

RIDER NO. 39H
ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL, AVOIDED CAPACITY COSTS AND DISTRIBUTED
ENERGY RESOURCE PROGRAM COSTS

APPLICABILITY

These adjustments are applicable to and are a part of the Utility's South Carolina retail electric rate schedules.

The cost of fuel shall be recovered from Company's customers through a charge billed on a kilowatt-hour ("kWh") basis in an amount rounded to the nearest thousandth of a cent. The variable environmental cost, avoided capacity cost of Public Utilities Regulatory Policies Act of 1978 ("PURPA") purchased power, and Distributed Energy Resource Program ("DERP") avoided cost shall be recovered from each Customer Class through a charge rounded to the nearest thousandth of a cent when billed on a kWh basis and rounded to the nearest cent when billed on a kilowatt ("kW") basis. Such charges shall be determined by the following formulas, and will be included in the base rates to the extent determined reasonable and proper by the Public Service Commission of South Carolina ("Commission"):

$$F_1 = \left(\left(\frac{H}{S} \right) * S_1 \right) + \frac{G}{S_1}$$

$$F_2 = \frac{R_1 + G_2}{S_2}$$

$$F_3 = \frac{R_2 + G_3}{S_2}$$

$$F_4 = \frac{R_3 + G_4}{S_2}$$

Where:

F₁ = Fuel cost per kWh included in base rate, rounded to the nearest thousandth of a cent.

H = Total projected system fuel costs:

- (A) Fuel consumed in the Company's own plants and the Company's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

Plus

- (B) Fuel costs related to purchased power such as those incurred in unit power and limited term power purchases where the fossil fuel costs associated with energy purchased are identifiable and are identified in the billing statement. Also the cost of "firm generation capacity purchases," which are defined as purchases made to cure a capacity deficiency or to maintain adequate reserve levels. Costs of "firm generation capacity purchases" includes the total delivered costs of firm generation capacity purchased and excludes generation capacity reservation charges, generation capacity option charges and any other capacity charges.

Plus

- (C) Fuel costs related to purchased power (including transmission charges), such as short term, economy and other such purchases, where the energy is purchased on an economic dispatch basis, including the total delivered cost of economy purchases of electric power defined as purchases made to displace higher cost generation at a cost which is less than the Company's avoided variable costs for the generation of an equivalent quantity of electric power.

Plus

- (D) Avoided energy costs purchased under PURPA rates.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

Minus

- (E) The cost of fuel and applicable allowance cost recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as Diversity energy and payback of storage are not defined as sales relative to this fuel calculation.

- S = Projected system kWh sales excluding any intersystem sales.
- G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses for the period ending the last day of the month preceding the projected period utilized in H and S.
- S₁ = Projected jurisdictional kWh sales for the period covered by the fuel costs included in H.
- F₂ = Variable environmental cost expressed on either a per kWh or kW basis and recoverable in base rate, rounded to the nearest one-thousandth of a cent if recovered on a kWh basis or cent if recovered on a kW basis.
- R₁ = The projected allocated cost of ammonia, lime, limestone, urea, dibasic acid and catalysts consumed in reducing or treating emissions recorded in FERC Account 502 plus the projected allocated cost of SO₂ and NO_x emission allowances, mercury and particulates recorded in FERC Account 509, minus such costs recovered through intersystem sales.
- G₂ = The allocated cumulative difference between jurisdictional variable environmental revenues billed for component R₁ and variable environmental costs incurred for component R₁ for the period ending the last day of the month preceding the projected period utilized in R₁ and S₂.
- F₃ = PURPA purchased power avoided capacity cost expressed on either a per kWh or kW basis and recoverable in base rate, rounded to the nearest thousandth of a cent if recovered on a kWh basis or cent if recovered on a kW basis.
- R₂ = The projected avoided capacity cost purchased under PURPA rates.
- G₃ = The allocated cumulative difference between jurisdictional PURPA purchased power avoided capacity revenues billed for component R₂, and PURPA Purchase Power avoided capacity costs incurred for component R₂ for the period ending the last day of the month preceding the projected period utilized in R₂ and S₂.
- F⁴ = DERP avoided energy and capacity cost expressed on either a per kWh or kW basis and recoverable in base rates, rounded to the nearest thousandth of a cent if recovered on a kWh basis or cent if recovered on a kW basis.
- R₃ = The projected avoided energy and capacity cost under DERP.
- G₄ = The allocated cumulative difference between jurisdictional DERP avoided energy and capacity revenues billed for component R₃, and DERP avoided energy and capacity costs incurred for component R₃ for the period ending the last day of the month preceding the projected period utilized in R₃ and S₂.
- S₂ = Each schedule and rider shall be assigned to the Customer Class shown in the table below for recovery of variable environmental cost and PURPA purchased power avoided capacity cost on either a kWh or kW basis. For schedules and riders to be recovered on a kWh basis, S₂ shall be the projected jurisdictional Customer Class kWh sales for the period covered by the variable environmental, PURPA purchased avoided capacity costs and DERP avoided energy and capacity costs included in R₁, R₂ and R₃. For schedules and riders to be recovered on a kW basis, S₂ shall be the projected jurisdictional Customer Class Firm kW demand billing units for the period covered by the variable environmental costs, PURPA purchased power avoided capacity cost and DERP avoided energy and capacity costs included in R₁, R₂, and R₃. The Firm billing demand units shall include the on-peak billing demands only for customers served under time-of-use schedules and firm billing demands only for customers served under curtailable tariffs.

