

South Carolina Electric & Gas Company Annual Update on
Demand Side Management Programs and Petition for an
Update to Rate Rider

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2012 - 55 - E

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

Emergency Relief demanded in petition Request for item to be placed on Commission's Agenda expeditiously

Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input checked="" type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input checked="" type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



K. Chad Burgess
Associate General Counsel

chad.burgess@scana.com

January 31, 2012

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company
Annual Update on Demand Side Management Programs and Petition for an
Update to Rate Rider
Docket No. 2012-55-E

Dear Ms. Boyd:

On behalf of South Carolina Electric & Gas Company ("SCE&G"), please find enclosed for filing one (1) copy of SCE&G's Annual Update on Demand Side Management Programs and Petition for an Update to Rate Rider ("Petition"). As part of its Petition, SCE&G is requesting that the Rate Rider be effective for bills rendered on and after the first billing cycle of May 2012. SCE&G is also requesting, in accordance with S.C. Code Ann. § 58-27-870(F) (Supp. 2011), that the Public Service Commission of South Carolina allow the proposed updated Rate Rider to be put into effect without notice or hearing because the Rate Rider does not require a determination of SCE&G's entire rate structure or its overall rate of return. Moreover, proceeding in this manner facilitates an orderly rate administration.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff with a copy of the Petition and enclose a certificate of service to that effect.

If you have any questions, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess". The signature is fluid and cursive.

K. Chad Burgess

KCB/kms

Enclosure

cc: Shannon Bowyer Hudson, Esquire

John W. Flitter

(both via electronic mail and U.S. First Class Mail)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-55-E

IN RE:

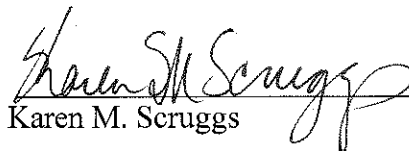
South Carolina Electric & Gas Company)
Annual Update on Demand Side)
Management Programs and Petition)
for an Update to Rate Rider)
_____)

**CERTIFICATE
OF SERVICE**

This is the certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Annual Update on Demand Side Management Programs and Petition for an Update to Rate Rider** to the persons named below via electronic mail and U.S. First Class Mail at the addresses set forth below:

Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1401 Main Street Suite 900
Columbia, SC 29201
shudson@regstaff.sc.gov

John W. Flitter
Office of Regulatory Staff
1401 Main Street Suite 900
Columbia, SC 29201
jflitter@regstaff.sc.gov



Karen M. Scruggs

Cayce, South Carolina
This 31st day of January 2012

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2012-55-E

IN RE:

South Carolina Electric & Gas)	<u>ANNUAL UPDATE ON DEMAND</u>
Company Annual Update on Demand)	<u>SIDE MANAGEMENT</u>
Side Management Programs and)	<u>PROGRAMS AND PETITION FOR</u>
Petition for an Update to Rate Rider)	<u>UPDATE TO DSM RATE RIDER</u>

Introduction

Pursuant to S.C. Code Ann. § 58-37-20 (1976, as amended) and Public Service Commission of South Carolina (“Commission”) Regulation 26 S.C. Code Ann. Regs. 103-819, 103-825 (1976, as amended), and in compliance with Commission Order No. 2010-472 issued in Docket No. 2009-261-E, South Carolina Electric & Gas Company (“SCE&G” or “Company”) hereby (i) submits to the Commission for review information concerning the current status of SCE&G’s demand reduction and energy efficiency (“Demand Side Management” or “DSM”) programs and (ii) petitions the Commission for authorization to update its “Rider to Retail Rates – Demand Side Management Component” to provide for the recovery of SCE&G’s costs and lost net margin revenue associated with its DSM programs along with the Commission-approved shared savings incentive for investing in such programs, effective for bills rendered on and after the first billing cycle of May 2012.

