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THE STATE OF SOUTH CAROLINA
In the Supreme Court

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S.C. SUPREME COURT

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Docket No. 2026-78-E

In re: Application of Duke Energy Progress, LLC to Have the
Terms of the Electric Rate Stabilization Adjustment Apply to
the Company's Rates and Charges for Retail Electric Service.....Petitioner.

APPENDIX

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2026-78-E – ORDER NO. 2026-394
JULY 15, 2026

IN RE: Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service	)	ORDER GRANTING RECONSIDERATION, VACATING JUNE 29, 2026
	)	DIRECTIVE, ISSUING
	)	INITIAL ORDER

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (Commission) on the March 13, 2026 election of the electric Rate Stabilization Adjustment (eRSA) mechanism by Duke Energy Progress, LLC (DEP or the Company) and the contemporaneous request for an Initial Order.

The Company's electric rates and tariffs were last approved by the Commission in Order No. 2025-757, issued December 12, 2025, in Docket No. 2025-154-E. The rates approved in Order No. 2025-757 became effective for service rendered as of February 1, 2026. Order No. 2025-757 at 140, para. 5. DEP now seeks to have the eRSA terms – specifically, an adjustment to correct under-earnings by giving an upward rate adjustment – apply to its rates and charges based on the Company's 2025 operational experience. For

the reasons described in this Order, which serves as the Initial Order pursuant to S.C. Code Ann. section 58-27-2760 (5), the Commission denies a rate adjustment.

II. PROCEDURAL HISTORY

On March 13, 2026, DEP filed a letter (Election Letter) with the Commission noticing the Company's intention to utilize the eRSA mechanism provided by the 2025 South Carolina Energy Security Act (Act 41).¹ Concurrent with the Election Letter, DEP filed an annual Monitoring Report² pursuant to S.C. Code Ann. section 58-27-2760(1) and a proposed baseline order consistent with the requirements of S.C. Code Ann. sections 58-27-2700 and 58-27-2720. The Commission granted the Company's request to elect to have the terms of the eRSA apply to its rates and charges in the order making findings and establishing the ongoing procedures required to implement the eRSA mechanism (the Baseline Order), which was issued on July 15, 2026.³

On March 23, 2026, the Commission issued a Notice of Filing (Notice), which described the nature of DEP's Election; described the nature of DEC's Election; provided deadlines for written comments; imposed an intervention deadline of May 15, 2026; and advised interested parties how to intervene or otherwise participate in the proceeding.

The Commission directed DEP to publish the Notice in a newspaper of general circulation one time, on or before April 7, 2026, and furnish the Notice to customers via

¹ Letter from J. Ashley Cooper, Esquire, to the Honorable Jocelyn G. Boyd, Chief Clerk and Executive Director, Public Service Commission of South Carolina at 1 (Mar. 13, 2026) (referenced herein as the Election Letter).

² The Monitoring Report filed by DEP contained the information pertinent to the operating experience of the Company for the calendar and operating year 2025.

³ See Order No. 2026-388, issued in Docket No. 2026-78-E.

bill inserts, on or before May 15, 2026. DEP complied, and provided Affidavits of Publication on April 28, 2026, and Certification of Bill Inserts on May 15, 2026.

The Commission received timely petitions to intervene from the South Carolina Department of Consumer Affairs (DCA),⁴ South Carolina Small Business Chamber of Commerce (SCSBCC),⁵ the South Carolina Appleseed Legal Justice Center (SC Appleseed),⁶ and Nucor Steel-South Carolina (Nucor).⁷

No other parties sought to intervene in the Docket.

On June 1, 2026, DCA filed Comments (DCA Comments) regarding DEP's election to utilize the eRSA mechanism. DCA argued that the Commission must deny DEP's filing because DEP could not comply with statutory requirements, would allow DEP to increase rates that would contradict the testimony, settlement, and Order in Docket 2025-154-E, and impose unjust and unreasonable rates. DCA Comments at 1.

On June 1, 2026, the South Carolina Office of Regulatory Staff (ORS) filed its Report (ORS Report).⁸ Additionally, ORS filed the Verification of Daniel F. Sullivan, the Director of the Audit Department for ORS, and a Request for Confidential Treatment^{9, 10}. ORS conducted an examination of DEP's Monitoring Report for the twelve-month period ended December 31, 2025 (Review Period) and recommended several adjustments. ORS Report at 2.

⁴ DCA was granted intervention in Order No. 2026-85-H on April 3, 2026.

⁵ SCSBCC's intervention was granted in Order No. 2026-120-H, issued on May 19, 2026.

⁶ SC Appleseed was granted intervention in No. 2026-122-H on May 19, 2026.

⁷ Nucor's intervention was granted in Order No. 2026-124-H, issued on May 27, 2026.

⁸ Pursuant to S.C. Code Ann. § 58-27-2750, the ORS is required to review the Monitoring Reports and propose any adjustments necessary to ensure compliance with the statute.

⁹ Letter from John C. Torri, Esquire, to the Honorable Jocelyn G. Boyd, Chief Clerk and Executive Director, Public Service Commission of South Carolina at 1 (Jun. 1, 2026).

¹⁰ The Request for Confidential Treatment filed by ORS on June 1, 2026, was granted via Commission Order No. 2026-130-H on June 12, 2026.

On June 5, 2026, the Commission issued a Notice of Oral Arguments, scheduled for June 18, 2026. On June 12, 2026, DCA filed a Motion for Continuance of Oral Arguments, asserting that Oral Arguments should be postponed to allow DCA time to review DEP's reply comments.¹¹

On June 15, 2026, DEP filed a Stipulation of Settlement (Stipulation) executed by and between DEP and ORS.¹²

That same day, DEP filed written comments addressing ORS' Report and DCA's written comments (DEP Comments). DEP argued that the Company presently exists, existed at the time it filed the Monitoring Report initiating this proceeding, has not yet consolidated with or integrated its rates with DEC, and will continue to satisfy the statutory requirements under the eRSA. DEP Comments at 3. Accordingly, DEP argued that DCA's argument is not ripe and frustrates legislative intent. DEP Comments at 5, 6. DEP further argued that the eRSA election produces just and reasonable rates. DEP Comments at 8.

On June 16, 2026, DCA filed Amended Comments. DCA argued that the eRSA statute includes mandatory conditions for eRSA approval related to future rate case filings and Monitoring Reports, which DEP cannot satisfy after its business combination. DCA Amended Comments at 3. DCA also argued that DEP's requested increase is unjust and unreasonable and contrary to legislative intent, particularly in light of other rate increases experienced by ratepayers in 2026. *Id.* Finally, DCA argued that DEP's eRSA request seeks

¹¹ Letter from Jacob Edwards, Esquire, to the Honorable Jocelyn G. Boyd, Chief Clerk and Executive Director, Public Service Commission of South Carolina at 1 (Jun. 12, 2026).

¹² On June 15, 2026, Nucor Steel filed a Letter with the Commission stating the Company had no objection to the Stipulation.

nearly as much revenue as approved in its last rate case, contradicting the findings and conclusions in that case. *Id.*

On June 17, 2026, the Commission issued a Notice of Rescheduled Oral Arguments and rescheduled the oral arguments to be held on June 25, 2026. Oral Arguments were held on June 25, 2026, with the Honorable Delton W. Powers, Jr., Chairman of the Commission, presiding.

On June 29, 2026, the Commission issued a Directive denying the Stipulation and rejecting the Company's proposed election. The Commission found that pursuant to S.C. Code Ann. section 58-27-2730, the utility is required to file Monitoring Reports with the Commission for each twelve-month period ending March 31, June 30, September 30, and December 31 of each year, with the filings to be made no later than the fifteenth day of the third month following the close of the period. Accordingly, the Commission found that DEP failed to submit to the Commission and ORS a Monitoring Report for the period ending March 31, 2026, on or before June 15, 2026. Because the Commission cannot waive a statutory requirement in carrying out its procedures established by the eRSA, the Commission rejected the Company's election. However, the Commission made clear that its decision did not foreclose the Company's ability to elect in the future upon satisfying the procedural requirements as outlined in the eRSA.

On July 2, 2026, DEP filed a Request for Reconsideration of the June 29, 2026 Commission Directive.¹³ DEP argued that the Directive should be reconsidered because it was inconsistent with the eRSA statute, departed from the Commission's prior treatment

¹³ Letter from Samuel J. Wellborn, Esquire, to the Honorable Jocelyn G. Boyd, Chief Clerk and Executive Director, Public Service Commission of South Carolina at 1 (Jul. 2, 2026) (herein referenced as the Request).

of materially similar natural gas Rate Stabilization Adjustment (RSA) proceedings, imposed a remedy the statute does not authorize, and rested on a procedural ground that was not noticed, briefed, or heard before the Commission acted. Request at 1. DEP further argued that the Commission’s decision overlooked that the Commission has not yet issued the order required under S.C. Code Ann. sections 58-27-2700 and 58-27-2720 to make required findings and establish the ongoing procedures necessary to implement the eRSA mechanism and trigger the quarterly monitoring obligations. *Id.* Lastly, the Company argued that the Commission’s Directive would impermissibly prevent the timely recovery of prudently incurred costs which have been audited and undergone significant regulatory scrutiny. *Id.*

III. APPLICABLE LAW

The Commission has the “power . . . to fix just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, or observed, and followed by every public utility in this State.” S.C. Code Ann. § 58-3-140 (2015). In presiding over a ratemaking proceeding, the Commission takes on a quasi-judicial role.” *Utils. Servs. of S.C., Inc. v. S.C. Office of Regulatory Staff*, 392 S.C. 96, 105, 708 S.E.2d 755, 760 (2011). “In this capacity, the Commission sits as the trier of facts, akin to a jury of experts.” *Southern Bell Tel. & Tel. Co. v. Public Service Commission*, 270 S.C. 590, 597, 244 S.E.2d 278, 282 (1978); *see also Kiawah Prop. Owners Group v. Public Service Comm’n of S.C.*, 359 S.C. 105, 109, 597 S.E.2d 145, 147 (2004).

On May 12, 2025, South Carolina Governor Henry McMaster signed Act 41 into law, which contained the provisions allowing electric utilities to have the terms of the eRSA apply to an electric utility's rates and charges.¹⁴

Under the eRSA mechanism, electrical utilities subject to the eRSA must file Monitoring Reports for each twelve-month period ending March 31, June 30, September 30, and December 31, and provide a copy to ORS. S.C. Code Ann. § 58-27-2730 (Supp. 2025). These reports contain certain utility financial information, including actual net plant in service, construction work in progress, accumulated deferred income taxes, working capital, and several other rate base components, various expenses, as well as accounting and pro forma adjustments. S.C. Code Ann. § 58-27-2730(1) (Supp. 2025) The reports also include the utility's earned return on common equity. *Id.* The quarterly Monitoring Reports must contain “pro forma adjustments to annualize for the twelve-month period any rate adjustments imposed . . . or other events affecting only part of the period covered by the filing so that the annualization is required to show the effects of those events on the utility's earnings going forward.” S.C. Code Ann. § 58-27-2730(3) (Supp. 2025). Other pro forma adjustments are required to account for “atypical, unusual, or nonrecurring events.” S.C. Code Ann. § 58-27-2730(4) (Supp. 2025).

ORS reviews the calculations and determines the utility's compliance with sections 58-27-2730 and 58-27-2740 of the South Carolina Code. S.C. Code Ann. § 58-27-2750 (Supp. 2025). Interested parties are allowed to file comments in writing to the Commission and ORS concerning the Monitoring Report. S.C. Code Ann. § 58-27-2760(3) (Supp.

¹⁴ See S.C. Code Ann. §§ 58-27-2700 through -2810 (Supp. 2025).

2025). Where the Monitoring Report indicates rate adjustments are required or where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the Monitoring Report and specify any changes that it determines are necessary to correct errors in the report or to otherwise bring the report into compliance with the statute. *Id.* The eRSA provides that “the proposed rate changes, filed by the utility, shall conform as nearly as practicable with the revenue allocation principles contained in the most recent rate order.” S.C. Code Ann. § 58-27-2740(C) (Supp. 2025).

On or before July 15, the Commission must issue an Initial Order setting forth any changes in rates warranted by the utility's request to adjust rates under the statute. This Order is the “Initial Order” contemplated by S.C. Code Ann. sections 58-27-2760(5), 58-27-2780, and 58-27-2790 for DEP. In the absence of such an Initial Order, the electric rate adjustment contained in the utility's filing “shall be considered granted as filed.” S.C. Code Ann. § 58-27-2760(5) (Supp. 2025).

Pursuant to the eRSA, electric rate adjustments, if any, authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of August of that year. S.C. Code Ann. § 58-27-2760(6) (Supp. 2025).

Under Title 58 of the South Carolina Code of Laws, parties may request rehearing of Commission decisions. The applicable statute provides:

After an order or decision has been made by the Commission, any party to the proceedings may within ten days after service of notice of the entry of the order or decision apply for a rehearing in respect to any matter determined in such proceedings and specified in the application for rehearing, and the Commission may, in case it appears to be proper, grant and hold such rehearing.

S.C. Code Ann. § 58-27-2150 (2015).

Pursuant to the Commission's regulations, a Petition for Rehearing or Reconsideration shall set forth clearly and concisely:

- (a) The factual and legal issues forming the basis for the petition;
- (b) The alleged error or errors in the Commission order;
- (c) The statutory provision or other authority upon which the petition is based.

S.C. Code Ann. Regs. 103-825(A)(4) (2012).

The Commission's regulations specify that a Petition for Reconsideration is "subject to the same statutory parameters as a Petition for Rehearing." S.C. Code Ann. Regs. 103-854(B) (2012). "The purpose of a Petition for Rehearing is not intended as a procedure for rearguing . . . [a] case merely because the non-prevailing parties disagree with the original decision." *In re BellSouth BSE, Inc.*, Docket No. 97-361-C, Order No. 98-66 at 1-2. Rather, petitions for rehearing or reconsideration are intended to allow the Commission to identify and correct specific errors and omissions in its orders. Nor can a party raise issues in a motion to reconsider that could have been presented prior to the decision on the merits or that are raised for the first time in a petition for rehearing.

Should any aggrieved party desire to petition the Commission for review of its Initial Order – this Order – S.C. Code Ann. section 58-27-2780 prescribes a specific process as follows:

Within thirty days of the issuance of an Initial Order pursuant to Section 58-27-2760, or within thirty days of the failure by the commission to issue an order as required pursuant to Section 58-27-2760, any aggrieved party may petition the commission for review of the Initial Order or failure to issue an order and all interested parties of record shall have a right

to be heard at an evidentiary hearing on the matter. The party shall serve a copy of such petition on the Office of Regulatory Staff and other parties of record on the same day and by the same means as it is provided to the commission.

S.C. Code Ann. § 58-27-2780 (Supp. 2025).

Further, S.C. Code Ann. section 58-27-2790 specifies what is appropriate for review, and what relief may be granted as a result of the evidentiary hearing conducted pursuant to S.C. Code Ann. section 58-27-2780:

(A) After conducting the hearing required by Section 58-27-2780, the commission shall issue a final order that:

(1) sets forth any changes that are required to the rates approved in the Initial Order issued under Section 58-27-2760(5);

(2) determines the amount of any overcollection or undercollection by the utility that resulted from collection of the rates authorized in the Initial Order as compared to the rates authorized in the final order issued under this section; and

(3) establishes a credit to refund the amount of any overcollection, or a surcharge to collect the amount of any undercollection that arose during the time that the rates approved in the Initial Order were collected, and requires the utility to apply the credit or surcharge until such time as the overcollection or undercollection is exhausted.

(B) The commission shall issue any final order required under this section by December 31 of the year in which the monitoring report was filed. The order shall make the corrected rates and the credit or surcharge, if any, effective as of the first billing cycle of May of that year.

S.C. Code Ann. §58-27-2790 (Supp. 2025).

IV. DISCUSSION

Timeliness of DEP Petition for Reconsideration

As a threshold issue, DEP asserted that its Petition for Reconsideration, filed July 2, 2026, regarding the Commission Directive issued June 29, 2026, was timely. In support of

its assertion, DEP noted the statutory deadline prescribed by S.C. Code Ann. section 58-27-2760(5) for issuance of the Initial Order and the requirement in the eRSA that any electric rate adjustment pursuant to the eRSA must take effect on or after the first billing cycle of August of 2026. DEP Petition for Reconsideration at 1-2. Further, DEP noted that “absent an Initial Order that establishes the required rate adjustment under S.C. Code Ann. § 58-27-2760 issued by the statutory deadline of July 15, 2026, the requested adjustment will automatically be deemed granted as filed by operation of law under S.C. Code Ann. § 58-27-2760(5).” DEP Petition for Reconsideration at 2.

The Commission agrees on both points raised by DEP. The Petition for Reconsideration, out of necessity, is timely filed and the result of a failure to issue an Initial Order would cause the rate adjustment to be put into effect, as filed.

Prospective Applicability of Monitoring Reports

DEP argued that the Baseline Order must precede, and is the predicate which triggers, the obligation of the Company to file Monitoring Reports. DEP Petition for Reconsideration at 3-5. Specifically, DEP states, “Therefore, without a Baseline Order establishing the necessary monitoring criteria required by S.C. Code Ann. § 58-27-2700, the Company’s obligation to file quarterly Monitoring Reports has not been triggered and the Commission’s decision denying the Company’s eRSA election on that basis is an error of law.” DEP Petition for Reconsideration at 4. The Commission agrees that the Company may elect into the eRSA and that the result - including both the obligation of filing Monitoring Reports and the opportunity to seek rate adjustment - is prospective in nature, once the election has been made. Therefore, to the extent that the Commission’s Directive

dated June 29, 2026, was based on the procedural failure of DEP to file its Monitoring Report for the twelve-month period ending March 31, 2026, such basis is vacated.

Prospective Application of eRSA Election and Rate Adjustment

On July 13, 2026, upon consideration of the Company's Petition for Reconsideration, the Commission ruled, in part:

S.C. Code Ann. Section 58-27-2700 provides that the eRSA is prospective in nature. I move that the Commission find and conclude that because the eRSA is prospective in nature, a utility cannot request an adjustment in rates based on its operational experience for a calendar year preceding the calendar year in which the utility elected to have the terms of the eRSA apply. This interpretation is consistent with a robust monitoring process throughout the year in which the election is made, rather than a retrospective approach that considers an operational experience outside of and preceding the utility's election into the eRSA. In the case of the eRSA, as opposed to other rate stabilization adjustments, such adjustments are made based [on] a calendar-year operating experience, which is predictable and consistent between utilities. Similarly, all utilities would be subject to the same matching between the election of the eRSA, and application of adjustments to their respective rates beginning in that calendar year.

Commission Directive, July 13, 2026.

The rules of statutory construction are well-settled. Under the plain meaning rule, it is not the province of the court to change the meaning of a clear and unambiguous statute. *Hodges v. Rainey*, 341 S.C. 79, 85, 533 S.E.2d 578, 581 (2000). Where the statute's language is plain, unambiguous, and conveys a clear, definite meaning, the rules of statutory interpretation are not needed and the court has no right to impose another meaning. *Gay v. Ariail*, 381 S.C. 341, 345, 673 S.E.2d 418, 420 (2009).

The plain language reading of S.C. Code Ann. section 58-27-2700 states that a “public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis[. . .]” The Commission finds this to be a clear, unambiguous statutory provision to allow an electric utility to elect to have the eRSA apply to its rates prospectively. The plain language meaning of the word “prospective” is “effective or operative in the future.” Black’s Law Dictionary 3rd Ed., p. 576 (2006).

The Commission finds that, given its plain language meaning, the rate adjustments due to the eRSA must be prospective in nature.

Prospective rate adjustments must be based on an operating experience that occurred while the utility was operating pursuant to the eRSA, rather than the operational experience the utility may have had prior to electing to have the eRSA apply to its rates. While the Commission acknowledges that a utility may elect to have the eRSA apply to its rates at any time, in its discretion, that does not mean that the utility may dictate a previous period of time during which it was not subject to the eRSA to use as the operational experience to recover rate adjustments under the eRSA.

Under the design of the eRSA, a Baseline Order is issued to establish the financial starting point from which deviation may warrant adjustment to rates – either an increase for an under-earning utility, or a decrease for an over-earning utility. The Baseline Order establishes a benchmark at a particular point in time dictated by the financial and other conditions of the utility’s last general rate case. The eRSA statutory scheme stabilizes adjustments to the rates of the utility compared to the benchmark. However, the eRSA does not allow the utility to choose a test year – or any year outside of the current operational

year – to compare to the benchmark. While a historical test year may be used in a general rate case, the use of such a test year is impermissible in the election and use of the eRSA, wherein the first year of data available will coincide with the end of the first calendar year in which the election was made. In this instance, DEP elected to become subject to the eRSA in 2026. It could have elected to do so in 2025 but did not. Therefore, the Commission concludes that the first year of operational data of the Company during a period in which the Company is subject to the eRSA is 2026, and it is upon the 2026 operational experience that DEP may seek an adjustment.

Opportunity for the Company and Parties to Respond to Initial Order

The Company stated:

Because the Company had no notice or opportunity to respond to the Commission's procedural concern, the Company never had the opportunity to address this concern before the Commission voted to dispose of the entire docket—a procedural due process flaw. The Administrative Procedures Act requires that parties to a contested case receive notice of the issues to be decided and a meaningful opportunity to be heard before an agency acts.[FN omitted] Therefore, the Company respectfully asserts that due process requires that it be afforded such opportunities here.

Id at 8.

In support of its position, DEP cites *Kurschner v. City of Camden Planning Comm'n* (2008). However, in a more contextual reading of *Kurschner*, the South Carolina Supreme Court stated:

Procedural due process imposes constraints on governmental decisions which deprive individuals of liberty or property interests within the meaning of the Due Process Clause of the Fifth or Fourteenth Amendment of the United States Constitution. *Mathews v. Eldridge*, 424 U.S. 319, 332, 96 S.Ct. 893, 47 L.Ed.2d 18 (1976). The fundamental

requirements of due process include notice, an opportunity to be heard in a meaningful way, and judicial review. S.C. Const. art. 1, § 22; *Stono River Envtl. Protection Ass'n v. S.C. Dep't of Health and Envtl. Control*, 305 S.C. 90, 94, 406 S.E.2d 340, 342 (1991). Due process does not require a trial-type hearing in every conceivable case of government impairment of a private interest. *172 *First Fed. Sav. Loan Ass'n of Walterboro v. Bd. of Bank Control*, 263 S.C. 59, 65, 207 S.E.2d 801, 804 (1974) (quoting *Cafeteria and Restaurant Workers Union v. McElroy*, 367 U.S. 886, 894, 81 S.Ct. 1743, 6 L.Ed.2d 1230 (1961)). Rather, due process is flexible and calls for such procedural protections as the particular situation demands. *S.C. Dep't of Soc. Servs. v. Wilson*, 352 S.C. 445, 452, 574 S.E.2d 730, 733 (2002).

Kurschner v. City of Camden Planning Comm'n, 376 S.C. 165, 171-172, 656 S.E.2d 346, 350 (2008).

The Commission notes that there is a path of review of the Initial Order, prescribed by S.C. Code Ann. section 58-27-2780, for any aggrieved party to pursue – including the Company. Such review, which is a continuation of the evaluation of the rate adjustment proceeding rather than a strictly appellate process, also serves to alleviate concerns raised by the Company regarding its ability to respond to the basis or bases upon which the Commission bases its findings and conclusions in this Initial Order.

Further, pursuant to the hearing process governed by S.C. Code Ann. section 58-27-2780, S.C. Code Ann. section 58-27-2790 allows for relief that can make the Company whole, in the event that the Initial Order warrants correction. Therefore, the proposition that the Company was denied due process is without merit. The eRSA statutorily prescribes that an aggrieved party may petition the Commission for review of its Initial Order, and provides that all parties of record shall have a right to be heard at an evidentiary hearing

on the matter.¹⁵ simply because it must go through the statutorily prescribed process if it objects to its Initial Order, is without merit.

V. CONCLUSION

In consideration of all arguments made by all parties, the Commission finds and concludes that the Company, while eligible to be subject to the eRSA, may only seek adjustment to its rates for the operational periods subsequent to and coinciding with its election into the eRSA. Therefore, an adjustment in rates pursuant to the eRSA is not warranted at this time. Accordingly, DEP's rates and charges for retail electric service shall continue as authorized in Order No. 2025-757, issued on December 12, 2025, in Docket No. 2025-154-E as adjusted by subsequent Commission Orders as applicable.

Notwithstanding that this request for rate adjustment does not warrant an adjustment, the Company is not prohibited from seeking a rate adjustment at the appropriate time.

VI. ORDERING PROVISIONS

IT IS THEREFORE ORDERED THAT:

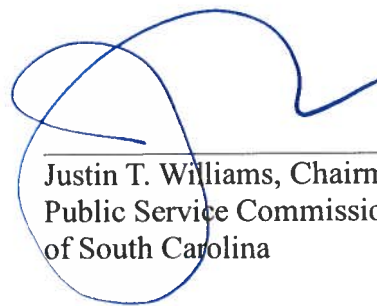
- 1) The June 29, 2026 Commission Directive is vacated.
- 2) This Order serves as the Initial Order requested by DEP contemplated by S.C. Code Ann. section 58-27-2760(5).
- 3) The operational data given from DEP for the calendar year ending December 31, 2025 predates DEP's election into the eRSA and does not warrant a rate adjustment based on that data.

¹⁵ See S.C. Code Ann. § 58-27-2780 (Supp. 2025).

4) DEP's rates and charges for retail electric service shall continue as authorized in Order No. 2025-757, issued on December 12, 2025, in Docket No. 2025-154-E as adjusted by subsequent Commission Orders as applicable.

5) This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission
of South Carolina

Commissioner Belser dissenting.

I respectfully disagree with the result set forth in the Initial Order. The Electric Rate Stabilization (eRSA) mechanism is established and set forth in S.C. Code Ann. sections 58-27-2700 through 2810 (Supp. 2025). In my opinion, the Initial Order rests upon a flawed and misapplied interpretation of the statutory process established for the eRSA mechanism resulting in an error of law. Accordingly, I respectfully dissent.



Florence P. Belser, Commissioner
Public Service Commission
of South Carolina – District 2

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	☐	DATE	<u>July 13, 2026</u>
MOTOR CARRIER MATTER	☐	DOCKET NO.	<u>2026-78-E</u>
UTILITIES MATTER	☒	ORDER NO.	<u></u>

A FULL COMMISSION ORDER WILL BE ISSUED.

SUBJECT:

DOCKET NO. 2026-78-E - Application of Duke Energy Progress, LLC, to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service - Staff Presents for Commission Consideration Duke Energy Progress, LLC's Request for Reconsideration of the Commission's Decision Issued on June 29, 2026, on an Expedited Basis.

COMMISSION ACTION:

Duke Energy Progress filed a Petition for Reconsideration of the Directive issued by this Commission on June 29, 2026.

I move that the Commission grant the Petition for Reconsideration and vacate the June 29th Directive. This matter involves two requests by DEP: 1) DEP asks the Commission to issue a Baseline Order consistent with DEP's notification to the Commission that DEP elects to have the terms of the eRSA apply to its rates and charges for retail electric service; and 2) DEP asks the Commission to approve DEP's request for an adjustment to rates based on a Monitoring Report covering DEP's operational experience for the calendar year 2025.

As to the first request, I move the Commission find that Duke Energy Progress, having met the statutory prerequisites, may elect to have the terms of the eRSA apply. Consistent with this, I move that the Commission issue a Baseline Order incorporating matters established in the Company's most recent general rate proceeding as approved in Order No. 2025-757, issued in Docket No. 2025-154-E. As to the second request, S.C. Code Ann. section 58-27-2760 requires the Commission, on or before July 15 of each year, to issue an Initial Order addressing a utility's request to adjust rates under the eRSA.

S.C. Code Ann. Section 58-27-2700 provides that the eRSA is prospective in nature. I move that the Commission find and conclude that because the eRSA is prospective in nature, a utility cannot request an adjustment in rates based on its operational experience for a calendar year preceding the calendar year in which the utility elected to have the terms of the eRSA apply. This interpretation is consistent with a robust monitoring process throughout the year in which the election is made, rather than a retrospective approach that considers an operational experience outside of and preceding the utility's election into the eRSA.

In the case of the eRSA, as opposed to other rate stabilization adjustments, such adjustments are made based a calendar-year operating experience, which is predictable and consistent between utilities. Similarly, all utilities would be subject to the same matching between the election of the eRSA, and application of adjustments to their respective rates beginning in that calendar year.

In this case, Duke Energy Progress has elected to have the terms of the eRSA apply in 2026. Therefore, Duke Energy Progress cannot request an adjustment in rates based on a Monitoring Report covering DEP's operational experience for the calendar year 2025. In accordance with DEP's 2026 election, the request for a rate adjustment must be based on DEP's 2026 calendar year operational experience.

Consistent with this finding, I move that the Commission issue an Initial Order denying DEP's request for an adjustment to rates based on a Monitoring Report covering DEP's operational experience for the calendar year 2025. This decision does not affect DEP's election to have the terms of the eRSA apply to its rates and charges for retail electric service. DEP remains subject to the Baseline Order and the terms of the eRSA.

PRESIDING:
Williams

SESSION: Special

TIME: 12:00 p.m.

	MOTION	YES	NO	OTHER	
BELSER	☐	☐	☒		<u>Present in Hearing Room</u>
BRITT	☐	☒	☐		<u>Present in Hearing Room</u>
CASTON	☐	☐	☒		<u>Present in Hearing Room</u>
HENNELLY	☒	☒	☐		<u>Present in Hearing Room</u>
POWERS	☐	☒	☐		<u>Present in Hearing Room</u>
WHITFIELD	☐	☒	☐		<u>Present in Hearing Room</u>
WILLIAMS	☐	☒	☐		<u>Present in Hearing Room</u>

RECORDED BY: J. Schmieding



A FULL COMMISSION ORDER WILL BE ISSUED.

HENNELLY	☒	☒	☐
POWERS	☐	☒	☐
WHITFIELD	☐	☒	☐
WILLIAMS	☐	☒	☐

Present in Hearing Room

Present in Hearing Room

Present in Hearing Room

Present in Hearing Room

RECORDED BY: E. Wilson



BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

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Direct Dial: 854.214.5910
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CHARLESTON, SC 29403

PHONE: 854.214.5900
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March 13, 2026

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service
Docket No. 2026-__-E

Election to Utilize the Electric Rate Stabilization Adjustment Mechanism and First Annual Monitoring Report Under the 2025 South Carolina Energy Security Act, Act No. 41

Dear Ms. Boyd:

I am writing to inform the Public Service Commission of South Carolina (the "Commission") that Duke Energy Progress, LLC ("DEP" or the "Company") hereby elects to utilize the electric Rate Stabilization Adjustment ("eRSA") mechanism provided by the 2025 South Carolina Energy Security Act ("Act 41").¹ Concurrent with this election, and pursuant to S.C. Code Ann. § 58-27-2760(1), the Company is also filing its first annual monitoring report for the twelve-month period ending December 31, 2025 (the "Annual Monitoring Report"), which is attached hereto as Exhibit 1. Additionally, to assist the Commission in processing this election, the Company has prepared and is filing contemporaneously a proposed Baseline Order consistent with the requirements of S.C. Code Ann. §§ 58-27-2700 and 58-27-2720.

Because this filing represents the first eRSA election by an electric utility under Act 41, the Company provides additional context below regarding its views of the process, procedural requirements, and Commission actions contemplated by Act 41. Therefore, and consistent with the information outlined below, the Company respectfully requests that the Commission issue an order making the requisite "findings and establish[ing] the ongoing procedures" pursuant to S.C. Code Ann. §§ 58-27-2700 and 58-27-2720.

¹ See S.C. Code Ann. § 58-27-2700 *et seq.*

Overview of the eRSA Mechanism

I. Purpose and Commission Procedures

On May 12, 2025, South Carolina Governor Henry McMaster signed Act 41 into law. Among other provisions, Act 41 introduced the eRSA mechanism, which permits an electric utility to elect to have its rates and charges adjusted on a prospective basis pursuant to ongoing procedures established by the Commission. The eRSA mechanism is a structured, statutory process designed to promote rate stability between general rate cases by relying on standardized financial data and periodic monitoring reports. These periodic adjustments will allow for smaller rate adjustments than would be expected in general rate proceedings and provide greater predictability in ratemaking.

In implementing the provisions of the eRSA statute, the Commission is required to “make the findings and establish the ongoing procedures required for adjustments” under the applicable eRSA provisions.² The eRSA statute requires the Commission to “rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters” established in the electric utility’s most recent general rate case, provided that the electric utility’s most recent general rate order must have been issued no more than five years prior to the election.³ An election shall remain effective until the utility’s next general rate case, which must be filed at least every five years after such election.⁴

In issuing its order making findings and establishing the ongoing procedures required to implement the eRSA mechanism (the “Baseline Order”)⁵, the Commission must:

- Specify a range for the utility’s cost of equity that includes a band of fifty basis points (0.50 percentage points) below and fifty basis points (0.50 percentage points) above the cost of equity on which rates have been set;
- Separately state the amount of the utility’s net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components; and

² S.C. Code Ann. § 58-27-2700.

