weekends and holidays are also typically  
15 excluded from time-of-use and demand charge  
16 structures, and that's because residential  
17 customers, customers are more likely to be home on  
18 the weekends and on holidays, leading to a more  
19 uniform consumption across time. That uniform  
20 consumption and reduces stress on the electric  
21 grid.

22 So, the results of including weekends and  
23 holidays is basically that a residential customer  
24 that does everything they can, you know, to  
25 conserve energy for 75 percent or more of the month

1 is going to see a higher bill, because they need to  
2 do laundry and wash dishes on the weekend when  
3 they're home from work, or people alluded to it  
4 earlier today, actually, you know, if, if you're  
5 having a gathering on a holiday and you're cooking  
6 and cleaning for a large group on a holiday, you're  
7 going to see that bill spike.

8 During the public hearing, again, I believe  
9 the gentleman again today said it, that, complained  
10 about a one bad day penalty. It really becomes a  
11 one bad hour penalty.

12 So, again, RAP makes similar comments and  
13 suggests averaging the two hours, the two highest  
14 hours as a way of mitigating the concern. But  
15 also, on page 17 of their report, they find that a  
16 typical demand charge would be \$1 to \$2. The  
17 current proposal is \$10.03, so it's significantly  
18 higher.

19 One other proposed change is increasing the  
20 fixed monthly charge from \$19.50 to \$20. So, that  
21 50 cents might not seem like a big increase, but  
22 our review shows that the current charge is already  
23 the second highest in the region. If you look at  
24 the monthly customer charge for Dominion, it's  
25 \$9.50, and both Duke entities are under \$12. So,

1 again, that disproportionately impacts low-use and  
2 low-income customers. Even though it's 50 cents,  
3 that's still going to be a greater part of their  
4 bill and they can't do anything about that.  
5 There's more information in our, in our report on  
6 page 38.

7 So, finally, I think we just think these  
8 changes are going to be kind of confusing and  
9 difficult for customers to effectively implement  
10 and avoid significant increases.

11 So, in addition, I talked about the weekends  
12 and holidays being included, yet there's two  
13 proposed rates for residential customers, time-of-  
14 use and this rate with the demand charge, but they  
15 have two different peak demand periods. The time-  
16 of-use rates are three to 7 p.m., and five to 9  
17 a.m.; whereas, the demand charges are three to six,  
18 and six to nine.

19 We think this will make it difficult for a  
20 customer to decide if a different rate is best for  
21 them. Both options are going to require constant  
22 planning on the part of residential customers, and  
23 something they're unlikely to avoid day in and day  
24 out, month to month, and will likely lead to higher  
25 variation in monthly bills.

1           Santee Cooper is doing some pretty good  
2           education. I heard some comments from RAP earlier  
3           about it, has proposed to continue it, and we  
4           applaud that. The problem is, residents aren't  
5           going to know the impact of their energy-use habits  
6           until after they receive their bills, and at that  
7           point, it'll be a little too late.

8           Again, both RAP and ORS recognize this concern  
9           regarding education. RAP mentions it on pages 19  
10          to 20 of their report, and offers suggestions on  
11          page 23, including phasing-in the new proposals.  
12          ORS mentions them on page 22.

13          So, the list I went through are some of the  
14          specific items that Santee Cooper proposes to  
15          implement. An overarching concern though from the  
16          Department and Arcadian was the lack of analysis  
17          supporting those measures. Specifically, in our  
18          letter, we mentioned low curve and bill  
19          distribution studies that are needed to confirm the  
20          proposed residential rate structures and time-  
21          bearing elements.

22          Our letter also mentioned, and that's why I  
23          wanted to thank him at the beginning, that as part  
24          of our review, we did have multiple discussions  
25          with Santee Cooper staff and outside counsel, who

1 provided responses to our information requests as  
2 well. So, in our comment letter, we noted that the  
3 studies were either not conducted or not provided  
4 to the Department.