In support of this petition, SCE&G would respectfully show to the Commission the following key facts and would request and petition the Commission for the following relief:

1. This matter comes before the Commission pursuant to Commission Order No. 2010-472 and S.C. Code Ann. § 58-37-20 (1976, as amended). In Order No. 2010-472, the Commission approved SCE&G's suite of DSM programs and authorized the Company to establish a "Rider to Retail Rates – Demand Side Management Component" ("Rate Rider"). In accordance with S.C. Code Ann. § 58-37-20 and as described more fully below, the Rate Rider is designed to allow SCE&G to recover the costs and net lost revenue associated with its DSM programs along with a shared savings incentive equal to 6% of the net benefits derived from the Company's DSM programs.

2. In Order No. 2010-472, the Commission also ordered SCE&G to initiate an annual filing with the Commission updating the Company's Rate Rider beginning in January 2011 and in each subsequent January through the life of the DSM programs.

3. In accordance with Order No. 2010-472, the annual filing must set forth the programs, net lost revenues, program costs, incentive, net program benefits, and other items as appropriate. Moreover, the annual filing must encompass the twelve-month period beginning December 1 and ending November 30.

4. For this annual filing, the review period is October 1, 2010 to November 30, 2011 (“Review Period”) and the forecasted period is December 1, 2011 to November 30, 2012 (“Forecasted Period”).¹

Update on DSM Programs

5. In Order No. 2010-472, the Commission approved a suite of nine (9) DSM programs for development and implementation. Exhibit 1 sets out the most significant aspects of program development and implementation status for each of the approved programs as well as other pertinent information during the Review and Forecast Periods. Exhibit 1 also provides program information in ten (10) columns. For the purposes of tracking, and as reported to the Commission in Docket No. 2011-49-E, the approved program “Residential Energy Check-up and Home Performance Audit” has been divided into two separate columns, namely, “Home Energy Check-Up” and “Home Performance with ENERGY STAR.”

6. SCE&G did not implement any new DSM programs during the Review Period. Likewise, the Company did not terminate any DSM programs during the Review Period.

7. At present, SCE&G is not proposing to implement any new DSM programs during the Forecast Period; however, in accordance with Commission Order No. 2010-472, the Company will be evaluating options for a new DSM program that will be aimed at low-income customers. SCE&G anticipates

¹ For this filing, the Review Period as it relates to SCE&G’s DSM programs consists of fourteen months because SCE&G launched its first DSM program on October 1, 2010. In future annual filings, the review period will consist of a twelve-month time period.

presenting this new DSM program to the Commission for approval in its next annual filing in January 2013.

8. At present, no programs are expected to be terminated during the Forecast Period.

DSM Costs

9. Exhibit 2 shows the regulatory asset account balance of allowable DSM costs as of November 30, 2011; that amount is \$11,589,286. Pursuant to Order No. 2010-472, these costs are to be amortized over five years with unrecovered balances bearing carrying costs at the Company's weighted average cost of capital. Accordingly, SCE&G respectfully requests authorization to update the Rate Rider to allow the Company the opportunity to recover \$2,317,857 in DSM costs during the twelve-month period effective for bills rendered on and after the first billing cycle of May 2012 and ending with the last billing cycle of April 2013 ("Recovery Period").

Net Lost Revenues

10. Exhibit 3 shows the calculation of the appropriate amount of net lost revenues to be recovered during the Recovery Period; that amount is \$16,352,968. This amount reflects the cumulative forecasted level of customer participation in each DSM program during the Review and Forecast Periods and the reduction in demand charges and megawatt-hour ("MWH") sales that are calculated to occur as a result. The forecasted amounts for the Review Period will be recalculated and trued-up in the Company's January 2013 annual DSM filing. The projected amounts for the Forecast Period will be recalculated and trued-up in the Company's

2014 annual DSM filing. SCE&G respectfully requests authorization to update the Rate Rider to allow the Company the opportunity to recover net lost revenues in the amount specified above during the Recovery Period.