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

CUSTOMER CLASS FUEL RATES PER KWH AND KW

The fuel cost as determined by the Commission for each Customer Class is as shown in the following table, which shall remain in effect until superseded by a subsequent Commission order; provided that the terms of S.C. Code Ann. § 58-27-865 (2015) shall govern this calculation, and in case of any conflict this statute shall control.

Customer Class	Applicable Rate Schedules	F ₁ Rate	F ₂ Rate	F ₃ Rate	F ₄ Rate	Total (F)
Residential	RES, R-TOUD, R-TOUE and Plan E**	2.508¢/kWh	0.074¢/kWh	0.143¢/kWh	0.000¢/kWh	2.725¢/kWh
General Service (non-demand)	SGS, SGS-TOU*, SI, CSG, CSE, GS, TSS and TFS	2.489¢/kWh	0.040¢/kWh	0.106¢/kWh	0.000¢/kWh	2.635¢/kWh
General Service (demand) (applicable only to firm billing demands)	MGS, SGS-TOU*, SGS-TES, LGS, LGS-TOU, LGS-RTP, LGS-CUR-TOU and Rider SS	2.489¢/kWh	\$0.10/kW	\$0.21/kW	0.000¢/kWh	2.489¢/kWh plus \$0.31/kW
Lighting	ALS, SLS, SLR, and SFLS	2.489¢/kWh	0.000¢/kWh	(0.044)¢/kWh	0.000¢/kWh	2.445¢/kWh

- * Customers billed under the constant load provision of Schedule SGS-TOU shall be billed in accordance with the General Service (non-demand) Customer Class.
- ** The Revenue Credit stated in Line Extension Plan E for the residential class reflects the residential Fuel Rate (F₁), Variable Environmental Rate (F₂), Avoided Capacity Rate (F₃) and DERP Avoided Cost Rate (F₄). The Revenue Credit applicable to all other classes reflects the general service (non-demand) F₁, F₂, F₃ and F₄ Rates.

The fuel cost F as determined by SCPSC Order No. 2015-465 for the period July 2015 through June 2016 is 2.725 cents per kWh for residential customers, 2.635 cents per kWh for general service (non-demand) customers, 2.489 cents per kWh plus \$0.31 per kW for industrial customers and 2.445 cents per kWh for lighting customers.

DERP CHARGE PER ACCOUNT

All billings for electric service are subject to a monthly DERP charge which is not included in schedule charges and shall apply to each agreement for service covered under this Rider. The DERP Charge recovers incremental program cost to promote the installation in South Carolina of renewable energy resources including solar photovoltaic; solar thermal; wind powered; hydroelectric; geothermal; tidal or wave energy; recycling resource; hydrogen fueled or combined heat and power derived from renewable resources; and biomass fueled generation source of energy. This charge is adjusted annually, pursuant to S.C. Code Ann. § 58-39-140 (2015), as ordered by the Commission. The DERP Charge also shall include the cumulative difference between jurisdictional DERP monthly charges billed and incremental DERP expenses for the period ending the last day of the month preceding the projected period utilized in development of the DERP Monthly Charge.

FIXED MONTHLY RIDER 39 CHARGE

Revenue Class	Fixed Monthly Charge (\$/month)
Residential	\$0.58
Commercial/Public Streets and Highways	\$1.22
Industrial/Public Authority	\$46.73

* The Fixed Monthly Charge, shown above, includes a South Carolina regulatory fee and gross receipts taxes.

For purposes of the applicability of the DERP Charge, a “Customer” is defined as all accounts (metered and unmetered) serving the same customer of the same revenue classification located on the same or contiguous properties. If a customer has accounts which serve in an auxiliary role to a main account on the same premises, no DERP charge should apply to the auxiliary accounts, regardless of their revenue classification. Upon written notification from Customer, accounts meeting these criteria shall be coded in the billing system to allow Customer to receive only one monthly DERP charge for all identified accounts.

Supersedes Rider No. 39G

Effective for bills rendered on and after January 1, 2016

SCPSC Docket No. 2015-001-E, Order Nos. 2015-465 and 2015-843