5 So, since that time, I just wanted to clarify,  
6 we did have clarified with staff that the detailed  
7 studies we're talking about either just were not  
8 performed or at least weren't performed in  
9 sufficient detail. So, this is not an issue of, of  
10 anything not being withheld from us. So, we're  
11 just saying we need a little bit more robust  
12 analysis.

13 To illustrate that point in our, in our  
14 submittal, on page, slides 47 to 49, we use an  
15 example from an electric utility company in  
16 Arizona. And what that company did through their  
17 robust analysis was that they found five distinct  
18 patterns for their residential customers. If they  
19 found that typical weekday evening peakers, which  
20 is kind of what Santee Cooper's targeting with the  
21 three to 6 p.m., represented, represented about 58  
22 percent of their residential customers.

23 So, that means, if you do that type of  
24 analysis here and come up with similar number,  
25 that's a significant portion of Santee Cooper's

1 residential customers that might be negatively  
2 impacted by the three to 6 p.m. demand charge.

3 So, just a couple more points, but likewise,  
4 the electric heating could be an issue in the  
5 Santee Cooper system and it doesn't look like  
6 that's been fully looked into like it could be to  
7 see how that six to 9 a.m. winter peak is going to  
8 impact the system.

9 So, essentially these detailed analyses would  
10 help assess the usage on the system and whether  
11 there may be, there may be ways to accomplish  
12 Santee Cooper's goals without a 36 percent rate  
13 increase. In Acadian's experience, these analyses  
14 are common when utilities seek to make the type of  
15 drastic changes Santee Cooper proposes.

16 So, I see my time is up. I won't take any  
17 more, but you'll see in our letter we do have some  
18 suggestions on different methodologies that could  
19 be used to look at that dual use of the plants. We  
20 do suggest withdrawing the proposed demand charge  
21 and the monthly customer charge at this time unless  
22 additional analysis are done, and if you choose not  
23 to do the additional analysis, we do suggest  
24 removing the weekends and holidays at this time.

25 And as you've heard from your industrial

1 customers and your residential customers, these are  
2 not the last rate increases coming for them. The  
3 Cook Settlement Exceptions coming up and some of  
4 the other issues, this is not the last one. So, we  
5 think in order to not disproportionately impact  
6 residential customers at time, a little bit more  
7 work needs to be done. But I appreciate your time.  
8 Thank you.

9 MS. BUDREAU: Thank you, Roger. Thank you. All right,  
10 so our last guest today is from the Office of  
11 Regulatory Staff, and so I'd like to introduce Ben  
12 Mustian. He's the Chief of Legal Affairs and  
13 Strategic Communications. So, Ben, I yield to you.

14 MR. MUSTIAN: Good afternoon. I appreciate y'all  
15 letting us be here. Today, with me as well is Ms.  
16 Dawn Hipp. She is our Chief Operating Officer, and  
17 Mr. Shane Hyatt, who you'll be hearing from most of  
18 the next 15 minutes or so, he is our Program  
19 Director in our Energy Operations Department and he  
20 was the lead on this project. Andrew Bateman, who  
21 is our acting Executive Director, apologizes he  
22 couldn't be here. He had an unavoidable conflict  
23 that he could not get out of, but he sends his  
24 appreciation as well.

25 And I did just want to take a quick moment to

1 say, I know this is a new process for Santee  
2 Cooper, the underlying statutory construct. It's  
3 obviously a new process for us in dealing with  
4 Santee Cooper in this retail rates process.  
5 Usually, we deal with investor-owned utilities.  
6 So, that brought its own set of challenges and  
7 opportunities. We learned a lot, and definitely  
8 appreciate the professionalism of Santee Cooper  
9 staff during this entire process.

10 So, with that, I'll turn it over to Shane. We  
11 also have a couple of our colleagues from E3, who  
12 are our outside consultants, and will be happy to  
13 talk with you over the next few minutes about our  
14 report and what our analysis showed.