³ *Id.*

⁴ *See* S.C. Code Ann. § 58-27-2710.

⁵ *See, e.g.*, Order No. 2005-491 in Docket No. 2005-125-G.

The Honorable Jocelyn G. Boyd

March 13, 2026

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- State the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, other components of income for return, revenues, capital structure, cost of debt, overall cost of capital, and earned return on common equity.⁶

The findings in the Baseline Order establish the financial parameters against which future monitoring reports will be evaluated and form the basis for any prospective rate adjustments under the eRSA mechanism.

II. Quarterly Monitoring Reports and Audit by ORS

a. **General Reporting Requirements**

Upon election by an electric utility under the eRSA, S.C. Code Ann. § 58-27-2730 requires the utility to file quarterly monitoring reports for each twelve-month period ending on March 31st, June 30th, September 30th, and December 31st of each year. These reports must be filed no later than the fifteenth day of the third month following the close of each such period.⁷ These reports provide standardized financial data, tracking the utility earned return and other metrics against the values established in the Baseline Order.

For the report covering the twelve-month period ending December 31st, S.C. Code Ann. § 58-27-2740 requires the electric utility to include additional information regarding the utility's revenue calculations, including any changes in tariffed rates required to adjust its return on equity to the midpoint of the range established in the Baseline Order.

Pursuant to S.C. Code Ann. § 58-27-2750, the South Carolina Office of Regulatory Staff ("ORS") is required to review the monitoring reports and propose any adjustments necessary to ensure compliance with the statute.

b. **Requirements Applicable to the Annual Monitoring Report Covering the Period Ending December 31st**

Under S.C. Code Ann. § 58-27-2760, the eRSA mechanism requires the Commission to consider the Company's annual monitoring report for the twelve-month period ending

⁶ See S.C. Code Ann. § 58-27-2720.

⁷ See S.C. Code Ann. § 58-27-2730.

The Honorable Jocelyn G. Boyd

March 13, 2026

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December 31st pursuant to the following schedule:⁸

<u>Procedural Dates (No later than)</u>	<u>Procedural Milestones</u>
No later than March 15	The electrical utility files its annual monitoring report with the Commission and ORS. ⁹
March 31	The Commission issues a Notice of Filing. ¹⁰
May 15	Interested parties may file petitions to intervene. ¹¹
June 1	ORS files an audit report and other parties may file verified written comments and submit documentary evidence in response to the utility's monitoring report.
June 15	The utility files verified written comments and submits documentary evidence related to the monitoring report and may request a non-evidentiary hearing.
July 15	The Commission issues an order setting forth any changes required in the utility's request to adjust rates (the "Initial Order"). ¹²

In the absence of a timely Initial Order issued by the Commission, the eRSA statute provides that the rate adjustment requested by the utility shall be deemed granted as filed.¹³ Finally, any electric rate adjustments authorized under the terms of this article must take effect for all bills

⁸ See S.C. Code Ann. § 58-27-2760(2)-(5).

⁹ See S.C. Code Ann. § 58-27-2760(1).

¹⁰ S.C. Code Ann. § 58-27-2760(2) requires this step if the monitoring report indicates that a rate adjustment is required, or where it otherwise appears to the Commission or ORS that an adjustment in rates may be warranted.

¹¹ *Id.*

¹² S.C. Code Ann. §§ 58-27-2780 and 58-27-2790 set out procedures for review of an Initial Order, including rate adjustments and billing corrections.

¹³ See S.C. Code Ann. § 58-27-2760(5).

rendered on or after the first billing cycle of August.¹⁴

III. DEP's Election to Utilize the eRSA Mechanism and First Annual Monitoring Report

Consistent with the information above, the Company respectfully requests that the Commission accept this filing as DEP's formal election to utilize the eRSA mechanism and accept the attached Annual Monitoring Report as the Company's first filing under S.C. Code Ann. §§ 58-27-2730 and 58-27-2740. In establishing the procedures and issuing the Baseline Order pursuant to the eRSA mechanism, S.C. Code Ann. § 58-27-2700 requires the Commission to "rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established" in Order No. 2025-757, issued December 12, 2025, in DEP's most recent general rate case.¹⁵

Based upon DEP's most recent general rate case, the ROE Range that will be established by the Baseline Order is 9.49% - 10.49%. As a result of plant additions since DEP's base rate case and the additional related depreciation expense, and as set forth in the Annual Monitoring Report, the Company's earned return on equity for the twelve-month period ending December 31, 2025, was 7.81%, which is below the lower end of the ROE Range. Accordingly, and pursuant to S.C. Code Ann. § 58-27-2740(A)(2), the Company has calculated the additional \$36.7 million revenue required to bring its return on equity to the midpoint of the ROE Range, and respectfully requests an adjustment in base rates as set forth in the Annual Monitoring Report.

The Company recognizes the impact this adjustment will have on the customers and communities that the Company serves. This adjustment reflects the necessary investments DEP has made to strengthen the grid, improve storm readiness, maintain and enhance our generating fleet, and serve a growing customer base. This is work that we undertake with discipline and a focus on operational excellence. The Company remains committed to managing costs for customers. For example, the Company continues to offer and expand its demand-side management and energy efficiency portfolio, which is widely recognized as among the most effective portfolios in the Southeast in delivering energy savings to customers. The Company also routinely partners with utility assistance agencies to help income-qualified and vulnerable customers obtain available energy assistance funding (e.g., Share the Light), which yielded millions of dollars in energy assistance funding to customers in recent years. Additionally, the Company's proposed business

¹⁴ See S.C. Code Ann. § 58-27-2760(6). The Company notes that S.C. Code Ann. § 58-27-2790(B) states, in pertinent part, that the Commission's final eRSA order "shall make the corrected rates and the credit or surcharge, if any, *effective as of the first billing cycle of May of that year.*" (Emphasis added.) The Company further notes that S.C. Code Ann. § 58-27-2760(6) states "[a]ny electric rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of *August* of that year." (Emphasis added.) Accordingly, the Company believes that the use of "May" in S.C. Code Ann. § 58-27-2790(B) was inadvertent and that August is consistent with the overall statutory framework of the eRSA mechanism. In addition, while any authorized electric rate adjustments will take effect for and be reflected in bills rendered on or after the first billing cycle of August in accordance with the statute, the new rates will be implemented on a "service rendered" basis beginning August 1st.

¹⁵ The Company's rates and charges pursuant to Order No. 2025-757 became effective February 1, 2026. See Docket No. 2025-154-E.

The Honorable Jocelyn G. Boyd

March 13, 2026

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combination pending before the Commission is designed to create efficiencies that deliver significant, long-term customer savings. The Company will continue to evaluate and pursue avenues by which the Company can deliver incremental savings to customers in a way that mitigates the impact of the adjustment arising under the eRSA.

IV. Request for a Baseline Order and Procedural Schedule

The Company respectfully requests that the Commission issue a Baseline Order consistent with S.C. Code Ann. §§ 58-27-2700 and 58-27-2720 as soon as reasonably practicable, and further requests that the Commission process the Company's Annual Monitoring Report in accordance with the procedural schedule set forth in S.C. Code Ann. § 58-27-2760.

By copy of this letter, the Company is serving ORS in compliance with S.C. Code Ann. § 58-27-2700.

Thank you for your assistance with this matter.

Kind regards,

/s/ J. Ashley Cooper

J. Ashley Cooper

Enclosures

cc: Andrew Bateman, Esq. (via electronic mail)
Ben Mustian, Esq. (via electronic mail)
J. Chad Torri, Esq. (via electronic mail)
Jo Anne Wessinger Hill, Esq. (via electronic mail)

**THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2026-__-E**

In the Matter of:

Application of Duke Energy Progress, LLC
to Have the Terms of the Electric Rate Stabilization
Adjustment Apply to the Company's Rates and
Charges for Retail Electric Service

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)
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)

NOTICE OF ELECTION

Duke Energy Progress, LLC ("DEP"), pursuant to S.C. Code Ann. § 58-27-2700, hereby provides notice of its election of the application of the terms of the South Carolina Electric Rate Stabilization Adjustment ("eRSA") mechanism to DEP's rates and charges for retail electric service provided within the State of South Carolina. In conjunction with this election, and as required by S.C. Code Ann. §§ 58-27-2700 and 58-27-2720, DEP respectfully requests that the Public Service Commission of South Carolina (the "Commission") make such findings and establish such ongoing procedures as may be required for prospective adjustments to DEP's base rates utilizing the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in DEP's most recent general rate proceeding in Order No. 2025-757. Consistent with S.C. Code Ann. §§ 58-27-2700, DEP is concurrently serving a copy of this Notice of Election on the South Carolina Office of Regulatory Staff.

Respectfully submitted this 13th day of March, 2026.

Duke Energy Progress, LLC
Calculation of Additional Revenue Requirement
Test Period Ended December 31, 2025
(Dollars in Thousands)

Exhibit 1 Page 1

Line No.	Description	South Carolina Retail Operations						
		Before Proposed Increase				After Proposed Increase		
		Pro forma Ratio (Col. 1)	Retail Rate Base (Col. 2)	Embedded Cost/ Return % (Col. 3)	Operating Income (Col. 4)	Retail Rate Base (Col. 5)	Embedded Cost/ Return % (Col. 6)	Operating Income (Col. 7)
1	Long-term debt	47.00%	\$ 1,111,271	4.23%	\$ 47,007	\$ 1,111,271	4.23%	\$ 47,007
2	Common equity	53.00%	1,253,135	7.81%	97,842	1,253,135	9.99%	\$ 125,188
3	Total (L1 + L2)	100%	\$ 2,364,407		\$ 144,848	\$ 2,364,407		\$ 172,195
4	Operating income before increase (L3, Column 4)							\$ 144,848
5	Additional operating income required (L3 - L4)							\$ 27,347
6	Gross receipts taxes (0.3%) and utility assessment (0.21%) * L5 / 74.67%							\$ 187
7	Income Taxes							\$ 9,091
8	Additional revenue requiremen (L5 + L6 + L7)							\$ 36,625

Duke Energy Progress, LLC
Electric Operating Experience - Total Company & SC Retail
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
1	<u>Operating Revenues</u>	\$ 7,264,280	\$ (122,544)	\$ 7,141,736	\$ 674,874	\$ 34,989	\$ 709,863
2	<u>Operating Expenses</u>						
3	O&M Expenses - Fuel	1,695,346	(10,969)	1,684,377	158,648	(10,969)	147,679
4	O&M Expenses - Purchased Power and Net Interchange	853,665	-	853,665	82,735	-	82,735
5	O&M Expenses - Other	1,421,660	(169,511)	1,252,149	155,826	(24,927)	130,899
6	Depreciation & Amortization Expenses	1,316,510	105,490	1,422,000	130,194	28,533	158,728
7	Taxes Other Than Income	173,382	12,378	185,760	33,036	765	33,802
8	Income Taxes	210,802	(15,734)	195,068	1,144	10,050	11,194
9	Investment Tax Credit	(4,371)	-	(4,371)	(526)	-	(526)
10	Total Operating Expenses	5,666,994	(78,345)	5,588,649	561,059	3,453	564,511
11	Operating Return	1,597,285	(44,199)	1,553,087	113,815	31,536	145,352
12	Customer Growth	19,259	(1,926)	17,332	(41)	10	(30)
13	Interest on Customer Deposits (Before Taxes)	7,019	-	7,019	473	-	473
14	<u>Total Income for Return</u>	<u>\$ 1,609,525</u>	<u>\$ (46,125)</u>	<u>\$ 1,563,400</u>	<u>\$ 113,301</u>	<u>\$ 31,547</u>	<u>\$ 144,848</u>
15	<u>Rate Base</u>						
16	Plant in Service	\$ 39,005,806	\$ (395,942)	\$ 38,609,864	\$ 3,770,469	\$ (76,961)	\$ 3,693,508
17	Reserve for Depreciation	(15,460,248)	91,339	(15,368,909)	(1,466,207)	19,653	(1,446,554)
18	Net Plant	23,545,558	(304,603)	23,240,954	2,304,262	(57,308)	2,246,954
19	Construction Work in Progress	1,482,869	-	1,482,869	137,450	-	137,450
20	Other Rate Base	159,110	-	159,110	15,490	-	15,490
21	Total Working Capital	200,583	(219,464)	(18,881)	139,929	(5,131)	134,798
22	Materials & Supplies	1,823,759	(28,588)	1,795,172	167,353	(3,192)	164,160
23	Accumulated Deferred Income Taxes	(2,644,144)	15,439	(2,628,706)	(300,391)	(34,054)	(334,446)
24	Total Rate Base	<u>\$ 24,567,735</u>	<u>\$ (537,216)</u>	<u>\$ 24,030,518</u>	<u>\$ 2,464,092</u>	<u>\$ (99,686)</u>	<u>\$ 2,364,407</u>
25	<u>Rate of Return</u>	6.55%		6.51%	4.60%		6.13%
26	<u>Return on Equity</u>	8.61%		8.52%	4.92%		7.81%

Duke Energy Progress, LLC
Electric Accounting & Pro Forma Adjustments
Total Company
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Revenues	O&M Expenses Fuel & PP	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes 24.9500%	Investment Tax Credit
1	Annualize Per Book Depreciation Expense	\$ -	\$ -	\$ -	\$ 59,741	\$ -	\$ -	\$ (14,905)	\$ -
2	Annualize Wage Rate Increase	-	-	1,568	-	138	-	(426)	-
3	Update for Changes in Benefits Costs	-	-	(4,764)	-	-	-	1,189	-
4	Update Per Book Bad Debt Expense	-	-	(1,545)	-	-	-	385	-
5	Adjust Miscellaneous Settlement Items	-	-	(397)	(13)	(14)	-	106	-
6	Annualize Property Taxes on Year End Plant	-	-	-	-	12,229	-	(3,051)	-
7	Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	(1,699)	-
8	Eliminate Unbilled Revenues	795	-	-	-	-	-	198	-
9	Eliminate NCEMPA Acquisition Adjustment	-	-	-	(12,759)	-	-	3,183	-
10	Annualize Rate Case Revenue and Amortizations	50,925	-	822	9,835	-	-	10,047	-
11	Normalize Nuclear Refueling Outage Costs	-	-	1,788	-	-	-	(446)	-
12	Remove DSM/EE Program Revenues and Program Costs	(174,264)	-	(168,860)	53,404	28	-	(13,761)	-
13	Remove Aviation, Executive Comp and Other Test Year Expenses Adjustments	-	(10,969)	(2,078)	(3,430)	(3)	-	4,112	-
14	Adjust for Storm Securitization Regulatory Liability	-	-	-	(1,287)	-	-	321	-
15	Normalize Storm Costs	-	-	3,954	-	-	-	(987)	-
16	TOTAL - ALL PRO FORMAS	\$ (122,544)	\$ (10,969)	\$ (169,511)	\$ 105,490	\$ 12,378	\$ -	\$ (15,734)	\$ -
Line No.	Description	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Capital	Materials & Supplies	Rate Base
17	Annualize Per Book Depreciation Expense	\$ -	\$ (59,741)	\$ -	\$ -	\$ -	\$ -	\$ -	(59,741)
18	Eliminate NCEMPA Acquisition Adjustment	(349,802)	132,903	-	-	-	-	-	(216,898)
19	Annualize Rate Case Revenue and Amortizations	-	-	-	(13,768)	-	55,183	-	41,415
20	Update for Changes in Benefits Costs	-	-	-	157	-	(629)	-	(472)
21	Remove DSM/EE Program Revenues and Program Costs	(40,378)	16,804	-	56,889	-	(229,222)	-	(195,906)
22	Adjust for Storm Securitization Regulatory Liability	-	-	-	(37,731)	-	(5,149)	-	(42,879)
23	Adjust Coal Inventory	-	-	-	-	-	-	(28,092)	(28,092)
24	Adjust Cash Working Capital	-	-	-	9,892	-	(39,647)	-	(29,755)
25	Adjust Miscellaneous Settlement Items	(5,763)	1,372	-	-	-	-	(496)	(4,887)
26	TOTAL - ALL PRO FORMAS	\$ (395,942)	\$ 91,339	\$ -	\$ 15,439	\$ -	\$ (219,464)	\$ (28,588)	\$ (537,216)

Duke Energy Progress, LLC
Electric Accounting & Pro Forma Adjustments
SC Retail
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Revenues	O&M Expenses Fuel & PP	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes 24.9500%	Investment Tax Credit
1	Annualize Per Book Depreciation Expense	\$ -	\$ -	\$ -	\$ 10,233	\$ -	\$ -	\$ (2,553)	\$ -
2	Annualize Wage Rate Increase	-	-	(1,659)	-	13	-	411	-
3	Update for Changes in Benefits Costs	-	-	(464)	-	-	-	116	-
4	Update Per Book Bad Debt Expense	-	-	(1,545)	-	-	-	385	-
5	Adjust Miscellaneous Settlement Items	-	-	(397)	(13)	(14)	-	106	-
6	Annualize Property Taxes on Year End Plant	-	-	-	-	1,177	-	(294)	-
7	Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	(205)	-
8	Eliminate Unbilled Revenues	677	-	-	-	-	-	169	-
9	Eliminate NCEMPA Acquisition Adjustment	-	-	-	(1,124)	-	-	280	-
10	Annualize Rate Case Revenue and Amortizations	50,925	-	822	9,835	-	-	10,047	-
11	Normalize Nuclear Refueling Outage Costs	-	-	1,788	-	-	-	(446)	-
12	Remove DSM/EE Program Revenues and Program Costs	(16,612)	-	(22,471)	14,320	(408)	-	(2,131)	-
13	Remove Aviation, Executive Comp and Other Test Year Expenses Adjustments	-	(10,969)	(2,078)	(3,430)	(3)	-	4,112	-
14	Adjust for Storm Securitization Regulatory Liability	-	-	-	(1,287)	-	-	321	-
15	Normalize Storm Costs	-	-	1,076	-	-	-	(268)	-
16	TOTAL - ALL PRO FORMAS	\$ 34,989	\$ (10,969)	\$ (24,927)	\$ 28,533	\$ 765	\$ -	\$ 10,050	\$ -
Line No.	Description	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Capital	Materials & Supplies	Rate Base
17	Annualize Per Book Depreciation Expense	\$ -	\$ (10,233)	\$ -	\$ -	\$ -	\$ -	\$ -	(10,233)
18	Eliminate NCEMPA Acquisition Adjustment	(30,821)	11,710	-	-	-	-	-	(19,111)
19	Annualize Rate Case Revenue and Amortizations	-	-	-	(13,768)	-	55,183	-	41,415
20	Update for Changes in Benefits Costs	-	-	-	157	-	(629)	-	(472)
21	Remove DSM/EE Program Revenues and Program Costs	(40,378)	16,804	-	7,396	-	(14,889)	-	(31,066)
22	Adjust for Storm Securitization Regulatory Liability	-	-	-	(37,731)	-	(5,149)	-	(42,879)
23	Adjust Coal Inventory	-	-	-	-	-	-	(2,696)	(2,696)
24	Adjust Cash Working Capital	-	-	-	9,892	-	(39,647)	-	(29,755)
25	Adjust Miscellaneous Settlement Items	(5,763)	1,372	-	-	-	-	(496)	(4,887)
26	TOTAL - ALL PRO FORMAS	\$ (76,961)	\$ 19,653	\$ -	\$ (34,054)	\$ -	\$ (5,131)	\$ (3,192)	\$ (99,686)

Duke Energy Progress, LLC
Statement of Fixed Assets - Electric
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
	<u>Gross Plant in Service</u>						
1	Production Plant	\$ 19,968,275	\$ (349,802)	\$ 19,618,473	\$ 1,761,034	\$ (30,821)	\$ 1,730,213
2	Transmission Plant	4,559,856	(84)	4,559,772	402,219	(84)	402,135
3	Distribution Plant	12,608,230	(37,049)	12,571,181	1,415,168	(37,049)	1,378,120
4	General Plant	1,560,529	(4,450)	1,556,080	161,592	(4,450)	157,143
5	Intangible Plant	209,348	(4,557)	204,790	20,683	(4,557)	16,126
6	Subtotal	38,906,238	(395,942)	38,510,296	3,760,696	(76,961)	3,683,735
7	Plant Held for Future Use	99,567	-	99,567	9,773	-	9,773
8	Total Gross Plant in Service	\$ 39,005,806	\$ (395,942)	\$ 38,609,864	\$ 3,770,469	\$ (76,961)	\$ 3,693,508
			-			-	
	<u>Construction Work in Progress</u>						
9	Production CWIP	\$ 1,017,200		\$ 1,017,200	\$ 89,626		\$ 89,626
10	Transmission CWIP	139,517		139,517	12,346		12,346
11	Distribution CWIP	199,774		199,774	22,423		22,423
12	General CWIP	119,726		119,726	12,398		12,398
13	Intangible CWIP	6,652		6,652	657		657
14	Total Construction Work in Progress	\$ 1,482,869	\$ -	\$ 1,482,869	\$ 137,450	\$ -	\$ 137,450

Duke Energy Progress, LLC
Reserve for Depreciation - Electric
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
1	Production Plant Reserve	\$ (9,793,038)	\$ 89,498	\$ (9,703,541)	\$ (841,736)	\$ 7,721	\$ (834,015)
2	Transmission Plant Reserve	\$ (1,081,464)	(5,533)	(1,086,997)	\$ (94,493)	(857)	(95,350)
3	Distribution Plant Reserve	\$ (3,908,778)	8,326	(3,900,452)	\$ (456,042)	7,213	(448,829)
4	General Plant Reserve	\$ (543,514)	(5,821)	(549,335)	\$ (61,017)	705	(60,312)
5	Intangible Plant Reserve	\$ (133,454)	4,870	(128,584)	\$ (12,918)	4,870	(8,048)
6	Subtotal	(15,460,248)	91,339	(15,368,909)	(1,466,207)	19,653	(1,446,554)
7	Total Reserve for Depreciation	\$ (15,460,248)	\$ 91,339	\$ (15,368,909)	\$ (1,466,207)	\$ 19,653	\$ (1,446,554)

Duke Energy Progress, LLC
Other Rate Base - Electric
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books (Col. 1)	Pro-Forma Adjustments (Col. 2)	As Adjusted (Col. 3)	Regulatory Per Books (Col. 4)	Pro-Forma Adjustments (Col. 5)	As Adjusted (Col. 6)
1	Operating Reserves	\$ 159,110	\$ -	\$ 159,110	\$ 15,490	\$ -	\$ 15,490
2							
3							
4							
5							
6							
7							
8	Total Other Rate Base	<u>\$ 159,110</u>	<u>\$ -</u>	<u>\$ 159,110</u>	<u>\$ 15,490</u>	<u>\$ -</u>	<u>\$ 15,490</u>

Duke Energy Progress, LLC
Total Working Capital - Electric
12 Months Ended December 31, 2025
Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
1	Twelve Month O&M Expenses	\$ 2,979,834		\$ 2,979,834	\$ 303,611		\$ 303,611
2	Working Cash (Per Settlement)	\$ 372,479	\$ (39,647)	\$ 332,832	\$ 38,931	\$ (39,647)	\$ (716)
3	Average Tax Accruals	(119,206)		(119,206)	(11,601)		(11,601)
4	Subtotal: Investor Funds for Operations	253,274	(39,647)	213,626	27,331	(39,647)	(12,317)
5	Unamortized Debt	64,700		64,700	6,350		6,350
6	Required Bank Balance	-		-	-		-
7	Prepayments	73,233		73,233	7,127		7,127
8	Customer Deposits	(102,458)		(102,458)	(14,764)		(14,764)
9	Pension	313,880	(629)	313,251	30,552	(629)	29,923
10	OPEB	36,931		36,931	3,595		3,595
11	NCEMPA Purchase Deferral	205,956		205,956	8,179		8,179
12	Grid Deferral	63,361	19,920	83,280	45,633	19,920	65,553
13	Coal Ash Spend - Retail	151,296	38,801	190,098	36,689	38,801	75,490
14	AMI Meter Deferred Costs	8,808		8,808	8,808		8,808
15	Early Retired Plant	45,558		45,558	5,078		5,078
16	Tax Rate Changes	(1,304,394)		(1,304,394)	(108,411)		(108,411)
17	SFAS 109	157,255		157,255	15,435		15,435
18	DSM/EE Deferral	229,222	(229,222)	-	14,889	(14,889)	-
19	End of Life Nuclear Reserves	(142,913)		(142,913)	(14,237)		(14,237)
20	Pollution Control	12,568		12,568	12,568		12,568
21	DERP	4,737		4,737	4,737		4,737
22	COR Settlement	27,592		27,592	13,258		13,258
23	Storm Reserve	-	(3,000)	(3,000)	-	(3,000)	(3,000)
24	Storm Securitization	-	(5,149)	(5,149)	-	(5,149)	(5,149)
25	Rate Case Assets		(538)	(538)		(538)	(538)
26	Other	101,980		101,980	37,112		37,112
27	Total Working Capital	\$ 200,583	\$ (219,464)	\$ (18,881)	\$ 139,929	\$ (5,131)	\$ 134,798

Duke Energy Progress, LLC
Materials & Supplies - Electric
 12 Months Ended December 31, 2025
 Dollars in Thousands

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books (Col. 1)	Pro-Forma Adjustments (Col. 2)	As Adjusted (Col. 3)	Regulatory Per Books (Col. 4)	Pro-Forma Adjustments (Col. 5)	As Adjusted (Col. 6)
	<u>Fuel Stock</u>						
1	Fossil	\$ 254,279	\$ (28,092)	\$ 226,188	\$ 24,405	\$ (2,696)	\$ 21,709
2	Nuclear	353,803		353,803	33,957		33,957
3	Total Fuel Stock	608,082	(28,092)	579,991	58,362	(2,696)	55,666
4	Emission Allowances	107,377	-	107,377	211	-	211
5	Other Electric Materials and Supplies	1,108,300	(496)	1,107,804	108,780	(496)	108,283
6	Total Materials & Supplies	\$ 1,823,759	\$ (28,588)	\$ 1,795,172	\$ 167,353	\$ (3,192)	\$ 164,160

Note: Adjustment to per book coal inventory balance to reflect target inventory level.

Duke Energy Progress, LLC
Cost of Capital - Electric Operations
 12 Months Ended December 31, 2025
 Dollars in Thousands

Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
Total Company													
Per Books							As Adjusted						
1	Long Term Debt	\$ 12,000,621	47.00%	\$ 11,546,835	4.23%	1.99%	\$ 488,431	\$ 12,000,621	47.00%	\$ 11,294,344	4.23%	1.99%	\$ 477,751
2	Preferred Stock												
3	Common Equity	13,897,968	53.00%	13,020,900	8.61%	4.56%	1,121,094	13,897,968	53.00%	12,736,174	8.52%	4.52%	1,085,649
4	Total	\$ 25,898,588	100.00%	\$ 24,567,735			\$ 1,609,525	\$ 25,898,588	100.00%	\$ 24,030,518			\$ 1,563,400
South Carolina													
Per Books							As Adjusted						
5	Long Term Debt	\$ 12,000,621	47.00%	\$ 1,158,123	4.23%	1.99%	\$ 48,989	\$ 12,000,621	47.00%	\$ 1,111,271	4.23%	1.99%	\$ 47,007
6	Preferred Stock												
7	Common Equity	13,897,968	53.00%	1,305,969	4.92%	2.61%	64,312	13,897,968	53.00%	1,253,136	7.81%	4.14%	97,841
8	Total	\$ 25,898,588	100.00%	\$ 2,464,092			\$ 113,301	\$ 25,898,588	100.00%	\$ 2,364,407			\$ 144,848

Note: Long-term debt includes Mortgage and Pollution Control Bonds, Senior Debt, and Unamortized Debt Expense, Discounts and Premiums. Current long-term debt maturities are excluded.

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kWh
(A)	(B)	(C)		(D)	(E)		(F)	(G)	(H)	(I)
Residential Service Schedule RES										
Basic Customer Charge	\$11.78	\$11.78		\$11.78	\$11.78		\$11.78	0.0%	No change proposed	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Energy Charges SUMMER (May-Sep Bills)	\$0.12942	\$0.14360	(0.00040)	\$0.14320	\$0.15380	(0.00040)	\$0.15340	7.1%	Rate adjusted to recover revenue requirement	
Energy Charges NONSUMMER (Oct-Apr Bills) - First 800 kWh	\$0.12942	\$0.14360	(0.00040)	\$0.14320	\$0.15380	(0.00040)	\$0.15340	7.1%	Rate adjusted to recover revenue requirement	
Energy Charges NONSUMMER (Oct-Apr Bills) - Over 800 kWh	\$0.11942	\$0.13360	(0.00040)	\$0.13320	\$0.14380	(0.00040)	\$0.14340	7.6%	Rate adjusted to recover revenue requirement	
Residential Service Time-of-Use Schedule R-TUOD										
Basic Customer Charge	\$14.63	\$14.63		\$14.63	\$14.63		\$14.63	0.0%	No change proposed	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Energy Charges Peak Energy	\$0.17081	\$0.19813	(0.00040)	\$0.19773	\$0.21266	(0.00040)	\$0.21226	7.3%	Rate adjusted to recover revenue requirement	
Energy Charges Off-peak Energy	\$0.07742	\$0.08980	(0.00040)	\$0.08940	\$0.09639	(0.00040)	\$0.09599	7.3%	Rate adjusted to recover revenue requirement	
Energy Charges Discount - Energy	\$0.05327	\$0.06179	(0.00040)	\$0.06139	\$0.06632	(0.00040)	\$0.06592	7.3%	Rate adjusted to recover revenue requirement	
Demand Charges Peak - KW	\$2.13	\$2.47		\$2.47	\$2.65		\$2.65	7.3%	Rate adjusted to recover revenue requirement	
Demand Charges Max - KW	\$4.18	\$4.85		\$4.85	\$5.20		\$5.20	7.2%	Rate adjusted to recover revenue requirement	
Residential Service Solar Time-of-Use Schedule R-STOU										
Basic Customer Charge	\$14.63	\$14.63		\$14.63	\$14.63		\$14.63	0.0%	No change proposed	
Demand Charges Non-Bypassable	\$0.56	\$0.56		\$0.56	\$0.56		\$0.56	0.0%	No change proposed	
Demand Charges Grid Access Fee (Above 15 kW)	\$4.29	\$4.29		\$4.29	\$4.29		\$4.29	0.0%	No change proposed	
Energy Charges Critical Peak	\$0.28733	\$0.31276	(0.00040)	\$0.31236	\$0.33100	(0.00040)	\$0.33060	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges On-peak	\$0.18792	\$0.20455	(0.00040)	\$0.20415	\$0.21648	(0.00040)	\$0.21608	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges Off-peak	\$0.11538	\$0.12385	(0.00040)	\$0.12345	\$0.13173	(0.00040)	\$0.13133	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges Discount	\$0.09186	\$0.09999	(0.00040)	\$0.09959	\$0.10582	(0.00040)	\$0.10542	5.8%	Rate adjusted to recover revenue requirement	
Customer & Distribution Energy Charges On-peak	\$0.04406	\$0.04796	(0.00040)	\$0.04756	\$0.05076	(0.00040)	\$0.05036	5.8%	Rate adjusted to recover revenue requirement	
Customer & Distribution Energy Charges Off-peak	\$0.03711	\$0.04039	(0.00040)	\$0.03999	\$0.04275	(0.00040)	\$0.04235	5.8%	Rate adjusted to recover revenue requirement	
Customer & Distribution Energy Charges Super Off-peak	\$0.03305	\$0.03598	(0.00040)	\$0.03558	\$0.03807	(0.00040)	\$0.03767	5.8%	Rate adjusted to recover revenue requirement	
Residential Service Time of Use with Critical Peak Schedule R-TOU-CPP										
Customer & Distribution Energy Charges	\$14.63	\$14.63		\$14.63000	\$14.63		\$14.63	0.0%	No change proposed	
Energy Charges Critical Peak kWh	\$0.34691	\$0.37598	(0.00040)	\$0.37518	\$0.38067	(0.00040)	\$0.38027	1.4%	Rate adjusted to recover revenue requirement	
Energy Charges On-Peak kWh	\$0.30451	\$0.28891	(0.00040)	\$0.28851	\$0.29282	(0.00040)	\$0.29242	1.4%	Rate adjusted to recover revenue requirement	
Energy Charges Off-Peak kWh	\$0.12241	\$0.12212	(0.00040)	\$0.12672	\$0.12884	(0.00040)	\$0.12844	1.4%	Rate adjusted to recover revenue requirement	
Energy Charges Discount kWh	\$0.08361	\$0.08683	(0.00040)	\$0.08643	\$0.08800	(0.00040)	\$0.08760	1.3%	Rate adjusted to recover revenue requirement	
Residential Service Time of Use with Critical Peak Schedule R-TOU-EV										
Basic Customer Charge	\$14.63	\$14.63		\$14.63	\$14.63		\$14.63	0.0%	No change proposed	
Energy Charges Standard kWh		\$0.15127		\$0.15127	\$0.16151		\$0.16151	6.8%	No change proposed	
Energy Charges Discount kWh		\$0.09615		\$0.09615	\$0.10295		\$0.10295	7.1%	No change proposed	
Three Phase Charge		\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Small General Service Schedule SGS										
Basic Customer Charge	\$14.00	\$15.00		\$15.00	\$15.00		\$15.00	0.0%	No change proposed	
Energy Charges BLOCK 1 - FIRST 2,000 KWH	\$0.14023	\$0.15594	(0.00091)	\$0.15503	\$0.16821	(0.00091)	\$0.16730	7.9%	Rate adjusted to recover revenue requirement	
Energy Charges BLOCK 2 - ADDITIONAL KWH	\$0.10220	\$0.11365	(0.00091)	\$0.11274	\$0.12259	(0.00091)	\$0.12168	7.9%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
General Service Schedule GS (15% higher increase than SGS)										
Basic Customer Charge ALL	\$14.00	\$15.00		\$15.00	\$15.00		\$15.00	0.0%	No change proposed	
Energy Charges BLOCK 1 - First 750 kWh (Demand Extender)	\$0.17159	\$0.21656	(0.00091)	\$0.21565	\$0.24606	(0.00091)	\$0.24515	13.6%	Rate adjusted to recover revenue requirement	
Energy Charges BLOCK 2 - Next 2,000 kWh	\$0.12105	\$0.15277	(0.00091)	\$0.15186	\$0.17359	(0.00091)	\$0.17268	13.6%	Rate adjusted to recover revenue requirement	
Energy Charges BLOCK 3 - Additional kWh	\$0.10991	\$0.13872	(0.00091)	\$0.13781	\$0.15761	(0.00091)	\$0.15670	13.6%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Energy Charges Minimum Bill	\$0.05126	\$0.00000		\$0.00000	\$0.00000		\$0.00	0.0%	No change proposed	
Demand Charges Minimum Bill	\$3.04	\$0.00		\$0.00	\$0.00		\$0.00	0.0%	No change proposed	
Billed KVAR ALL	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Small General Service Constant Load Schedule SGS-CLR										
Basic Customer Charge	\$14.00	\$15.00		\$15.00	\$15.00		\$15.00	0.0%	No change proposed	
Energy Charges	\$0.09220	\$0.10414	(0.00091)	\$0.10323	\$0.11401	(0.00091)	\$0.11310	9.5%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Medium General Service Schedule MGS										
Basic Customer Charge	\$24.00	\$29.00		\$29.00	\$29.00		\$29.00	0.0%	No change proposed	
Energy Charges	\$0.08344	\$0.09245	(0.00209)	\$0.09036	\$0.09821	(0.00209)	\$0.09612	6.2%	Rate adjusted to recover revenue requirement	
Demand Charges	\$6.05	\$6.70	\$0.79	\$7.49	\$7.12	\$0.79	\$7.91	6.3%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Medium General Service Time of Use Schedule MGS-TOU										
Basic Customer Charge	\$33.00	\$38.00		\$38.00	\$38.00		\$38.00	0.0%	No change proposed	
Energy Charges Peak - Summer	\$0.13368	\$0.14700	(0.00209)	\$0.14491	\$0.15548	(0.00209)	\$0.15339	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges Peak - Winter	\$0.13368	\$0.14700	(0.00209)	\$0.14491	\$0.15548	(0.00209)	\$0.15339	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges Off-Peak	\$0.05724	\$0.06294	(0.00209)	\$0.06085	\$0.06657	(0.00209)	\$0.06448	5.8%	Rate adjusted to recover revenue requirement	
Energy Charges Discount	\$0.03353	\$0.03687	(0.00209)	\$0.03478	\$0.03900	(0.00209)	\$0.03691	5.8%	Rate adjusted to recover revenue requirement	
Demand Charges Peak kW	\$3.60	\$3.96		\$3.96	\$4.19		\$4.19	5.8%	Rate adjusted to recover revenue requirement	
Demand Charges Mid Peak kW	\$6.76	\$7.43	\$0.79	\$8.22	\$7.86	\$0.79	\$8.65	5.8%	Rate adjusted to recover revenue requirement	
Demand Charges Base kW	\$1.16	\$1.27		\$1.27	\$1.35		\$1.35	6.3%	Rate adjusted to recover revenue requirement	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Church and School Service Schedule CSE (targets a 15% higher increase for CSE/CSG to incent migration from frozen tariff)										
Basic Customer Charge ALL	\$24.00	\$29.00		\$29.00	\$29.00		\$29.00	0.0%	No change proposed	
Energy Charges ALL	\$0.14543	\$0.18295	(0.00091)	\$0.18204	\$0.20244	(0.00091)	\$0.20153	10.7%	Rate adjusted to recover revenue requirement	
Three Phase Charge ALL	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Energy Charges Minimum Bill	\$0.04730	\$0.00000		\$0.00000	\$0.00000		\$0.00	0.0%	No change proposed	
Demand Charges Minimum Bill	\$3.04	\$0.00		\$0.00	\$0.00		\$0.00	0.0%	No change proposed	
Billed KVAR ALL	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Church and School Service Schedule CSG (targets a 15% higher increase for CSE/CSG to incent migration from frozen tariff)										
Basic Customer Charge ALL	\$24.00	\$29.00		\$29.00	\$29.00		\$29.00	0.0%	No change proposed	
Energy Charges ALL	\$0.14543	\$0.18295	(0.00091)	\$0.18204	\$0.21087	(0.00091)	\$0.20996	15.3%	Rate adjusted to recover revenue requirement	