Shared Savings Incentive

11. As shown on Exhibit 4, the allowable shared savings incentive for the Forecasted Period is \$4,641,055. This amount reflects the cumulative estimated net program benefits during the Review and Forecast Periods. The forecasted amount for the Review Period will be recalculated and trued-up in the Company's January 2013 annual DSM filing. The projected amount for the Forecasted Period will be recalculated and trued-up in the Company's 2014 annual DSM filing.

12. Pursuant to Order No. 2010-472, the shared savings incentive is to be amortized over five years without interest or carrying costs added to the calculation of the Rate Rider. Accordingly, SCE&G respectfully requests authorization to update the Rate Rider to allow the Company the opportunity to recover a shared savings incentive totaling \$928,211 during the Recovery Period.

Evaluation, Measurement, and Verification

13. As indicated in Exhibit 1, all of SCE&G's DSM programs were made available to SCE&G's customers by the close of the Review Period. Pursuant to Commission Order No. 2010-472, Evaluation, Measurement, and Verification ("EM&V") results are due no later than six months after the review period. SCE&G anticipates that its EM&V report for the Review Period will be completed in May 2012. Since no EM&V results have yet been generated for the Review

Period, the net lost revenues calculation and the shared savings incentive calculation set forth herein are based on projected amounts. All forecasted amounts contained within the Review Period will be recalculated and trued-up in the January 2013 annual filing.

14. Information concerning the impact of DSM programs on energy consumption and peak demand on SCE&G's system during the Review Period will be included in subsequent filings as EM&V data becomes available.

15. Given the lack of available EM&V data at this time, there have been no adjustments to the Company's planning assumptions regarding DSM program savings.

DSM Rate Calculation and Rate Rider

16. Exhibit 5 shows that the total amount to be recovered under the Rate Rider, if approved, during the Recovery Period is \$19,599,036. It also reflects the calculation of the billing factors for each customer class based on the appropriate billing units for that customer class. Based on those calculations, the appropriate billing factors applicable to SCE&G's retail electric customers effective for bills rendered on and after the first billing cycle of May 2012, if approved, would be as follows:

Customer Class	\$/kWh
Residential	\$0.00132
Small General Service	\$0.00189
Medium General Service	\$0.00131
Large General Service	\$0.00012

17. Based upon the foregoing, the Rate Rider for a residential customer will increase from \$0.00044 to \$0.00132 per kilowatt-hour. As a result, the Company estimates that the Rate Rider will cause the bill of an average residential customer using 1,000 kilowatt-hours per month to increase approximately \$0.88.

18. Exhibit 6 is the proposed updated Rate Rider to be implemented during the Recovery Period.

19. All calculations contained in the attached exhibits are in accordance with the formulas, methodologies, and rate designs approved by the Commission in Order No. 2010-472.

Update on Opt-Out for Industrial Customers

20. As of the close of the Review Period, 379 industrial accounts had opted-out of SCE&G's DSM programs. Retail electric sales associated with these accounts represent approximately 71% of SCE&G's industrial load.

Request for Relief

21. Based upon the foregoing, SCE&G respectfully requests that the Commission approve the proposed update to the Company's DSM Rate Rider as described herein and in the attached exhibits. Additionally, the Company requests, in accordance with S.C. Code Ann. § 58-27-870(F) (Supp. 2011), that the Commission allow the proposed updated Rate Rider to be put into effect without notice and hearing, effective for bills rendered on and after the first billing cycle of May 2012. The proposed updated Rate Rider does not require a determination of

SCE&G's entire rate structure or its overall rate of return. Moreover, proceeding in this manner facilitates an orderly rate administration.

