

ADJUSTMENTS FOR FUEL, VARIABLE ENVIRONMENTAL,  
AVOIDED CAPACITY AND DISTRIBUTED ENERGY RESOURCE PROGRAM COSTS (SC)

APPLICABILITY

These adjustments are applicable to the Company’s South Carolina retail electric rate schedules.

COSTS RECOVERED THROUGH BASE RATES

The cost of fuel shall be recovered from the Company’s customer through a charge billed on a kilowatt-hour (“kWh”) basis in an amount rounded to the nearest ten-thousandth of a cent. The variable environmental cost, avoided capacity cost of the 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 ten-thousandth of a cent billed on a kWh 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”).

$$F_1 = [(H/S) \times (S_1)] + G / S_1$$

$$F_2 = (R_1 + G_2) / S_2$$

$$F_3 = (R_2 + G_3) / S_2$$

$$F_4 = (R_3 + G_4) / S_2$$

Where:

F<sub>1</sub> = Fuel cost per kWh included in base rates, rounded to the nearest ten-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 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” include the total delivered costs of firm generation capacity purchased and exclude 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 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 energy 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.

S<sub>1</sub> = Projected jurisdictional kWh sales for the period covered by the fuel costs included in H.

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- F<sub>2</sub> = Variable environmental cost per kWh and recoverable in base rates, rounded to the nearest ten-thousandth of a cent.
- R<sub>1</sub> = 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 SO<sub>2</sub> and NO<sub>x</sub> emission allowances, mercury and particulates recorded in FERC Account 509, minus such costs recovered through intersystem sales.
- G<sub>2</sub> = The allocated cumulative difference between jurisdictional variable environmental revenues billed for component R<sub>1</sub> and variable environmental costs incurred for component R<sub>1</sub> for the period ending the last day of the month preceding the projected period utilized in R<sub>1</sub> and S<sub>2</sub>.
- F<sub>3</sub> = PURPA purchased power avoided capacity cost on a per kWh basis and recoverable in base rates, rounded to the nearest ten-thousandth of a cent.
- R<sub>2</sub> = The projected allocated avoided capacity cost purchased under PURPA rates.
- G<sub>3</sub> = The allocated cumulative difference between jurisdictional PURPA purchased power avoided capacity revenues billed for component R<sub>2</sub>, and PURPA purchased power avoided capacity costs incurred for component R<sub>2</sub> for the period ending the last day of the month preceding the projected period utilized in R<sub>2</sub> and S<sub>2</sub>.
- F<sub>4</sub> = DERP avoided energy and capacity cost on a per kWh basis and recoverable in base rates, rounded to the nearest ten-thousandth of a cent.
- R<sub>3</sub> = The projected allocated avoided energy and capacity cost under DERP.
- G<sub>4</sub> = The allocated cumulative difference between jurisdictional DERP avoided energy and capacity revenues billed for component R<sub>3</sub>, and DERP avoided energy and capacity costs incurred for component R<sub>3</sub> for the period ending the last day of the month preceding the projected period utilized in R<sub>3</sub> and S<sub>2</sub>.
- S<sub>2</sub> = S<sub>2</sub> 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 R<sub>1</sub>, R<sub>2</sub>, and R<sub>3</sub>.

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

CUSTOMER CLASS FUEL RATES PER KWH

The fuel cost as determined by the Commission for each Customer Class is 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. Section 58-27-865 shall govern this calculation, and in case of any conflict this statute shall control.

	F <sub>1</sub> Rate	F <sub>2</sub> Rate	F <sub>3</sub> Rate	F <sub>4</sub> Rate	Total
Rate Class	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh
Residential	2.1447	0.0909	0.0452	0.0035	2.2843
General and Lighting	2.1447	0.0243	0.0179	0.0016	2.1885
Industrial	2.1447	0.0235	0.0148	0.0013	2.1843

The fuel cost F as determined by SCPSC Order No. 2015-713 for the period October 2015 through September 2016 is 2.2843 cents per kilowatt-hour for residential customers, 2.1885 cents per kilowatt-hour for general service and lighting customers and 2.1843 cents per kilowatt hour for industrial customers.

DERP CHARGE PER MONTH

Service supplied to the Company’s retail customer agreements is subject to a DERP Monthly Charge (“DERP Charge”). 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. Section 58-39-140, as ordered by the Commission The DERP Charge

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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 Charge.

This Charge is not applicable to agreements for the Company’s outdoor lighting rate schedules, OL, PL, FL, GL, NL, nor for submetered rate Schedule WC, nor for services defined as auxiliary to another agreement. An auxiliary service is defined as a non-demand metered, nonresidential service at the same premises, with the same service address, and with the same account name as an agreement for which the DERP Charge has been applied.

The DERP Charge is not included in the Company’s current rate schedules and will apply as a separate charge to each agreement for service covered as described above, unless the service qualifies for a waiver of the DERP Charge for an auxiliary service.

To qualify as an auxiliary service, not subject to the DERP Charge, the Customer must notify the Company and the Company must verify that such agreement is considered an auxiliary service, after which the DERP Charge will not be applied to qualifying auxiliary service agreements. The Customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary.

FIXED MONTHLY LEAF 50C CHARGE

	Monthly Leaf 50C Charge
Residential	\$ .42
General Service	\$ .97
Industrial	\$ 59.07
Lighting	Not applicable

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