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kWh
Three Phase Charge ALL	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Energy Charges Minimum Bill	\$0.04730	\$0.00000		\$0.00000	\$0.00000		\$0.00	0.0%	No change proposed	
Demand Charges Minimum Bill	\$3.04	\$0.00		\$0.00	\$0.00		\$0.00	0.0%	No change proposed	
Billed KVAR ALL	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Traffic Signal Service Schedule TFS										
Basic Customer Charge	\$14.00	\$15.00		\$15.00	\$15.00		\$15.00	0.0%	No change proposed	
Energy Charges	\$0.10109	\$0.11755	(0.00091)	\$0.11664	\$0.13344	(0.00091)	\$0.13253	13.5%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Sports Field Lighting Service Schedule SFLS										
Basic Customer Charge	\$24.00	\$29.00		\$29.00	\$29.00		\$29.00	0.0%	No change proposed	
Energy Charges	\$0.09239	\$0.10281	(0.00236)	\$0.10045	\$0.11197	(0.00236)	\$0.10961	8.9%	Rate adjusted to recover revenue requirement	
Demand Charges	\$1.25	\$1.39		\$1.39	\$1.51		\$1.51	8.6%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Seasonal and Intermittent Service Schedule SI										
Basic Customer Charge	\$24.00	\$29.00		\$29.00	\$29.00		\$29.00	0.0%	No change proposed	
Energy Charges BLOCK 1 - FIRST 2,000 KWH	\$0.15885	\$0.17626	(0.00091)	\$0.17535	\$0.19018	(0.00091)	\$0.18927	7.9%	Rate adjusted to recover revenue requirement	
Energy Charges BLOCK 2 - ADDITIONAL KWH	\$0.11823	\$0.13118	(0.00091)	\$0.13027	\$0.14154	(0.00091)	\$0.14063	7.9%	Rate adjusted to recover revenue requirement	
Three Phase Charge	\$9.00	\$9.00		\$9.00	\$9.00		\$9.00	0.0%	No change proposed	
Customer Seasonal Charge	\$45.08	\$54.47		\$54.47	\$54.47		\$54.47	0.0%	No change proposed	
Facilities Charge	\$1.70	\$1.70		\$1.70	\$1.70		\$1.70	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Large General Service Schedule LGS										
Basic Customer Charge	\$200.00	\$210.00		\$210.00	\$210.00		\$210.00	0.0%	No change proposed	
Energy Charges	\$0.05921	\$0.06250	(0.00209)	\$0.06041	\$0.06453	(0.00209)	\$0.06244	3.2%	Rate adjusted to recover revenue requirement	
Demand Charges BLOCK 1 - FIRST 5,000 KW	\$13.08	\$13.81	\$0.79	\$14.60	\$14.25	\$0.79	\$15.04	3.2%	Rate adjusted to recover revenue requirement	
Demand Charges BLOCK 2 - NEXT 5,000 KW	\$12.08	\$12.81	\$0.79	\$13.60	\$13.25	\$0.79	\$14.04	3.4%	Rate adjusted to recover revenue requirement	
Demand Charges BLOCK 3 - ABOVE 10,000 KW	\$11.08	\$11.81	\$0.79	\$12.60	\$12.25	\$0.79	\$13.04	3.7%	Rate adjusted to recover revenue requirement	
Transformation Discount Transmission Demand	(\$0.92)	(\$1.29)		(\$1.29)	(\$1.29)		(\$1.29)	0.0%	No change proposed	
Transformation Discount Transmission Energy	(\$0.00024)	(\$0.00017)		(\$0.00017)	(\$0.00017)		(\$0.00017)	0.0%	No change proposed	
Transformation Discount Distribution Demand	(\$0.35)	(\$0.39)		(\$0.39)	(\$0.39)		(\$0.39)	0.0%	No change proposed	
Transformation Discount Distribution Energy	(\$0.00009)	(\$0.00060)		(\$0.00060)	(\$0.00060)		(\$0.00060)	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Large General Service Time of Use Schedule LGS-TOU										
Basic Customer Charge	\$200.00	\$210.00		\$210.00	\$210.00		\$210.00	0.0%	No change proposed	
Energy Charges Peak kWh	\$0.07251	\$0.07394	(0.00209)	\$0.07185	\$0.07518	(0.00209)	\$0.07309	1.7%	Rate adjusted to recover revenue requirement	
Energy Charges Off-Peak kWh	\$0.05162	\$0.05264	(0.00209)	\$0.05055	\$0.05352	(0.00209)	\$0.05143	1.7%	Rate adjusted to recover revenue requirement	
Energy Charges Discount kWh	\$0.03131	\$0.03193	(0.00209)	\$0.02984	\$0.03246	(0.00209)	\$0.03037	1.7%	Rate adjusted to recover revenue requirement	
Demand Charges Peak kW	\$6.12	\$6.24		\$6.24	\$6.35		\$6.35	1.8%	Rate adjusted to recover revenue requirement	
Demand Charges Mid Peak kW - First 5,000KW	\$13.44	\$13.70	\$0.79	\$14.49	\$13.94	\$0.79	\$14.73	1.8%	Rate adjusted to recover revenue requirement	
Demand Charges Mid Peak kW - Second 5,000KW	\$12.71	\$12.96	\$0.79	\$13.75	\$13.18	\$0.79	\$13.97	1.7%	Rate adjusted to recover revenue requirement	
Demand Charges Mid Peak kW - All over 10,000KW	\$11.98	\$12.21	\$0.79	\$13.00	\$12.42	\$0.79	\$13.21	1.7%	Rate adjusted to recover revenue requirement	
Demand Charges Base kW	\$1.21	\$1.23		\$1.23	\$1.25		\$1.25	1.6%	Rate adjusted to recover revenue requirement	
Transformation Discount Transmission Demand	(\$0.92)	(\$1.29)		(\$1.29)	(\$1.29)		(\$1.29)	0.0%	No change proposed	
Transformation Discount Transmission Energy	(\$0.00024)	(\$0.00017)		(\$0.00017)	(\$0.00017)		(\$0.00017)	0.0%	No change proposed	
Transformation Discount Distribution Demand	(\$0.35)	(\$0.39)		(\$0.39)	(\$0.39)		(\$0.39)	0.0%	No change proposed	
Transformation Discount Distribution Energy	(\$0.00009)	(\$0.00060)		(\$0.00060)	(\$0.00060)		(\$0.00060)	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Large General Service Curtailable Time of Use Schedule LGS-CUR-TOU										
Basic Customer Charge	\$490.16	\$490.16		\$490.16	\$490.16		\$490.16	0.0%	No change proposed	
Energy Charges On-peak	\$0.05191	\$0.05231	(0.00209)	\$0.05022	\$0.05257	(0.00209)	\$0.05048	0.5%	Rate adjusted to recover revenue requirement	
Energy Charges Off-peak	\$0.04612	\$0.04647	(0.00209)	\$0.04438	\$0.04670	(0.00209)	\$0.04461	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges SUMMER (J-S) BLOCK 1 - FIRST 5,000 KW	\$21.98	\$22.15	\$0.79	\$22.94	\$22.26	\$0.79	\$23.05	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges SUMMER (J-S) BLOCK 2 - NEXT 5,000 KW	\$20.83	\$20.99	\$0.79	\$21.78	\$21.09	\$0.79	\$21.88	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges SUMMER (J-S) BLOCK 3 - ABOVE 10,000 KW	\$19.68	\$19.83	\$0.79	\$20.62	\$19.93	\$0.79	\$20.72	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges NONSUMMER (O-M) BLOCK 1 - FIRST 5,000 KW	\$16.18	\$16.30	\$0.79	\$17.09	\$16.39	\$0.79	\$17.18	0.6%	Rate adjusted to recover revenue requirement	
Demand Charges NONSUMMER (O-M) BLOCK 2 - NEXT 5,000 KW	\$15.03	\$15.15	\$0.79	\$15.94	\$15.22	\$0.79	\$16.01	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges NONSUMMER (O-M) BLOCK 3 - ABOVE 10,000 KW	\$13.87	\$13.98	\$0.79	\$14.77	\$14.05	\$0.79	\$14.84	0.5%	Rate adjusted to recover revenue requirement	
Demand Charges Curtailable Billing Demand	\$1.73	\$1.74		\$1.74	\$1.75		\$1.75	0.6%	Rate adjusted to recover revenue requirement	
Transformation Discount Transmission Demand	(\$0.92)	(\$1.29)		(\$1.29)	(\$1.29)		(\$1.29)	0.0%	No change proposed	
Transformation Discount Transmission Energy	(\$0.00024)	(\$0.00017)		(\$0.00017)	(\$0.00017)		(\$0.00017)	0.0%	No change proposed	
Transformation Discount Distribution Demand	(\$0.35)	(\$0.39)		(\$0.39)	(\$0.39)		(\$0.39)	0.0%	No change proposed	
Transformation Discount Distribution Energy	(\$0.00009)	(\$0.00060)		(\$0.00060)	(\$0.00060)		(\$0.00060)	0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30		\$0.30	\$0.30		\$0.30	0.0%	No change proposed	
Large General Service Real Time Pricing Schedule LGS-RTP										
RTP Administrative Charge	\$160.00	\$160.00		\$160.00	\$160.00		\$160.00	0.0%	No change proposed	
Billed Facilities Demand - Transmission Line - (CBL)	\$2.98	\$3.41		\$3.41	\$3.41		\$3.41	0.0%	No change proposed	
Billed Facilities Demand - T/D Substation - (CBL)	\$3.97	\$4.69		\$4.69	\$4.69		\$4.69	0.0%	No change proposed	
Billed Facilities Demand - Distribution Primary - (CBL)	\$5.79	\$6.53		\$6.53	\$6.53		\$6.53	0.0%	No change proposed	
Billed Facilities Demand - Distribution Transformer - (CBL)	\$6.17	\$6.92		\$6.92	\$6.92		\$6.92	0.0%	No change proposed	
Tax Factor	0.49%	0.51%		0.51%	0.51%		0.51%	0.0%	No change proposed	
Variable Environmental Charge (Fuel Adjustment)	\$0.33	\$0.33	\$0.79	\$1.12	\$0.33	\$0.79	\$1.12	0.0%	No change proposed	
Large General Service Hourly Pricing Schedule HP										
RTP Administrative Charge	\$160.00	\$160.00		\$160.00	\$160.00		\$160.00	0.0%	No change proposed	
Incremental Demand for Transmission	\$1.98	\$2.35		\$2.35	\$2.35		\$2.35	0.0%	No change proposed	
Incremental Demand for Distribution	\$3.09	\$3.46		\$3.46	\$3.46		\$3.46	0.0%	No change proposed	
Traffic Signal Service Schedule TSS										
70 Watt-16 HR/1 Lamp BLINKER	\$2.46	\$2.86	(0.00091)	\$2.84	\$3.15	(0.00091)	\$3.13	10.1%	Rate adjusted to recover revenue requirement	19
150 Watt-16 HR/1 Lamp BLINKER	\$4.89	\$5.69	(0.00091)	\$5.66	\$6.25	(0.00091)	\$6.22	9.8%	Rate adjusted to recover revenue requirement	33

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kWh
70 Watt-24 HR/1 Lamp BLINKER	\$3.53	\$4.10	(0.00091)	\$4.07	\$4.51	(0.00091)	\$4.48	10.0%	Rate adjusted to recover revenue requirement	28
150 Watt-24 HR/1 Lamp BLINKER	\$6.68	\$7.77	(0.00091)	\$7.73	\$8.54	(0.00091)	\$8.50	9.9%	Rate adjusted to recover revenue requirement	49
70 Watt-16 HR/1 Lamp	\$3.34	\$3.88	(0.00091)	\$3.85	\$4.27	(0.00091)	\$4.24	10.1%	Rate adjusted to recover revenue requirement	35
70 Watt-16 HR/2 Lamp	\$4.11	\$4.78	(0.00091)	\$4.75	\$5.26	(0.00091)	\$5.23	10.0%	Rate adjusted to recover revenue requirement	35
70 Watt-16 HR/3 Lamp	\$4.51	\$5.24	(0.00091)	\$5.21	\$5.77	(0.00091)	\$5.74	10.1%	Rate adjusted to recover revenue requirement	35
70 Watt-16 HR/4 Lamp	\$5.86	\$6.81	(0.00091)	\$6.76	\$7.49	(0.00091)	\$7.44	10.0%	Rate adjusted to recover revenue requirement	50
70 Watt-16 HR/5 Lamp	\$4.51	\$5.24	(0.00091)	\$5.21	\$5.77	(0.00091)	\$5.74	10.1%	Rate adjusted to recover revenue requirement	35
150 Watt-16 HR/1 Lamp	\$7.04	\$8.19	(0.00091)	\$8.13	\$9.00	(0.00091)	\$8.94	9.9%	Rate adjusted to recover revenue requirement	62
150 Watt-16 HR/2 Lamp	\$8.70	\$10.12	(0.00091)	\$10.06	\$11.13	(0.00091)	\$11.07	10.0%	Rate adjusted to recover revenue requirement	62
150 Watt-16 HR/3 Lamp	\$8.89	\$10.34	(0.00091)	\$10.28	\$11.37	(0.00091)	\$11.31	10.0%	Rate adjusted to recover revenue requirement	62
150 Watt-16 HR/4 Lamp	\$12.41	\$14.43	(0.00091)	\$14.35	\$15.87	(0.00091)	\$15.79	10.0%	Rate adjusted to recover revenue requirement	91
150 Watt-16 HR/5 Lamp	\$8.89	\$10.34	(0.00091)	\$10.28	\$11.37	(0.00091)	\$11.31	10.0%	Rate adjusted to recover revenue requirement	62
70 Watt-24 HR/1 Lamp	\$4.66	\$5.42	(0.00091)	\$5.37	\$5.96	(0.00091)	\$5.91	10.0%	Rate adjusted to recover revenue requirement	51
70 Watt-24 HR/2 Lamp	\$5.72	\$6.65	(0.00091)	\$6.60	\$7.32	(0.00091)	\$7.27	10.1%	Rate adjusted to recover revenue requirement	51
70 Watt-24 HR/3 Lamp	\$6.04	\$7.02	(0.00091)	\$6.97	\$7.73	(0.00091)	\$7.68	10.1%	Rate adjusted to recover revenue requirement	51
70 Watt-24 HR/4 Lamp	\$7.93	\$9.22	(0.00091)	\$9.15	\$10.14	(0.00091)	\$10.07	10.0%	Rate adjusted to recover revenue requirement	75
70 Watt-24 HR/5 Lamp	\$6.04	\$7.02	(0.00091)	\$6.97	\$7.73	(0.00091)	\$7.68	10.1%	Rate adjusted to recover revenue requirement	51
150 Watt-24 HR/1 Lamp	\$10.11	\$11.76	(0.00091)	\$11.68	\$12.93	(0.00091)	\$12.85	9.9%	Rate adjusted to recover revenue requirement	92
150 Watt-24 HR/2 Lamp	\$12.02	\$13.98	(0.00091)	\$13.90	\$15.37	(0.00091)	\$15.29	9.9%	Rate adjusted to recover revenue requirement	92
150 Watt-24 HR/3 Lamp	\$12.48	\$14.51	(0.00091)	\$14.43	\$15.96	(0.00091)	\$15.88	10.0%	Rate adjusted to recover revenue requirement	92
150 Watt-24 HR/4 Lamp	\$17.17	\$19.97	(0.00091)	\$19.85	\$21.96	(0.00091)	\$21.84	10.0%	Rate adjusted to recover revenue requirement	135
150 Watt-24 HR/5 Lamp	\$12.48	\$14.51	(0.00091)	\$14.43	\$15.96	(0.00091)	\$15.88	10.0%	Rate adjusted to recover revenue requirement	92
Minimum Bill	\$14.00	\$15.00		\$15.00	\$15.00		\$15.00	0.0%	No change proposed	
120 watt/16 Hour Rate Adder	\$1.32	\$1.53	(0.00091)	\$1.52	\$1.69	(0.00091)	\$1.68	10.5%	Rate adjusted to recover revenue requirement	11
120 watt/24 Hour Rate Adder	\$1.67	\$1.94	(0.00091)	\$1.93	\$2.14	(0.00091)	\$2.13	10.3%	Rate adjusted to recover revenue requirement	16
Street Lighting Service Schedule SLS (Targets higher increase than ALS due to much lower return)										
9,500 Lumen SV	\$12.59	\$13.38	(0.00236)	\$13.27	\$13.98	(0.00236)	\$13.87	4.5%	Rate adjusted to recover revenue requirement; matches ALS	46
16,000 Lumen SV	\$15.14	\$16.09	(0.00236)	\$15.95	\$16.81	(0.00236)	\$16.67	4.5%	Rate adjusted to recover revenue requirement; matches ALS	59
28,500 Lumen SV	\$20.58	\$21.87	(0.00236)	\$21.61	\$22.86	(0.00236)	\$22.60	4.5%	Rate adjusted to recover revenue requirement; matches ALS	109
50,000 Lumen SV	\$28.12	\$27.76	(0.00236)	\$27.40	\$29.01	(0.00236)	\$28.65	4.5%	Rate adjusted to recover revenue requirement; matches ALS	152
9,000 Lumen MH	\$15.34	\$16.30	(0.00236)	\$16.20	\$17.04	(0.00236)	\$16.94	4.5%	Rate adjusted to recover revenue requirement; matches ALS	41
20,000 Lumen MH	\$22.42	\$23.83	(0.00236)	\$23.61	\$24.90	(0.00236)	\$24.68	4.5%	Rate adjusted to recover revenue requirement; matches ALS	94
33,000 Lumen MH	\$28.82	\$30.63	(0.00236)	\$30.32	\$32.01	(0.00236)	\$31.70	4.5%	Rate adjusted to recover revenue requirement; matches ALS	133
110,000 Lumen MH	\$59.30	\$63.02	(0.00236)	\$62.15	\$65.86	(0.00236)	\$64.99	4.5%	Rate adjusted to recover revenue requirement; matches ALS	370
5,800 Lumen SV	\$8.21	\$8.73	(0.00236)	\$8.66	\$9.12	(0.00236)	\$9.05	4.5%	Rate adjusted to recover revenue requirement; matches ALS	29
7,000 Lumen MV Semi-Enclosed	\$10.11	\$10.74	(0.00236)	\$10.58	\$11.23	(0.00236)	\$11.07	4.6%	Rate adjusted to recover revenue requirement; matches ALS	69
7,000 Lumen MV	\$11.77	\$12.51	(0.00236)	\$12.35	\$13.07	(0.00236)	\$12.91	4.5%	Rate adjusted to recover revenue requirement; matches ALS	69
12,000 Lumen RSV	\$14.34	\$15.24	(0.00236)	\$15.10	\$15.93	(0.00236)	\$15.79	4.5%	Rate adjusted to recover revenue requirement; matches ALS	59
21,000 Lumen MV	\$18.61	\$19.78	(0.00236)	\$19.43	\$20.67	(0.00236)	\$20.32	4.5%	Rate adjusted to recover revenue requirement; matches ALS	149
22,000 Lumen SV	\$16.55	\$17.59	(0.00236)	\$17.39	\$18.38	(0.00236)	\$18.18	4.5%	Rate adjusted to recover revenue requirement; matches ALS	86
38,000 Lumen RSV	\$20.28	\$21.55	(0.00236)	\$21.23	\$22.52	(0.00236)	\$22.20	4.5%	Rate adjusted to recover revenue requirement; matches ALS	135
40,000 Lumen MH	\$30.25	\$32.15	(0.00236)	\$31.77	\$33.60	(0.00236)	\$33.22	4.5%	Rate adjusted to recover revenue requirement; matches ALS	160
60,000 Lumen MV	\$37.90	\$40.28	(0.00236)	\$39.38	\$42.09	(0.00236)	\$41.19	4.5%	Rate adjusted to recover revenue requirement; matches ALS	382
LED 30	\$8.62	\$10.20	(0.00236)	\$10.18	\$11.30	(0.00236)	\$11.28	10.8%	Rate adjusted to recover revenue requirement; matches ALS	10
LED 40	\$9.71	\$11.48	(0.00236)	\$11.45	\$12.73	(0.00236)	\$12.70	10.9%	Rate adjusted to recover revenue requirement; matches ALS	14
LED 50	\$10.81	\$12.79	(0.00236)	\$12.75	\$14.17	(0.00236)	\$14.13	10.8%	Rate adjusted to recover revenue requirement; matches ALS	18
LED 70	\$11.24	\$13.29	(0.00236)	\$13.23	\$14.73	(0.00236)	\$14.67	10.8%	Rate adjusted to recover revenue requirement; matches ALS	25
LED 110	\$13.19	\$15.60	(0.00236)	\$15.52	\$17.29	(0.00236)	\$17.21	10.8%	Rate adjusted to recover revenue requirement; matches ALS	35
LED 130 Amber	\$25.90	\$30.63	(0.00236)	\$30.53	\$33.94	(0.00236)	\$33.84	10.8%	Rate adjusted to recover revenue requirement; matches ALS	44
LED 150	\$17.45	\$20.64	(0.00236)	\$20.51	\$22.87	(0.00236)	\$22.74	10.8%	Rate adjusted to recover revenue requirement; matches ALS	54
LED 220	\$21.83	\$25.82	(0.00236)	\$25.63	\$28.61	(0.00236)	\$28.42	10.8%	Rate adjusted to recover revenue requirement; matches ALS	79
LED 220 Shoebox	\$26.13	\$30.91	(0.00236)	\$30.72	\$34.25	(0.00236)	\$34.06	10.8%	Rate adjusted to recover revenue requirement; matches ALS	79
LED 280	\$26.09	\$30.86	(0.00236)	\$30.62	\$34.19	(0.00236)	\$33.95	10.8%	Rate adjusted to recover revenue requirement; matches ALS	101
LED 420	\$62.44	\$73.85	(0.00236)	\$73.51	\$81.83	(0.00236)	\$81.49	10.8%	Rate adjusted to recover revenue requirement; matches ALS	142
LED 530	\$75.96	\$89.85	(0.00236)	\$89.43	\$99.55	(0.00236)	\$99.13	10.8%	Rate adjusted to recover revenue requirement; matches ALS	179
LED 75 (Standard Offer)	\$8.75	\$10.35	(0.00236)	\$10.29	\$11.47	(0.00236)	\$11.41	10.8%	Rate adjusted to recover revenue requirement; matches ALS	25
LED 105 (Standard Offer)	\$12.45	\$14.73	(0.00236)	\$14.65	\$16.32	(0.00236)	\$16.24	10.8%	Rate adjusted to recover revenue requirement; matches ALS	35
LED 215 (Standard Offer)	\$19.07	\$22.56	(0.00236)	\$22.39	\$24.99	(0.00236)	\$24.82	10.8%	Rate adjusted to recover revenue requirement; matches ALS	73
LED 205 Site Lighter (Standard Offer)	\$18.99	\$22.46	(0.00236)	\$22.30	\$24.89	(0.00236)	\$24.73	10.8%	Rate adjusted to recover revenue requirement; matches ALS	69
LED 75 Customer Owned	\$6.52	\$7.71	(0.00236)	\$7.65	\$8.55	(0.00236)	\$8.49	10.9%	Rate adjusted to recover revenue requirement; matches ALS	25
LED 105 Customer Owned	\$7.13	\$8.43	(0.00236)	\$8.35	\$9.34	(0.00236)	\$9.26	10.8%	Rate adjusted to recover revenue requirement; matches ALS	35
LED 215 Customer Owned	\$9.45	\$11.18	(0.00236)	\$11.01	\$12.39	(0.00236)	\$12.22	10.8%	Rate adjusted to recover revenue requirement; matches ALS	73
LED 205 Customer Owned Site Lighter	\$9.22	\$10.91	(0.00236)	\$10.75	\$12.08	(0.00236)	\$11.92	10.7%	Rate adjusted to recover revenue requirement; matches ALS	69
Monthly UG Charge	\$4.24	\$4.51		\$4.51	\$4.71		\$4.71	4.4%	Rate adjusted to recover revenue requirement	
One-Time UG Charge	\$600.00	\$600.00		\$600.00	\$600.00		\$600.00	0.0%	No change proposed	
Wood Pole	\$2.06	\$2.81		\$2.81	\$3.34		\$3.34	18.9%	Rate adjusted to recover revenue requirement	
Metal, Fiberglass or Post Pole	\$4.13	\$5.64		\$5.64	\$6.70		\$6.70	18.8%	Rate adjusted to recover revenue requirement	
12-Foot Smooth Concrete Post	\$14.74	\$20.13		\$20.13	\$23.90		\$23.90	18.7%	Rate adjusted to recover revenue requirement	
Decorative Square Metal	\$20.80	\$28.40		\$28.40	\$33.72		\$33.72	18.7%	Rate adjusted to recover revenue requirement	
16-Foot Smooth Concrete Post	\$16.22	\$22.15		\$22.15	\$26.30		\$26.30	18.7%	Rate adjusted to recover revenue requirement	
13-Foot Fluted Concrete Post	\$22.11	\$30.19		\$30.19	\$35.84		\$35.84	18.7%	Rate adjusted to recover revenue requirement	
Decorative Aluminum 12-Foot Post	\$26.53	\$36.23		\$36.23	\$43.01		\$43.01	18.7%	Rate adjusted to recover revenue requirement	
Decorative 35- or 39-Foot Tapered Metal Pole	\$42.14	\$57.55		\$57.55	\$68.32		\$68.32	18.7%	Rate adjusted to recover revenue requirement	
System Metal Pole	\$1.32	\$1.80		\$1.80	\$2.14		\$2.14	18.9%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 9,000 Lumen Fixture	\$18.59	\$19.55		\$19.55	\$20.29		\$20.29	3.8%	Rate adjusted to recover revenue requirement	41
Masterpiece Series B 9,000 Lumen Fixture	\$19.84	\$20.80		\$20.80	\$21.54		\$21.54	3.6%	Rate adjusted to recover revenue requirement	41
Masterpiece Series A 12-Foot Decorative Post 9,000 Lumen	\$26.53	\$36.23		\$36.23	\$43.01		\$43.01	18.7%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 16-Foot Decorative Post 9,000 Lumen	\$32.43	\$44.29		\$44.29	\$52.58		\$52.58	18.7%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 9,500 Lumen Fixture	\$15.84	\$16.63		\$16.63	\$17.23		\$17.23	3.6%	Rate adjusted to recover revenue requirement	46
Masterpiece Series B 9,500 Lumen Fixture	\$17.09	\$17.88		\$17.88	\$18.48		\$18.48	3.4%	Rate adjusted to recover revenue requirement	46
Masterpiece Series A Twin Mounting Bracket	\$5.00	\$5.00		\$5.00	\$5.00		\$5.00	0.0%	No change proposed	

