



Proposed Plan for Electric Rate Revisions

Santee Cooper Board of Directors

June 10, 2024

Agenda



- Recent History
- Revenue Projections and Rate Study
- Proposed Rate Revisions
- Timeline and Process for Public Comment

Retail rates have been stable for over 7 years

- **2015 Rate Study**

- Board approved two base rate adjustments
 - First increase effective for bills rendered April 1, 2016 (5.3%)
 - Second increase effective for bills rendered April 1, 2017 (2.1%)
 - Third increase proposed for 2018 but deferred

- **2017 Rate Study**

- Suspended

- **2020 Cook Settlement Agreement**

- “Froze” retail rates through 2024, along with adjustments
 - Fuel costs could no longer be “passed through” to customers
- Allowed for “Exceptions” to be recovered after the Rate Freeze Period

Rates have remained stable since 2017, but little else has

- Regional generation capacity margins are lower
 - Load growth and resource retirements drove the need for new resources
 - Without new generation, robust transmission systems became more important
- Costs have grown by 25%
 - Inflation is expected to continue to be above 2% in the near future
- Environmental regulations have increased the cost of generating electricity
 - Effluent Limitation Guidelines
 - Solid Waste Landfill
 - Ash Pond Remediation

Increasing costs were incurred and paid in a fixed rate environment through aggressive financial management

- **Budget Reductions**

- Cuts of \$30 million in NFOM and \$70 million in Capital in 2022
- Staffing levels reduced via attrition

- **Debt Service Moderation**

- Refinanced over \$2 Billion in debt to take advantage of low interest rates and saved customers approximately \$765 million

- **Regulatory Accounting**

- Exceptions per the Cook Settlement Agreement, primarily related to fuel, were identified and deferred

Past challenges have been handled; what about the future?

The 2024 Budget provides a roadmap for the future of Santee Cooper

- Investment in the electric system
 - Reliability investments in generation, transmission and distribution assets
- Strong projected load growth
 - Significant residential and industrial customer growth requires additional investment
- Capacity expansion
 - Investment in resources to satisfy load growth
 - Purchased power agreements
- Recovery of exceptions

The Budget shows a revenue deficit in 2025

- Retail revenue at current rates under-recovers projected costs by \$40 million in 2025

A rate adjustment of \$40 million, or 4.9%, is necessary in 2025

- The proposal includes a **single adjustment** to rates that would be effective for bills rendered on and after April 1, 2025
- The adjustment would impact all retail customers
 - Residential
 - Commercial
 - Lighting
 - Industrial
- A deferred cost recovery mechanism proposed for exceptions

The rate adjustment is allocated to various classes and rates via a process commonly called a “Rate Study”

- Management authorized by the Board to proceed with an electric rate study in June of 2023
- Retained NewGen Strategies & Solutions, LLC to conduct the rate study with management
 - Long history of providing Cost of Service / Rate Design
 - Primarily support public power entities across the country
 - Founded by former members of R.W. Beck, Inc. and others
 - Over 60 professionals and administrative staff
 - Supporting publicly owned utility industry
 - Work for electric, water, wastewater, solid waste, and natural gas utilities
 - Located in 13 offices nationwide
 - Supported Santee Cooper for over 15 years with same Project Manager
- Conducted study over a twelve-month period
- Study presents opportunity to revise rate structures and offerings

Proposed Rates Result From a 4-Step Process



1. Allocate revenue requirements among rate classes
2. Establish proposed revised rates
3. Provide Notice and obtain public input
 - Adjust initial recommendation, if appropriate
4. Submit for Board Approval

Study was Conducted in Accordance with our Pricing Principles



- **Mission**
 - Limit price increases to less than inflation
- **Equity**
 - Allocate costs to specific customer classes in a reasonable, equitable and defensible manner
- **Efficiency**
 - Design prices so that conservation savings are shared with the customers
- **Adequacy**
 - Provide sufficient revenue to preserve the financial integrity of Santee Cooper
- **Notice**
 - Ensure customer notice and engagement in rate proceedings
- **Protection**
 - Allow reasonable relief mechanisms for financially distressed customers
- **Transparency**
 - Require openness in annual review of compliance with Pricing Principles

