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charges ($/kW), which were noticed to the public and included in the Company's Application.

Q. PLEASE DISCUSS THE COMPANY'S PROPOSED CHANGES TO ITS LIGHTING TARIFF STRUCTURE.

A. Company witnesses Pirro and Cowler address numerous proposed changes to DEC's lighting tariffs to modernize and improve the administration of its schedules. ORS reviewed these changes and found them to be reasonable.

Q. HAS THE COMPANY PROPOSED ANY CHANGES TO ITS SERVICE REGULATIONS?

A. Yes. Company witness Pirro addresses several proposed changes to its Service Regulations for clarification purposes and acknowledgement of current practices. ORS reviewed these changes and found them to be reasonable. DEC also proposes to modify its EFC calculation by adopting a new methodology. This proposal and ORS's recommendation are addressed later in my testimony.

IV. PRO-FORMA ADJUSTMENTS

Q. PLEASE EXPLAIN THE COMPANY'S PROPOSAL TO ADJUST THE EFC.

A. In Company Adjustment #3, DEC proposes to change the EFC calculation by reducing the monthly percent rate charge. As testified to by Company witness Pirro, this new methodology will affect non-residential customers with agreements for extra facilities by reducing the monthly rate charged from 1.7% to 1.0%. ORS reviewed this change and found it to be reasonable. This information is reflected in ORS witness Smith's Adjustment #3.

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Q. PLEASE EXPLAIN ORS'S CUSTOMER GROWTH CALCULATION INCLUDING THE RESULTING CUSTOMER GROWTH FACTOR FOR THE COMPANY.

A. ORS found an increase in the number of DEC customers in South Carolina when comparing the end of the Test Year and the average number of customers during the Test Year. To capture the additional revenues and expenses generated by customers added to the Company's system, ORS included an adjustment for customer growth. The customer growth factor is calculated by taking the difference between the total number of customers at the end of the Test Year and the average number of customers during the year and dividing the result by the average number of customers during the Test Year. This methodology yields a retail customer growth factor of 0.9008% for the Company. This customer growth factor is reflected in ORS witness Smith's Adjustment #37.

V. EDIT RIDER

Q. HAS ORS REVIEWED THE COMPANY'S PROPOSED EDIT RIDER?

A. Yes. ORS has reviewed the Company's EDIT Rider. ORS witness Schellinger discusses ORS's review of the Company's calculations of the EDIT Rider. ORS recalculated the first-year return based on a 9.30% ROE and 4.44% Cost of Debt, as recommended by ORS witness Parcell, to arrive at a total return of EDIT Rider revenue of ($61,794,822) for the first year. Exhibit MSH-4 allocates this total to the various customer classes using the same methodology as discussed by Company witness Pirro but updated for corrected Test Year billing units.