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kWh
Masterpiece Series A Adder	\$3.25	\$3.25		\$3.25	\$3.25		\$3.25	0.0%	No change proposed	
Masterpiece Series B Adder	\$4.50	\$4.50		\$4.50	\$4.50		\$4.50	0.0%	No change proposed	
Street Lighting Service (Residential Subdivisions and Neighborhoods) Schedule SLR										kWh
OH/1 light per 10 customers/7,000 Lumen MV	\$1.74	\$1.97	(0.00236)	\$1.96	\$2.13	(0.00236)	\$2.12	8.1%	Rate adjusted to recover revenue requirement	5.75
OH/1 light per 10 customers/9,500 Lumen SV	\$1.74	\$1.97	(0.00236)	\$1.96	\$2.13	(0.00236)	\$2.12	8.1%	Rate adjusted to recover revenue requirement	5.75
OH/1 light per 10 customers/LED 50	\$1.68	\$1.90	(0.00236)	\$1.90	\$2.06	(0.00236)	\$2.06	8.4%	Rate adjusted to recover revenue requirement	1.8
OH/1 light per 10 customers/12,000 Lumen SV	\$1.89	\$2.14	(0.00236)	\$2.13	\$2.31	(0.00236)	\$2.30	7.9%	Rate adjusted to recover revenue requirement	5.6
OH/1 light per 5 customers/7,000 Lumen MV	\$3.45	\$3.81	(0.00236)	\$3.88	\$4.23	(0.00236)	\$4.20	8.2%	Rate adjusted to recover revenue requirement	11.50
OH/1 light per 5 customers/9,500 Lumen SV	\$3.45	\$3.81	(0.00236)	\$3.88	\$4.23	(0.00236)	\$4.20	8.2%	Rate adjusted to recover revenue requirement	11.50
OH/1 light per 5 customers/LED 50	\$3.27	\$3.70	(0.00236)	\$3.69	\$4.01	(0.00236)	\$4.00	8.4%	Rate adjusted to recover revenue requirement	3.60
OH/1 light per 5 customers/12,000 Lumen SV	\$3.80	\$4.31	(0.00236)	\$4.28	\$4.66	(0.00236)	\$4.63	8.1%	Rate adjusted to recover revenue requirement	11.2
OH/1 light per 3 customers/7,000 Lumen MV	\$5.73	\$6.49	(0.00236)	\$6.44	\$7.03	(0.00236)	\$6.98	8.3%	Rate adjusted to recover revenue requirement	19.17
OH/1 light per 3 customers/9,500 Lumen SV	\$5.73	\$6.49	(0.00236)	\$6.44	\$7.03	(0.00236)	\$6.98	8.3%	Rate adjusted to recover revenue requirement	19.17
OH/1 light per 3 customers/LED 50	\$5.48	\$6.21	(0.00236)	\$6.20	\$6.72	(0.00236)	\$6.71	8.2%	Rate adjusted to recover revenue requirement	6
UG/1 light per 10 customers on wood pole 7,000 lumen	\$2.51	\$2.84	(0.00236)	\$2.83	\$3.08	(0.00236)	\$3.07	8.5%	Rate adjusted to recover revenue requirement	5.75
UG/1 light per 10 customers on wood pole 9,500 lumen	\$2.51	\$2.84	(0.00236)	\$2.83	\$3.08	(0.00236)	\$3.07	8.5%	Rate adjusted to recover revenue requirement	5.75
UG/1 light per 10 customers on wood pole LED 50	\$2.43	\$2.75	(0.00236)	\$2.75	\$2.98	(0.00236)	\$2.98	8.4%	Rate adjusted to recover revenue requirement	1.8
UG/1 light per 10 customers on wood pole 12,000 lumen	\$2.66	\$3.01	(0.00236)	\$3.00	\$3.26	(0.00236)	\$3.25	8.3%	Rate adjusted to recover revenue requirement	5.6
UG/1 light per 5 customers on wood pole 7,000 lumen	\$5.00	\$5.66	(0.00236)	\$5.63	\$6.14	(0.00236)	\$6.11	8.5%	Rate adjusted to recover revenue requirement	11.50
UG/1 light per 5 customers on wood pole 9,500 lumen	\$5.00	\$5.66	(0.00236)	\$5.63	\$6.14	(0.00236)	\$6.11	8.5%	Rate adjusted to recover revenue requirement	11.50
UG/1 light per 5 customers on wood pole LED 50	\$4.82	\$5.46	(0.00236)	\$5.45	\$5.91	(0.00236)	\$5.90	8.2%	Rate adjusted to recover revenue requirement	3.60
UG/1 light per 5 customers on wood pole 12,000 lumen	\$5.35	\$6.06	(0.00236)	\$6.03	\$6.57	(0.00236)	\$6.54	8.4%	Rate adjusted to recover revenue requirement	11.2
UG/1 light per 3 customers on wood pole 7,000 lumen	\$8.32	\$9.42	(0.00236)	\$9.37	\$10.21	(0.00236)	\$10.16	8.4%	Rate adjusted to recover revenue requirement	19.17
UG/1 light per 3 customers on wood pole 9,500 lumen	\$8.32	\$9.42	(0.00236)	\$9.37	\$10.21	(0.00236)	\$10.16	8.4%	Rate adjusted to recover revenue requirement	19.17
UG/1 light per 3 customers on wood pole LED 50	\$8.08	\$9.15	(0.00236)	\$9.14	\$9.91	(0.00236)	\$9.90	8.3%	Rate adjusted to recover revenue requirement	6
UG/1 light per 10 customers on fiberglass/metal pole or post 7,000 lumen	\$2.72	\$3.08	(0.00236)	\$3.07	\$3.34	(0.00236)	\$3.33	8.4%	Rate adjusted to recover revenue requirement	5.75
UG/1 light per 10 customers on fiberglass/metal pole or post 9,500 lumen	\$2.72	\$3.08	(0.00236)	\$3.07	\$3.34	(0.00236)	\$3.33	8.4%	Rate adjusted to recover revenue requirement	5.75
UG/1 light per 10 customers on fiberglass/metal pole or post LED 50	\$2.65	\$3.00	(0.00236)	\$3.00	\$3.25	(0.00236)	\$3.25	8.3%	Rate adjusted to recover revenue requirement	1.8
UG/1 light per 10 customers on fiberglass/metal pole or post LED 50 Post-Top	\$3.52	\$3.99	(0.00236)	\$3.99	\$4.32	(0.00236)	\$4.32	8.3%	Rate adjusted to recover revenue requirement	1.8
UG/1 light per 10 customers on fiberglass/metal pole or post 12,000 lumen	\$2.87	\$3.25	(0.00236)	\$3.24	\$3.52	(0.00236)	\$3.51	8.3%	Rate adjusted to recover revenue requirement	5.6
UG/1 light per 6 customers on fiberglass/metal pole or post 7,000 lumen	\$4.48	\$5.07	(0.00236)	\$5.05	\$5.50	(0.00236)	\$5.48	8.5%	Rate adjusted to recover revenue requirement	9.58
UG/1 light per 6 customers on fiberglass/metal pole or post 9,500 lumen	\$4.48	\$5.07	(0.00236)	\$5.05	\$5.50	(0.00236)	\$5.48	8.5%	Rate adjusted to recover revenue requirement	9.58
UG/1 light per 6 customers on fiberglass/metal pole or post LED 50	\$4.33	\$4.91	(0.00236)	\$4.90	\$5.31	(0.00236)	\$5.30	8.1%	Rate adjusted to recover revenue requirement	3
UG/1 light per 6 customers on fiberglass/metal pole or post LED 50 Post-Top	\$5.75	\$6.51	(0.00236)	\$6.50	\$7.06	(0.00236)	\$7.05	8.4%	Rate adjusted to recover revenue requirement	3
UG/1 light per 6 customers on fiberglass/metal pole or post 12,000 lumen	\$4.75	\$5.38	(0.00236)	\$5.36	\$5.83	(0.00236)	\$5.81	8.4%	Rate adjusted to recover revenue requirement	9.33
UG/1 light per 3 customers on fiberglass/metal pole or post 7,000 lumen	\$9.03	\$10.23	(0.00236)	\$10.18	\$11.08	(0.00236)	\$11.03	8.3%	Rate adjusted to recover revenue requirement	19.17
UG/1 light per 3 customers on fiberglass/metal pole or post 9,500 lumen	\$9.03	\$10.23	(0.00236)	\$10.18	\$11.08	(0.00236)	\$11.03	8.3%	Rate adjusted to recover revenue requirement	19.17
UG/1 light per 3 customers on fiberglass/metal pole or post LED 50	\$8.78	\$9.95	(0.00236)	\$9.94	\$10.77	(0.00236)	\$10.76	8.2%	Rate adjusted to recover revenue requirement	6
UG/1 light per 3 customers on fiberglass/metal pole or post LED 50 Post-Top	\$11.67	\$13.22	(0.00236)	\$13.21	\$14.32	(0.00236)	\$14.31	8.3%	Rate adjusted to recover revenue requirement	6
12,000 lumen retrofit adder - 1 per 10	\$0.15	\$0.17	(0.00236)	\$0.17	\$0.18	(0.00236)	\$0.18	5.9%	Rate adjusted to recover revenue requirement	
12,000 lumen retrofit adder - 1 per 5	\$0.35	\$0.40	(0.00236)	\$0.40	\$0.43	(0.00236)	\$0.43	7.5%	Rate adjusted to recover revenue requirement	
12,000 lumen retrofit adder - 1 per 6	\$0.27	\$0.31	(0.00236)	\$0.31	\$0.33	(0.00236)	\$0.33	8.3%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on wood pole 7,000/12,000 lumen	\$0.42	\$0.48		\$0.48	\$0.52		\$0.52	8.3%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 5 customers on wood pole 7,000/12,000 lumen	\$0.79	\$0.89		\$0.89	\$0.97		\$0.97	9.0%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on wood pole 7,000/12,000 lumen	\$0.93	\$1.05		\$1.05	\$1.14		\$1.14	8.6%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on fiberglass/metal pole or post 7,000/12,000 lumen	\$0.51	\$0.58		\$0.58	\$0.63		\$0.63	8.6%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 6 customers on fiberglass/metal pole or post 7,000/12,000 lumen	\$0.85	\$0.96		\$0.96	\$1.04		\$1.04	8.3%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on fiberglass/metal pole or post 7,000/12,000 lumen	\$0.99	\$1.12		\$1.12	\$1.21		\$1.21	8.0%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on wood pole 9,500 lumen	\$0.56	\$0.63		\$0.63	\$0.69		\$0.69	9.5%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 5 customers on wood pole 9,500 lumen	\$1.07	\$1.21		\$1.21	\$1.31		\$1.31	8.3%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on wood pole 9,500 lumen	\$1.26	\$1.43		\$1.43	\$1.55		\$1.55	8.4%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on fiberglass/metal pole or post 9,500 lumen	\$0.71	\$0.80		\$0.80	\$0.87		\$0.87	8.7%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 6 customers on fiberglass/metal pole or post 9,500 lumen	\$1.21	\$1.37		\$1.37	\$1.48		\$1.48	8.0%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on fiberglass/metal pole or post 9,500 lumen	\$1.40	\$1.59		\$1.59	\$1.72		\$1.72	8.2%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on wood pole LED 50	\$0.61	\$0.69		\$0.69	\$0.75		\$0.75	8.7%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 5 customers on wood pole LED 50	\$1.23	\$1.39		\$1.39	\$1.51		\$1.51	8.6%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on wood pole LED 50	\$2.07	\$2.34		\$2.34	\$2.54		\$2.54	8.5%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 10 customers on fiberglass/metal pole or post LED 50	\$0.60	\$0.68		\$0.68	\$0.74		\$0.74	8.8%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 6 customers on fiberglass/metal pole or post LED 50	\$1.00	\$1.13		\$1.13	\$1.23		\$1.23	8.8%	Rate adjusted to recover revenue requirement	
UG Only Charge/1 light per 3 customers on fiberglass/metal pole or post LED 50	\$2.04	\$2.31		\$2.31	\$2.50		\$2.50	8.2%	Rate adjusted to recover revenue requirement	
Area Lighting Service Schedule ALS										kWh
9,500 Lumen SV	\$12.59	\$13.38	(0.00236)	\$13.27	\$13.98	(0.00236)	\$13.87	4.5%	Rate adjusted to recover revenue requirement	46
16,000 Lumen SV	\$15.14	\$16.09	(0.00236)	\$15.95	\$16.81	(0.00236)	\$16.67	4.5%	Rate adjusted to recover revenue requirement	59
28,500 Lumen SV	\$20.58	\$21.87	(0.00236)	\$21.61	\$22.86	(0.00236)	\$22.60	4.5%	Rate adjusted to recover revenue requirement	109
50,000 Lumen SV	\$26.12	\$27.76	(0.00236)	\$27.40	\$29.01	(0.00236)	\$28.65	4.5%	Rate adjusted to recover revenue requirement	152
50,000 Flood Lumen	\$29.30	\$31.14	(0.00236)	\$30.74	\$32.54	(0.00236)	\$32.14	4.5%	Rate adjusted to recover revenue requirement	168
9,000 Lumen MH	\$15.34	\$16.30	(0.00236)	\$16.20	\$17.04	(0.00236)	\$16.94	4.5%	Rate adjusted to recover revenue requirement	41
20,000 Lumen MH	\$22.42	\$23.83	(0.00236)	\$23.61	\$24.90	(0.00236)	\$24.68	4.5%	Rate adjusted to recover revenue requirement	94
33,000 Lumen MH	\$28.82	\$30.63	(0.00236)	\$30.32	\$32.01	(0.00236)	\$31.70	4.5%	Rate adjusted to recover revenue requirement	133
110,000 Lumen MH	\$59.30	\$63.02	(0.00236)	\$62.15	\$65.86	(0.00236)	\$64.99	4.5%	Rate adjusted to recover revenue requirement	370
5,800 Lumen SV	\$8.21	\$8.73	(0.00236)	\$8.66	\$9.12	(0.00236)	\$9.05	4.5%	Rate adjusted to recover revenue requirement	29
7,000 Lumen MV Semi-Enclosed	\$10.11	\$10.74	(0.00236)	\$10.58	\$11.23	(0.00236)	\$11.07	4.6%	Rate adjusted to recover revenue requirement	69
7,000 Lumen MV	\$11.77	\$12.51	(0.00236)	\$12.35	\$13.07	(0.00236)	\$12.91	4.5%	Rate adjusted to recover revenue requirement	69
12,000 Lumen RSV	\$14.34	\$15.24	(0.00236)	\$15.10	\$15.93	(0.00236)	\$15.79	4.5%	Rate adjusted to recover revenue requirement	59
21,000 Lumen MV	\$18.61	\$19.78	(0.00236)	\$19.43	\$20.67	(0.00236)	\$20.32	4.5%	Rate adjusted to recover revenue requirement	149
21,000 Lumen MV Flood	\$22.84	\$24.06	(0.00236)	\$23.68	\$25.14	(0.00236)	\$24.76	4.5%	Rate adjusted to recover revenue requirement	160
22,000 Lumen SV	\$16.55	\$17.59	(0.00236)	\$17.39	\$18.38	(0.00236)	\$18.18	4.5%	Rate adjusted to recover revenue requirement	86
38,000 Lumen RSV	\$20.28	\$21.55	(0.00236)	\$21.23	\$22.52	(0.00236)	\$22.20	4.5%	Rate adjusted to recover revenue requirement	135
40,000 Lumen MH	\$30.25	\$32.15	(0.00236)	\$31.77	\$33.60	(0.00236)	\$33.22	4.5%	Rate adjusted to recover revenue requirement	160
60,000 Lumen MV	\$37.90	\$40.28	(0.00236)	\$39.38	\$42.09	(0.00236)	\$41.19	4.5%	Rate adjusted to recover revenue requirement	382

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kW/h
60,000 Lumen MV Flood	\$40.59	\$43.14	(0.00236)	\$42.24	\$45.08	(0.00236)	\$44.18	4.5%	Rate adjusted to recover revenue requirement	382
LED 30	\$8.62	\$10.20	(0.00236)	\$10.18	\$11.30	(0.00236)	\$11.28	10.8%	Rate adjusted to recover revenue requirement	10
LED 40	\$9.71	\$11.48	(0.00236)	\$11.45	\$12.73	(0.00236)	\$12.70	10.9%	Rate adjusted to recover revenue requirement	14
LED 50	\$10.81	\$12.79	(0.00236)	\$12.75	\$14.17	(0.00236)	\$14.13	10.8%	Rate adjusted to recover revenue requirement	18
LED 50 Flood	\$12.25	\$14.49	(0.00236)	\$14.45	\$16.05	(0.00236)	\$16.01	10.8%	Rate adjusted to recover revenue requirement	18
LED 70	\$11.24	\$13.29	(0.00236)	\$13.23	\$14.73	(0.00236)	\$14.67	10.8%	Rate adjusted to recover revenue requirement	25
LED 110	\$13.19	\$15.60	(0.00236)	\$15.52	\$17.29	(0.00236)	\$17.21	10.8%	Rate adjusted to recover revenue requirement	35
LED 130 Amber	\$25.90	\$30.63	(0.00236)	\$30.53	\$33.94	(0.00236)	\$33.84	10.8%	Rate adjusted to recover revenue requirement	44
LED 130 Flood	\$22.93	\$27.12	(0.00236)	\$27.02	\$30.05	(0.00236)	\$29.95	10.8%	Rate adjusted to recover revenue requirement	44
LED 150	\$17.45	\$20.64	(0.00236)	\$20.51	\$22.87	(0.00236)	\$22.74	10.8%	Rate adjusted to recover revenue requirement	54
LED 220	\$21.83	\$25.82	(0.00236)	\$25.63	\$28.61	(0.00236)	\$28.42	10.8%	Rate adjusted to recover revenue requirement	79
LED 220 Shoebox	\$26.13	\$30.91	(0.00236)	\$30.72	\$34.25	(0.00236)	\$34.06	10.8%	Rate adjusted to recover revenue requirement	79
LED 260 Flood	\$40.54	\$47.95	(0.00236)	\$47.74	\$53.13	(0.00236)	\$52.92	10.8%	Rate adjusted to recover revenue requirement	88
LED 280	\$26.09	\$30.86	(0.00236)	\$30.62	\$34.19	(0.00236)	\$33.95	10.8%	Rate adjusted to recover revenue requirement	101
LED 420	\$62.44	\$73.85	(0.00236)	\$73.51	\$81.83	(0.00236)	\$81.49	10.8%	Rate adjusted to recover revenue requirement	142
LED 530	\$75.96	\$89.85	(0.00236)	\$89.43	\$99.55	(0.00236)	\$99.13	10.8%	Rate adjusted to recover revenue requirement	179
LED 75 (Standard Offer)	\$8.75	\$10.35	(0.00236)	\$10.29	\$11.47	(0.00236)	\$11.41	10.8%	Rate adjusted to recover revenue requirement	25
LED 105 (Standard Offer)	\$12.45	\$14.73	(0.00236)	\$14.65	\$16.32	(0.00236)	\$16.24	10.8%	Rate adjusted to recover revenue requirement	35
LED 215 (Standard Offer)	\$19.07	\$22.56	(0.00236)	\$22.39	\$24.99	(0.00236)	\$24.82	10.8%	Rate adjusted to recover revenue requirement	73
LED 205 Site Lighter (Standard Offer)	\$18.99	\$22.46	(0.00236)	\$22.30	\$24.89	(0.00236)	\$24.73	10.8%	Rate adjusted to recover revenue requirement	69
Monthly UG Charge	\$4.24	\$4.51		\$4.51	\$4.71		\$4.71	4.4%	Rate adjusted to recover revenue requirement	
One-Time UG Charge	\$600.00	\$600.00		\$600.00	\$600.00		\$600.00	0.0%	No change proposed	
Wood Pole	\$2.84	\$3.20		\$3.20	\$3.47		\$3.47	8.4%	Rate adjusted to recover revenue requirement	
Metal, Fiberless or Post Pole	\$6.57	\$7.40		\$7.40	\$8.02		\$8.02	8.4%	Rate adjusted to recover revenue requirement	
12-Foot Smooth Concrete Post	\$14.74	\$20.13		\$20.13	\$23.90		\$23.90	18.7%	Rate adjusted to recover revenue requirement	
16-Foot Smooth Concrete Post	\$16.22	\$22.15		\$22.15	\$26.30		\$26.30	18.7%	Rate adjusted to recover revenue requirement	
Decorative Square Metal	\$16.55	\$18.63		\$18.63	\$20.21		\$20.21	8.5%	Rate adjusted to recover revenue requirement	
13-Foot Fluted Concrete Post	\$22.11	\$30.19		\$30.19	\$35.84		\$35.84	18.7%	Rate adjusted to recover revenue requirement	
Decorative Aluminum 12-Foot Post	\$26.53	\$36.23		\$36.23	\$43.01		\$43.01	18.7%	Rate adjusted to recover revenue requirement	
Decorative 35- or 39-Foot Tapered Metal Pole	\$42.14	\$57.55		\$57.55	\$68.32		\$68.32	18.7%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 9,000 Lumen Fixture	\$18.59	\$19.55		\$19.55	\$20.29		\$20.29	3.8%	Rate adjusted to recover revenue requirement	
Masterpiece Series B 9,000 Lumen Fixture	\$19.84	\$20.80		\$20.80	\$21.54		\$21.54	3.6%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 12-Foot Decorative Post	\$26.53	\$36.23		\$36.23	\$43.01		\$43.01	18.7%	Rate adjusted to recover revenue requirement	
Masterpiece Series A 16-Foot Decorative Post	\$32.43	\$44.29		\$44.29	\$52.58		\$52.58	18.7%	Rate adjusted to recover revenue requirement	
Masterpiece Series A Twin Mounting Bracket	\$5.00	\$5.00		\$5.00	\$5.00		\$5.00	0.0%	No change proposed	
Masterpiece Series A Adder	\$3.25	\$3.25		\$3.25	\$3.25		\$3.25	0.0%	No change proposed	
Masterpiece Series B Adder	\$4.50	\$4.50		\$4.50	\$4.50		\$4.50	0.0%	No change proposed	
Residential Service Energy Conservation Rider RECD										
All Charges									No change proposed	
Intermittent and Highly Fluctuating Load Rider No. 9										
HFIL KVA	\$0.40	\$0.40		\$0.40				0.0%	No change proposed	
Large Load Curtailable Rider 7										
Contract - Billed kW (Block 1)	\$1.29	\$1.29		\$1.29				0.0%	No change proposed	
Contract - Billed kW (Block 2)	\$1.03	\$1.03		\$1.03				0.0%	No change proposed	
Contract - Billed kW (Block 3)	\$1.55	\$1.55		\$1.55				0.0%	No change proposed	
Excess Standby Usage Charge	\$0.41	\$0.41		\$0.41				0.0%	No change proposed	
Large Load Curtailable Rider LLC										
Customer Charge	\$55.00	\$55.00		\$55.00				0.0%	No change proposed	
Average On-peak - Firm kW	\$4.90	\$4.90		\$4.90				0.0%	No change proposed	
Peak On-peak - Firm kW (Var Envir.)	\$0.33	\$0.33		\$0.33				0.0%	No change proposed	
Level 1 Capacity Charge	\$2.40	\$2.40		\$2.40				0.0%	No change proposed	
Failure Charge Rate	\$40.00	\$40.00		\$40.00				0.0%	No change proposed	
Dispatched Power Service Rider No. 68										
Customer Charge	\$55.00	\$55.00		\$55.00				0.0%	No change proposed	
Incremental On-peak kWh	\$0.01500	\$0.01500		\$0.01500				0.0%	No change proposed	
Incremental Off-peak kWh	\$0.00698	\$0.00698		\$0.00698				0.0%	No change proposed	
Incremental Power Service Rider IPS										
Customer Charge	\$55.00	\$55.00		\$55.00				0.0%	No change proposed	
Incremental On-peak kWh	\$0.01500	\$0.01500		\$0.01500				0.0%	No change proposed	
Incremental Off-peak kWh	\$0.00698	\$0.00698		\$0.00698				0.0%	No change proposed	
Economic Development Rider ED										
Year 1 to 5 Discount Rates									No change proposed	
Economic Redevelopment Rider ERD										
ERD Discount Amount									No change proposed	
Supplementary and Non-Firm Standby Service Rider NFS										
NFS Customer Charge	\$55.00	\$55.00		\$55.00				0.0%	No change proposed	
Standby Sales (Transmission)	\$0.00590	\$0.00750		\$0.00750				0.0%	No change proposed	
Standby Sales (Distribution)	\$0.01180	\$0.01570		\$0.01570				0.0%	No change proposed	
Tax Factor	0.49%	0.51%		0.51%				0.0%	No change proposed	
Supplementary and Firm Standby Service Rider SS										
Generation Reservation Charge	\$0.81	\$0.81		\$0.81				0.0%	No change proposed	
Tax Factor	0.49%	0.51%		0.51%				0.0%	No change proposed	
Rider SS - Only Applicable for Capacity Factor of 60% or greater										
SS Delivery Charge (Transmission)	\$2.98	\$3.41		\$3.41				0.0%	No change proposed	
SS Delivery Charge (Distribution)	\$5.79	\$6.53		\$6.53				0.0%	No change proposed	
Meter-Related Optional Programs Rider MROP										
EPO - Daily	\$15.00	\$15.00		\$15.00				0.0%	No change proposed	
MRM Initial Set-Up Fee	\$170.00	\$170.00		\$170.00				0.0%	No change proposed	
MRM Monthly Rate	\$16.50	\$16.50		\$16.50				0.0%	No change proposed	
MRM Early Termination Charge	\$50.00	\$50.00		\$50.00				0.0%	No change proposed	

Duke Energy Progress, LLC
Twelve Months Ended December 31, 2023
eRSA Exhibit No. 1 - Derivation and Description of Rate and Tariff Changes

Description	Previous Rate (8/1/2024)	Current Rate (2/1/26)	Base Fuel Adjustment	Current Rate (2/1/26) with Base Fuel Adjustment	Proposed Rate	Base Fuel Adjustment	Proposed Rate with Base Fuel Adjustment	Percentage Change*	Rationale for Change	Lighting kWh
Non-Standard Meter Monthly Rate	\$0.79	\$0.79			\$0.79			0.0%	No change proposed	
Non-Standard Meter Set-Up	\$30.00	\$30.00			\$30.00			0.0%	No change proposed	
Non-Standard Meter Exchange	\$100.00	\$100.00			\$100.00			0.0%	No change proposed	
Service Regulations										
SC Service Charge Revenue	\$8.00	\$8.00			\$8.00			0.0%	No change proposed	
SC Service Charge - Landlord Revenue	\$1.00	\$0.00			\$0.00			0.0%	No change proposed	
SC Reconnect Charge Revenue (Regular + After Hours)	\$8.00	\$8.00			\$8.00			0.0%	No change proposed	
SC Return Check Fee	\$5.00	\$5.00			\$5.00			0.0%	No change proposed	
SC Additional Facilities Charges (Non-Contributory)	1.0%	1.0%			1.0%			0.0%	No change proposed	
SC Additional Facilities Charges (Contributory)	0.3%	0.3%			0.3%			0.0%	No change proposed	
Billed KVAR	\$0.30	\$0.30			\$0.30			0.0%	No change proposed	

Service Regulation Policy Changes										

Line Extension Policy Changes										

Residential Policy Changes										

* Demand kW Approved Rates are based on 30-min. interval billing; transition from 15-min. to 30-min. interval pricing impacts Percentage Change

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2026-__-E – ORDER NO. 2026-__

IN RE: Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for <u>Retail Electric Service</u>	) DUKE ENERGY PROGRESS, LLC'S PROPOSED ORDER ESTABLISHING BASELINE AND ONGOING PROCEDURES UNDER THE ELECTRIC RATE STABILIZATION ADJUSTMENT
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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the “Commission”) upon Duke Energy Progress, LLC’s (“DEP”) election to utilize the electric Rate Stabilization Adjustment (“eRSA”) mechanism provided by the 2025 South Carolina Energy Security Act (“Act 41”).¹ DEP notified the Commission of its election to apply the eRSA to its rates and charges for retail electric service in the State of South Carolina on March 13, 2026 (the “Notice of Election”). In conjunction with the Notice of Election, and as required by S.C. Code Ann. §§ 58-27-2700 and 58-27-2720, DEP requested that the Commission make such findings and establish such ongoing procedures as may be required for prospective adjustments to DEP’s base rates utilizing the “approved rates, charges, revenues, expenses, capital structure, returns, and other matters established” in Order No. 2025-757, issued December 12, 2025, in DEP’s most recent general rate case (the “DEP Rate Case Order”). Accordingly, we make the following findings and issue this baseline order for DEP’s eRSA election pursuant to S.C. Code Ann. §§ 58-27-2700 and 58-27-2720.

II. OVERVIEW OF ERSA MECHANISM

On May 12, 2025, South Carolina Governor Henry McMaster signed Act 41 into law. Among other items, Act 41 introduced the eRSA mechanism, which permits an electric utility to elect to have its rates and charges adjusted on a prospective basis pursuant to ongoing procedures established by the Commission. DEP is the first electric utility in South Carolina to elect to apply the eRSA mechanism to its rates and charges.

In implementing the provisions of the eRSA statute, the Commission is required to “make the findings and establish the ongoing procedures required for adjustments” under the applicable

¹ See S.C. Code Ann. § 58-27-2700 *et seq.*

eRSA provisions.² The eRSA statute requires the Commission to “rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters” established in the electric utility’s most recent general rate case, provided that the electric utility’s most recent general rate order must have been issued no more than five years prior to the election.³ An election shall remain effective until the utility’s next general rate case, which must be filed at least every five years after such election.⁴

In issuing its order making findings and establishing the ongoing procedures required to implement the eRSA mechanism (the “Baseline Order”)⁵, the Commission must:

- Specify a range for the utility’s cost of equity that includes a band of fifty basis points (0.50 percentage points) below and fifty basis points (0.50 percentage points) above the cost of equity on which rates have been set;⁶
- Separately state the amount of the utility’s net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components;⁷ and
- State the utility’s depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, other components of income for return, revenues, capital structure, cost of debt, overall cost of capital, and earned return on common equity.⁸

The findings in the Baseline Order establish the financial parameters against which future monitoring reports will be evaluated and form the basis for any prospective rate adjustments under

² S.C. Code Ann. § 58-27-2700.

³ *Id.*

⁴ *See* S.C. Code Ann. § 58-27-2710.

⁵ *See, e.g.*, Order No. 2005-491 in Docket No. 2005-125-G.

⁶ *See* S.C. Code Ann. § 58-27-2720(1).

⁷ *See* S.C. Code Ann. § 58-27-2720(2).

⁸ *See* S.C. Code Ann. § 58-27-2720(2).

the eRSA mechanism. Those monitoring reports are required by S.C. Code Ann. § 58-27-2730, which mandates that the electing utility shall file quarterly monitoring reports for each twelve-month period ending on March 31st, June 30th, September 30th, and December 31st of each year. These reports must be filed no later than the fifteenth day of the third month following the close of each such period.⁹ These reports provide standardized financial data, tracking the utility's earned return and other metrics against the values established in the Baseline Order.

For the report covering the twelve-month period ending December 31st, S.C. Code Ann. § 58-27-2740 requires the electric utility to include additional information regarding the utility's revenue calculations, including any changes in tariffed rates required to adjust its return on equity to the midpoint of the range established in the Baseline Order. Pursuant to S.C. Code Ann. § 58-27-2750, the South Carolina Office of Regulatory Staff ("ORS") is required to review the monitoring reports and propose any adjustments necessary to ensure compliance with the statute.

Under S.C. Code Ann. § 58-27-2760(2), if an annual monitoring report for the twelve-month period ending December 31st indicates that rate adjustments are required, or if it otherwise appears to the Commission or ORS that an adjustment in rates may be warranted, then the eRSA mechanism requires the Commission to consider such adjustments pursuant to the schedule set forth in S.C. Code Ann. § 58-27-2760(2)-(5). Finally, any electric rate adjustments authorized under the terms of this article must take effect for all bills rendered on or after the first billing cycle of August.¹⁰

⁹ See S.C. Code Ann. § 58-27-2730.

¹⁰ See S.C. Code Ann. § 58-27-2760(6).

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission hereby makes the following findings of fact and conclusions of law:

Jurisdiction, Election, and Financial Parameters

1. The Commission has jurisdiction and authority over this matter pursuant to S.C. Code Ann. § 58-27-2700 *et seq.*

2. DEP has elected to have the terms of the eRSA mechanism apply to its current rates and charges for retail electric service, which were set by Commission Order no more than five years prior to DEP's Notice of Election pursuant to the DEP Rate Case Order.¹¹

3. The approved rates, charges, revenues, expenses, capital structure, returns, and other matters established by the Commission in the DEP Rate Case Order are the appropriate ones to be relied upon and utilized by the Commission in carrying out the provisions of S.C. Code Ann. §§ 58-27-2700 *et seq.*

4. As required by S.C. Code Ann. § 58-27-2720(1), and based upon the approval in the DEP Rate Case Order of a return on equity of 9.99%, the appropriate statutory range of cost of equity for DEP under the eRSA mechanism shall be 9.49% to 10.49% (the "ROE Range").

5. As required by S.C. Code Ann. § 58-27-2720(2), DEP's net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components approved by the DEP Rate Case Order are included in **Order Exhibit No. 1.**

6. As required by S.C. Code Ann. § 58-27-2720(2), DEP's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, other components of income for return, revenues, capital structure, cost of debt, overall cost of capital,

¹¹ S.C. Code Ann. § 58-27-2700.

and earned return on common equity approved by the DEP Rate Case Order are attached as **Order Exhibit No. 1.**

Ongoing Procedures

Quarterly Monitoring Reports

7. Pursuant to the eRSA mechanism, the Commission hereby establishes the ongoing procedures required for adjustments in base rates to be made thereunder. These procedures are based on the statutory provisions of the eRSA, including S.C. Code Ann. §§ 58-27-2730, 2740, 2760, 2770, and 2780.