15 MR. HYATT: All right, he already ate into some of my  
16 time, so I'll try to be as quick as I can. I just  
17 want to say good afternoon. My name is Donald  
18 Shane Hyatt. Like Ben said, I'm employed by the  
19 South Carolina Office of Regulatory Staff as the  
20 Program Manager for Santee Cooper in our Energy Ops  
21 Division. And first, I want to thank the Santee  
22 Cooper management and staff. I think you saw  
23 earlier we issued eight rounds of discovery. We  
24 had several meetings, several calls, and they were  
25 always quick to respond to those and get us what we



1 needed, and that was great in this process.

2 Today, what I want to briefly do is discuss  
3 ORS's role and statutory responsibility for this  
4 process and just quickly discuss our inspection,  
5 audit, and examination of Santee Cooper, and then  
6 I'll turn it over to Sharad from E3 to go over  
7 their process for the cost of service, proposed  
8 rate design, and proposed rate schedule.

9 ORS reviewed the Santee Cooper proposal for  
10 rate adjustments pursuant to South Carolina Code  
11 Annotated 58-31-730, which states, "The Office of  
12 Regulatory Staff must review any rate adjustments  
13 proposed to the authorities Board of Directors  
14 under this article, including conducting an audit,  
15 inspection, and examination of the proposed rate  
16 schedule, revenue requirements, cost of service  
17 analysis, and the rate and tariff design."

18 So, with that, ORS inspected, audited, and  
19 examined the supporting documents, all of their  
20 schedules, all of their calculations, which  
21 included but was not limited to the proposal that  
22 was presented to the Board on June 10th, the rate  
23 adjustments, the cost of service study analysis,  
24 the rate design study, the current and proposed  
25 rate schedules, the revenue requirements, the 2025

1 budget, and then the generation distribution and  
2 transmission operations of Santee Cooper.

3 In the review of operations, ORS reviewed the  
4 information provided by Santee Cooper including  
5 reports analysis, documents, and procedures  
6 relating to the current operating systems, the  
7 future plans, the maintenance schedules, and then  
8 the budget attributed to those that are included in  
9 the revenue requirements.

10 To aid in our review, ORS conducted multiple  
11 rounds of discovery, held in-person and virtual  
12 meetings with Santee Cooper management and staff,  
13 and conducted a review of various presentations and  
14 board meetings.

15 After reviewing the current distribution  
16 generation and transmission systems and the  
17 required upcoming maintenance and forecasted loads  
18 and the customer growth and the plans for upcoming  
19 transmission and capital and investments, ORS  
20 concluded that the amount budgeted by Santee Cooper  
21 for non-fuel operations, maintenance, and projected  
22 capital investments, and future debt service,  
23 aligned with similarly situated public power  
24 entities.

25 For the audits review of revenue requirements,

1 to complete this examination, our audit team did an  
2 examination of the total retail revenue  
3 requirements. ORS met with Santee Cooper's  
4 management and reviewed the supporting documents,  
5 spreadsheets, and schedules to understand the  
6 Santee Cooper budget process and to verify how  
7 Santee Cooper calculated the information reflected  
8 in the 2025 total system retail revenue  
9 requirements. ORS reviewed the supporting  
10 schedules used to prepare the revenue requirements  
11 including all support for total operations and  
12 maintenance expenses, sums in lieu of taxes, debt  
13 service, working capital requirements, capital  
14 improvement fund, and additional expenses. ORS  
15 verified that the total retail revenue requirements  
16 as reflected in Santee Cooper's request were  
17 supported by workpapers and accurately stated and  
18 were mathematically correct.

19 Again, as part of this review, ORS retained  
20 the consulting services of E3 to assist ORS in the  
21 review and analysis of the Santee Cooper cost of  
22 service study, proposed rate design, and proposed  
23 rate schedule. And so, I'll turn it over to Mr.  
24 Sharad for the consulting firm of E3, who has  
25 joined us virtually to discuss this review.