Respectfully submitted,



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Attorneys for South Carolina Electric & Gas
Company

January 31, 2011
Cayce, South Carolina

Demand Side Management - Program Updates - November 30, 2011

	Home Energy Reports (formerly Usage Benchmarking)	Energy Information Display	Home Energy Check-up	Home Performance with ENERGY STAR (formerly Home Performance Audit)	ENERGY STAR Lighting (formerly ENERGY STAR Lighting and Appliance)	Heating & Cooling and Water Heating Equipment (formerly New HVAC and Water Heater)	Heating & Cooling Efficiency Improvement (formerly Existing HVAC Tune-Up)	ENERGY STAR New Homes	Commercial and Industrial - Prescriptive	Commercial and Industrial - Custom
General Overview	Free monthly/bi-monthly reports comparing customer's energy usage to peer group and providing information to help identify, analyze, and act upon potential energy efficiency measures and behaviors.	Discounted energy information display (EID) device provided to customers to increase awareness of energy consumption in their homes, thus driving more energy conscious decision making.	Free in-home visual energy assessment performed by SCE&G staff with leave-behind energy efficiency kit consisting of ten CFL bulbs and water heater tank wrap and pipe insulation, as appropriate.	Comprehensive audit with diagnostic testing of a customer's home by trained contractors with incentives offered for installation of recommended measures.	Incentives for the purchase of ENERGY STAR® qualified lighting and lighting products	Incentives to residential customers for purchase of high efficiency HVAC and non-electric resistance storage water heaters (new construction or replacement installations).	One-time incentives to encourage customers to improve the efficiency of existing AC and heat pump systems through HVAC tune-ups, duct installation and duct sealing.	Incentives provided to builders for homes built to ENERGY STAR standards.	Incentives to non-residential customers for the installation of high efficiency lighting, lighting controls, LED traffic signals, HVAC systems and food service equipment.	Incentives to non-residential customers for qualifying energy efficient projects that are not eligible for Prescriptive Program. Currently, customers receive up to \$25,000 in incentives per year for custom projects.
Launch Date	4/6/2011	Phase 1 11/15/2010 Phase 2 10/27/2011	10/1/2010	1/1/2011	2/14/2011	3/1/2011	3/1/2011	4/1/2011	10/1/2010	5/1/2011
Year 1 Program Forecast	25,000 participants, 8250 MWH, 3.02 MW reductions	4156 participants, 1662 MWH, 0.27 MW reductions	1367 customers, 492 MWH, 0.10 MW reductions	683 customers, 1758 MWH, 0.38 MW reductions	113,434 participants, 24,373 MWH and 3.15 MW reductions	5390 participants, 7007 MWH, 1.65 MW reductions	6576 participants, 3755 MWH, 1.72 MW reductions	250 new homes, 225 MWH, 0.08 MW reductions	374 participants, 36,327 MWH, 3.47 MW reductions	105 participants, 19,029 MWH, 2.87 MW reductions
Implementation Approach	309,969 customers solicited to opt-in to program by completing a Home Energy Survey. Direct Options is 3rd-party provider for opt-in survey and monthly Home Energy Reports. Customer service support provided by SCE&G's EnergyWise Contact Center group.	Customers will receive an EID device for a charge of \$40 and a \$20 credit upon confirmation of device activation. Low-income customers will receive the device at no charge. SCE&G administers this program in-house with customer service support provided by its EnergyWise Contact Center group.	Visual in-home energy assessments provided by SCE&G staff who are Building Performance Institute (BPI) certified Building Analysts. Customer service support provided by SCE&G Contact Center.	Contractors recruited and trained on program protocols by local staff of third party implementer, ICF Resources. Customers incur cost of diagnostic home audit with SCE&G offering rebates for installation of eligible measures recommended by auditor. Technical and contractor support for program provided by ICF Resources. Residential customer service support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.	Qualified ENERGY STAR lighting and lighting fixtures discounted at point of purchase for customers. SCE&G pays participating retailers for discounts provided. ICF Resources and lighting program implementer, APT, provide technical and field services support for this program. Customer service support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.	Customers receive rebates (or may have initially assigned to participating contractors) for installation of new high efficiency HVAC systems or non-electric resistance storage water heaters. Technical and contractor support for program provided by local staff of third party implementer, ICF Resources. Residential customer service support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.	Customers receive rebates for services delivered via independent contractor. Technical and contractor support for program provided by local staff of third party implementer, ICF Resources. Residential customer service support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.	Third party program implementer, ICF Resources, recruits and trains builders to participate in program which provides rebates to builders upon completion of homes constructed to meet current ENERGY STAR standards. Local and other staff of ICF Resources provides technical and field services support for builders and certified home raters. Residential customer service support provided by SCE&G EnergyWise Contact Center group.	Customers receive rebates (or may assign to contractor) for the installation of new high efficiency lighting, lighting controls, traffic signals, HVAC systems and various food service equipment. Local and other staff of ICF Resources provides technical and field services support. Contact center support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.	Energy efficient projects not eligible for the Prescriptive Program are evaluated on a project-by-project basis and a custom incentive offered. Customers receive incentives or may assign to contractor. Local and other staff of ICF Resources provides technical and field services support. Contact center support transitioned from ICF Resources to SCE&G EnergyWise Contact Center group.