8. DEP shall file with the Commission monitoring reports for each twelve-month period ending on March 31st, June 30th, September 30th, and December 31st of each year.¹² These reports shall be filed no later than the fifteenth day of the third month following the close of each such period.¹³ DEP shall serve a copy of such reports on ORS on the same day and by the same means as they are provided to the Commission.¹⁴ The quarterly monitoring reports shall include the following information:

- a. DEP's actual net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components. The report shall also show DEP's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, other components of income for return, revenues, capital structure, cost of debt, overall cost of capital, and earned return on common equity.¹⁵
- b. All applicable accounting and pro forma adjustments historically permitted or required by the Commission for DEP or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by

¹² S.C. Code Ann. § 58-27-2730.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ S.C. Code Ann. § 58-27-2730(1).

accounting letters or orders issued by the Commission. This authorization may occur either in a general rate hearing or in any other type of filing or hearing that the Commission considers appropriate. However, other parties shall be given sufficient opportunity to review and provide comments on any proposed accounting letter or order issued after the Initial Order allowing future base rate adjustments.¹⁶

- c. Pro forma adjustments to annualize for the twelve-month period any rate adjustments imposed pursuant to the eRSA Mechanism or other events affecting only part of the period covered by the filing so that the annualization is required to show the effects of those events on DEP's earnings going forward.¹⁷
- d. Pro forma or other adjustments required to properly account for atypical, unusual, or nonrecurring events.¹⁸

Year-End Monitoring Reports

9. In the monitoring report filed for the twelve-month period ending December 31st of each year (the "Year-End Report"), DEP shall provide additional schedules that include the following information:

- a. If DEP's earnings exceed the upper end of the ROE Range, then DEP shall calculate the reduction in revenue required to lower its return on equity to the midpoint of the ROE Range.¹⁹
- b. If DEP's earnings are below the lower end of the ROE Range, then DEP shall calculate the additional revenue required to increase its return on equity to the midpoint of the ROE Range.²⁰
- c. A schedule specifying changes in DEP's tariff rates required to achieve any indicated change in revenue, which shall conform as nearly as is practicable with the revenue allocation principles contained in the DEP

¹⁶ S.C. Code Ann. § 58-27-2730(2).

¹⁷ S.C. Code Ann. § 58-27-2730(3).

¹⁸ S.C. Code Ann. § 58-27-2730(4).

¹⁹ S.C. Code Ann. § 58-27-2740(A)(1).

²⁰ S.C. Code Ann. § 58-27-2740(A)(2).

Rate Case Order.²¹

10. The following procedures apply to DEP's Year-End Report:²²

- a. No later than March 15th of each year, DEP shall file the Year-End Report with the Commission and ORS.²³
- b. In cases where the Year-End Report indicates rate adjustments are required, or where it otherwise appears to the Commission or ORS that an adjustment in rates may be warranted, (i) the Commission shall issue a Notice of Filing no later than March 31st, and (ii) interested persons must file a petition to intervene on or before May 15th.²⁴
- c. No later than June 1st of each year, ORS shall provide its audit report to the Commission, DEP, and all parties of record.²⁵ ORS shall conduct an audit of the Year-End Report to ascertain the reasonableness and prudence of all matters contained therein and specify any changes that ORS determines to be necessary to correct errors in the report or to otherwise bring the report into compliance with the eRSA mechanism.²⁶
- d. No later than June 1st of each year, other parties of record may also file verified written comments and submit documentary evidence to the Commission and ORS in response to DEP's Year-End Report.²⁷
- e. No later than June 15th of each year, DEP may file verified written comments and submit documentary evidence to the Commission and ORS related to DEP's Year-End Report and may request a non-evidentiary hearing before the Commission concerning the report.²⁸
- f. No later than July 15th of each year, the Commission shall issue an initial order setting forth any changes required DEP's request to adjust rates under this article (the "Initial Order"). In the absence of such an Initial Order, the

²¹ S.C. Code Ann. § 58-27-2740(B) and (C).

²² S.C. Code Ann. § 58-27-2760.

²³ S.C. Code Ann. § 58-27-2760(1).

²⁴ S.C. Code Ann. § 58-27-2760(2).

²⁵ S.C. Code Ann. § 58-27-2760(3).

²⁶ *Id.*

²⁷ *Id.*

²⁸ S.C. Code Ann. § 58-27-2760(4).

electric rate adjustment contained in DEP's filing shall be deemed granted as filed.²⁹

Review of Initial Order and Issuance of Final Order

11. Within thirty days of the issuance of an Initial Order pursuant to S.C. Code Ann. § 58-27-2760(5), or within thirty days of the failure by the Commission to issue an order as required pursuant to that section, any aggrieved party may petition the Commission for review of the Initial Order or failure to issue an order and all interested parties of record shall have a right to be heard at an evidentiary hearing on the matter.³⁰ The aggrieved party shall serve a copy of such petition to ORS and other parties of record on the same day and by the same means as it is provided to the Commission.³¹

12. If a hearing is required by S.C. Code § Ann. 58-27-2780, the Commission shall issue a final order (the "Final Order") that: (1) sets forth any changes that are required to the rates approved in the Initial Order issued under S.C. Code § Ann. 58-27-2760(5); (2) determines the amount of any overcollection or undercollection by DEP that resulted from collection of the rates authorized in the Initial Order as compared to the rates authorized in the Final Order; and (3) establishes the amount of any overcollection or undercollection by DEP that resulted from collection of the rates authorized in the Initial Order as compared to the rates authorized in the Final Order.³²

13. The Commission shall issue any Final Order required under the statute by

²⁹ S.C. Code Ann. § 58-27-2730(5).

³⁰ S.C. Code Ann. § 58-27-2780.

³¹ *Id.*

³² S.C. Code Ann. § 58-27-2790(A).

December 31st of the year in which the Year-End Report was filed.³³ The Final Order shall make the corrected rates and the credit or surcharge, if any, effective as of the first billing cycle of August of that year.³⁴ The provisions of S.C. Code Ann. §§ 58-27-2150 and 58-27-2310 concerning rehearing and appeal shall apply to the Final Order.³⁵

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Delton W. Powers, Jr., Chairman
Public Service Commission of South
Carolina

³³ S.C. Code Ann. § 58-27-2790(B).

³⁴ *Id.* The Commission notes that S.C. Code Ann. § 58-27-2790(B) states, in pertinent part, that “[t]he order shall make the corrected rates and the credit or surcharge, if any, effective as of the first billing cycle of May of that year.” The Commission notes that S.C. Code Ann. § 58-27-2760(6) states “[a]ny electric rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of **August** of that year.” (Emphasis added.) Accordingly, the Commission believes that the use of “May” in S.C. Code Ann. § 58-27-2790(B) was inadvertent and that August is consistent with the overall statutory framework of the eRSA mechanism. In addition, while any authorized electric rate adjustments will take effect for and be reflected in bills rendered on or after the first billing cycle of August in accordance with the statute, DEP will implement new rates on a “service rendered” basis beginning August 1st.

³⁵ S.C. Code Ann. § 58-27-2790(C).



**Review of Duke Energy Progress, LLC's Electric
Rate Stabilization Adjustment Monitoring Report for
the Period Ended December 31, 2025**

Docket No. 2026-78-E

South Carolina
Office of Regulatory Staff

June 1, 2026

Introduction

On May 12, 2025, the Electric Rate Stabilization Adjustment (“ERSA”) mechanism, S.C. Code Ann. § 58-27-2700 *et. seq.*, was signed into law as part of Act 41.¹ An electric utility may elect to have the terms of the ERSA “apply to its rates and charges for retail electric service, on a prospective basis, by filing a notice of election with the [C]ommission and . . . serving a copy on the [South Carolina] Office of Regulatory Staff [(“ORS”)].”²

By letter dated March 13, 2026, Duke Energy Progress, LLC (“DEP” or the “Company”) filed a notice of election to have the ERSA apply to its rates and charges (“Notice of Election”).³ Together with its Notice of Election, DEP filed its first annual monitoring report for the twelve-month period ending December 31, 2025 (“Monitoring Report”). Under the ERSA, ORS must “conduct an audit of the monitoring report to ascertain the reasonableness and prudence of all matters contained therein and specify any changes that . . . [ORS] determines to be necessary to correct errors in the report or to otherwise bring the report into compliance with this article.”⁴

ORS conducted an examination of DEP’s Monitoring Report for the twelve-month period ended December 31, 2025 (“Review Period”). In its Monitoring Report, the Company reported an adjusted rate of return and return on common equity of 6.13% and 7.81%, respectively. The Company calculated a revenue requirement increase of \$36,625,000.

ORS must provide its audit of the Monitoring Report to the Commission, the Company, and all parties of record no later than June 1.⁵ ORS’s review of DEP’s Monitoring Report focused on the Company’s adherence to the ERSA and applicable Commission Orders. This report details the results of ORS’s examination.

¹ Act No. 41 of 2025 (“South Carolina Energy Security Act”).

² S.C. Code Ann. § 58-27-2700.

³ Letter from J. Ashley Cooper to The Honorable Jocelyn G. Boyd, Docket No. 2026-78-E (Mar. 13, 2026).

⁴ S.C. Code Ann. § 58-27-2760(3).

⁵ *Id.*

ERSA Rates History

In accordance with the guidelines of the ERSA, the Company may elect to receive an adjustment in rates sufficient to achieve the midpoint of the return on equity range established in the Company's most recent rate order.⁶ Pursuant to Commission Order No. 2025-757, the Company's return on equity was set at 9.99%. Table 1 shows the requested and approved changes granted in the Company's most recent rate cases and a comparison to the current filing.

Table 1:

Docket No.	Order No.	Amount Requested	Change in Revenue per ORS Report or Testimony	Amount Granted	Approved Return on Equity	Rates Effective
2016-227-E	2016-871	\$79,000,000	\$56,209,000	\$56,209,000	10.10%	1/1/2017
2018-318-E	2019-341	\$68,668,000	\$30,562,000	\$41,474,000	9.50%	6/1/2019
2022-254-E	2023-138	\$89,325,000	\$49,786,000	\$52,297,000	9.60%	4/1/2023
2025-154-E	2025-757	\$74,829,000	\$32,608,000	\$51,186,000	9.99%	2/1/2026
2026-78-E	TBD	\$36,625,000	\$23,767,000	TBD	9.99%	8/1/2026

ORS Review

ORS examined the operating experience reported by the Company for the Review Period together with the associated revenue requirement calculations. The results of ORS's examination of the Monitoring Report and the underlying financial records through December 31, 2025, are contained in Schedule 1.

Schedule 1 presents the Company's operating experience, rate base, and rates of return for the Review Period, as well as the accounting and pro forma adjustments that ORS determined were necessary to normalize the Company's operations.

Utilizing the per book rate base of \$2,464,093,000 and net income for return of \$113,303,000, a rate of return was calculated on per book operations of 4.60% with a corresponding return on common equity of 4.92%. ORS accounting and pro forma adjustments reflect a net operating income for return of \$150,732,000 and a rate base of

⁶ S.C. Code Ann. § 58-27-2740(A)(1)-(C).

\$2,340,560,000. ORS calculated a rate of return of 6.44% and a return on common equity of 8.56%. After the ORS proposed adjustment of \$23,767,000, the resulting net operating income for return is \$168,749,000. The rate of return on rate base computed by ORS, after the ORS proposed adjustment, is 7.20%. The return on common equity is 9.99%.

Schedule 2 presents an explanation of the accounting and pro forma adjustments recommended by ORS in order for the Company's Monitoring Report to comply with S.C. Code Ann. §§ 58-27-2730 through 58-27-2750. For comparative purposes, the adjustments of both the Company and ORS are presented in Schedule 2.

Schedule 3 presents the calculation of the weighted cost of capital used by ORS to calculate the Company's return on common equity both before and after ORS's adjustments for the proposed revenue requirement. The rate base, as shown in Schedule 1, is allocated between long-term debt and common equity using ORS's pro forma capital structure of 47.00% long-term debt and 53.00% common equity for the Review Period. The as-adjusted amount of total income for return necessary to cover an embedded cost rate of 4.05% on long-term debt is computed to be \$44,553,000. The remainder of the total income for return of \$106,179,000 is income to common equity. This produced a return of 8.56% on common equity before application of ORS's proposed adjustments. The overall cost of capital after accounting and pro forma adjustments, prior to the adjustments for the ORS proposed adjustment, is 6.44%. The cost of capital after the ORS proposed adjustment equals 7.20%.

ORS Adjustments

Annualize Depreciation (ORS Adjustment 1):

The Company proposes to adjust depreciation and amortization by \$10,233,000, income taxes by (\$2,553,000), and accumulated depreciation by (\$10,233,000) to annualize depreciation expense using current depreciation rates on the plant in service balances as of the end of the Review Period. The Company used the depreciation rates approved by the Commission in Order No. 2025-757. ORS reviewed the Company's responses, workpapers, material from the previous rate case, and applicable Commission Orders, and discussed these matters with the Company via telephone conferences. ORS determined the Company used the depreciation rates approved by the Commission. Based on this review, ORS accepts the Company's proposed adjustment.

Annualize Wage Rate Increase (ORS Adjustment 2):

The Company proposes to adjust other operations and maintenance ("O&M") expenses by (\$1,659,000), general taxes by \$13,000, and income taxes by \$411,000 to annualize salaries, wages, and fringe benefits as of the end of the Review Period. The Company's

adjustment also reflects adjusting incentive compensation during the Review Period to the amount agreed to by the parties in the Stipulation and approved by the Commission in Order No. 2025-757. ORS accepts the Company's proposed adjustment.

Update for Changes in Benefits Costs (ORS Adjustment 3):

The Company proposes to adjust other O&M expenses by (\$464,000), income taxes by \$116,000, total working capital by (\$629,000), and accumulated deferred income taxes ("ADIT") by \$157,000 to update for changes in benefits costs. The Company's adjustment reflects the annual level of other post-employment benefits and FAS112 based on the most recent report from the Company's third-party consultant, less actual amounts in the Review Period for these expenses. The Company's adjustment also reflects the removal of non-qualified pension costs in compliance with Commission Order No. 2025-757. Finally, pension costs are excluded for the purposes of this adjustment since there is an over/under recovery mechanism in the Pension Rider approved in Commission Order No. 2025-757 to defer pension expenses to keep per book amounts at a fixed level.

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust other O&M expenses by (\$464,000), income taxes by \$116,000, operating reserves by \$1,879,000, and ADIT by (\$469,000). In response to ORS Request No. 6-3, the Company confirmed it incorrectly adjusted rate base by (\$629,000) in its proposed adjustment when it should have adjusted rate base by \$629,000 to remove the Executive Cash Balance Plan from rate base. Additionally, in the same response to ORS Request No. 6-3, the Company noted its original adjustment did not include a \$1,250,000 adjustment to rate base to remove the non-qualified plan liability from rate base, consistent with the Company's intent to follow the Stipulation and Commission Order No. 2025-757. ORS's adjustment reflects both corrections for the components listed above as noted in the Company's response to ORS Request No. 6-3 and correctly removes those amounts from operating reserves rather than working capital. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Update Per Book Bad Debt Expense (ORS Adjustment 4):

The Company proposes to adjust other O&M expenses by (\$1,545,000) and income taxes by \$385,000 to update per book bad debt expense. The Company's per book bad debt expense during the Review Period was \$5,713,000. The Company's adjustment reduces bad debt expense to \$4,168,000, the amount agreed to by the parties in the Stipulation

and approved by the Commission in Order No. 2025-757. ORS accepts the Company's proposed adjustment.

Adjust 50% Board of Directors Expenses (ORS Adjustment 5):

The Company proposes to adjust other O&M expenses by (\$153,000) and income taxes by \$38,000 to remove 50% of Duke Energy's Board of Directors ("BOD") compensation, 50% of expenses associated with Directors and Officers ("D&O") liability insurance, and 50% of all remaining BOD expenses (not including aviation expenses which are adjusted at ORS Adjustment 18) for ratemaking purposes. In its Monitoring Report, the adjustment included by the Company for the BOD contained the same adjustment amounts ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses to calculate the adjustment. In ORS Request No. 2-1, ORS requested the Company recalculate removal of 50% BOD expenses based on the actual amounts incurred during the Review Period. In response, the Company adjusted other O&M expenses by (\$235,000) and income taxes by \$59,000. However, the Company's response to ORS Request No. 2-1 did not include the removal of 50% of the BOD expenses incurred during the Review Period.

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust other O&M expenses by (\$242,000) and income taxes by \$60,000. ORS's adjustment includes 50% removal of the BOD expenses in the Review Period based on the Company's response to ORS Request No. 1-52, since the Company did not provide the 50% removal for these expenses in its response to ORS Request No. 2-1. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Adjust Executive Deferred Compensation (ORS Adjustment 6):

The Company proposes to adjust other O&M expenses by (\$244,000) and income taxes by \$61,000 to remove executive deferred compensation. In its Monitoring Report, the adjustment included by the Company for executive deferred compensation contained the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses to calculate the adjustment. In ORS Request No. 2-1, ORS requested the Company recalculate removal of executive deferred compensation based on the actual amounts incurred during the Review Period. In response, the Company adjusted other O&M expenses by (\$332,000) and income taxes by \$83,000. ORS's adjustment utilizes the Company's calculation of

this adjustment as provided in the Company's response to ORS Request No. 2-1. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Adjust for Contribution in Aid of Construction (ORS Adjustment 7):

The Company proposes to adjust depreciation and amortization expense by (\$13,000), general taxes by (\$8,000), income taxes by \$5,000, gross plant in service by (\$511,000), and accumulated depreciation and amortization by \$16,000 to remove reimbursable Transmission and Distribution ("T&D") costs. In its Monitoring Report, the adjustment included by the Company for reimbursable T&D costs contained the exact adjustment amounts as ordered by the Commission in Order No. 2025-757. The Company did not perform an analysis of actual Review Period expenses or rate base to calculate the adjustment. ORS requested the Company through ORS Request No. 2-1 to recalculate removal of reimbursable T&D costs based on the actual amounts incurred during the Review Period and rate base balances as of the end of the Review Period. In response, the Company adjusted depreciation and amortization by (\$3,000), general taxes by (\$2,000), income taxes by \$1,000, gross plant in service by (\$110,000), and accumulated depreciation and amortization by \$2,000. ORS's adjustment utilizes the Company's calculation of this adjustment as provided in the Company's response to ORS Request No. 2-1. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Adjust Plant Held for Future Use (ORS Adjustment 8):

The Company proposes to adjust general taxes by (\$6,000), income taxes by \$1,000, and gross plant in service by (\$1,303,000) to remove 50% of Plant Held for Future Use ("PHFU") over four (4) years old. In its Monitoring Report, the adjustment included by the Company for PHFU contained the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses incurred or rate base to calculate the adjustment. In ORS Request No. 2-1, ORS requested the Company recalculate removal of PHFU based on the actual amounts incurred during the Review Period and rate base balances as of the end of the Review Period. In response, the Company adjusted general taxes by (\$7,000), income taxes by \$2,000 and gross plant in service by (\$1,240,000).

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust general taxes by (\$7,000), income taxes by \$2,000, and gross plant in service by (\$1,370,000) to adjust for PHFU. ORS's adjustment utilizes the Company's response to ORS Request No. 2-1. However, ORS proposes to include an additional removal for the McDowell Street Substation. The Company acquired the McDowell Street Substation property in 2015 and identified this property as "surplus" and "real estate that is not required for DEP's current utility operations."⁷ The Company is actively marketing this property as noted in Docket No. 2025-286-E. The Company also confirmed in response to ORS Request No. 4-11 the timeline for the sale of the property occurs in 2026.⁸ Customers should not continue to pay a return on property that is not being used to provide electric service and ORS recommends its removal from rate base. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Adjust Materials and Supplies (ORS Adjustment 9):

The Company proposes to adjust materials and supplies ("M&S") by (\$496,000) to remove 50% of inventory on hold over four years old. In its Monitoring Report, the adjustment included by the Company for M&S contained the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period rate base to calculate the adjustment. In ORS Request No. 2-1, ORS requested the Company recalculate removal of M&S based on the actual rate base balances as of the end of the Review Period. The Company's response to ORS Request No. 2-1 adjusts M&S by (\$2,330,000), but the Company's data included information outside of the methodology used in the prior rate case (i.e., M&S held for four years or greater in a hold status).

Pursuant to Act 41, and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust M&S by (\$579,000) based on the Company's response to ORS Request No. 2-1. ORS removed nuclear M&S in a hold status for four years or greater for the Quality Hold, Quality Pending Hold, Repair Hold, and Stores Hold categories, but did not remove any M&S associated with Engineering Change Hold. This aligns with the methodology approved in Commission Order No. 2025-757 to remove 50%

⁷ Application filed in Docket No. 2025-286-E.

⁸ Company response to ORS Request No. 4-11 (April 28, 2026).

of inventory currently in a hold status (as detailed above) of four years or longer. The ORS adjustment removes nuclear M&S of \$388,000 and non-nuclear M&S of \$191,000. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Adjust for DCFC Pilot (ORS Adjustment 10):

The Company proposes to adjust gross plant in service by (\$3,948,000) and accumulated depreciation and amortization by \$1,356,000 to remove Direct Current Fast Charger (“DCFC”) Pilot costs included in rate base. In its Monitoring Report, the adjustment included by the Company for the DCFC Pilot contained the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period rate base to calculate the adjustment. In ORS Request No. 2-1, ORS requested the Company recalculate removal of DCFC Pilot costs based on the actual rate base balances as of the end of the Review Period. In response, the Company adjusted gross plant in service by (\$4,044,000), accumulated depreciation by \$1,746,000, and ADIT by \$71,000. ORS’s adjustment utilizes the Company’s calculation of this adjustment as provided in the Company’s response to ORS Request No. 2-1. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Annualize Property Taxes on Year End Plant (ORS Adjustment 11):

The Company proposes to adjust general taxes by \$1,177,000 and income taxes by (\$294,000) to annualize property taxes on plant in service balances as of the end of the Review Period. In response to ORS Request No. 2-1, the Company updated the property tax adjustment to be consistent with the methodology used in Docket No. 2025-154-E. The Company’s updated adjustment adjusts general taxes by \$2,420,000 and income taxes by (\$604,000). ORS’s adjustment utilizes the Company’s calculation of this adjustment as provided in the Company’s response to ORS Request No. 2-1.

Adjust Income Taxes to Reflect Interest Synchronization (ORS Adjustment 12):

The Company proposes to adjust income taxes by (\$205,000) to reflect the impact of its adjustments made to rate base, capital structure, and the cost of debt on annualized interest and the corresponding effect on income taxes.

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust income taxes by \$415,000 to reflect the impact of ORS adjustments made to rate base, capital structure, and the cost of debt on annualized interest and the corresponding effect on income taxes. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Eliminate Unbilled Revenues (ORS Adjustment 13):

The Company proposes to adjust operating revenue by \$677,000 and income taxes by \$169,000. This adjustment reflects the elimination of the estimated revenue recorded by the Company for the difference between kilowatt-hour (“kWh”) sales billed during the Review Period and kWhs used by customers during the Review Period. ORS accepts the Company’s proposed adjustment.

Eliminate NCEMPA Acquisition Adjustment (ORS Adjustment 14):

The Company proposes to adjust depreciation and amortization expense by (\$1,124,000), income taxes by \$280,000, gross plant in service by (\$30,821,000), and accumulated depreciation by \$11,710,000. This adjustment eliminates the acquisition adjustment associated with the North Carolina Eastern Municipal Power Agency (“NCEMPA”). In DEP’s general rate case in Docket No. 2016-227-E, the Company agreed, as part of a Settlement Agreement approved by the Commission, to remove the cost of the acquisition adjustment resulting from the Company’s purchase of joint owner assets from NCEMPA. ORS accepts the Company’s proposed adjustment.

Annualize Rate Case Revenue and Amortizations (ORS Adjustment 15):

The Company proposes to adjust operating revenue by \$50,925,000, other O&M expenses by \$822,000, depreciation and amortization expense by \$9,835,000, income taxes by \$10,047,000, total working capital by \$55,183,000, and ADIT by (\$13,768,000) to annualize rate case revenues and other amortizations. The Company’s adjustment included the base rate revenue increase from Order No. 2025-757 in Docket No. 2025-154-E by adjusting operating revenues by the same amount of the increase ordered in that docket of \$50,925,000. However, the Company did not apply the new rates approved in Order No. 2025-757 to the actual usage during the Review Period to calculate the adjustment to operating revenues.

The Company adjusts other O&M expenses by \$822,000 for the amortization of rate case expenses incurred in Docket No. 2025-154-E, which reflects a true-up to rate case

expenses agreed to in the Stipulation and approved by the Commission in Order No. 2025-757.

The Company's adjustment to depreciation and amortization expense of \$9,835,000 is comprised of the following:

- Amortization of Coal Ash – Increase to depreciation and amortization expense of \$6,467,000 to annualize for the amortization of coal ash costs included in Order No. 2025-757.
- Remove Expired Amortizations – Decrease to depreciation and amortization expense of \$682,000 to remove expired Act 62 amortization expense.
- Amortization of Grid Costs – Increase to depreciation and amortization expense of \$1,245,000 to annualize for the amortization of grid costs included in Order No. 2025-757.
- Amortization of Deferred Act 62 Costs – Increase to depreciation and amortization expense of \$1,092,000 to annualize for the amortization of Act 62 costs included in Order No. 2025-757.
- Amortization of Storm Reserve Level Costs – Increase to depreciation and amortization expense of \$3,000,000 to annualize for the increase to the level of storm costs collected from customers as approved in Order No. 2025-757.
- Amortization of Storm Securitization Regulatory Liability – Decrease to depreciation and amortization expense of \$1,287,000 to account for the amortization expense related to the return due to customers associated with ADIT from the storm securitization proceeding in Docket No. 2023-89-E.

The Company's adjustment to total working capital of \$55,183,000 is comprised of the following:

- Coal Ash Tranche – Increase to total working capital of \$38,801,000 to include the coal ash costs approved in Order No. 2025-757.
- Grid Costs Tranche – Increase to total working capital of \$19,920,000 to include the grid costs approved in Order No. 2025-757.
- Storm Reserve – Decrease to total working capital of \$3,000,000 to account for the increase to the level of storm costs collected from customers as approved in Order No. 2025-757.
- Remove Rate Case Regulatory Assets – Decrease to total working capital of \$538,000 to remove rate case expenses from rate base.

The Company's adjustment to ADIT of \$13,768,000 reflects the tax effect of the net addition to total working capital in rate base of \$55,183,000.

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust other O&M expenses by \$822,000, depreciation and amortization expense by \$11,122,000, income taxes by (\$2,980,000), total working

capital by \$55,183,000, and ADIT by (\$13,768,000). The Company confirmed in response to ORS Request No. 2-3 that it had inadvertently included an adjustment to depreciation and amortization expense of (\$1,287,000) for storm securitization⁹ amortization twice in its Monitoring Report - once through this adjustment and a second time in the adjustment for storm securitization regulatory liability (ORS Adjustment 24). In ORS Request No. 3-16, ORS noted the Company did not include an adjustment to annualize revenues or fuel rider revenues as was done in Docket No. 2025-154-E, and prior rate cases. The Company did not perform an analysis of the actual Review Period to correctly account for the change in base rates stemming from Commission Order No. 2025-757 or to properly isolate and exclude riders. In response to ORS Request No. 3-16, the Company provided ORS with two adjustments, one for revenue annualization, and one for annualization of the fuel factors.

The adjustment to annualize revenues provided by the Company in its Third Supplemental response to ORS Request No. 3-16 adjusts revenues by \$55,725,000, other O&M expenses by \$121,000, general taxes by \$175,000, and income taxes by \$13,830,000. In response to ORS Request No. 3-16, the Company stated its initial adjustment of \$50,925,000:

for revenue annualization was based on the revenue requirement from the prior rate case. The company acknowledges that the actual revenue annualization proforma using 2025 billing determinants provides a more accurate revenue adjustment and the difference between the methods is large enough to warrant using the more detailed calculation provided in these new proformas.¹⁰

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS has included this adjustment as ORS Adjustment 31 to Annualize Revenues.

The adjustment to annualize the approved fuel factors in Docket No. 2025-1-E adjusts fuel O&M expenses by \$56,592,000, purchased power O&M expenses by (\$68,973,000), other O&M expenses by (\$1,419,000), and income taxes by \$3,443,000. Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS has included this adjustment as ORS Adjustment 32 to Annualize Approved Fuel Factors. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all

⁹ Docket No. 2023-89-E.

¹⁰ Company response to ORS Request No. 3-16(b) (May 8, 2026).

applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Normalize Nuclear Refueling Outage Costs (ORS Adjustment 16):

The Company proposes to adjust other O&M expenses by \$1,788,000 and income taxes by (\$446,000) to normalize nuclear refueling outage amortization by using the estimated 12-month South Carolina Retail (“SC Retail”) amortization of outage costs as compared to the amortization of outage costs included in the Review Period. ORS accepts the Company’s proposed adjustment.

Remove DSM/EE Program Revenues and Program Costs (ORS Adjustment 17):

The Company proposes to adjust operating revenue by (\$16,612,000), other O&M expenses by (\$22,471,000), depreciation and amortization expense by \$14,320,000, general taxes by (\$408,000), income taxes by (\$2,131,000), gross plant in service by (\$40,378,000), accumulated depreciation and amortization by \$16,804,000, total working capital by (\$14,889,000), and ADIT by \$7,396,000 to remove amounts associated with cost recovery through the Demand Side Management / Energy Efficiency (“DSM/EE”) rider. In response to ORS Request No. 3-15, the Company provided the calculation of an adjustment to remove amounts associated with all non-fuel riders, as was done by the Company in Docket No. 2025-154-E. This calculation removed amounts for DSM/EE, Distribution System Demand Response (“DSDR”), Excess Deferred Income Taxes (“EDIT”), and Distributed Energy Resource Program (“DERP”) incremental costs. The result is an adjustment in operating revenue of \$1,582,000, fuel O&M expenses of (\$5,000), other O&M expenses of (\$17,727,000), depreciation and amortization expense of \$13,581,000, general taxes of \$105,000, income taxes of \$1,404,000, EDIT amortization of \$16,425,000, gross plant in service of (\$35,923,000), accumulated depreciation and amortization of \$14,031,000, total working capital of (\$19,626,000), and ADIT of \$8,311,000. In its response to ORS Request No. 3-15, the Company also stated the DSM/EE “revenue will now be removed in the revenue annualization proforma being prepared as part of ORS DR 3-16.”¹¹ ORS’s adjustment utilizes the Company’s calculation of this adjustment as provided in the Company’s response to ORS Request No. 3-15.

¹¹ Company response to ORS Request No. 3-15, file “ORS DR 3-15 – Remove Riders proforma,” tab “SC2030 Summary.”

Remove 50% Aviation (ORS Adjustment 18):

The Company proposes to adjust other O&M expenses by (\$216,000), general taxes by (\$3,000), and income taxes by \$55,000 to remove 50% of corporate aviation O&M, depreciation, and return expenses to provide an equal sharing between customers and shareholders. In its Monitoring Report, the adjustment included by the Company contained the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses to calculate the adjustment. ORS requested the Company, through ORS Request No. 2-1, recalculate removal of 50% of aviation based on the actual amounts incurred during the Review Period. In response, the Company adjusted other O&M expenses by (\$290,000), general taxes by (\$3,000), and income taxes by \$73,000.

Pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust other O&M expenses by (\$331,000), general taxes by (\$4,000), and income taxes by \$84,000. ORS reviewed the Company's response to ORS Request No. 2-1 and found several calculation errors that required correction. ORS's adjustment reflects the correction of those errors. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Remove Executive Compensation (ORS Adjustment 19):

The Company proposes to adjust other O&M expenses by (\$15,000) and income taxes by \$4,000 to eliminate 50% of the base salary and benefits of the Top 5 executives to provide equal sharing between customers and shareholders. In its Monitoring Report, the adjustment included by the Company for executive compensation contains the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses to calculate the adjustment. ORS requested the Company through ORS Request No. 2-1 to recalculate removal of 50% of the base salary and benefits of the Top 5 executives based on the actual amounts incurred during the Review Period. In response, the Company adjusted other O&M expenses by (\$82,000) and income taxes by \$20,000. ORS's adjustment utilizes the Company's calculation of this adjustment as provided in the Company's response to ORS Request No. 2-1. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Remove Nonallowables (ORS Adjustment 20):

The Company proposes to adjust other O&M expenses by (\$342,000) and income taxes by \$85,000 to adjust Review Period expenses for nonallowables. In its Monitoring Report, the adjustment included by the Company to remove nonallowables contains the same adjustment amounts as ordered by the Commission in Order No. 2025-757 and the Company did not perform an analysis of actual Review Period expenses to calculate the adjustment. ORS requested the Company, through ORS Request No. 2-1, recalculate removal of nonallowable expenses based on the actual amounts incurred during the Review Period. In response, the Company stated “[t]he Company is unable to update the Non allowables proforma as those disallowances were based on sampling that the ORS completed in the 2023 rate case.”¹²

As further detailed below, pursuant to Act 41 and in accordance with the Stipulation and Commission Order No. 2025-757, ORS proposes to adjust other O&M expenses by (\$947,000), income taxes by \$236,000, and total working capital by (\$42,000) based on its review of supporting documentation and responses to requests for information provided by the Company. ORS’s removal of other O&M expenses is summarized in the chart below.

¹² Company response to ORS Request No. 2-1(h) (Apr. 2, 2026).