Board will be asked to “readopt” Pricing Principles via resolution

Proposed Adjustments by Customer Class



- Adjustments vary by class, and not all customers in a class will experience the same level of adjustment

Average Annual Increase In Revenues ⁽¹⁾		
Customer Class	Proposed Rates in 2025 (v. Present Rates)	2025 Additional Revenue (\$1,000s)
Residential	8.7%	\$21,400
Commercial	4.1%	\$7,354
Lighting	5.0%	\$785
Industrial ⁽²⁾	2.8%	\$10,164
TOTAL AVERAGE	4.9%	\$39,703

1) Average increase in total revenues for all customers in class.

2) Includes Industrial Firm & Non-Firm

Rate Structure Revision Objectives



- Recover retail revenue requirements
- Encourage efficient use of the electric system by providing meaningful price signals
 - Reduce demand and usage during high-cost or peak periods
- Improve fixed cost recovery
- Provide opportunities for industrial customers to effectively utilize renewable resources
- Promote prudent economic development

Overview of Key Proposed Rate Revisions



- Modified Residential Offerings
 - Changed Residential General Service rate (RG) to an on-peak Demand Charge
 - Removed Energy Seasonal Differential
 - Electric Vehicle (REV, EVO) and Contribution Lighting Rates (OLC, OLDC) no longer experimental
- Modified Commercial Offerings
 - Changed Commercial Small General Service rate (GA) to a Demand Charge
 - Segmented primary Commercial Rates (GA, GB, GL) by Demand
 - Replaced Energy Seasonal Differential with On/Off- Peak Differential
- Revised and Expanded Industrial Offerings
 - Added Industrial Distributed Generation Rider (L-DG) and Economic Development (ED) Rate
 - Added on-peak energy hours for Large Light and Power (L) and Interruptible (L-I) rates
 - Eliminate Standby Generation Rider

Residential (RG, RT)

Description	Current	Proposed 2025
Residential General Service (RG)		
Customer Charge (\$/Month)	\$19.50	\$20.00
Demand Charge (\$/kW)	N/A	\$10.03
Summer Energy Charge (\$/kWh)	\$0.1197	\$0.0684
Non-Summer Energy Charge (\$/kWh)	\$0.0997	\$0.0684
Residential Time-of-Use (RT)		
Customer Charge (\$/Month)	\$28.00	\$20.00
On-Peak Summer Energy Charge (\$/kWh)	\$0.3438	\$0.3139
On-Peak Non-Summer Energy Charge (\$/kWh)	\$0.3094	\$0.3139
Off-Peak Energy Charge (\$/kWh)	\$0.0613	\$0.0684

RG Structural Changes:

- 3 Hour Summer Demand Window: **3:00 pm – 6:00 pm April – October**
- 3 Hour Non-Summer Demand Window: **6:00 am – 9:00 am November – March**
- Removal of seasonal energy rate

RT Structural Changes:

- 4 Hour Summer On-Peak Energy: **3:00 pm – 7:00 pm April – October**
- 4 Hour Non-Summer On-Peak Energy: **5:00 am – 9:00 am November – March**
- Alternate rate for customers choosing to “Opt Out” of RG

Impact on Residential Customer Bills



Rate	On-Peak Load Factor ¹	On-Peak Demand (kW) ²	Average Monthly Energy (kWh)	Average Monthly Bill	2025 Avg. Monthly Increase
Monthly Bill (Current)	N/A	N/A	1,000	\$115.69	-
Monthly Bill (Proposed)	27%	5.1	1,000	\$125.98	\$10.29
	32%	4.3	1,000	\$119.35	\$3.66

Bill impacts for individual customers will vary depending on each customer’s specific demand and energy usage

- By reducing demand during the peak period, a residential customer may use the same amount of energy and receive a lower bill

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

Residential Electric Vehicle (REV, EVO)