Year 1 Program Activity	Adopted more customer-centric program name. Customer enrollment in Home Energy Reports of 28,217. First Home Energy Reports issued April 2011. Based upon customer responses to Home Energy Survey, monthly Home Energy Updates comparing a customer's usage to a peer group and promoting a variety of customized energy efficiency tips and SCE&G DSM programs launched June 2011. On-line tool to assist customers in developing personalized energy efficiency goals and plan, the Home Energy Plan, launched September 27, 2011.	Phase 1 program implementation completed with 246 residential and 44 small commercial customers receiving Aztech in-home display device free of charge. Based upon feedback from participant surveys through the first and second quarter of 2011 and the availability of additional metering option for commercial customers, the Phase 2 program implementation currently underway is targeting residential customers only. EnergyHub in-home display devices mailed to 252 Home Energy Reports participants at a cost of \$40 each with a credit of \$20 given upon confirmation of device installation.	Home Energy Check-ups completed since the program's launch total 2039. Energy efficiency kits including 20,300 compact fluorescent light (CFL) bulbs, 1740 feet of pipe insulation and 723 water heater wraps provided to customers.	Adopted new program name capitalizing on ENERGY STAR brand recognition. Directory of 20 participating auditors (as of program year end) who have Building Performance Institute (BPI) Building Analysts certification listed on SCE&G website. Training and utilization of BEACON audit assessment tool provided to participating auditors. Home audits conducted by participating auditors total 160 and 33 rebate applications submitted for variety of energy efficiency measures including building envelope improvements, heating and cooling performance improvements, heating and cooling equipment and water heating equipment.	Revised program name to more accurately reflect current program measures. Directory of 142 participating retailers listed on SCE&G website and identified by store point-of-purchase signage. Three full-time field representatives providing retailer recruitment, education and support and conducting in-store and other venue lighting demonstrations throughout SCE&G service territory. Compact fluorescent light (CFL) bulbs and light fixtures and light emitting diode (LED) task lights sold total 1,251,3430.	Adopted more customer-centric program name. Transitioned from initial program implementation approach including directory of participating contractors and on-line, contractor driven rebate application process to paper-based, customer driven application process permitting more inclusive utilization of licensed contractors of customer's choosing. For quality control reasons, option to assign rebate to contractor discontinued. Rebate processing transitioned from ICF Resources to SCE&G staff. Rebates for heating and cooling and water heating equipment total 1536.	Adopted more customer-centric program name. Transitioned from initial program implementation approach including directory of participating contractors and on-line, contractor driven rebate application process to paper-based, customer driven application process permitting more inclusive utilization of licensed contractors of customer's choosing who complete training and follow program HVAC tune-up protocol. Rebate processing transitioned from ICF Resources to SCE&G staff. Rebate paid for heating and cooling efficiency improvements totaled 125.	Enrolled 23 builders as of program year end. Conducted a number of program information and training sessions regarding ENERGY STAR home construction standards with participating builders throughout SCE&G service territory. Rebates paid to builders for new homes constructed to ENERGY STAR standards totaled 66.	Prescriptive Incentives and rebate applications available on SCE&G website for Lighting, New Construction Lighting, LED Traffic Signals, Unitary HVAC, HVAC Variable Frequency Drives, HVAC Chillers and food service and other high efficiency equipment. Conducted a number of trade ally information and training sessions throughout SCE&G service territory. Also, conducted information sessions for commercial and industrial customers. C & I Prescriptive program participants totaled 240.	Custom Program terms and conditions and rebate application available on SCE&G website. Custom Program addressed in conjunction with Prescriptive Program in number of trade ally information and training sessions throughout SCE&G service territory. Custom Program also included in information sessions for commercial and industrial customers. A rebate was provided for only one C & I Custom project.
Year 2 Program Forecast	25,312 participants, 8353 MWH, 3.06 MW reductions	4849 participants, 1940 MWH, 0.31 MW reductions	2076 customers, 747 MWH, 0.15 MW reductions	1038 customers, 2670 MWH, 0.58 MW reductions	125,293 participants, 26,921 MWH and 3.48 MW reductions	7108 participants, 8854 MWH, 2.16 MW reductions	13,317 participants, 7604 MWH, 3.48 MW reductions	506 new homes, 456 MWH, 0.16 MW reductions	433 participants, 42,053 MWH, 4.02 MW reductions	122 participants, 22,028 MWH, 3.32 reductions