Item #	Data Request #	Data Request Description	Other O&M Expenses	Working Capital
1	1-41	Dues to Various Organizations	\$13,459.05	
2	1-41	Sponsorships	\$34,481.35	
3	1-43 / 4-1	Novelty and Image-Building Items	\$18,727.86	
4	1-43 / 4-2	Other Sponsorships	\$1,906.49	
5	1-44 / 4-5	ORS Keyword Search	\$41,685.38	
7	1-84 / 3-20	Service & Retirement Awards	\$40,344.00	
9	1-49 / 5-5 / 5-9	Economic Development	\$14,219.92	
10	1-66 / 5-5 / 5-7 / 5-8	Industry Association Dues	\$133,805.90	
11	4-12	Offshore Wind RFI and ARFI		\$42,372.77
12	1-65 Confidential	Unsuccessful Land Negotiations	\$639,481.56	
ORS Total Nonallowable Adjustment			\$947,203.51	\$42,372.77

Dues

In response to ORS Request No. 1-41, the Company provided an Excel workbook with general ledger transactions associated with Account 0930230 – Dues to Various Organizations totaling \$450,210.48 for DEP system level during the Review Period. ORS reviewed transactions in Account 0930230 based on similar transactions reviewed in Docket No. 2025-154-E for dues, utilizing the South Carolina Retail (“SC Retail”) amount provided by the Company. Based on ORS’s analysis of those transactions, most of the transactions were for Chamber of Commerce (“COC”) Dues of which ORS removed 50%. ORS also removed amounts for dues with non-COC organizations that were for sponsorships, lobbying, or advocacy. ORS’s total removal is \$13,459.05. ORS’s removal of dues, sponsorships, lobbying, and advocacy is consistent with prior Commission orders.¹³ See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall

¹³ Docket No. 2018-318-E, Order No. 2019-341, p. 80-82; Docket No. 2018-319-E, Order No. 2019-323, p. 30; Docket No. 90-626-C, Order No. 91-595 p. 22; Docket No. 90-698-C, Order No. 91-412 p. 25;

include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Sponsorships

In response to ORS Request No. 1-41, the Company provided an Excel workbook with general ledger transactions associated with Account 0912000 – Demonstrating and Selling Expenses totaling \$2,021,209.92 for DEP system level during the Review Period. ORS reviewed transactions in Account 0912000 based on similar transactions reviewed in Docket No. 2025-154-E for sponsorships, utilizing the SC Retail amount provided by the Company. Based on ORS’s analysis of those transactions, most of the transactions were related to sponsorships of various COC events and events at other organizations. ORS’s total removal is \$34,481.35. ORS’s removal of sponsorships is consistent with prior Commission orders.¹⁴

Novelty or Image-Building

In response to ORS Request No. 1-43, the Company provided an Excel workbook with general ledger transactions associated with novelty or image-building items totaling \$477,145.11 for DEP system level during the Review Period. ORS selected a sample of five transactions for the vendors with the most transactions and dollars in the workbook. ORS Request No. 4-1 requested the Company add a column indicating the amount allocated to SC Retail for each transaction and, for items allocated to SC Retail, provide invoice detail. Based on its review of the sample, ORS determined transactions with three of the vendors were nonallowable. Items associated with these transactions included Chapin Rectangle 3 1/8” x 2 3/8” x 2 3/8” crystal awards and trophies, Carhartt Rain Dfdr Paxton Zip Sweatshirt, 106 Bahama Lunch Coolers, and a PL Light-Up-Your-logo 10 foot 2 in one Cable. The total DEP SC Retail amount of novelty and image-building items associated with those three vendors was \$18,727.86. ORS’s removal of novelty and

Docket No. 98-328-W/S, Order No. 99-216 p. 10; Docket No. 92-271-C, Order No. 92-1060 p. 14; Docket No. 93-503-C, Order No. 94-1229, p. 25.

¹⁴ Docket No. 2018-318-E, Order No. 2019-341, p. 80-82; Docket No. 90-626-C, Order No. 91-595 p. 25; Docket No. 92-271-C, Order No. 92-1060 p. 14; Docket No. 92-619-E, Order No. 93-465, pp. 38-39; Docket No. 93-503-C, Order No. 94-1229, p. 25.

image-building items is consistent with prior Commission orders.¹⁵ See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Other Sponsorships

In response to ORS Request No. 1-43, the Company provided an Excel workbook with general ledger transactions associated with sponsorships totaling \$292,039.09 for DEP system level during the Review Period. ORS removed the sponsorships included in Account 0912000 from the transactions since those sponsorships were previously analyzed. ORS selected the remaining transactions and, through ORS Request No. 4-2, requested the Company add a column indicating the amount allocated to SC Retail for each transaction and, for items allocated to SC Retail, provide invoice detail. Based on its review of the transactions, ORS identified sponsorships associated with Experimental Aircraft Association (Veteran’s Day Breakfast), Cystic 5 Fibrosis Foundation (master chef’s bronze sponsorship), South Carolina American Water Work Association (gold sponsor), and various other sponsorships. Based on ORS’s review of the transactions, the total DEP SC Retail amount of \$1,906.49 associated with sponsorships should be nonallowable. ORS’s removal of sponsorships is consistent with prior Commission orders.¹⁶ See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Keyword Search

In ORS Request No. 1-44, ORS requested the Company provide a list of transactions included in the Test Year associated with certain key words. In response, the Company provided 19,794 transactions, which also contained additional keywords, parts of

¹⁵ Docket No. 2018-318-E, Order No. 2019-341, p. 80-82; Docket No. 2018-319-E, Order No. 2019-323, p. 30; Docket No. 90-626-C, Order No. 91-595, p. 22; Docket No. 92-271-C, Order No. 92-1060 p. 14; Docket No. 93-503-C, Order No. 94-1229, p. 25.

¹⁶ Docket No. 2018-318-E, Order No. 2019-341, p. 80-82; Docket No. 90-626-C, Order No. 91-595 p. 25; Docket No. 92-271-C, Order No. 92-1060 p. 14; Docket No. 92-619-E, Order No. 93-465, pp. 38-39; Docket No. 93-503-C, Order No. 94-1229, p. 25.

keywords, and combinations of keywords.¹⁷ In ORS Request No. 1-44(a)(i)(c), ORS requested the Company provide a business purpose, copies of third-party invoices/receipts, monetary amount, SC Retail amount, and reason the costs should be recovered from customers for each specific transaction identified that the Company still sought for recovery. The Company's response to ORS Request No. 1-44(a)(i)(c) stated, "[g]iven the volume of data that the query produced, and the many examples of prudent and reasonable costs generated in the query, the Company respectfully requests that the ORS select a sample of items for their audit."

ORS reviewed 19,794 transactions provided by the Company for each applicable keyword. ORS concentrated on the "Vendor," "Journal Line Descr," and "DEP Amt" columns for each transaction. The "Vendor" column provided the vendor or third-party company name. The "Journal Line Descr" column provided details of the purpose of the transaction. The "DEP Amt" column provided the amount recorded to DEP total system. Based on its review, ORS determined whether the transactions for each keyword were allowable, mixed – mostly allowable, nonallowable, or mixed – mostly nonallowable. ORS's determination for how the transactions for each keyword should be classified was based on whether all or the majority of the transactions were comprised of allowable or nonallowable items or if transactions that comprised all or the majority of the largest dollar amounts were allowable or nonallowable.

For the keywords that were comprised of transactions deemed allowable or mixed – mostly allowable, ORS is not recommending a disallowance. For the keywords whose transactions were mostly identified as nonallowable or mixed – mostly nonallowable, ORS deemed those transactions as nonallowable. For keywords that were comprised of transactions that could not readily be identified as allowable or nonallowable due to lack of description, ORS Request No. 4-5 requested the Company provide a detailed description for each transaction.

The keywords identified by ORS as nonallowable are as follows: ABCFineWine, Academy SportsSport, Aldi, Appreciation, AppreciationChristmas, ArtsChristmasParty, ArtsClubGolf, ArtsGolf, ArtsMuseum, Association, AssociationDues, Award, BasketFlower, BoardCarolina, BoardFlower, BoardLateFee, Cake, CakeRetirement, Candy, Car Wash, CarolinaEvent, CarolinaPrize, CarolinaTeamBuilding, Celebration, CelebrationRetirement, Christmas, ChristmasCoffeelceCreamLuncheon, ChristmasCoffeelLuncheon, ChristmasLuncheon, ChristmasLuncheonSteak, ClubGolf,

¹⁷ Company response to ORS Request No. 1-44 excel workbook titled "DEP ORS DR 1-44 Attach 1."

Compete, Death, DeathFamilyFlower, Decorations, Disney, DuesSpons, EntertainEventPGA, EventGiveAway, EventGolf, EventIceCream, EventMedia, EventMembership, EventSpons, Fitness, Florida, Flower, FlowerFriends, FlowerFTD, FlowerGift, FlowerMembership, FlowerRays, FlowerRetirement, FlowerRetreat, FlowerTribute, Foundation, Game, Gift, Giveaway, GolfKiawah, GolfTop Gym, Hallmark, Ice Cream, Late Fee, Merger, Museum, PACSport, PACTeam Building, PartyRetirement, PGA, Puttery, Reds, ResearchSpons, Retirement, Sympathy, Trophy, and Wine.

ORS requested the Company to provide the DEP SC Retail amount for each transaction associated with the keywords identified by ORS as nonallowable.¹⁸ Utilizing the Company's response, the total DEP SC Retail allocation of nonallowable transactions is \$41,685.38.¹⁹

Examples of transactions included in the keywords used by ORS that were identified as nonallowable are as follows: ABC Wine and Spirits, flowers, appreciation lunch, Christmas party, awards, flower baskets, NC costs, late fee, cakes, cupcakes, retirement celebration, celebration meals, golf expense, death certificate fees, decorations, Walt Disney Resort, PGA event, ice cream, sponsorships, charity, game show, gifts, Top Golf, Hallmark cards, merger costs, museum costs, Indiana Pacers, game tickets, Puttery, Cincinnati Reds, sympathy, alcohol, and trophy. ORS's removal of \$41,685.38 for these items is consistent with prior Commission orders.²⁰ See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

¹⁸ ORS Request No. 4-5; follow-up to the Company's response to ORS Request No. 1-44.

¹⁹ *Id.*

²⁰ Docket No. 87-7-E, Order No. 87-902 p. 30; Docket No. 88-11-E, Order No. 88-864 p. 53; Docket No. 88-241-WS, Order No. 89-573 p. 23; Docket No. 89-610-WS, Order No. 90-694 p. 27; Docket No. 90-626-C, Order No. 91-595 pp. 22-23; Docket No. 92-271-C, Order No. 92-1060 p. 14; Docket No. 93-738-WS, Order No. 94-484 p. 13; Docket No. 93-503-C, Order No. 94-29 pp. 25-26; Docket No. 93-636-WS, Order No. 95-1330 p. 17; Docket No. 98-328-WS, Order No. 1999-216 p. 10; Docket No. 2000-91-E, Order No. 2000-850 p. 20; Docket No. 2000-207-WS, Order No. 2001-887 p. 36; Docket No. 2001-164-WS, Order No. 2002-285 p. 11; Docket No. 2000-210-WS, Order No. 2002-214 p. 28; Docket No. 2004-353-WS, Order No. 2005-290 p. 22.

[REDACTED]

[REDACTED]

[REDACTED]

Service and Retirement Awards

The Company's response to ORS Request No. 3-20 indicated the SC Retail amount of service and retirement awards included within "Other Benefits & Admin Expenses" during the Review Period totals \$40,344. ORS's removal of service and retirement awards is consistent with prior Commission orders.²¹ See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

[REDACTED]

[REDACTED]

Members of the ELT and SMC are executives and highly compensated employees who have the financial means to pay for these services on their own. Therefore, ORS recommends disallowance of these additional executive perks.

²¹ Docket No. 90-626-C, Order No. 91-595, p. 23; Docket No. 93-503-C, Order No. 94-1229, p. 25; Docket No. 95-1000-E, Order No. 96-15 pp. 30-31; Docket No. 2000-91-E, Order No. 2000-850 p. 20.

Economic Development

ORS proposes to remove other O&M expenses in the amount of \$14,219.92 related to Economic Development expenses identified in the Company's response to ORS Request No. 1-49. ORS reviewed the transaction-level detail and SC Retail allocations associated with Economic Development activities, including Site Readiness Program costs, conferences and sponsorships, and operational and administrative expenses. ORS recommends removal of these costs consistent with Commission Order No. 2025-757. Utility Tax Credit ("UTC") related amounts were excluded from disallowance, as these amounts function as tax offsets and were not included in the ORS calculated disallowance amount.

Industry Association Dues

ORS proposes to remove other O&M expenses in the amount of \$133,805.90 to remove 50% of the industry association dues for the Nuclear Energy Institute ("NEI") and Edison Electric Institute ("EEI") consistent with Commission Order No. 2025-757. However, ORS recommends the Company be allowed to recover the full amount of expenses associated with the NEI Personnel Access Data System and Composite Adversary Force consistent with Commission Order No. 2025-757. *See*, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Offshore Wind RFI and ARFI

The Company's response to ORS Request No. 4-12 indicated the SC Retail amount of costs associated with the Offshore Wind 2023 RFI and ARFI during the Review Period equals \$42,372.77. Consistent with the treatment of these costs in the recent Duke Energy Carolinas rate case in Docket No. 2025-172-E, DEP has agreed to remove these costs from total working capital in rate base.²²

Unsuccessful Land Negotiations / Solar Studies

ORS proposes to remove other O&M expenses in the amount of \$639,481.56 related to the Company's write-offs of unsuccessful land negotiations and solar studies. According to the Company's response to ORS Request No. 7-1, these development costs were

²² Company response to ORS Request No. 4-12.

associated with identification and screening of potential suitable sites across the Company's service territory. However, these development efforts did not lead to a bid submitted through the Competitive Procurement of Renewable Energy Program ("CPRE"). The 2024 CPRE Request for Proposals ("RFP") allowed for the Utility to acquire solar resources through Asset Transfer, Build Own Transfer, and utility self-develop arrangements. The Company was not required to pursue the utility self-develop option to meet system needs. As such, these written off costs do not provide customer benefits and do not support safe and reliable service. Customers should not bear the costs of the Company's speculative development expenses associated with the investigation of self-develop opportunities which are not associated with a used and useful asset. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

FERC 898 Adjustments (ORS Adjustment 21):

The Company proposes to adjust other O&M expenses by (\$1,505,000) and income taxes by \$375,000 to remove expenses associated with Federal Energy Regulatory Commission ("FERC") Order No. 898 regarding the Company's treatment of software maintenance expense. The Company's adjustment reflects the estimated removal of the DEP portion of software expenses reclassified from Construction Work in Progress to expense. In response to ORS Request No. 3-17, the Company stated it is further evaluating the treatment, industry practice, and overall FERC guidance to determine a long-term accounting practice that is consistent across utilities in the industry. In its response, the Company provided ORS with an updated calculation which adjusts other O&M expenses by (\$1,343,000) and income taxes by \$335,000. ORS's adjustment utilizes the Company's calculation of this adjustment as provided in response to ORS Request No. 3-17.

Adjust Storm ADIT Regulatory Liability (ORS Adjustment 22):

The Company proposes to adjust depreciation and amortization expense by (\$3,430,000) and income taxes by \$856,000 to correct for an error in the recording of the storm ADIT regulatory liability during the Review Period. ORS accepts the Company's proposed adjustment.

Remove Disallowed Fuel Adjustment (ORS Adjustment 23):

The Company proposes to adjust fuel O&M expenses by (\$10,969,000) and income taxes by \$2,737,000 to remove write-offs to expenses during the Review Period for errors in

internal revenue reports associated with General Service (Demand) customers from 2021 to 2024 that were used in the fuel clause reviews. In Docket No. 2025-1-E, the Company agreed in its response to ORS Request No. 8-9 that it would not seek recovery of this amount in any future cost recovery case. The Company's adjustment is consistent with the Company's response to ORS Request No. 8-9 in that docket. ORS accepts the Company's proposed adjustment.

Adjust for Storm Securitization Regulatory Liability (ORS Adjustment 24):

The Company proposes to adjust depreciation and amortization expense by (\$1,287,000), income taxes by \$321,000, total working capital by (\$5,149,000), and ADIT by (\$37,731,000) to record the storm securitization regulatory liability as ordered by the Commission in Order No. 2025-757. ORS accepts the Company's proposed adjustment.

Normalize Storm Costs (ORS Adjustment 25):

The Company proposes to adjust other O&M expenses by \$1,076,000 and income taxes by (\$268,000) to normalize the level of storm costs in the Review Period. Although the Company's adjustment to other O&M expenses in its Monitoring Report does not match the exact amount of the adjustment in Order No. 2025-757 for normalizing storm costs, the Company's adjustment amount of \$1,076,000 was calculated by adjusting to the normalized annual storm cost amount of \$2,447,000 calculated in Docket No. 2025-154-E. The Company did not calculate its adjustment using an average level of storm costs experienced by the Company over the last ten years, dropping the highest and lowest storm year, and then subtracting storm restoration costs incurred during the Review Period to adjust for a normalized amount of costs. ORS requested the Company, through ORS Request No. 2-2, perform such an analysis and recalculate the adjustment. In response, the Company adjusted other O&M expenses by \$651,000 and income taxes by (\$162,000) to normalize storm costs using the methodology described previously and utilized in Docket No. 2025-154-E. ORS's adjustment utilizes the Company's calculation of this adjustment as provided in the Company's response to ORS Request No. 2-2. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include "all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.").

Adjust Coal Inventory (ORS Adjustment 26):

The Company proposes to adjust materials and supplies by (\$2,696,000) to adjust coal inventory equal to the amount of coal needed for a 35-day full load burn priced at the

projected average delivered coal cost for the fuel billing period. ORS accepts the Company's proposed adjustment.

Adjust Cash Working Capital (ORS Adjustment 27):

The Company proposes to adjust total working capital by (\$39,647,000) and ADIT by \$9,892,000 to adjust cash working capital. The Company's per book cash working capital, average taxes accrued, and prepayments at the end of the Review Period was \$34,457,000. The Company's adjustment reduces cash working capital to (\$5,190,000), which is the amount agreed to by the parties and ordered by the Commission in Order No. 2025-757. ORS accepts the Company's proposed adjustment.

Adjust for Customer Growth (ORS Adjustment 28):

The Company proposes to adjust customer growth by \$10,000 based upon a customer growth factor of (.0359%). The Company's per book amount of customer growth is (\$41,000). Negative customer growth assumes the Company will lose customers in the future, ultimately causing an increase in the revenue requirement in the current case to make up for the loss of customers. Historically, in instances where companies have negative customer growth, ORS has either made no adjustment for customer growth or adjusted customer growth to zero. In this instance, ORS proposes to adjust customer growth by \$41,000 to adjust customer growth to zero.

Rate Base Corrections (ORS Adjustment 29):

ORS proposes to adjust total working capital by (\$32,047,000) and ADIT by \$7,996,000 to remove deferrals included by the Company in rate base. ORS's proposed adjustment to total working capital of (\$32,047,000) is comprised of the following:

- Company's response to ORS Request No. 3-10 stated "[t]he Company inadvertently included" the NCEMPA Purchase Deferral in the amount of \$8,179,000 in rate base.
- Company's response to ORS Request No. 3-11 stated "the Company inadvertently included SC Retail Grid Tranche 3 in per book and in the pro forma adjustment" for the Grid Improvement Plan ("GIP") Deferral in the amount of \$22,394,000 in rate base.
- Company's response to ORS Request No. 3-12 stated "[i]n the recent settlement agreement in the One Utility docket (Docket No. 2025-230-E), the Company agreed to a debt only return on the deferred CTA costs. Based upon this new agreement, the Company now believes this deferral should be removed from rate base in this proceeding." The Cost to Achieve ("CTA") Deferral amount of \$487,000 was included in rate base by the Company.
- Company's response to ORS Request No. 3-13 stated "[t]he Company therefore now believes this deferral should be removed from rate base in this

proceeding” for the EVCS Deferral in the amount of \$987,000 in rate base.

ORS’s adjustment to ADIT of \$7,996,000 reflects the tax effect of the net reduction to total working capital in rate base of \$32,047,000. As noted above, the Company has agreed to each of these items being removed from rate base.

Remove Act 3309 Costs from Rate Base (ORS Adjustment 30):

ORS proposes to adjust total working capital by (\$132,000) and ADIT by \$33,000 to remove “SC H3309” (Act No. 41) costs from rate base. In response to ORS Request No. 3-14, the Company stated:

The SC H3309 Implementation deferral is used for costs incurred to execute the framework established by the South Carolina Energy Security Act’s (H 3309, enacted as Act No. 41 of 2025) comprehensive energy legislation. These costs include litigation expenses associated with various dockets, including siting act applications, CPRE, battery RFP, and IRPs.

...

[T]he Company established a deferral for these costs and is including them in rate base in this proceeding.

The Company’s proposal to include Act No. 41 costs in rate base allows the Company to earn a return on expenses that are ultimately borne by customers. The deferred Act No. 41 costs are akin to rate case and Act No. 62 expenses in that they include costs for Company employees, Company contractors, Company consultants, ORS consultants, outside experts, legal expenses, and other Commission-related expenses such as customer notices, transcriptions, etc. In the 2022 and 2025 Rate Cases, ORS recommended that rate case expenses and Act No. 62 expenses not be approved for inclusion in rate base. Just as ORS recommended excluding the balance of rate case expenses and Act No. 62 costs from rate base in those cases, ORS proposes to exclude the balance of Act No. 41 costs from rate base in this case. If the Company is allowed to include the balance of Act No. 41 costs in rate base, it may serve as a disincentive for DEP to efficiently manage its Act No. 41 costs so as to earn a higher return.

Several other state jurisdictions generally recognize that an adjustment to remove deferred or unamortized rate case expenses from rate base allows for cost sharing

between customers and shareholders.²³ In a prior Duke Energy Kentucky, Inc. rate case, the Kentucky Public Service Commission's Order stated "[t]he Commission agrees that rate case expense regulatory assets should not be included in rate base, as that would allow a return on the unamortized balance of the expense. The Commission has historically excluded this item from rate base to share the cost of rate proceedings between the stockholders and the ratepayers."²⁴ Similarly, the North Carolina Public Staff has also recommended no rate base treatment for the unamortized balance of rate case expenses, as they stated in a recent North Carolina proceeding "[r]ate case expense does not rise to the level of being extraordinary in nature, and, as such, does not require rate base treatment."²⁵ The North Carolina Utilities Commission ultimately concluded "[t]hat DEP's request to include the unamortized balance of rate case expense is denied."²⁶ Notably ORS does not believe that rate cases are extraordinary events, and ORS does not believe these costs warrant rate base treatment, similar to the North Carolina Public Staff. ORS's recommendation to exclude unamortized rate case expenses from rate base is also consistent with recent Commission orders in South Carolina.²⁷ The Commission found that "[i]t is not appropriate to include the unamortized balance of rate case expenses in the calculation of rate base."²⁸ Additionally, the Commission has also determined in a prior order:

Excluding unamortized rate case expenses from rate base presents a reasonable sharing of costs between shareholders and customers.

²³ See e.g. *Re City Gas Company*, 120 P.U.R.4th 319 (Fla. P.S.C. Order No. 24013, Jan. 23, 1991) ("Commission policy is to remove unamortized rate case expense from working capital thus reducing rate base and the allowable return on that rate base. . . . The objective of this policy is to effect a sharing of costs between ratepayers and stockholders This sharing of costs is supposed to provide an incentive for the Company to minimize rate case expenses."); *Cent. Illinois Pub. Serv. Co. v. Illinois Com. Comm'n*, 610 N.E.2d 1356, 1365 (Ill. App. 1993) ("We find that the Commission's decision to exclude unamortized rate case expenses from the rate base was proper, supported by adequate findings of fact, and supported by substantial evidence in the record. Evidence was presented by staff witnesses indicating that both shareholders and ratepayers benefit from the rate case expenses and that such expenses do not contribute directly to the generation of electricity or the supply of gas. Staff witnesses testified that it was appropriate to exclude unamortized rate case expenses from the rate base, and the order cites past Commission orders which clearly exclude such expenses.").

²⁴ See Docket No. 2019-00271, Order dated April 27, 2020, pp. 7-8.

²⁵ See E-2 Sub 1300, Order dated August 18, 2023, p. 201.

²⁶ See E-2 Sub 1300, Order dated August 18, 2023, p. 205.

²⁷ See, e.g., Docket No. 2018-319-E, Order No. 2019-323, p. 58; Docket No. 2019-290-WS, Order No. 2020-306, pp. 93-94 (adopting ORS recommendation on rate case expenses, which included that the unamortized balance not be placed into rate base); Docket No. 2022-142-WS, Nov. 21, 2022 Directive, p. 2 ("unamortized rate case expenses should not earn a return in rate base."); Docket Nos. 2022-254-E and 2022-281-E, Order No. 2023-138, pp. 78-79.

²⁸ See Docket No. 2022-142-WS, Order No. 2022-854, p. 16.

Customers pay for the reasonable rate case expenses actually incurred by utilities in proceedings before the Commission. Such proceedings benefit customers by ensuring utilities are able to earn revenues sufficient to provide high-quality and reliable services, but such expenses clearly provide a benefit to shareholders by supporting the profitability of their investment. Accordingly, the Commission concludes that excluding unamortized balance of rate case expenses from rate base strikes a reasonable and appropriate balance between the interests of consumers and investors. For purposes of rate setting, we believe that rate case expenses should not be given rate base treatment.²⁹

Based on the information stated herein, and with the context of Act No. 41 costs being akin to rate case expenses, and in compliance with prior Commission Orders, ORS proposes to exclude these costs from rate base. See, S.C. Code Ann. § 58-27-2730(2) (providing the Monitoring Report shall include “all applicable accounting and pro forma adjustments historically permitted or required by the [C]ommission for the utility in question or for similarly situated utilities, authorized by general principles of utility accounting, or authorized by accounting letters or orders issued by the [C]ommission.”).

Finally, it is unclear why it is necessary to establish a deferral or regulatory asset for Act No. 41 costs when the Company has elected into the ERSA and therefore has the ability to include those costs in the Review Period as part of O&M expenses without the need to defer and amortize.

Annualize Revenues (ORS Adjustment 31):

ORS proposes to adjust revenues by \$55,725,000, other O&M expenses by \$121,000, general taxes by \$175,000, and income taxes by \$13,830,000. This pro forma annualizes SC Retail revenue with rates in effect as of February 1, 2026, and removes rider revenue associated with DSM/EE, EDIT, and Incremental DERP. The expenses and rate base items associated with DSM/EE, EDIT, and Incremental DERP are addressed in the Remove DSM/EE Program Revenues and Program Costs (ORS Adjustment 17). In addition, fuel costs are neutralized in this docket through this adjustment and the Annualize Approved Fuel Factors adjustment (ORS Adjustment 32), since they are recovered through the fuel rider.

²⁹ *Id.* at 45.

Annualize Approved Fuel Factors (ORS Adjustment 32):

ORS proposes to adjust fuel O&M expenses by \$56,592,000, purchased power O&M expenses by (\$68,973,000), other O&M expenses by (\$1,419,000), and income taxes by \$3,443,000. This pro forma adjusts fuel expenses and income taxes for fuel clause expenses during the Review Period to match the fuel clause revenues derived from the fuel factor approved by the Commission in Docket No. 2025-1-E. In response to ORS Request No. 3-16 the Company stated:

The company does not typically complete the revenue annualization proforma and fuel proforma in the quarterly surveillance reports as fuel is neutral to income and generally rate case revenues would be reflected in actual results or the revenue requirement from the prior case can be estimated through a high-level pro-forma adjustment.

The revenues associated with the fuel rider are addressed in the adjustment to Annualize Revenues (ORS Adjustment 31). As noted in ORS Adjustment 31, ORS verified that through ORS Adjustments 31 and 32, fuel costs are neutralized, since they are recovered through the fuel rider and should not be included in the calculation of base rates.

Capital Structure

South Carolina Code Ann. § 58-27-2720(1) states “the [C]ommission shall specify a range for the utility's cost of equity that includes a band of fifty basis points (0.50 percentage points) below and fifty basis points (0.50 percentage points) above the cost of equity on which rates have been set.” Further, S.C. Code Ann. § 58-27-2740 contains requirements for the December Monitoring Report and states:

- (1) If the utility's earnings exceed the upper end of the range established in the order, then the utility shall calculate the reduction in revenue required to lower its return on equity to the midpoint of the range established in the order; or
- (2) If the utility's earnings are below the lower range established in the order, then the utility shall calculate the additional revenue required to increase its return on equity to the midpoint of the range established in the order.

The Company's return on equity of 9.99% included in the Monitoring Report reflects the Company's authorized return on equity pursuant to the Commission's latest rate case order, Order No. 2025-757. The resulting applicable range for the Company's return on equity under the ERSA is 9.49% to 10.49%, with a midpoint of 9.99%. Based on the Company's Monitoring Report, the Company's earned return on equity for its electric

operations for the Review Period was 7.81%, which is 218 basis points below the midpoint of the applicable range.

South Carolina Code Ann. § 58-27-2700 states, in part, that “the [C]ommission shall rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility’s most recent general rate proceeding[.]” The Company included as part of the Monitoring Report its Commission-approved capital structure comprised of 47% long-term debt and 53% common equity for the twelve-month period ended December 31, 2025. This reflects the capital structure ordered by the Commission in Order No. 2025-757.

There is a discrepancy of 18 basis points (0.18 percentage points) between the Commission authorized cost of debt of 4.05% in Order No. 2025-757 and the 4.23% cost of debt as filed by the Company in its Monitoring Report. The Commission’s latest order was issued on December 12, 2025, and authorized the increased rates and charges effective for electric service rendered as of February 1, 2026.

South Carolina Code Ann. § 58-27-2720(2) further states, in part, that “[t]he figures stated [including but not limited to capital structure] shall be those which the [C]ommission has determined to be the appropriate basis on which rates were set in the applicable orders.” In the Company’s most recent general rate proceeding, Docket No. 2025-154-E, the Commission found that the cost of debt of 4.05% to be “just and reasonable.”³⁰

Given the findings in Order No. 2025-757, ORS recommends the cost of debt be adjusted for purposes of this proceeding to reflect the 4.05% cost of debt authorized by the Commission’s latest order. Inclusive of this change, the resulting overall cost of capital is 7.20%, which is eight basis points lower than the cost of capital as filed by the Company in the Monitoring Report.

Rate Design and Allocation of Additional Revenue

South Carolina Code Ann. § 58-27-2740 states, “[t]he proposed rate changes, filed by the utility, shall conform as nearly as is practicable with the revenue allocation principles contained in the most recent rate order.” ORS reviewed the Company’s proposed tariffs for conformance, as nearly as practicable, with the revenue allocation principles set out in the Company’s most recent rate order, which is Commission Order No. 2025-757 in Docket No. 2025-154-E. If the Commission approves the findings of ORS’s examination, the Company will apply the change in revenue amount in proportion to the Company’s

³⁰ Order No. 2025-757, p. 19.

Monitoring Report using the same criteria. ORS will verify the new rates generate the approved revenue change.

Revenue Verification

ORS verified the approved rates for January 1, 2025, through December 31, 2025, reflect actual revenues generated during the Review Period. ORS verified the cost allocations and methodology used to develop the proposed revised rates in Schedule 11 of DEP's filing will generate a revenue increase of \$36,625,000. Additionally, ORS verified the Base Fuel Adjustment as shown in Schedule 11. Based on its review, ORS determined the retail revenue target increase is \$23,767,000 compared to \$36,625,000 as proposed by the Company (See Exhibit A of the Company's Request). ORS reduced the Company's Request by approximately \$12,858,000 or 35.11%. The results of ORS's examination are shown on Schedule 1.

Recommendations for Future Monitoring Reports

In the future, ORS recommends the following for the Company's Monitoring Reports:

- Monitoring Reports should be provided in a format that is consistent with the format utilized in the Company's most recent rate case.
- Monitoring Reports should include brief explanations for each of the Company's proposed adjustments. Adjustment names and numbering should be consistent with those in the Company's most recent rate case, as much as reasonably possible.
- Adjustment calculations generally should align with the methodologies used to calculate the adjustments in the Stipulation approved by the Commission in Order No. 2025-757, with updates for actual Review Period data.
- In response to ORS Request No. 7-4, DEP indicated that any proceeds associated with bankruptcy claims against Blue Ridge Power, LLC related to the Red Bud Solar project will be credited to reduce the overall system-level cost of the project. ORS requests updates via the Monitoring Reports as proceeds are received and credited.

Conclusions

ORS reviewed the Company's Request and conducted an examination of the Company's books and records. ORS verified and confirmed the revenue increase for DEP totals \$23,767,000 when applying the provisions of the ERSA, ORS's recommended adjustments, and guidance from prior Commission orders.