1 MR. BHARADWAJ: Great, thank you very much, Shane. Good  
2 afternoon. My name is Sharad Bharadwaj. I'm the  
3 Associate Director with E3. We're an energy  
4 consulting firm founded in 1999 with expertise in  
5 energy industry markets. We're committed to  
6 helping our clients make informed decisions by  
7 providing clear unbiased analyses that leverage our  
8 holistic view of the energy industry, and we were  
9 brought onboard to assist ORS in its review and  
10 analysis of the Santee Cooper cost service study  
11 and proposed rate design and the proposed rate  
12 schedule.

13 First, I'd like to echo Shane's comments,  
14 thanking Santee Cooper management and staff for  
15 their cooperation and availability to respond to  
16 data requests, calls, and meeting requests during  
17 this process.

18 So, E3 was able to analyze the utility's cost  
19 of service study, proposed rate design, and  
20 proposed rate schedules, as well as company-  
21 provided workpapers and models underlying the  
22 studies. The full summary of our review can be  
23 found in the ORS comments report. I'll briefly  
24 summarize our comments here.

25 The cost of service study broadly aligned with

1           FERC guidelines. Although the guidelines offer a  
2           general structure for conducting a cost of service  
3           study, the functionalization, classification, and  
4           allocation processes inherently include decisions  
5           to assign costs to categories. Santee Cooper  
6           provided sufficient explanation of these processes  
7           which are essential proper allocation of costs to  
8           each customer class and to ensure alignment between  
9           cost, causation, and recovery.

10                   Since a significant portion of revenue comes  
11           from wholesale customers, Santee Cooper provided  
12           analysis to demonstrate that revenue from wholesale  
13           customers is calculated separately. As discussed  
14           in the cost of service study, the utility estimated  
15           a shortfall between retail revenue requirement and  
16           the revenue generated by retail customers under  
17           current rates, which is why the utility is  
18           requesting a rate increase to cover this gap.

19                   Now, in addition to proposing an increase in  
20           rates, the utility is proposing an update to the  
21           rate structure and is proposing a demand charge for  
22           residential and small commercial customers.  
23           Through this demand charge, the utility may provide  
24           a clear price signal to customers to encourage them  
25           to adjust their energy usage pattern to alleviate

1 peak system demand.

2 The impact of these demand charges with  
3 allocation of higher costs to the customers  
4 contribute more to system peak demand. The merits  
5 of demand charges have been evaluated by  
6 independent sources such as the RAP folks who spoke  
7 earlier, and these sources have concluded that  
8 investments can be deferred and costs can be  
9 reduced if utilities can reduce customer demand  
10 during periods of high grid stress. And despite  
11 their potential benefits, demand charges as part of  
12 residential rates are relatively new, although they  
13 are more common for customers who install  
14 distributed energy resources to ensure that those  
15 customers pay a fair share of the infrastructure  
16 costs.

17 Now, the proposal to implement the demand  
18 charge should also be considered within the context  
19 of gradualism. ORS and E3 identified that although  
20 demand related costs encompasses costs from various  
21 function groups, Santee Cooper only allocates  
22 production related demand costs to the demand  
23 charge and all other demand related costs are  
24 either being assigned to the fixed monthly customer  
25 charge or to the energy charge. The intention of

1           such an arrangement is to reflect the principle of  
2           gradualism since the proposed rate will be the  
3           first time that Santee Cooper has proposed to  
4           include a residential demand charge.

5           Ultimately, the result of the proposed  
6           residential rate design, which relies on historical  
7           AMI data, will depend on customer response to  
8           pricing signals. Increase in residential rates  
9           will outpace those of other retail customer  
10          classes, which can be attributed to the expected  
11          near term shift towards demand related prediction  
12          costs.

13          Now, comparison of the 2024 and 2025 revenue  
14          requirements as provided in Santee Cooper's cost of  
15          service model indicated that substantial increase  
16          in production demand costs between the two years  
17          with a proportional decrease in production energy  
18          related costs. Because the residential sector has  
19          substantially higher demand related allocation  
20          factors than other classes, this manifests as a  
21          proportionately higher increase in the residential  
22          rates relative to those other classes.