Demand Side Management - Program Updates - November 30, 2011

	Home Energy Reports (formerly Usage Benchmarking)	Energy Information Display	Home Energy Check-up	Home Performance with ENERGY STAR (formerly Home Performance Audit)	ENERGY STAR Lighting (formerly ENERGY STAR Lighting and Appliance)	Heating & Cooling and Water Heating Equipment (formerly New HVAC and Water Heater)	Heating & Cooling Efficiency Improvement (formerly Existing HVAC Tune-Up)	ENERGY STAR New Homes	Commercial and Industrial - Prescriptive	Commercial and Industrial - Custom
Next Steps	Solicit additional program participants to ensure forecasted Year 2 program growth.	Survey Phase 2 participants and incorporate findings in roll out of program to customers on Phase 2 waiting list (275 total). Develop strategy for program roll out and energy education to larger, general customer population.	Leverage opportunities to promote other DSM programs to Home Energy Check-up participants, as appropriate.	Complete transition from on-line, contractor driven rebate application process to paper-based, customer driven application process, expected to improve both contractor and customer satisfaction with program and reduce rebate processing cycle time. Develop strategy for increasing program participation and shortening lead time from home audit to rebate application.	Evaluate responses to RFP for additional partners in program year 2. Evaluate program incentives in light of escalating costs of CFLs due to recent increased cost of some core components.	Continue contractor outreach to promote program and provide value-added training and education opportunities to facilitate market transformation. Increase program outreach direct to residential customers.	Continue contractor outreach to promote program and provide training on program HVAC tune-up protocol. Increase program outreach direct to residential customers.	Continue efforts to educate builders on requirements of ENERGY STAR version 3.0 versus version 2.5 and provide technical and other builder and rater support services throughout home construction process to maximize throughput of program homes.	Continue contractor/trade ally outreach and training. Examine program terms and conditions and/or incentive amounts to attract projects with greater energy saving potential. Continue outreach efforts to all commercial customers.	Continue contractor/trade ally outreach and training. Examine program terms and conditions, including \$25,000 incentive cap to increase program participation and attract projects with greater energy saving potential.