Duke Energy Progress, LLC
Operating Experience, Rate Base, and Rate of Return
Total and South Carolina Retail Electric
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E

(000's Omitted)

Line No.	Description	South Carolina Retail					
		(1)	(2)	(3)	(4)	(5)	(6)
		Total Company Per Books	SC Retail Per Books	ORS Accounting & Pro Forma Adjustments	After ORS Accounting & Pro Forma Adjustments	ORS Proposed Adjustment	After Proposed Adjustment
1	Operating Revenues	\$ 7,264,280	\$ 674,874	\$ 57,984 (A)	\$ 732,858	\$ 23,767 (P)	\$ 756,625
2	Operating Expenses:						
3	O&M Expenses - Fuel	\$ 1,695,346	\$ 158,648	\$ 45,618 (B)	\$ 204,266	\$ -	\$ 204,266
4	O&M Expenses - Purchased Power	853,665	82,735	(68,973) (C)	13,762	-	13,762
5	O&M Expenses - Other	1,421,660	155,826	(22,709) (D)	133,117	-	133,117
6	Depreciation & Amortization Expense	1,316,510	130,194	29,092 (E)	159,286	-	159,286
7	General Taxes	173,382	33,036	2,700 (F)	35,736	120 (Q)	35,856
8	Interest on Customer Deposits	7,019	473	-	473	-	473
9	Income Taxes	227,227	17,569	18,443 (G)	36,012	5,900 (R)	41,912
10	EDIT Amortization	(16,425)	(16,425)	16,425 (H)	-	-	-
11	Amortization of Investment Tax Credit	(4,371)	(526)	-	(526)	-	(526)
12	Total Operating Expenses	\$ 5,674,013	\$ 561,530	\$ 20,596	\$ 582,126	\$ 6,020	\$ 588,146
13	Operating Income	\$ 1,590,267	\$ 113,344	\$ 37,388	\$ 150,732	\$ 17,747	\$ 168,479
14	Customer Growth	19,259	(41)	41 (I)	-	- (S)	-
15	Net Operating Income for Return	\$ 1,609,526	\$ 113,303	\$ 37,429	\$ 150,732	\$ 17,747	\$ 168,479
16	Rate Base:						
17	Gross Plant in Service	\$ 39,005,806	\$ 3,770,469	\$ (72,268) (J)	\$ 3,698,201	\$ -	\$ 3,698,201
18	Accum. Depr. & Amort.	(15,460,248)	(1,466,207)	17,256 (K)	(1,448,951)	-	(1,448,951)
19	Net Plant in Service	23,545,558	2,304,262	(55,012)	2,249,250	-	2,249,250
20	Construction Work In Progress	1,482,869	137,450	-	137,450	-	137,450
21	Operating Reserves	159,110	15,490	1,879 (L)	17,369	-	17,369
22	Total Working Capital	200,583	139,929	(41,460) (M)	98,469	-	98,469
23	Materials & Supplies	1,823,759	167,353	(3,275) (N)	164,078	-	164,078
24	Accumulated Deferred Income Taxes	(2,644,144)	(300,391)	(25,665) (O)	(326,056)	-	(326,056)
25	Total Rate Base	\$ 24,567,735	\$ 2,464,093	\$ (123,533)	\$ 2,340,560	\$ -	\$ 2,340,560
26	Rate of Return	6.55%	4.60%		6.44%		7.20%
27	Return on Common Equity		4.92%		8.56%		9.99%

Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

ORS Adj. No.	Description	(1) Operating Revenue	(2) O&M Expenses - Fuel	(3) O&M Expenses - Purchased Power	(4) O&M Expenses - Other	(5) Depreciation & Amortization Expense	(6) General Taxes	(7) Income Taxes	(8) EDIT Amortization	(9) Customer Growth	(10) Gross Plant in Service	(11) Accum. Depr. & Amort.	(12) Operating Reserves	(13) Total Working Capital	(14) Materials and Supplies	(15) Accum. Deferred Inc. Taxes
1	Annualize Per Book Depreciation Expense															
	Per ORS					10,233		(2,553)				(10,233)				
	Per Company					10,233		(2,553)				(10,233)				
2	Annualize Wage Rate Increase															
	Per ORS				(1,659)		13	411								
	Per Company				(1,659)		13	411								
3	Update for Changes in Benefits Costs															
	Per ORS				(464)			116					1,879	-		(5)
	Per Company				(464)			116					-	(629)		
4	Update Per Book Bad Debt Expense															
	Per ORS				(1,545)			385								
	Per Company				(1,545)			385								
5	Adjust 50% Board of Directors Expenses															
	Per ORS				(242)			60								
	Per Company				(153)			38								
6	Adjust Executive Deferred Compensation															
	Per ORS				(332)			83								
	Per Company				(244)			61								
7	Adjust for CIAC															
	Per ORS					(3)	(2)	1			(110)	2				
	Per Company					(13)	(8)	5			(511)	16				
8	Adjust Plant Held for Future Use															
	Per ORS						(7)	2			(1,370)					
	Per Company						(6)	1			(1,303)					
9	Adjust Materials and Supplies															
	Per ORS															(579)
	Per Company															(496)
10	Adjust for DCFC Pilot															
	Per ORS										(4,044)	1,746				
	Per Company										(3,948)	1,356				
11	Annualize Property Taxes on Year End Plant															
	Per ORS						2,420	(604)								
	Per Company						1,177	(294)								
12	Adjust Income Taxes to Reflect Interest Synchronization															
	Per ORS							415								
	Per Company							(205)								
13	Eliminate Unbilled Revenues															
	Per ORS	677						169								
	Per Company	677						169								
14	Eliminate NCEMPA Acquisition Adjustment															
	Per ORS					(1,124)		280			(30,821)	11,710				
	Per Company					(1,124)		280			(30,821)	11,710				

Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

ORS Adj. No.	Description	(1) Operating Revenue \$	(2) O&M Expenses - Fuel \$	(3) O&M Expenses - Purchased Power \$	(4) O&M Expenses - Other \$	(5) Depreciation & Amortization Expense \$	(6) General Taxes \$	(7) Income Taxes \$	(8) EDIT Amortization \$	(9) Customer Growth \$	(10) Gross Plant in Service \$	(11) Accum. Depr. & Amort. \$	(12) Operating Reserves \$	(13) Total Working Capital \$	(14) Materials and Supplies \$	(15) Accum. Deferred Inc. Taxes \$
15	Annualize Rate Case Revenue and Amortizations															
	Per ORS	-			822	11,122		(2,980)						55,183		(13,768)
	Per Company	50,925			822	9,835		10,047						55,183		(13,768)
16	Normalize Nuclear Refueling Outage Costs															
	Per ORS				1,788			(446)								
	Per Company				1,788			(446)								
17	Remove DSM/EE Program Revenues and Program Costs															
	Per ORS	1,582	(5)		(17,727)	13,581	105	1,404	16,425		(35,923)	14,031		(19,626)		8,335
	Per Company	(16,612)	-		(22,471)	14,320	(408)	(2,131)	-		(40,378)	16,804		(14,889)		7,355
18	Remove 50% Aviation															
	Per ORS				(331)		(4)	84								
	Per Company				(216)		(3)	55								
19	Remove Executive Compensation															
	Per ORS				(82)			20								
	Per Company				(15)			4								
20	Remove Nonallowables															
	Per ORS				(947)			236						(42)		
	Per Company				(342)			85						-		
21	FERC 898 Adjustments															
	Per ORS				(1,343)			335								
	Per Company				(1,505)			375								
22	Adjust Storm ADIT Regulatory Liability															
	Per ORS					(3,430)		856								
	Per Company					(3,430)		856								
23	Remove Disallowed Fuel Adjustment															
	Per ORS		(10,969)					2,737								
	Per Company		(10,969)					2,737								
24	Adjust for Storm Securitization Regulatory Liability															
	Per ORS					(1,287)		321						(5,149)		(37,731)
	Per Company					(1,287)		321						(5,149)		(37,731)
25	Normalize Storm Costs															
	Per ORS				651			(162)								
	Per Company				1,076			(268)								
26	Adjust Coal Inventory															
	Per ORS														(2,696)	
	Per Company														(2,696)	
27	Adjust Cash Working Capital															
	Per ORS													(39,647)		9,897
	Per Company													(39,647)		9,897
28	Adjust for Customer Growth															
	Per ORS									41						
	Per Company									10						

Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

ORS Adj. No.	Description	(1) Operating Revenue \$	(2) O&M Expenses - Fuel \$	(3) O&M Expenses - Purchased Power \$	(4) O&M Expenses - Other \$	(5) Depreciation & Amortization Expense \$	(6) General Taxes \$	(7) Income Taxes \$	(8) EDIT Amortization \$	(9) Customer Growth \$	(10) Gross Plant in Service \$	(11) Accum. Depr. & Amort. \$	(12) Operating Reserves \$	(13) Total Working Capital \$	(14) Materials and Supplies \$	(15) Accum. Deferred Inc. Taxes \$
29	Rate Base Corrections															
	Per ORS													(32,047)		7,999
	Per Company													-		
30	Remove Act 3309 Costs from Rate Base															
	Per ORS													(132)		
	Per Company													-		
31	Annualize Revenues															
	Per ORS	55,725			121		175	13,830								
	Per Company	-			-		-	-								
32	Annualize Approved Fuel Factors															
	Per ORS		56,592	(68,973)	(1,419)			3,443								
	Per Company		-	-	-			-								
	<u>Total Adjustments Per ORS</u>	<u>57,984</u>	<u>45,618</u>	<u>(68,973)</u>	<u>(22,709)</u>	<u>29,092</u>	<u>2,700</u>	<u>18,443</u>	<u>16,425</u>	<u>41</u>	<u>(72,268)</u>	<u>17,256</u>	<u>1,879</u>	<u>(41,460)</u>	<u>(3,275)</u>	<u>(25,668)</u>
	<u>Total Adjustments Per Company</u>	<u>34,990</u>	<u>(10,969)</u>	<u>-</u>	<u>(24,928)</u>	<u>28,534</u>	<u>765</u>	<u>10,049</u>	<u>-</u>	<u>10</u>	<u>(76,961)</u>	<u>19,653</u>	<u>-</u>	<u>(5,131)</u>	<u>(3,192)</u>	<u>(34,054)</u>
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	<u>Proposed Adjustment</u>															
33	Adjust Revenue and Taxes															
	Per ORS	23,767					120	5,900		-						
	Per Company	36,625					187	9,091		-						
	<u>Total Adjustments Per ORS</u>	<u>23,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>5,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>Total Adjustments Per Company</u>	<u>36,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>9,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(P)					(Q)	(R)		(S)						

Duke Energy Progress, LLC
 Weighted Cost of Capital
 Retail Electric Operations
 For the Test Year Ended December 31, 2025
 Docket No. 2026-78-E
 (000's Omitted)

Description	Capital Structure	Calculated Ratio	ORS Pro Forma Ratio	Company Retail Per Books			After ORS Accounting & Pro Forma Adjustments			After Proposed Adjustment					
				Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 12,000,621	46.34%	47.00%	\$ 1,141,861	4.23%	1.96%	\$ 48,301	\$ 1,100,063	4.05%	1.90%	\$ 44,553	\$ 1,100,063	4.05%	1.90%	\$ 44,553
Common Equity	13,897,968	53.66%	53.00%	1,322,232	4.92%	2.64%	65,002	1,240,497	8.56%	4.54%	106,179	1,240,497	9.99%	5.30%	123,926
Totals	\$ 25,898,589	100.00%	100.00%	\$ 2,464,093		4.60%	\$ 113,303	\$ 2,340,560		6.44%	\$ 150,732	\$ 2,340,560		7.20%	\$ 168,479

**STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2026-78-E**

IN RE:)
)
Application of Duke Energy Progress, LLC)
to Have the Terms of the Electric Rate)
Stabilization Adjustment Apply to the)
Company's Rates and Charges for Retail)
Electric Service)
_____)

**COMMENTS OF THE
SOUTH CAROLINA
DEPARTMENT OF CONSUMER
AFFAIRS**

Pursuant to S.C. Code Ann. § 58-27-2760(3), the South Carolina Department of Consumer Affairs (“SCDCA”) submits these comments regarding Duke Energy Progress’s (“DEP” or “Company”) application to have the terms of the electric rate stabilization adjustment (“eRSA”) statute apply to the Company’s rates and charges for retail electrical service. As discussed further below, the Commission must deny the Company’s filing. DEP cannot comply with the statutory requirements of S.C. Code Ann. §§ 58-27-2700, 58-27-2730, and 58-27-2760, or its own filed proposed order. Further, approval of DEP’s filing would result in rates that are unjust and unreasonable in violation of S.C. Code Ann. § 58-27-810. Finally, allowing DEP to increase rates would also contradict the testimony, settlement, and Order in Docket 2025-154-E. For these reasons, the Commission should reject the election.

I. RELEVANT HISTORY

Since June 2025, DEP has filed a general rate case, a merger case, and its election under the eRSA statute with the Public Service Commission (“PSC”). South Carolina passed Act No. 41, the South Carolina Energy Security Act, codifying the eRSA on May 12, 2025.¹ On June 12, 2025,

¹ S.C. Code Ann. §§ 58-27-2700 to -2810 (Electric Rate Stabilization Act) (Supp. 2025).

in Docket 2025-154-E, DEP filed for a general rate case seeking to increase revenue by \$74.8 million and increase rates for a typical residential customer by \$21.66.² On October 27, 2025, DEP filed a settlement agreement in Docket 2025-154-E which every party either supported, did not oppose, or took no position.³ On December 12, 2025, the Commission issued Order No. 2025-757 approving the settlement.⁴ Order No. 2025-757 authorized a \$40.4 million revenue increase and an \$11.23 increase for the typical residential customer, effective on February 1, 2026.⁵

On August 14, 2025, DEP, along with Duke Energy Carolinas (DEC), filed a Joint Application for Business Combination in Docket 2025-230-E.⁶ On April 30, 2026, the Commission issued a directive approving the business combination.⁷ The business combination also required approval by the Federal Energy Regulatory Commission (FERC) and the North Carolina Utilities Commission (NCUC). FERC approved the business combination on January 30, 2026,⁸ and the NCUC approved it on May 1, 2026.⁹

On March 13, 2026, only 40 days after the rate increase from Docket 2025-154-E became effective, DEP filed its election letter in the current docket, becoming the first South Carolina utility to elect to utilize the eRSA.¹⁰ If approved as filed, DEP's revenues would increase by \$36.7

² *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*, Docket No. 2025-154-E, Application at 5-6.

³ *Order Approving Stipulations, Adjusting Base Rates, and Granting Request for an Accounting Order*, Docket No. 2025-154-E, Order No. 2025-757 at 11.

⁴ *Order Approving Stipulations, Adjusting Base Rates, and Granting Request for an Accounting Order*, Docket No. 2025-154-E, Order No. 2025-757.

⁵ *Id.* at 39.

⁶ *Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC to Engage in a Business Combination, Address Regulatory Conditions and Code of Conduct, and Request for Accounting Order*, Docket No. 2025-230-E.

⁷ See Commission Directive issued April 30, 2026, in Docket 2025-230-E. A full Commission order is pending.

⁸ *Order Authorizing Internal Corporate Reorganization*, Docket No. EC25-128-000.

⁹ *Order Accepting Stipulations and Approving Business Combination, Request for Accounting Order, And Regulatory Conditions and Code of Conduct*, Docket Nos. E-2, Sub 1383 & E-7, Sub 1332.

¹⁰ *Election to Utilize the Electric Rate Stabilization Adjustment Mechanism and First Annual Monitoring Report Under the 2025 South Carolina Energy Security Act, Act No. 41*, Docket No. 2026-78-E.

million, and the typical residential customer would see an increase of \$10.20, effective August 1, 2026.¹¹

II. ARGUMENTS

SCDCA has three primary positions regarding DEP’s proposed eRSA election and rate increase. First, the eRSA statute includes mandatory conditions for eRSA approval related to future rate case filings and monitoring reports. After its business combination, DEP will not be able to satisfy these conditions. Second, DEP’s requested increase is unjust and unreasonable and contrary to legislative intent, particularly in light of other rate increases requested of customers in 2026. Third, DEP’s eRSA request seeks nearly as much revenue as approved in its last rate case, contradicting the findings and conclusions in that case. Each of these positions is discussed further below and support the conclusion of denying DEP’s eRSA election request.

A. THE COMMISSION MUST DENY DEP’S ERSA ELECTION BECAUSE DEP CANNOT SATISFY THE STATUTORY CONDITIONS REQUIRED IN THE ERSA STATUTE

As a quasi-judicial body, the Commission must interpret the laws passed by the General Assembly and in carrying out this interpretation, it must follow the rules of statutory construction. In South Carolina, “the guiding principle of statutory interpretation is to give effect to the legislature’s intent.” *Thompson v. Killian*, 447 S.C. 177, 186 (2025) (citing *Gordon v. Phillips Utils., Inc.*, 362 S.C. 403, 406 (2005)). When the statutory text is clear and unambiguous, “courts must apply its plain meaning without resorting to tools of statutory interpretation.” *Id.* (citing *Miller v. Aiken*, 364 S.C. 303, 307 (2005)).

¹¹ *Notice of Filing and Public Hearing*, Docket No. 2026-78-E, at 1.

S.C. Code Ann. §58-27-2700 sets forth requirements that must be satisfied by the electing utility for the Commission to approve an adjustment under the eRSA. The relevant statutory section in full states:

A public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis, by filing a notice of the election with the commission and on the same day and by the same means serving a copy on the Office of Regulatory Staff. Upon receipt of notice of the election, the commission shall proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article. ***In carrying out the procedures established by this article with respect to such an election, the commission shall*** rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility's most recent general rate proceeding pursuant to Section 58-27-860; ***provided, however, that the most recent order must have been issued no more than five years prior to the initial election to come under the terms of this article and the utility must file an application for a general rate proceeding every five years after such election.*** A public utility may combine an election under this article with the filing of a rate proceeding pursuant to Section 58-27-860. The commission shall include the findings required by this article in its rate orders issued in the Section 58-27-860 proceedings, and the election shall remain in effect until the next general rate proceeding. [***emphasis added***]

Additionally, S.C. Code Ann. §58-27-2730 sets out further requirements that the utility must follow after election into the eRSA:¹²

The utility shall file with the commission monitoring reports for each twelve-month period ending on March 31, June 30, September 30, and December 31 of each year, the filings to be made no later than the fifteenth day of the third month following the close of the period. ***The utility shall serve a copy of such reports*** on the Office of Regulatory Staff on the same day and by the same means as they are provided to the commission. These quarterly monitoring reports shall include: (1) ***the utility's*** actual net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components. The report shall also show ***the utility's*** depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes,

¹² Note that S.C. Code Ann. §58-27-2760 also reiterates "***The utility shall file*** the monitoring reports annually with the commission and Office of Regulatory Staff on or before March 15." [***Emphasis added***]

other components of income for return, revenues, capital structure, cost of debt, overall cost of capital, and earned return on common equity; [*emphasis added*]

The eRSA statute is clear and unambiguous; therefore, the Commission must apply its plain meaning. S.C. Code Ann. § 58-27-2700 clearly establishes conditions that must be satisfied by the electing utility for the Commission to “carry[] out the procedures established by this [eRSA] article.” The legislature established these conditions by including the phrase “provided, however, that”. The term “provided” establishes conditions that the electing utility must satisfy for the Commission to approve the eRSA election.¹³ See *Springs & Davenport, Inc. v. AAG, Inc.*, 385 S.C. 320, 326 (S.C. Ct. App. 2009) (quoting *Cobb v. Gross*, 291 S.C. 550, 552 (S.C. Ct. App. 1987) (“Words and phrases such as ‘if,’ ‘provided that,’ ‘when,’ ‘after,’ ‘as soon as,’ and ‘subject to’ frequently are used to indicate that performance expressly has been made conditional”). Similarly, S.C. Code Ann. § 58-27-2730 sets forth a clear directive- a utility operating under the eRSA election must submit regular monitoring reports to the Commission. An entity not existing as an operating company and without its own accounting books, cannot file the required monitoring reports and cannot file for the required post-election rate case; therefore, the Commission must reject DEP’s eRSA application.¹⁴

1. DEP will no longer exist due to its business combination

As indicated above, the eRSA statute sets out two basic rate case related requirements that must be satisfied before the Commission begins “carrying out the procedures established by this article.”¹⁵

¹³ Black’s Law Dictionary defines “provided” as a term that “ordinarily signifies or expresses a condition.”

¹⁴ The eRSA statute consistently uses the terms “the public utility” and “the utility” when referencing the electing utility. DEP is the public utility electing for the eRSA and DEP will no longer exist after the business combination.

¹⁵ S.C. Code Ann. §58-27-2700.

1. The most recent order must have been issued no more than five years prior to the initial election; and
2. The utility must file an application for a general rate proceeding every five years after such election.¹⁶

DEP is the entity requesting election in this matter. As a result of the business combination approved by the NCUC and FERC, and by this Commission in Docket No. 2025-230-E, DEP will no longer exist in 2027.¹⁷ Therefore, DEP cannot fulfill the eRSA statutory requirement that it “file an application for a general rate proceeding every five years after such election.”¹⁸

While the final order is still pending, the Commission approved the DEP merger via directive on April 30, 2026.¹⁹ The Company’s merger application explicitly states that it sought “authorization to engage in a business combination (“Combination”) by which DEP will be merged into DEC, with DEC as the surviving entity.”²⁰ The combined utility will be referred to as Duke Energy Carolinas (“DEC”); however, due to the combined entity being significantly different from DEC, the Companies referred to the merged entity as “Carolinas 1U” for clarity.²¹ The NCUC order reflects the unique, consolidated nature of the combined entity, noting:

On Legal Day 1, all customers (including legacy DEC and legacy DEP) would begin receiving service from one fully integrated company, and Carolinas 1U would begin operating under a single set of accounting books and records. As such, the single set of revenues, expenses, and rate base would be directly assigned or

¹⁶ *Id.*

¹⁷ *See Infra* notes 19-26

¹⁸ S.C. Code Ann. §58-27-2700.

¹⁹ *Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC to Engage in a Business Combination, Address Regulatory Conditions and Code of Conduct, and Request for Accounting Order*; Docket No. 2025-230-E, Commission Directive (filed April 30, 2026) (adopting stipulated settlement and approving business combination).

²⁰ *Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC To Engage in A Business Combination, Address Regulatory Conditions and Code of Conduct, and Request Accounting Order*; Docket No. 2025-230-E, Application at 1.

²¹ *Id.* at 2.

allocated among the NC Retail, South Carolina retail (SC Retail), and wholesale jurisdictions using a combined cost-of-service study with combined allocation factors that reflect Carolinas 1U.²²

Similarly, the FERC order states, “the combined company will only have one set of books, and that all relevant historical accounting records will be transferred from Duke Progress to the surviving entity, Carolinas 1U.”²³ Likewise, the proposed order submitted in Docket 2025-230-E states:

On Legal Day 1, all customers (including legacy DEC and legacy DEP) will begin receiving service from one fully integrated company, and Carolinas 1U will begin operating under a single set of accounting books and records.²⁴

The FERC Order and DEP’s own words make it clear, “upon closing of the Proposed Transaction, Duke Carolinas will survive the merger, and **Duke Progress will cease to exist.**”²⁵ When it ceases to be a legal entity, DEP will not have its own books. More importantly, DEP will not be subject to the Commission’s authority. In Docket 2025-230-E, DEP notes such in its merger application, stating:

upon the completion of the Combination, DEP and DEC will combine with DEC as the surviving entity, thereby removing an operating company subject to the adopted regulatory conditions and Codes of Conduct.

As reflected in the Regulatory Conditions and Code of Conduct, DEC (inclusive, post-Combination, of DEP’s legacy service territory) will remain subject to full regulation by the Commission.²⁶

²² *Order Accepting Stipulations and Approving Business Combination, Request for Accounting Order, And Regulatory Conditions and Code of Conduct*, Docket Nos. E-2, Sub 1383 & E-7, Sub 1332, at 15 ¶ 28.

²³ *Order Authorizing Internal Corporate Reorganization*, Docket No. EC25-128-000, at 22 ¶ 62.

²⁴ *Joint Proposed Order of the Stipulating Parties*, Docket 2025-230-E, at 13 ¶ 16.

²⁵ *Duke Energy Corp., Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, Order Authorizing Internal Corporate Reorganization*, Docket No. EC25-128-000, at 5 ¶11 (**emphasis added**) See also Docket No. 2025-230-E, Joint Application Exhibit C-1 at 2 (“The separate existence of DEP (hereinafter sometimes referred to as the “Merging Entity”) shall cease upon the effective time of the Merger in accordance with the provisions of the Act.”).

²⁶ *Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC To Engage in A Business Combination, Address Regulatory Conditions and Code of Conduct, and Request Accounting Order*, Docket No. 2025-230-E, Application at 20 ¶ 34 and 21 ¶36.

The conditions established under the eRSA statute are 1) “the most recent order must have been issued no more than five years prior to the initial election” and 2) “the utility must file an application for a general rate proceeding every five years after such [eRSA] election.” *Lemmons v. Maced. Water Works, Inc.* 431 S.C. 187, 196 (Ct. App. 2020) (citing *Collins v. Doe*, 352 S.C. 462, 470 (2002) (“[U]se of words such as ‘shall’ or ‘must’ indicates the legislatures intent to enact a mandatory requirement”). DEP clearly meets the first condition with its recent December 12, 2025, rate case order. However, an entity that ceases to exist cannot satisfy the second condition.²⁷ Therefore, by law, the Commission cannot carry out the remaining provisions of the article and must reject DEP’s eRSA election.

2. If approved, DEP will not be able to comply with the continued monitoring reports requirement for the eRSA

Filing a rate case is not the only requirement of the eRSA statute that DEP will not be able to meet. S.C. Code Ann. Section 58-27-2730 imposes mandatory and non-discretionary reporting obligations for the utility, stating “[t]he utility shall file with the commission monitoring reports for each twelve-month period ending on March 31, June 30, September 30, and December 31 of each year.”**[emphasis added]**²⁸ See *Lemmons v. Maced Water Works*, 431 S.C. 187, 196 (Ct. App. 2020). Section 2730 further states “the utility” shall serve the Office of Regulatory Staff with its reports. These reports must include “the utility’s” net plant in service among other items.²⁹ A utility

²⁷ *Order Authorizing Internal Corporate Reorganization*, Docket No. EC25-128-000, at 11 ¶ 10 (“Carolinas 1U is expected to begin operation on January 1, 2027”); *Order Accepting Stipulations and Approving Business Combination, Request for Accounting Order, And Regulatory Conditions and Code of Conduct*, Docket Nos. E-2, Sub 1383 & E-7, Sub 1332, at 14 ¶ 38.

²⁸ See *Infra* note 12.

²⁹ S.C. Code Ann. § 58-27-2730 (Supp. 2025).

that ceases to exist as a legal entity on January 1, 2027,³⁰ cannot satisfy a mandatory and perpetual statutory obligation.

DEP's proposed order seemingly fails to recognize these problems. In the proposed baseline order filed by DEP in this docket under the heading "Ongoing Procedures", DEP notes six different times the ongoing obligations that "DEP shall" do.³¹ "DEP" will not be able to do any of these things, an indication of the absurdity of granting DEP's request in this matter. If the Commission enters the Company's proposed order, it creates conditions that will be impossible to enforce against DEP beginning in 2027, thus creating a legal fiction.

Only DEP can fulfill these statutory obligations, and it must be able to do so for the Commission to grant its requested adjustment. Neither DEC nor Carolinas 1U can step into DEP's shoes and fulfill these obligations for DEP. As described earlier, DEC (and Carolinas 1U) is a completely different legal operating entity than DEP with a different actual net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, depreciation expenses, operation and maintenance expenses, income taxes, taxes other than income taxes, and other components of income for return. S.C. Code Ann. 58-27-2730(1) mandates the monitoring reports to contain these figures for the filing utility. Per statute, this is not a role DEC (or Carolinas 1U), a different utility, is permitted to fill. The eRSA statute is clear and unambiguous; therefore, the Commission must apply its plain meaning and deny DEP's eRSA request.

³⁰ See *Supra* notes 22 – 27.

³¹ *Duke Energy Progress, LLC's Proposed Order Establishing Baseline and Ongoing Procedures Under the Electric Rate Stabilization Adjustment*, at 6 – 8 ¶¶ 7 – 10.

3. Approving DEP's eRSA election would create an "absurd result" or otherwise render the eRSA statute meaningless

The eRSA statute is clear and unambiguous. Allowing a utility that will not exist in the foreseeable future to elect for a rate adjustment mechanism knowing it will not be able to comply with the statute authorizing the adjustment goes against the plain language of the statute and would create an absurd result. Statutes should not be construed so as to lead to an absurd result. *Kennedy v. S.C. Ret. Sys.*, 345 S.C. 339, 351, 549 S.E.2d 243, 249 (2001); see *Duke Energy Corp. v. S.C. Dep't of Revenue*, 415 S.C. 351, 355, 782 S.E.2d 590, 592 (2016) ("If possible, the Court will construe a statute so as to escape the absurdity and carry the intention into effect."); *Kiriakides v. United Artists Commc'ns, Inc.*, 312 S.C. 271, 275, 440 S.E.2d 364, 366 (1994) (the court should reject a meaning when to accept it would lead to a result so plainly absurd that it could not have been intended by the legislature). In interpreting statutes, the court "will not construe a statute in a way which leads to an absurd result or renders it meaningless." *Florence Cnty. Democratic Party v. Florence Cnty. Republican Party*, 398 S.C. 124, 128 (2012).

As stated previously, a plain reading of the statute would mean it is the electing utility and not the new merged entity or even half of a merged entity that must meet the eRSA's filing requirements.³² If the legislature intended to allow a successor entity to fulfill these conditions, it could have said that; however, the legislature consistently opted for phrases like "the public utility" or "the utility" throughout the statute.³³ Assuming, however, *in arguendo* that "utility" and "public utility" include successor entities, one can quickly see how absurd the result becomes. A successor

³² *Thompson v. Killian*, 447 S.C. 177, 186 (2025).

³³ This is especially relevant when it has been known since at least 2012 that the Duke entities would inevitably merge. Commission Order No. 2012-517 discusses a plan for Progress Energy Carolinas, Inc. (now Duke Energy Progress) and Duke Carolinas "to merge into a single entity at some point in the future." Here, there can be no mistake that the legislature intended the statutory requirements to apply to the electing utility alone, and that entity in this case is DEP, not its successors.

entity would have different accounting books, records, mileage, customer counts, and cost of service. Here, upon the merger, there will be a single set of accounting books and records and a completely different cost of service than DEP's current.³⁴ It would be patently absurd to apply a yearly revenue true up based on "approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility's most recent general rate proceeding"³⁵ when said utility does not exist as a legal entity and the successor entity is entirely different. Therefore, the Commission should interpret the statute plainly to avoid such an absurd result.

Further, approving the eRSA election would have the effect of circumventing the legislative intent of protecting consumers. It is clear the legislature recognized that the monitoring reports and rate case filing requirement are consumer protections that provide necessary accountability and transparency to customers. When introducing Senate Bill 446³⁶ in the Senate's March 25, 2025, Judiciary Committee meeting, staff counsel stated the eRSA:

goes beyond the gas natural gas Rate Stabilization act ***by providing additional protections for customers, such as*** any new electric generating facility of more than 250 megawatts must undergo a full prudence review once it is completed, ORS or the electrical utility may file for a proceeding to review the baseline cost of equity if it is out of line with current markets, and ***the utility must file a full blown rate case once every five years to reestablish the base baseline ROE.***³⁷ [emphasis added]

The consumer protection aspect of the monitoring reports and rate case filing was also a common topic among those speaking in favor of the eRSA.³⁸ To construe the eRSA statute in a

³⁴ *Order Accepting Stipulations and Approving Business Combination, Request for Accounting Order, And Regulatory Conditions and Code of Conduct*, Docket Nos. E-2, Sub 1383 & E-7, Sub 1332, at 15; *Order Authorizing Internal Corporate Reorganization*, Docket No. EC25-128-000, at 22.; *Joint Proposed Order of the Stipulating Parties*, Docket 2025-230-E, at 13.

³⁵ S.C. Code Ann. § 58-27-2700.

³⁶ S.446 contained the original eRSA. House bill 3309 was subsequently amended to include the eRSA provisions found in S.446.

³⁷ See Full Senate Judiciary Committee meeting on March 25, 2025, beginning at 02:49:55.

³⁸ See Senate Judiciary Subcommittee meeting on March 19 and Full Judiciary Committee meeting March 25, 2025.

way that negates these filing requirements would eliminate provisions within the eRSA statute that the legislature intended to protect consumers. Further, as discussed below, based on testimony it heard in support of the eRSA, the legislature intended the eRSA to protect customers by providing small annual increases, not increases nearly as high as those implemented through full rate cases.

Even if this tribunal finds the statute to be ambiguous, the legislative intent rules and points to the same conclusion- DEP's eRSA election cannot be approved. *Planned Parenthood S. Atlantic v. State*, 445 S.C. 600, 609 (2025) (citing *Kennedy v. S.C. Ret. Sys.*, 345 S.C. 339, 346 (2001) ("If a statute does not convey a clear and definite meaning, however, then the court "must apply the rules of statutory interpretation" and "search for that intent beyond the borders of the act itself."); *Id.* (citing *Hodges v. Rainey*, 341 S.C. 79, 85 (2000) ("This is not at all to say the text of the statute becomes unimportant, for even as to an ambiguous statute, the text remains the most reliable evidence of legislative intent.")).