23          Directly stemming from this, the projected  
24          bill changes in Appendix A of the cost of service  
25          study indicate that residential bills are projected

1 to increase by a greater magnitude than other  
2 classes on average, and the range of bill increases  
3 will vary significantly depending on customer's  
4 load factor and usage patterns. However, it is  
5 important to note that these bill impacts are only  
6 applicable as long as customers do not alter their  
7 usage patterns. Customers who can reduce their  
8 peak load will see less drastic bill increases and  
9 maybe even achieve bill savings.

10 The reduction in peak demand will reduce  
11 revenue recovered from customers but would also  
12 reduce the cost to serve them. Thus, if the demand  
13 charges are successful at incentivizing shifts in  
14 customer usage patterns, this may promote the  
15 ratemaking principle of efficiency.

16 The ability of customers to avoid significant  
17 bill impacts is contingent on their ability to  
18 avoid usage during these high system peak cost  
19 hours, meaning customers must be both aware of and  
20 able to respond to these. Some customers may not  
21 respond at all or may need to adopt flexibility  
22 enabling technology.

23 The demand charge introduces new variability  
24 in customer rates based on customer behavior and  
25 may alter the distribution of customer bills under



1 current load characteristics. So, as a demand  
2 charge is a newly added component in the  
3 residential rates, Santee Cooper may want to  
4 closely monitor demand charges after  
5 implementation, assess the impact on customer's  
6 monthly bills, and consider bill impact mitigation  
7 within the residential class. Additionally, the  
8 utility may want to monitor the potential for rate  
9 migration in the proposed default demand charge  
10 rate and the optional time-of-use rate. Similarly,  
11 Santee Cooper may want to consider providing  
12 additional outreach and education opportunities to  
13 its customers to help them understand the  
14 implications of demand charges and how they can  
15 adjust their energy use patterns to minimize bill  
16 increases.

17 To conclude, E3 determined that Santee Cooper  
18 followed industry standards in its analysis to  
19 create the proposed rate schedule, revenue  
20 requirements, cost of service analysis, and rate  
21 design. We encourage Santee Cooper to continue  
22 educating customers on the proposed changes to the  
23 rate structure and how usage behaviors impact what  
24 new bills. And with that, I'll take it back to  
25 Shane.

1 MR. HYATT: Thank you, Sharad. This concludes the  
2 summary of ORS's review of Santee Cooper's  
3 proposal.

4 MS. BUDREAU: They will want you to speak into  
5 microphone.

6 MR. HYATT: Oh, sorry. Thank you, Sharad. This  
7 concludes the summary of ORS's review of Santee  
8 Cooper's proposal, and I guess we can open it up  
9 for questions. Yeah.

10 VICE CHAIRMAN MUDGE: Hearing none? Vicky?

11 MS. BUDREAU: Questions?

12 VICE CHAIRMAN MUDGE: I'm saying I don't hear any.

13 MS. BUDREAU: Okay. All right.

14 MR. HYATT: Thank you.

15 MS. BUDREAU: Thank you, Shane, and thank you ORS for  
16 being here today with us. All right, so this  
17 concludes the public comments of this meeting. So,  
18 I do want to thank everybody that came today; all  
19 the customers that came to speak to us. We wanted  
20 to hear your comments and we appreciate them.

21 So, the transcript of this meeting will be  
22 provided to the Board prior to its consideration  
23 and vote on the proposed rate adjustment. It will  
24 also be posted on our website and, Vice Chair  
25 Mudge, I turn it back to you.

1 VICE CHAIRMAN MUDGE: Thank you, Vicky. Before we  
2 move on with the rest of the board meeting, we want  
3 to thank all the presenters today, all the people  
4 who came in today to comment. This is the fifth  
5 meeting. We've had the majority of the Board at  
6 all the meetings. We value everybody's input.  
7 Now, the burden's on us to slice the pie.

8 At this point, we'll move on to Board  
9 comments, questions about where we are and where we  
10 go. Anybody got comments or questions?