Description	Current	Proposed 2025
Electric Vehicle Power (REV)		
Customer Charge (\$/Month)	\$19.50	\$20.00
Demand Charge (\$/kW)	N/A	\$10.03
On-Peak Energy Charge (\$/kWh)	\$0.2463	\$0.0745
Off-Peak Energy Charge (\$/kWh)	\$0.0860	N/A
Super Off-Peak Energy Charge (\$/kWh)	\$0.0418	\$0.0418
Electric Vehicle Power Only (EVO)		
Customer Charge (\$/Month)	\$5.00	\$5.00
Demand Charge (\$/kW)	N/A	\$10.03
On-Peak Energy Charge (\$/kWh)	\$0.3376	\$0.1000
Off-Peak Energy Charge (\$/kWh)	\$0.0860	N/A
Super Off-Peak Energy Charge (\$/kWh)	\$0.0418	\$0.0418

Structural Changes:

- EV Rates are a permanent offering (change from Experimental status)
- ‘Windowed’ Demand Rate replaces current On-Peak Energy Charge
- Demand Rate and Windows identical to RG
- 3 Hour Summer Demand Window: **3:00 pm – 6:00 pm April – October**
- 3 Hour Non-Summer Demand Window: **6:00 am – 9:00 am November – March**

Small Commercial (GA)

Description	Current	Proposed 2025
Small General Service (GA)		
Customer Charge (\$/Month)	\$25.00	\$26.00
Demand Charge (\$/kW)	N/A	\$17.08
Summer/On-Peak Energy Charge (\$/kWh)	\$0.1126	\$0.0481
Non-Summer/Off-Peak Energy Charge (\$/kWh)	\$0.0926	\$0.0381

Small Commercial Structural Changes:

- Current: Optional rate for customers <50 KW potential demand
- Proposed: Mandatory for customers <50 KW potential demand
 - Results in migration of ~1,500 current GB customers
- Inclusion of a Demand Rate (Non-coincident Peak)
- Energy rate changes from Summer/Non-summer to On/Off-peak
- 4 Hour Summer On-Peak Energy: **3:00 pm – 7:00 pm April – October**
- 4 Hour Non-Summer On-Peak Energy: **5:00 am – 9:00 am November – March**

Medium & Large Commercial (GB, GL)



Description	Current	Proposed 2025
General Service (GB)		
Customer Charge (\$/Month)	\$26.00	\$28.00
Demand Charge (\$/kW)	\$23.42	\$24.95
Summer/On-Peak Energy Charge (\$/kWh)	\$0.0475	\$0.0501
Non-Summer/Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0401
Large General Service (GL)		
Customer Charge (\$/Month)	\$26.00	\$28.00
Demand Charge (\$/kW)	\$23.60	\$25.73
Summer/On-Peak Energy Charge (\$/kWh)	\$0.0465	\$0.0481
Non-Summer/Off-Peak Energy Charge (\$/kWh)	\$0.0365	\$0.0381

Medium/Large Commercial Structural Changes:

- GL Mandatory >300 KW; No Load Factor Requirement
- GB Mandatory 50 – 300 KW
- Energy rate changes from Summer/Non-summer to On/Off-peak
- 4 Hour Summer On-Peak Energy: **3:00 pm – 7:00 pm April – October**
- 4 Hour Non-Summer On-Peak Energy: **5:00 am – 9:00 am November – March**

Other Commercial (GV, GT, TP)



Description	Current	Proposed 2025
Seasonal General Service (GV)		
Customer Charge (\$/Month)	\$26.00	\$28.00
Demand Charge (\$/kW)	\$25.04	\$26.23
Summer/On-Peak Energy Charge (\$/kWh)	\$0.0475	\$0.0476
Non-Summer/Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0376
General Service Time-of-Use (GT)		
Customer Charge (\$/Month)	\$31.00	\$33.00
On-Peak Demand Charge (\$/kW)	\$25.76	\$27.42
Off-Peak Demand Charge (\$/kW)	\$13.94	\$14.92
On-Peak Energy Charge (\$/kWh)	\$0.0475	\$0.0501
Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0401
Temporary Service (TP)		
Customer Charge (\$/Month)	\$22.00	\$26.00
Summer/On-Peak Energy Charge (\$/kWh)	\$0.1412	\$0.1478
Non-Summer/Off-Peak Energy Charge (\$/kWh)	\$0.1212	\$0.1378

Structural Changes:

