

RIDER TO RETAIL RATES

DEMAND SIDE MANAGEMENT COMPONENT

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APPLICABILITY

Service supplied under the Company's retail electric rate schedules is subject to approved Demand Side Management (DSM) program cost adjustments. The rates shown below are applicable to and a part of the Company's South Carolina retail electric rate schedules and included in the monthly rate provision of the applicable schedule used in billing and shall therefore be added to customer's monthly bill statement:

DSM RATES BY CLASS (\$/kWh)

<u>Customer Class</u>	<u>DSM Factors</u>
Residential	0.00220
Small General Service	0.00402
Medium General Service	0.00261
Large General Service	0.00116

DERIVATION OF FACTORS

Demand Side Management costs to be recovered in an amount rounded to the nearest one-thousandth of a cent per kilowatt-hour will be determined by the following formula:

$$A = D / S$$

A = Customer Class Specific DSM Program Costs Rate Adjustment per kilowatt-hour applied to base rates rounded to the nearest one-thousandth of a cent.

D = DSM revenue requirement for the period calculated as (C + L + R)

Where:

C = One year of Amortization Expense (based upon the balance of DSM Program Costs at the beginning of the annual review period) plus associated Carrying Costs (calculated using the Company's Weighted Average Cost of Debt)

L = Net Lost Revenues for each customer class are based on forecasted retail kWh sales reductions attributable to DSM programs. Revenues lost are calculated using the average rate per customer class less the class specific fuel component and variable O&M. The resulting factor is then multiplied by the kWh sales lost for each class of customers. This amount will be "trued-up" for the actual impact on prior year sales. The total amount of net lost revenues is limited to a rolling three (3) year period.

R = One year of amortization of DSM Program Incentive to be calculated by multiplying the estimated Net Present Value Benefit of each energy efficiency program as determined by the Total Resource Cost Test times 9.9%.

S = Projected customer class specific sales, defined as retail kilowatt-hour sales from each class of customers for the current period, less sales from customers who have been approved for opt-out status.

The appropriate revenue-related tax factor is to be included in these calculations.

"OPT-OUT" PROVISION

1. Industrial customers as defined in Rate 23 are eligible to opt-out of DSM programs and costs.
2. Non-residential accounts that have both (i) annual consumption of 1,000,000 kilowatt-hours or greater in the billing months of the prior calendar year and (ii) 52-59 as the first two digits of their Standard Industrial Classification or 44-45 as the first two digits of their six digit North American Industry Classification System are also eligible to opt-out of the DSM programs and costs.

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- 3. If a customer elects to opt out an eligible non-residential account, all other non-residential accounts which are billed to the same customer and located on the same or contiguous properties are also eligible for the opt-out. A customer may not aggregate accounts at separate locations to achieve the eligibility threshold of 1,000,000 kilowatt-hours.
- 4. Customers wishing to opt-out of DSM programs and recovery of DSM costs shall file a writing with the Company on a form provided by the Company representing that they have already implemented or will be implementing alternative DSM programs. Certifications shall be valid until withdrawn. If a Customer should choose to participate in one or more DSM programs for any account prior to or after the issuance of Commission Order No. 2013-826, then such Customer will not be permitted to opt-out of DSM programs and recovery of DSM costs for that account(s) for a period of three (3) years from the date the Customer accepts a DSM rebate from the Company.
- 5. Customers who opt-out but later elect to participate in one of the Company's programs may do so upon application to the Company. If acceptable to the Company, the Customer may participate in the Company's programs for any account(s), but may not apply to opt-out for that account(s) again for a period of three (3) years from the date the Customer accepts a DSM rebate from the Company.

Since DSM charges are included and a part of retail rates, customers qualifying for the opt-out provision shall receive the following DSM Credit on their monthly bill statement:

$$\text{DSM Credit} = \text{Billed kWh times the applicable DSM Rate}^*$$

* The DSM Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

DEFINITIONS

- 1. Annual Review Period - The period of time between December 1 and November 30.
- 2. Amortization Period - The period of time which the Company's DSM measures, program costs and incentive are deferred and amortized.
- 3. Customer Class - The Company's classification of customers based on similar energy usage characteristics. These are defined as follows:

Residential:

Rate 1 – Good Cents Rate, Rate 2 – Low Use Residential Service, Rate 5 - Residential Service Time-of-Use, Rate 6 – Energy Saver / Conservation Rate, Rate 7 – Residential Service Time-Of-Use Demand, Rate 8 – Residential Service

Small General Service:

Rate 3 – Municipal Power Service, Rate 9 – General Service, Rate 10 – Small Construction Service, Rate 11 – Irrigation Service, Rate 12 – Church Service, Rate 13 – Municipal Lighting Service, Rate 14 – Farm Service, Rate 16 – General Service Time-Of-Use, Rate 22 – School Service, Rate 28 (Experimental) – Small General Service Time-Of-Use Demand

Medium General Service:

Rate 15 - Supplementary and Standby Service, Rate 20 – Medium General Service, Rate 21 – General Service Time-Of-Use Demand, Rate 21A – Experimental Program - General Service Time-Of-Use Demand

Large General Service:

Rate 23 – Industrial Power Service, Rate 24 – Large General Service Time-Of-Use, Rate 27 - Large Power Service Real Time Pricing (Experimental)

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The contract terms will be the same as those incorporated in the rate tariff under which customer receives electric service.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and form a part of this rider.