11 MR. RAY: I do, Mr. Chairman.

12 COURT REPORTER: I need a name, please. Your name?

13 MR. RAY: Oh, my name is Dan Ray. So, Mr. Chairman, I  
14 have four items that I'd like to direct to our CEO,  
15 and ask that he and staff review these and provide  
16 our Board feedback at our November 7th meeting if  
17 possible.

18 Item one, please address concerns regarding  
19 the impact on low, low load factor customers with  
20 the new demand rate. And this is obviously with  
21 respect to the percentage increase and also an  
22 alternative of time-of-use rate possibilities.

23 Second item, please address the impact on  
24 small, small commercial customers resulting from  
25 the rate change. And, you know, the issue here is

1           there are potential high percentage changes that  
2           will impact some of our small commercial customers.

3           Third item, please address the potentially  
4           significant impact of the economy power rates for  
5           industrial customers.

6           And fourth, please provide additional  
7           comparisons and competitive analysis of Santee  
8           Cooper's demand rates relative to other utilities  
9           in South Carolina and beyond South Carolina, if  
10          appropriate or necessary.

11          And then, so those are my four comments and  
12          what I would ask, probably Shawan, if you would  
13          reach out to RAP and make sure they are aware of  
14          these comments and have time to review them, review  
15          Santee Cooper's analysis, and provide that feedback  
16          to us prior to November 7th board meeting if  
17          possible. Thank you, Mr. Chairman.

18          VICE CHAIRMAN MUDGE:        Anybody else with comments or  
19          questions? (Pause for response.) Yes, sir?

20          DIRECTOR ARDIS:            Mr. Chairman, I've got a couple.  
21          Rob Ardis, A-R-D-I-S.

22          The, the first question I've got has to do,  
23          and maybe I should have asked this when RAP was  
24          still on the screen, but sounds like within the  
25          residential class, you've obviously got some

1 subsidization, you've got your high-load factor  
2 users and your low-load factor consumers. I've  
3 heard several times today, if we can make this  
4 optional. I, I want to know, and I don't know if  
5 this is Santee Cooper staff that needs to do this  
6 or RAP that needs to do this, but my fear is that  
7 if it's made optional, then those who are naturally  
8 low-load factor consumers or those who don't want  
9 to respond to the price signal will stay on the old  
10 rate, and those who are automatically high-load  
11 factor consumers or do want to respond to the price  
12 signal, do move to the new rate, and then all of a  
13 sudden, you, you have the worst of both worlds. I,  
14 I think that that's a tall order. I just want to  
15 make sure that somebody with more understanding  
16 than me looks into that.

17 The second, and this is definitely a request  
18 for Santee Cooper staff, I heard numerous times  
19 today concerns about when do I run my microwave,  
20 when do I run my television, when do I run my  
21 stove, when do I run my shower? If we could put  
22 out some information for the consumers to let them  
23 know that your microwave is not going to drive your  
24 rate, your stove is not going to drive your rate,  
25 you know, it's the bigger things that run for

1 longer periods of time. I think there's a lot of  
2 concerns about when I can watch television, and  
3 then, I mean, you can watch television whenever you  
4 want to. That's, that's the short answer.

5 I've got to -- I heard, I'm sorry, this  
6 gentleman here left. He, he said, had a concern  
7 about one demand charge causes an 11-month penalty,  
8 and I want to make sure that I understand correctly  
9 that you're doing this one month at a time. I  
10 think he was referring to an industrial situation  
11 where you could get hit with a ratchet that applies  
12 for the entire year. I want to make sure everybody  
13 that knows, understands that we're talking about  
14 one month at a time and every month is, is a brand  
15 new month. So, I want to make sure that we get  
16 that out there.

17 We had a couple of really good comments about  
18 the what if we do a forgiveness. Mr. Jeffcoat had,  
19 had a great caveat in there that I wanted to -- I  
20 haven't thought about it, but I'd love to get  
21 somebody to look at. He said, "What if we gave a  
22 one month forgiveness as long as that hour didn't  
23 occur during the CP, the coincident peak."