- Energy rate changes from Summer/Non-summer to On/Off-peak
- 4 Hour Summer On-Peak Energy: **3:00 pm – 7:00 pm April – October**
- 4 Hour Non-Summer On-Peak Energy: **5:00 am – 9:00 am November – March**
- GT On-Peak/Off-Peak Demand Windows align with On-Peak/Off-Peak Energy Hours

Description	Current	Proposed 2025
Large Light & Power (L)		
Customer Charge (\$/Month)	\$3,400	\$3,605
Demand Charge (\$/kW)	\$19.26	\$21.08
On-Peak Energy Charge (\$/kWh)	\$0.0575	\$0.0497
Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0375
Interruptible (L-I)		
Demand Charge (\$/kW)	\$10.31	\$10.44
On-Peak Energy Charge (\$/kWh)	\$0.0575	\$0.0497
Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0375
Economy Power (L-EP)		
Customer Charge (\$/Month)	\$1,000	\$1,000
Reservation Charge (\$/kW)	\$1.81	\$3.24
Generation Related Expenses (\$/MWh)	\$8.31	\$7.47
CIF/Transmission Loss %	12.92%	12.92%
Economy Power Optional (L-EP-O)		
Reservation Charge (\$/kW)	\$3.66	\$4.89
Off-Peak Energy Charge (\$/kWh)	\$0.0375	\$0.0375
Demand Response Buy Back (L-DRB)		
Monthly Credit (\$/MW)	\$490	\$418
Event Credit (\$/MW)	\$588	\$502

Structural Changes:

- Addition of Non-Summer On-Peak Energy hours to L and L-I rates
- Summer On-Peak Hours: 1:00 pm – 10:00 pm June – August (No Change)
- Non-Summer On-Peak Hours: 5:00 am – 9:00 am November – February (New)
- Interruptible discount based on LMS100 CT from IRP
- Trigger for additional On-Peak hours for EP-O tied to price (\$49.70/MWh) rather than Load Forecast

Proposed Rate Revision Process and Timeline ⁽¹⁾



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

⁽¹⁾ Timeline is subject to Board approval

Proposed Plan for Public Notice



- Press release today, June 10
 - Website
 - Email to state media list
- Public Notices (week of June 10)
 - Sun News
 - Post & Courier
 - Via method customers receive bills (email, regular mail)
- Notices in all retail offices along with copies of proposed rate revision information for examination in the offices (beginning today, June 10)
- Santee Cooper Website (beginning today, June 10)
 - Notice will be posted
 - New rates, rate comparisons, Rate Study Report and technical appendix will be available for download
 - Provisions for public comments to be received via the website and email
- Notice provided to ORS today, June 10

Proposed Public Comment Meetings



Date	Location	Time	Place
August 26	Moncks Corner	6:00 pm	Santee Cooper Office Auditorium
September 17	Pawley's Island	1:00 pm	Waccamaw Neck Library
September 17	Myrtle Beach	6:00 pm	Santee Cooper Office Auditorium
September 24	Virtual	9:00 am	Online
October 8	Myrtle Beach	2:00 pm	Santee Cooper Office Auditorium

- **Conduct of public meetings**
 - A court reporter will be present to record proceedings and preserve public record
 - Customers/interested parties must sign up to speak
 - Customer comment time will be limited

Proposed Meetings, October - December



- **October 8, 2024 Meeting**

- Board will:
 - Be presented a summary report consisting of:
 - Transcripts of each public meeting
 - Written comments received and management responses
 - Presentations and other items related to public meetings
 - Receive additional oral comments from the public
- ORS will have opportunity to provide comments
- Consumer Advocate will have opportunity to provide comments
- “Other Interested Parties” may provide comments as well

- **November 7, 2024 Meeting**

- Board will receive final rates from management that may have been modified based on public comment

- **December 9, 2024 Meeting**

- Board will vote on rates proposed by management on November 9

Rate Revisions and Revision Process and Schedule

- Establishes the Process and Schedule for receiving public comments and final Board consideration
- Directs Management to provide notice of the Proposed Rates to customers pursuant to the Process and Schedule

Pricing Principles

- Reaffirms and Readopts the Pricing Principles