SCE&G
Amortization of Program Costs for DSM Rate Calculation

Balance of <u>Direct</u> Program Costs @ 11/30/2011	\$ 9,545,681
Balance of <u>Indirect</u> Program Costs @ 11/30/2011	\$ <u>2,043,605</u>
Total Balance of Program Costs @ 11/30/2011	\$ 11,589,286

Customer Class	Balance of Direct Costs @ 11/30/2011	Direct Cost Allocation Ratios	Balance of Indirect Costs @ 11/30/2011	Class Allocation of Program Costs Balance	One Year Amortization for Rate Calculation
Residential	\$ 6,869,038	71.96%	\$ 1,470,578	\$ 8,339,617	\$ 1,667,923
Small General Service	\$ 1,439,231	15.08%	\$ 308,176	\$ 1,747,406	\$ 349,481
Medium General Service	\$ 987,681	10.35%	\$ 211,513	\$ 1,199,194	\$ 239,839
Large General Service	\$ <u>249,731</u>	<u>2.61%</u>	\$ <u>53,338</u>	\$ <u>303,069</u>	\$ <u>60,614</u>
TOTAL	\$ 9,545,681	100.00%	\$ 2,043,605	\$ 11,589,286	\$ 2,317,857

SCE&G
Projection of Net Lost Revenues for DSM Rate Calculation
October 2010 - November 2012

<u>Customer Class</u>	<u>Cumulative Energy Savings (in KWH) through November 2012</u>	<u>Net Lost Revenue Factors (\$ per KWH)</u>	<u>Estimated Net Lost Revenues for Rate Calculation</u>
Residential	93,309,000	\$0.08760	\$ 8,173,868
Small General Service	62,515,690	\$0.08366	\$ 5,230,063
Medium General Service	42,901,785	\$0.05992	\$ 2,570,675
Large General Service	10,847,525	\$0.03488	\$ 378,362
			\$ 16,352,968

SCE&G
Projection of Shared Savings Incentive
for DSM Rate Calculation
October 2010 - November 2012

Customer Class	Cumulative Net Benefits Through November 2012	6% Shared Savings Incentive	Shared Savings Amortization for Rate Calculation
Residential	\$ 34,474,857	\$ 2,068,491	\$ 413,698
Small General Service	\$ 23,054,466	\$ 1,383,268	\$ 276,654
Medium General Service	\$ 15,821,272	\$ 949,276	\$ 189,855
Large General Service	\$ 4,000,338	\$ 240,020	\$ 48,004
Totals:	\$ 77,350,933	\$ 4,641,055	\$ 928,211

SCE&G
DSM Rate Calculation
(Effective for the Recovery Period of May 2012 - April 2013)

Exhibit No.	Description	Total	Customer Class			
			Residential	Small General Service	Medium General Service	Large General Service
2	Amortization of Program Costs	\$ 2,317,857	\$ 1,667,923	\$ 349,481	\$ 239,839	\$ 60,614
3	Estimated Net Lost Revenues	\$ 16,352,968	\$ 8,173,868	\$ 5,230,063	\$ 2,570,675	\$ 378,362
4	Shared Savings Incentive	\$ 928,211	\$ 413,698	\$ 276,654	\$ 189,855	\$ 48,004
	Total DSM Costs for Recovery	\$ 19,599,036	\$ 10,255,489	\$ 5,856,198	\$ 3,000,369	\$ 486,980
	Projected Class Sales (in GWH) during the Recovery Period ¹		7,774.6	3,099.0	2,293.0	4,065.0
	Rate per KWH		\$ 0.00132	\$ 0.00189	\$ 0.00131	\$ 0.00012

¹ Projected Class Sales are for the Recovery Period of May 2012 - April 2013 and are adjusted to account for those customers who have opted-out of SCE&G's DSM programs.

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	0.00132
Small General Service	0.00189
Medium General Service	0.00131
Large General Service	0.00012

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 Capital)

L = Net Lost Revenues for each customer class based on forecasted retail kWh sales reductions attributable to DSM programs. Revenue lost is 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.

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 Utility Cost Test times 6%.

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. 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, then such Customer will not be permitted to opt-out of DSM programs and recovery of DSM costs for that account for a period of five years.

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3. 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, but may not apply to opt-out again for a period at least as long as the amortization period.

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 five-year 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 19 – General Service Concurrent Demand Time-Of-Use, 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.