24 Now, that may be hard to administer. You  
25 know, okay, you get a one-time forgiveness, but no,

1 not, you don't get a forgiveness if it happened  
2 during the peak. So, then it's like, okay, maybe I  
3 get a one-time forgiveness, but not if it was  
4 during the peak. That, that's difficult to look  
5 at. I assume that's already been looked at. I  
6 think it would be hard to administer. I just want  
7 to, I just want to make sure.

8 Also, there was some questions brought up  
9 about Santee Cooper's current and future debt. I  
10 think that's already being wrapped into the rates  
11 that we're proposing. I just want to make sure. I  
12 see Jimmy nodding already, so I think that question  
13 is probably already answered.

14 I heard a great question from the industrial  
15 side, making sure that the interruptible credit  
16 does match the true value of avoided cost of  
17 peaking generation. Obviously, that, that is very  
18 critical to anybody on any side of that equation.  
19 So, we want to make sure Santee Cooper is, is  
20 definitely looking at that. I'm getting close,  
21 three more.

22 I heard a comment during the DCA presentation  
23 about this, this would disadvantage low income  
24 consumers. I think I heard them say that a low-use  
25 consumer is often a low-income consumer, and I want

1 to make sure that's not a -- I want Santee Cooper  
2 to tell us if that's an overgeneralization. I, I  
3 can see a low-use consumer being, you know, a  
4 fixed-income single person living alone. But I  
5 could also see a high-use consumer, poorly-  
6 insulated home, big family, lots of kids, a 5,000  
7 kilowatt hour bill.

8 I don't, I don't think that low-use consumer  
9 automatically means low-income consumer, but I'd  
10 like for Santee Cooper to see if they can help us  
11 figure that out.

12 I heard a question about holidays. I'm pretty  
13 sure I can just get a head nod that the time that  
14 Santee Cooper's system was under the most strain  
15 was Christmas Eve 2022.

16 MR. STATON: That's correct.

17 DIRECTOR ARDIS: So, I don't know that we can forgive  
18 holidays. I think I just answered that one myself,  
19 and I'm done after this one. The last one, this is  
20 really a question, it seemed like in the DCA  
21 presentation, initially it was a concern about  
22 allocation of plant between rate classes, and then  
23 later it was allocation of plant within rate  
24 classes. You know, so when you're looking at  
25 customers with different load factors, this is



1 allocation within the rate class, pitting one  
2 residential consumer against another based on their  
3 different load factors, but the opening comment was  
4 more residential as a whole versus industrial as a  
5 whole and how production plant is allocated.

6 So, that's a little above my understanding  
7 level. I just want to make sure that we get a  
8 little bit more clarification in that, that we're,  
9 we are doing both of those things fairly. I, I  
10 think we need to be looking at both. I just want  
11 to make sure we are, and doing, and doing them  
12 fairly.

13 And thank you, Shawan, for not making the  
14 timer go off while I was talking.

15 VICE CHAIRMAN MUDGE: Thank you, Director Ardis.

16 Anybody else? Director Bennett?

17 DIRECTOR BENNETT: Well, Dan and Rob covered everything  
18 I would've ever thought to say, and I appreciate  
19 both their comments. I, I just want to thank the  
20 staff for the work they put into this, as well as  
21 all of our customers who come in today. I really,  
22 having worked for Santee Cooper and been part of  
23 that team in the past, I know how much time this  
24 takes in the schedule you've had. I really  
25 appreciate the work the staff has done and will

1 continue to do as we work through this and find the  
2 solution that best fits Santee Cooper and our  
3 customers.

4 VICE CHAIRMAN MUDGE: Thank you, Director Bennett.  
5 Anybody else? Anybody online? (Pause for  
6 response.)

7 DIRECTOR DALTON: Yeah. I, I would echo Sam Bennett's  
8 comments: Great presentation, great preparation on  
9 everybody's part, very helpful as a Director, and I  
10 appreciate it. Thank you very much.

