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**SANTEE ELECTRIC
 COOPERATIVE NEWS**

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A Touchstone Energy® Cooperative

Understanding your bill



ONE THING that people routinely want to know is how their power bill is made up. People want to know what they are paying for. I wanted to break this down for you by looking at the average dollar paid for a residential power bill. We will format April's column

like this:

For every dollar you pay on your power bill ...

27 cents goes to the energy charge on Santee Electric Cooperative's power bill.

For anyone who did not know, SEC buys power on a wholesale level and has built our system to distribute that to all of you. Our power bill has two main components. Energy, measured in kilowatt-hours (kWh) is one of those components.

34 cents goes to the demand charge on SEC's power bill.

That's the second part of the wholesale power bill that SEC pays each month. This is the part that is most difficult to understand because (1) residential consumers do not pay a demand charge and (2) the demand charge looks at a specific hour of each month—but it's not the same hour every month. This is how our wholesale power provider holds us accountable for the burden we placed on the generation and

transmission systems when the peak occurs. This typically happens between 6 a.m. and 9 a.m. on a cold winter morning and between 3 p.m. and 6 p.m. on hot summer afternoons. The summary of this portion is that electricity does not cost the same thing 24 hours a day. There are certain times of the day when it costs considerably more.

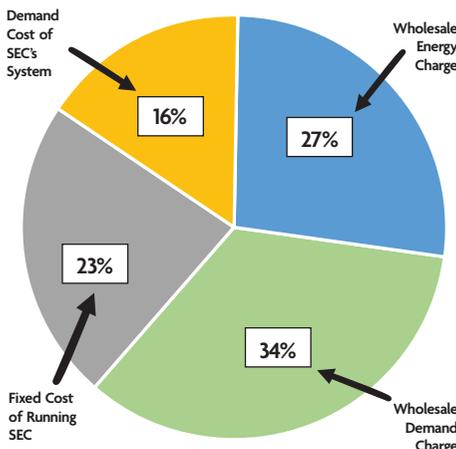
23 cents goes to the fixed cost of running your cooperative.

This is the cost that SEC would have to pay to run this company even if we sold no energy at all this month.

16 cents goes to funding the demand burden placed on SEC's distribution system.

Just like our wholesale power bill has a demand charge to cover the investment in generation and transmission, we must also pay for the distribution system. The distribution system is everything from our substation to the meter on your house. Unlike the fixed cost (the line above), this one is directly related to the burden your service places on the distribution system when it is peaking. As you might expect, the distribution system also peaks during the windows that I mentioned in the wholesale demand section above.

If I could try to summarize this in three sentences, this would be it. Of your power bill, 61 percent goes to paying SEC's power bill, and 39 percent is SEC's portion. It's also important to notice that 50 percent goes to demand charges—which shows that the cost of power is not flat at all. Finally, and most importantly, you will notice that 0 percent goes to profit—and it always will.



ROBERT G. ARDIS III
 President and Chief Executive Officer