11 VICE CHAIRMAN MUDGE: Okay, last call. (Pause for  
12 response.) All right, next, Jimmy Staton, CEO,  
13 closing comments.

14 MR. STATON: I'm sure you'll be grateful; I don't have  
15 a lot that I intend to say, but I do, for all of  
16 our customers, I want to thank you for the  
17 opportunity that we've had to serve you since the  
18 inception of the company 90 years ago. We  
19 appreciate that. We take it very seriously.

20 More importantly, we really appreciate your  
21 interest, your comments today and throughout this  
22 entire transparent process. The Board of Directors  
23 of Santee Cooper has a statutory requirement to  
24 balance the interests of all of our customers. And  
25 what we heard today was not all of those interests

1 are fully aligned, and so there is a balance that's  
2 going to have to, have to happen.

3 What we commit to as we review everything that  
4 we've heard today and throughout the entirety of  
5 this process, we will, we will balance those  
6 interests and we will bring to the Board that  
7 balance in November when we provide final rates for  
8 their final review.

9 And then, the last thing, there were some  
10 really kind comments made throughout the day about  
11 the Santee Cooper line crews that have worked  
12 around the state in order to help restore service  
13 during this incredible storm. We couldn't be more  
14 proud of the men and women that have been doing  
15 that on behalf of all of the utilities, and I want  
16 to raise that issue.

17 I will tell you I've been through storms  
18 similar to what we've experienced. I've never seen  
19 the level of devastation, but more importantly,  
20 every utility in South Carolina was part of Team  
21 South Carolina. We shared resources. And so, I  
22 applaud not just the Santee Cooper team, who I am  
23 very proud of, but I applaud those folks from  
24 Dominion, from Duke, from the Cooperatives,  
25 everyone, the Municipals in the state, and the

1 thousands of people that were brought in in order  
2 to help restore service here in South Carolina. An  
3 absolutely incredible response, couldn't be  
4 prouder. So, again, proud of them.

5 Thank you all for all of your comments and  
6 your interest, and we look forward to continuing to  
7 serve you for the next 90 years. So, thanks.

8 VICE CHAIRMAN MUDGE: Thanks, Jimmy. And in closing,  
9 I mean, I think we all heard the comments about the  
10 Helene response and just the massive outpouring of  
11 line crews from out of state. I had a Michigan  
12 crew turn my power in Clemson, South Carolina. I'm  
13 like, "What are you guys doing down here?"

14 They're, they're all safe, they're all  
15 careful, and, and that then takes me back to what  
16 Santee Cooper does best, professionalism, safe,  
17 reliable power. And we'll continue the  
18 professionalism and thoughtful, thoughtful  
19 consideration of the comments we've received, and  
20 we'll take this back up again in November.

21 So, unless there's anything else, we are  
22 adjourned. Thank you.

23 (There being nothing further, the  
24 proceeding adjourned at 4:34 p.m.)

25 (\*This transcript may contain

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2 is reproduced as read or quoted  
3 by the speaker.)

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STATE OF SOUTH CAROLINA )  
) C E R T I F I C A T E

COUNTY OF HORRY )

BE IT KNOWN, that I, Cara-Leigh V. Richardson,  
took the foregoing proceeding and hereby attest:

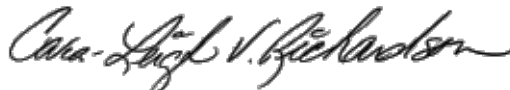
That I was then and there a notary public in and  
for the State of South Carolina-at-large and that by  
virtue thereof I was duly authorized to administer an  
oath;

That the foregoing Public Comment Meeting was  
taken down by me and reduced to written form by means  
of Stenomask with backup;

That the foregoing transcript represents a true,  
accurate, and complete transcription of said Public  
Comment Meeting at the time and place aforesaid to the  
best of my skill and ability;

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

IN WITNESS THEREOF, I have hereunto  
affixed my signature and title.



Cara-Leigh V. Richardson

Date: October 10th, 2024  
Notary public for South Carolina  
My commission expires July 10, 2025