B. THE ERSR RATE INCREASE, COMBINED WITH THE PRIOR AND REQUESTED INCREASES IN 2026, PRODUCE UNJUST AND UNREASONABLE RESULTS

S. C. Code Ann. §58-27-810 requires utility rates to be "just and reasonable." *Hope* defined "just and reasonable" rates as being "[r]ates which enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to compensate its investors for the risks assumed." *Federal Power Com. v. Hope Natural Gas Co.*, 320 U.S. 591, 605 (1944). In determining whether resulting rates are just and reasonable, the Commission must balance the investor and the customer interests. *S.C. Cable TV Ass'n v. Public Serv. Comm'n*, 313 S.C. 48, 51 (1993) ("The just and reasonable rate is set by balancing the interests of the ratepayers and the right of the utility to earn a fair return."). Approval of the Company's eRSA filing will result in unjust and unreasonable rates as DEP customers are poised to see a cumulative 28% increase in

average monthly bills when compared to June 2025, contradicting what the legislature intended in passing the eRSA statute.

1. DEP residential customers face significant rate stress and increases in 2026

The table below indicates the rate adjustments for residential customers in 2026 alone.

Docket No.	Date Rate Change in Effect	Impact for a 1,000 kWh Customer
2025-203-E	January 1, 2026	\$(1.34) ³⁹
2025-154-E	February 1, 2026	\$11.23 ⁴⁰
2023-89-E	March 1, 2026	\$(1.17) ⁴¹
2022-254-E	June 1, 2026	\$(0.17) ⁴²
2026-78-E	August 1, 2026	\$10.20 (requested) ⁴³
2026-1-E	August 1, 2026	\$12.42 (requested) ⁴⁴

As shown, the approved Revenue Requirement Stipulation in Docket 2025-154-E and the as-filed RSA election would amount to a \$21.43 (14.8%) per month increase for the average 1,000 kWh customer within a six-month period.⁴⁵ The same customer is facing a net increase of \$31.17 (21.6%) before September 2026 if the eRSA and annual fuel adjustment in Docket 2026-1-E are

³⁹ *Duke Energy Progress, LLC's Application for Approval of Demand-Side Management and Energy Efficiency Rider 16, Decreasing Residential Rates and Decreasing Non-Residential Rates*, Docket No. 2024-196-E, Order No. 2024-782 at 16 (approving Rider 16 rates of 0.762 ¢/kWh for residential service for period January 1, 2025 to December 31, 2025); *Application of Duke Energy Progress, LLC for Approval of Demand-Side Management and Energy Efficiency Rider 17, Decreasing Residential Rates and Decreasing Non-Residential Rates*, Docket No. 2025-203-E, Order No. 2025-761 at 21 (approving Rider 17 rates of 0.628 ¢/kWh for residential service for period January 1, 2026 to December 31, 2026).

⁴⁰ *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*, Docket No. 2025-154-E, Order No. 2025-757 at 39; The listed impact includes temporary reductions from the PTC Rider and the CARE Rider.

⁴¹ *Duke Energy Progress, LLC's Petition for a Storm Securitization Financing Order ("Phase II")*, Docket No. 2023-89-E, Order No. 2026-82 (approving DEP True-Up Adjustment Letter), See DEP's True-Up Filing 12.8.25, filed on Dec. 18, 2025 (changing residential recovery charge from 0.621 ¢/kWh to 0.504 ¢/kWh).

⁴² *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*, Docket No. 2022-254-E, Commission Directive (filed May 7, 2026) (approving updated EDIT Rider requested by DEP), See DEP Exhibit 5 (filed March 31, 2026) (showing change in EDIT from a 0.001 ¢/kWh decrement to a 0.018 ¢/kWh decrement).

⁴³ *Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service*, Docket No. 2026-78-E, Notice of Filing (filed March 23, 2026).

⁴⁴ *Annual Review of Base Rates for Fuel Costs of Duke Energy Progress, LLC (For Potential Increase or Decrease in Fuel Adjustment)*, Docket No. 2026-1-E, Direct Testimony of Bryan L. Sykes at 4.

⁴⁵ Docket 2025-154-E noted a starting bill of \$144.85 for a 1,000kWh residential customer.

both approved.⁴⁶ Looking back to June 1, 2025, this same customer will have experienced a \$41 per month increase (over 28%) in thirteen months.⁴⁷ This represents real pressure on South Carolina households in a time where “there is a critical need” to “protect customers from rising utility costs.” S.C. Code Ann. §58-27-845(A)(1).

2. The eRSA was intended to provide small increases compared to full rate cases

While S.C. Code Ann. §58-27-845 was passed in 2019, the legislature continued to recognize the need to protect ratepayers from increasing bills in 2025 when it passed the eRSA portion of the Energy Security Act. A common theme from those who testified in favor of the eRSA was that it would result in smaller annual increases for customers compared with the typical rate case that occurs every 3-5 years.

DEP’s requested eRSA increase of \$10.20 for a typical residential customer is nearly as much as the \$11.23 residential increase from its last general rate case. This demonstrates the unjustness and unreasonableness of the request, and negates the intent of the eRSA. Testifying in favor of the bill, Duke’s own lobbyist stated the eRSA would alleviate large increases caused by delayed rate cases. He noted

It's a whole lot easier to budget for incremental increases in those rates as opposed to those big swings that occur because of staying out.⁴⁸

This sentiment was reiterated by Senator Davis when introducing the amendment that placed the eRSA into H.3309. Among his other comments, Senator Davis explained:

a lot of [customers] complained about the [rate case] jump, because every five years, because you delay the rate increase or the rate adjustment for five years, they

⁴⁶ *Id.*

⁴⁷ See Notice of Filing and Public Hearings in Docket 2025-154-E noting a current bill of \$144.85 as of June 1, 2025, and Docket 2026-1-E indicating a bill of \$163.07 as of March 1, 2026. With the additional increases from the eRSA and fuel cost dockets, the same customer would pay approximately \$185.69 per month.

⁴⁸ See March 25, 2025, testimony of Tigerron Wells in support of S.446 and H.3309 before the Senate Judiciary Subcommittee.

complained about the jump, and there was considerable layperson testimony in regard to a preference toward having it on a more incremental or gradual basis....

[the eRSA] would level out the increases over time, and you wouldn't have these five-year spikes. I'm convinced, on balance, that after looking at this and asking questions, that it is in the best interests of customers....

I was persuaded mostly by...how this would result in savings, and ...obviate the sticker shock of the five-year adjustment⁴⁹

Likewise, other senators noted that customers would “annually get smaller increases as opposed to one big increase five years down the road.”⁵⁰ DEP reflected these sentiments in its eRSA filing. When describing the “purpose” of the mechanism, DEP’s filing notes

These periodic adjustments will allow for smaller rate adjustments than would be expected in general rate proceedings and provide greater predictability in ratemaking.⁵¹

DEP’s requested eRSA increase on residential customers is 91% as high as the recent rate case increase.⁵² The proposed eRSA increase is certainly not “gradual” nor an “incremental increase” that will be any “easier to budget” for as Duke claimed. The “sticker shock” to customers of an additional rate increase six months after the last rate case is a factor the Commission must not ignore. The Commission must further consider the cumulative bill impacts of recent cases when establishing just and reasonable rates pursuant to S.C. Code Ann. §58-27-810. Evaluating each request in a vacuum could allow a death by a thousand cuts approach to rate increases whereby, in isolation, a utility may request reasonable rate increases, but in whole it would be permitted to reach unjust and unreasonable cumulative rates. The Commission should evaluate this rate increase in the full context of what DEP customers are already paying and facing in 2026.

⁴⁹ Senator Davis on the Senate floor, April 2, 2025, beginning at 05:22:00.

⁵⁰ Senator Campsen on the Senate floor, April 2, 2025, beginning at 05:44:00.

⁵¹ *Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service*; DEP Election Letter (filed March 13, 2026) at 2.

⁵² $(\$10.20/\$11.23) * 100 = 90.8\%$.

When looking at this rate increase in the full context of what DEP customers are already paying and facing in 2026, the approval of this eRSA election would produce unjust and unreasonable rates, violating §58-27-810. Thus, the Commission should deny the request.

C. ALLOWING DEP TO INCREASE RATES UNDER THE ERSAs WOULD CONTRADICT THE TESTIMONY, SETTLEMENT, AND ORDER IN DOCKET 2025-154-E AND PROVIDE DEP REVENUE HIGHER THAN IT REQUESTED IN THAT CASE

In DEP's last rate case, Docket No. 2025-154-E, the Company requested a residential rate increase of \$21.66 per month⁵³ and an increase in retail revenues of \$74.8 million.⁵⁴ In that case, the Commission approved a Revenue Requirement Stipulation to which no party objected.⁵⁵ The order in that case, Order No. 2025-757, was issued December 12, 2025 and approved a rate increase for residents of \$11.23⁵⁶ and an increase in retail revenues of \$40.4 million.⁵⁷ The approved rates resulting from Order No. 2025-757 went into effect on February 1, 2026.⁵⁸

In its eRSA election, the Company requested \$36.7 million in revenue, resulting in a \$10.20 increase for residential customers.⁵⁹ Commission approval of the election would produce a revenue increase of \$77.1 million compared to DEP's pre-rate case revenues. When taken together, the rate case approved settlement and eRSA application will increase residential customer rates nearly as much as DEP requested in its rate case filing (\$21.43 vs \$21.66). Further, the two cases would provide DEP a revenue increase *higher than* its original request in its recent rate case (\$77.1 million

⁵³ For a 1,000 kWh customer. *Application Of Duke Energy Progress, LLC For Increase In Electric Rates, Adjustments In Electric Rate Schedules And Tariffs, And Request For An Accounting Order*, Docket No. 2025-154-E, Application at 6.

⁵⁴ *Id.* at 5.

⁵⁵ *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*, Docket No. 2025-154-E, Order No. 2025-757, Exhibit 1.

⁵⁶ After inclusion of the Production Tax Credit and CARE Riders. Docket No. 2025-154-E, Order No. 2025-757 at 39.

⁵⁷ *Id.* at 38-39. Note this figure is inclusive of mitigating riders. Without the riders, the revenue increase was \$51.2 million.

⁵⁸ *Id.* at 17.

⁵⁹ *Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service*, Docket No. 2026-78-E, Notice of Filing.

vs. \$74.8 million). In other words, allowing the eRSA increase would render the Revenue Requirement Stipulation in Docket No. 2025-154-E meaningless. Thus, the Commission should reject the request.

1. DEP testified the rate case settlement was sufficient to meet the needs of the Company and its customers

In his rebuttal testimony in the last rate case, Company President Tim Pearson stated:

At the outset, I want to be clear: we have not yet decided whether to elect to use the eRSA, and the outcome of this case will be a major factor in that decision. It is not a guarantee, as some intervenors suggest. Either way, it should not matter – this case is about the costs we are incurring today and the investments required to meet South Carolina’s needs.⁶⁰

Regarding the approved Revenue Requirement Stipulation, Mr. Pearson’s settlement testimony stated:

The Revenue Requirement Stipulation is essential to maintaining the financial stability necessary to meet the State’s growing energy needs. It provides a balanced outcome that supports the Company’s ongoing investments in reliability, a diversified energy fleet, and grid enhancements, while also balancing the importance of affordability for customers...Taken together, these terms provide the Company with sufficient revenues to recover the prudent costs of serving customers, while smoothing the impact of new rates and preserving the financial health required to attract capital at reasonable costs.⁶¹

The Commission cited this sworn testimony, among other evidence, in deciding to approve the Revenue Requirement Stipulation.⁶² The Commission concluded the rates “[in] the Revenue

⁶⁰ *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*; Docket 2025-154-E. Rebuttal testimony of Tim Pearson at 13.

⁶¹ *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*; Docket 2025-154-E. Settlement testimony of Tim Pearson at 7 – 8.

⁶² See Order No. 2025-757, at 35 – 39.

Requirement Stipulation, are fair and reasonable and will allow DEP to provide its customers with reliable and high-quality electric service.”⁶³

Despite testifying the rate case settlement “supports the Company’s ongoing investments in reliability, a diversified energy fleet, and grid enhancements”, DEP now says the eRSA increase “reflects the necessary investments DEP has made to strengthen the grid, improve storm readiness, maintain and enhance our generating fleet, and serve a growing customer base.”⁶⁴ These contradictory statements raise questions about the timing of DEP’s filings and the associated test years used by the Company. Specifically, whether DEP unintentionally or deliberately manipulated the rate case and eRSA processes as part of its 2025 rate case strategy.

DEP filed its previous rate case application on June 12, 2025. Instead of using a 2024 test year, DEP says it utilized a test year ending December 31, 2023, because it provided “a representative and appropriate basis for establishing the Company’s cost of service in [the] proceeding.”⁶⁵ However, the current eRSA filing is based on 2025, a year in which DEP notes it increased its expenses, including “plant additions since DEP’s base rate case and the additional related depreciation expense.”⁶⁶

In all of DEP’s rate cases before the eRSA was passed it used the year preceding its application as its test year. In Docket No. 2022-254-E, DEP filed an application for a rate increase on September 1, 2022, using a test year ending December 31, 2021.⁶⁷ In Docket No. 2018-318-E, DEP filed an application for a rate increase on November 8, 2018, using a test year ending

⁶³ *Id.* at 142.

⁶⁴ *Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company’s Rates and Charges for Retail Electric Service*; DEP Election Letter (filed March 13, 2026) at 5.

⁶⁵ Response to SCDCA 5-10 in Docket No. 2025-154-E.

⁶⁶ *Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company’s Rates and Charges for Retail Electric Service*; Docket No. 2026-78-E, DEP Election Letter (filed March 13, 2026) at 5.

⁶⁷ *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*; Docket No. 2022-254-E, DEP Application at 3

December 31, 2017.⁶⁸ In Docket No. 2016-227-E, DEP filed an application for a rate increase on July 1, 2016, using a test year ending December 31, 2015.⁶⁹ Timeframes of seven to ten months between test years and rate case filings are consistent with other electric utilities in the state. For comparison, Dominion Energy South Carolina (“DESC”) has typically used test years that ended six months prior to its rate case filings. DESC most recently filed an application for a rate increase on January 2, 2026, using a test year ending June 30, 2025.⁷⁰ DESC’s 2024 rate case was filed on March 1, 2024, using a test year ending September 30, 2023⁷¹ and its 2020 rate case was filed on August 14, 2020, using a test year ending December 31, 2019.⁷²

The Commission should consider the timing of the rate case and eRSA filings and DEP’s past sworn testimony that the rate case was about the costs DEP was “incurring today and the investments required to meet South Carolina’s needs.” The Commission and settling parties believed the Company when it said the settlement provided “the Company with sufficient revenues to recover the prudent costs of serving customers”. However, coupled with its expedited eRSA filing, DEP’s use of a test year that ended 17 months prior to its rate case filing, now opens up questions of deliberate gamesmanship with the rate settlement.

2. The General Assembly did not intend the eRSA as a method to recuperate rate case losses

It creates a clear policy issue if a party may make certain representations to secure a favorable settlement and order only to shortly thereafter contradict those representations. Courts

⁶⁸ *Application of Duke Energy Progress, LLC for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order (Appellate Case No. 2019-001904)*; Docket No. 2018-318-E, DEP Application at 3-4

⁶⁹ *Application of Duke Energy Progress, LLC for Authority to Adjust and Increase Its Electric Rates and Charges*; Docket No. 2016-227-E, DEP Application at 4

⁷⁰ *Application of Dominion Energy South Carolina, Inc. for Authority to Adjust and Increase Its Retail Electric Rates and Charges*; Docket No. 2025-325-E, DESC’s Application at 4

⁷¹ *Application of Dominion Energy South Carolina, Inc. for Authority to Adjust and Increase Its Retail Electric Rate Schedules, Tariffs, and Terms and Conditions (*This Filing Includes a Request for an Increase to Retail Electric Rates)*; Docket No. 2024-34-E, DESC’s Application at 3

⁷² *Application of Dominion Energy South Carolina, Inc. for Adjustment of Rates and Charges (*This filing includes a request for an increase to retail electric rates) (See Commission Order No. 2020-313)*; Docket No. 2020-125-E, DESC’s Application at 4.

have recognized in contract law, through the principle of equitable estoppel, that honesty and fair dealing should be prioritized. *Smith v. Williams*, 141 S.C. 265, 281-82 (1927) (quoting *Horn v. Cole*, 51 N.H. 287, 289 (1868)) (“[equitable estoppel] has been liberally applied to...*enforce honesty and fair dealing*” [*Italics in original*]). In *South Carolina Nat’l Bank v. Hammond*, the court states the elements of equitable estoppel

The essential elements of an equitable estoppel as related to the party estopped are: (1) Conduct which amounts to a false representation or concealment of material facts, or, at least, which is calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (2) intention, or at least expectation, that such conduct shall be acted upon by the other party; (3) knowledge, actual or constructive, of the real facts. As related to the party claiming the estoppel, they are: (1) Lack of knowledge and of the means of knowledge of the truth as to the facts in question; (2) reliance upon the conduct of the party estopped; and (3) action based thereon of such a character as to change his position prejudicially.

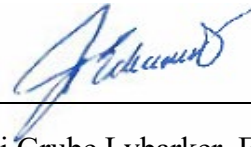
South Carolina Nat’l Bank v. Hammond, 260 S.C. 622, 630-31 (1973). While mostly a contract remedy, the underlying principle for equitable estoppel holds true in the current circumstance where DEP seeks to benefit in direct contradiction with its prior sworn assertions. DEP testified that the settled rates were sufficient to recover its costs, smooth rate impacts, and allow it to attract capital. The parties and the Commission accepted a \$11.23⁷³ monthly increase on that basis. It would be unfair to allow an additional \$10.20 increase for residents under DEP’s theory that sufficiency only holds a six-week shelf life. The Commission should weigh such prior testimony when considering whether to accept the eRSA application.

⁷³ Assuming a 1,000 kWh customer. *Application of Duke Energy Progress, LLC for Increase in Electric Rates, Adjustments in Electric Rate Schedules and Tariffs, and Request for an Accounting Order*, Docket No. 2025-154-E, Order No. 2025-757 at 17

III. Conclusion

The Commission exists to balance the needs of a utility while protecting the public from unjust and unreasonable rates. That mandate fails if the Commission approves a rate increase filing that violates both the plain language and the intent of the eRSA. After its business combination is completed, DEP will be unable to comply with S.C. Code Ann. §§ 58-27-2700, 58-27-2730, and 58-27-2760, as well as its own proposed order. With these statutory requirements, the legislature provided important consumer protections which cannot be ignored. Further, in contrast with the intent of the eRSA, DEP's filing produces a rate impact that will be nearly as high as the one implemented a mere 6-months prior in DEP's rate case. The proposed rate increase is exacerbated by the cumulative impact of DEP's 2026 filings which, if approved, would increase the typical residential customer's monthly bill by over \$31. Approval of DEP's filing would thus result in rates that are unjust and unreasonable in violation of S.C. Code Ann. § 58-27-810. Finally, allowing DEP's proposed increase under the eRSA would contradict the testimony, settlement, and Order in Docket 2025-154-E. Approving the eRSA filing would impose upon South Carolina customers the increased burden that the parties and this Commission sought to avoid through the settlement in that docket. For these reasons, SCDCA respectfully requests that the Commission deny DEP's eRSA election in its entirety.

Signature on Following Page



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**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2026-78-E

IN RE:

Application of Duke Energy Progress,
LLC to Have the Terms of the Electric
Rate Stabilization Adjustment Apply to
the Company's Rates and Charges for
Retail Electric Service

**AGREEMENT AND
STIPULATION OF
SETTLEMENT**

Pursuant to S.C. Code Ann. §1-23-320(F), and all other applicable statutes and regulations, this Agreement and Stipulation of Settlement ("Stipulation") is made by and among Duke Energy Progress, LLC ("DEP" or the "Company") and the South Carolina Office of Regulatory Staff ("ORS") (collectively referred to as the "Stipulating Parties," or sometimes individually as "Stipulating Party").

WHEREAS, on March 13, 2026, Duke Energy Progress, LLC ("DEP" or the "Company") filed a notice of election to have the terms of the Electric Rate Stabilization Adjustment ("ERSA"), S.C. Code Ann. § 58-27-2700 *et seq.*, apply to its rates and charges for retail electric service, together with its first annual monitoring report for the twelve-month period ending December 31, 2025 ("Monitoring Report");

WHEREAS, in its Monitoring Report, the Company calculated a revenue requirement increase of \$36,625,000;

WHEREAS, on June 1, 2026, the South Carolina Office of Regulatory Staff (“ORS”) filed its audit of the Monitoring Report (“ORS Report”), recommending a series of accounting and pro forma adjustments that produced a verified revenue requirement increase of \$23,767,000;

WHEREAS, subsequent to the filing of the ORS Report, DEP notified ORS the disallowance of costs associated with DEP’s write-offs of unsuccessful land negotiations and solar studies, included as one component of ORS Adjustment 20 (Remove Nonallowables), used the system-level amount of \$639,481.56 rather than the South Carolina retail allocated amount of \$66,838;

WHEREAS, ORS agreed with DEP the disallowance of costs associated with DEP’s write-offs of unsuccessful land negotiations and solar studies in the ORS Report used the system-level amount of \$639,481.56 rather than the South Carolina retail allocated amount of \$66,838, resulting in an increase to the ORS calculated revenue requirement by approximately \$576,000;

WHEREAS, DEP and ORS have engaged in discussions to determine whether a settlement of the issues raised in the ORS Report would be in their best interests and, in the case of ORS, in the public interest; and

WHEREAS, following those discussions, DEP determined its interests, and ORS determined the public interest, would be best served by agreeing to this Stipulation regarding issues pending in this docket under the terms and conditions set forth herein;

NOW, THEREFORE, the Stipulating Parties hereby stipulate and agree to the following terms.

1. The Stipulating Parties agree that Schedule 1 (Operating Experience, Rate Base, and Rate of Return), Schedule 2 (Explanation of Accounting and Pro Forma Adjustments – Retail),

and Schedule 3 (Weighted Cost of Capital) (cumulatively, **Exhibit A**) are the only attachments to this Stipulation.

2. The Stipulating Parties agree the disallowance of costs associated with the Company's write-offs of unsuccessful land negotiations and solar studies, included as one component of ORS Adjustment 20 (Remove Nonallowables), is calculated at the South Carolina retail allocated level in an amount of \$66,838. Accordingly, the Stipulating Parties agree the system-level amount of \$639,481.56 reflected in the ORS Report should reflect the South Carolina retail allocated amount of \$66,838, by application of the Company's operations and maintenance allocation factor of 10.451967%, which increases the ORS calculated revenue requirement increase by approximately \$576,000.

3. The Stipulating Parties agree, for settlement purposes only, to use the 4.05% cost of long-term debt established in the Company's most recent base rate case in Docket No. 2025-154-E, Order No. 2025-757. The Stipulating Parties acknowledge such agreement in this case shall not be construed as precedent or an admission regarding the appropriate treatment of the cost of long-term debt in this or any other proceeding, and that the Company expressly reserves all rights to present, calculate, and support cost of debt based on actuals in future proceedings.

4. The Stipulating Parties agree that, unless otherwise specified herein, DEP adopts the adjustments as set forth in the ORS Report.

5. The Stipulating Parties agree the accounting and pro forma adjustments set forth herein result in a revenue requirement increase of \$24,343,000, as compared to the increase of \$23,767,000 reflected in the ORS Report and the increase of \$36,625,000 reflected in the Company's Monitoring Report.

6. The Stipulating Parties agree the revenue requirement increase of \$24,343,000 shall be applied in proportion to the Company's Monitoring Report, consistent with the revenue allocation principles set forth in Docket No. 2025-154-E, Order No. 2025-757, and in accordance with the provisions of S.C. Code Ann. § 58-27-2740.

7. The Stipulating Parties agree this Stipulation does not in any way alter or remove the commitment of the Stipulating Parties to the terms of the Revenue Requirement Stipulation approved by the Commission in Docket No. 2025-154-E or the terms and conditions of Commission Order No. 2025-757.

8. The Stipulating Parties agree this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy and agree to support the resolution of issues agreed to herein in this proceeding and not to undertake any action to undermine that support. This Stipulation in no way constitutes a waiver or acceptance of the position of either Stipulating Party in any future proceeding.

9. The Stipulating Parties agree this Stipulation, except as specifically provided otherwise previously herein, does not establish any precedent with respect to the issues resolved herein and in no way precludes any Stipulating Party from advancing or advocating alternative positions in any future proceedings.

10. The Stipulating Parties agree this Stipulation is comprehensive and non-severable. The Stipulating Parties agree that if the Commission declines to approve the Stipulation in its entirety and without modification, any party may withdraw from the Stipulation and be released from its terms without penalty or obligation.

11. The Stipulating Parties agree the Stipulation terms agreed upon in this case are reasonable, in the public interest, and in accordance with South Carolina law and regulatory policy.

The Stipulating Parties' agreement that the terms of the Stipulation are reasonable as a whole does not in any way indicate any party's position as to the reasonableness of any single term taken out of the context of the Stipulation.

12. Pursuant to S.C. Code § 58-4-10(B), ORS is charged with the duty to represent the public interest of South Carolina before the Commission as it pertains to the following matters:

- (1) the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer; and
- (2) preservation of the continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Stipulation is in the public interest as defined above.

13. The Stipulating Parties agree that this Stipulation must be read and construed as a whole and to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission in its entirety as a fair, reasonable and full resolution of the issues described herein. The Stipulating Parties agree to use reasonable efforts before any reviewing court in the event of appeal to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein. The Stipulating Parties agree to coordinate prior to issuing any press releases regarding the Stipulation and prior to the Commission's order in this matter. ORS utilizes social media for education and informational purposes; ORS does not utilize social media for advocacy.

14. The Stipulating Parties ask the Commission to approve this Stipulation in its entirety without exception, modification, or additional provisions.

15. The Stipulating Parties on behalf of themselves and their agents (including but not limited to their attorneys, hired consultants, and any independent contractors) agree that they have entered into this Stipulation freely and voluntarily and that none of them have been pressured or

unduly encouraged to enter into this Stipulation. The Stipulating Parties further agree not to make public statements or comments disparaging 1) the negotiation process between the Stipulating Parties; 2) the Stipulating or its terms and conditions; or 3) the public utility regulatory environment in South Carolina as it pertains to this Stipulation.

16. This Stipulation shall be interpreted according to South Carolina law.

17. This Stipulation contains the final and complete agreement of the Stipulating Parties. There are no other terms or conditions to which the Stipulating Parties have agreed.

18. The Stipulating Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, but prior to a Commission decision on the merits of this proceeding, a Stipulating Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, that Party may withdraw from the Stipulation with written notice to every other Party.

19. This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

20. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation, by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Stipulation. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the

various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

[SIGNATURES ON FOLLOWING PAGES]

Representing Duke Energy Progress, LLC

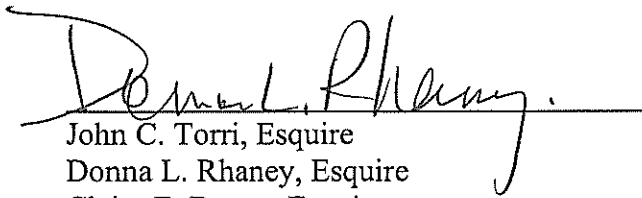


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Duke Energy Progress, LLC
Operating Experience, Rate Base, and Rate of Return
Total and South Carolina Retail Electric
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E

(000's Omitted)

Line No.	Description	TOTAL ELECTRIC - NC & SC		South Carolina Retail				
		(1) Total Company Per Books	(2) SC Retail Per Books	(3) Stipulation Accounting & Pro Forma Adjustments	(4) After Stipulation Accounting & Pro Forma Adjustments	(5) Stipulation Proposed Adjustment	(6) After Proposed Adjustment	
1	Operating Revenues	\$ 7,264,280	\$ 674,874	\$ 57,984	(A) \$ 732,858	\$ 24,343	(P) \$ 757,201	
2	Operating Expenses:							
3	O&M Expenses - Fuel	\$ 1,695,346	\$ 158,648	\$ 45,618	(B) \$ 204,266	\$ -	\$ 204,266	
4	O&M Expenses - Purchased Power	853,665	82,735	(68,973)	(C) 13,762	-	13,762	
5	O&M Expenses - Other	1,421,660	155,826	(22,136)	(D) 133,690	-	133,690	
6	Depreciation & Amortization Expense	1,316,510	130,194	29,092	(E) 159,286	-	159,286	
7	General Taxes	173,382	33,036	2,700	(F) 35,736	123	(Q) 35,859	
8	Interest on Customer Deposits	7,019	473	-	473	-	473	
9	Income Taxes	227,227	17,569	18,300	(G) 35,869	6,043	(R) 41,912	
10	EDIT Amortization	(16,425)	(16,425)	16,425	(H) -	-	-	
11	Amortization of Investment Tax Credit	(4,371)	(526)	-	(526)	-	(526)	
12	Total Operating Expenses	\$ 5,674,013	\$ 561,530	\$ 21,026	\$ 582,556	\$ 6,166	\$ 588,722	
13	Operating Income	\$ 1,590,267	\$ 113,344	\$ 36,958	\$ 150,302	\$ 18,177	\$ 168,479	
14	Customer Growth	19,259	(41)	41	(I) -	-	(S) -	
15	Net Operating Income for Return	\$ 1,609,526	\$ 113,303	\$ 36,999	\$ 150,302	\$ 18,177	\$ 168,479	
16	Rate Base:							
17	Gross Plant in Service	\$ 39,005,806	\$ 3,770,469	\$ (72,268)	(J) \$ 3,698,201	\$ -	\$ 3,698,201	
18	Accum. Depr. & Amort.	(15,460,248)	(1,466,207)	17,256	(K) (1,448,951)	-	(1,448,951)	
19	Net Plant in Service	23,545,558	2,304,262	(55,012)	2,249,250	-	2,249,250	
20	Construction Work In Progress	1,482,869	137,450	-	137,450	-	137,450	
21	Operating Reserves	159,110	15,490	1,879	(L) 17,369	-	17,369	
22	Total Working Capital	200,583	139,929	(41,460)	(M) 98,469	-	98,469	
23	Materials & Supplies	1,823,759	167,353	(3,275)	(N) 164,078	-	164,078	
24	Accumulated Deferred Income Taxes	(2,644,144)	(300,391)	(25,665)	(O) (326,056)	-	(326,056)	
25	Total Rate Base	\$ 24,567,735	\$ 2,464,093	\$ (123,533)	\$ 2,340,560	\$ -	\$ 2,340,560	
26	Rate of Return	6.55%	4.60%		6.42%		7.20%	
27	Return on Common Equity		4.92%		8.52%		9.99%	

Stipulation Exhibit A
Schedule 2

Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

Adj. No.	Description	(1) Operating Revenue	(2) O&M Expenses - Fuel	(3) O&M Expenses - Purchased Power	(4) O&M Expenses - Other	(5) Depreciation & Amortization Expense	(6) General Taxes	(7) Income Taxes	(8) EDIT Amortization	(9) Customer Growth	(10) Gross Plant in Service	(11) Accum. Depr. & Amort.	(12) Operating Reserves	(13) Total Working Capital	(14) Materials and Supplies	Accum. Deferred Inc. Taxes
1	Annualize Per Book Depreciation Expense															
	Per Settlement/Stipulation					10,233		(2,553)				(10,233)				
	Per Company					10,233		(2,553)				(10,233)				
2	Annualize Wage Rate Increase															
	Per Settlement/Stipulation				(1,659)		13	411								
	Per Company				(1,659)		13	411								
3	Update for Changes in Benefits Costs															
	Per Settlement/Stipulation				(464)			116					1,879	-		(469)
	Per Company				(464)			116					-	(629)		157
4	Update Per Book Bad Debt Expense															
	Per Settlement/Stipulation				(1,545)			385								
	Per Company				(1,545)			385								
5	Adjust 50% Board of Directors Expenses															
	Per Settlement/Stipulation				(242)			60								
	Per Company				(153)			38								
6	Adjust Executive Deferred Compensation															
	Per Settlement/Stipulation				(332)			83								
	Per Company				(244)			61								
7	Adjust for CIAC															
	Per Settlement/Stipulation					(3)	(2)	1			(110)	2				
	Per Company					(13)	(8)	5			(511)	16				
8	Adjust Plant Held for Future Use															
	Per Settlement/Stipulation						(7)	2			(1,370)					
	Per Company						(6)	1			(1,303)					
9	Adjust Materials and Supplies															
	Per Settlement/Stipulation															(579)
	Per Company															(496)
10	Adjust for DCFC Pilot															
	Per Settlement/Stipulation										(4,044)	1,746				
	Per Company										(3,948)	1,356				
11	Annualize Property Taxes on Year End Plant															
	Per Settlement/Stipulation						2,420	(604)								
	Per Company						1,177	(294)								
12	Adjust Income Taxes to Reflect Interest Synchronization															
	Per Settlement/Stipulation							415								
	Per Company							(205)								
13	Eliminate Unbilled Revenues															
	Per Settlement/Stipulation	677						169								
	Per Company	677						169								
14	Eliminate NCEMPA Acquisition Adjustment															
	Per Settlement/Stipulation					(1,124)		280			(30,821)	11,710				
	Per Company					(1,124)		280			(30,821)	11,710				

Stipulation Exhibit A
Schedule 2

Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

Adj. No.	Description	(1) Operating Revenue	(2) O&M Expenses - Fuel	(3) O&M Expenses - Purchased Power	(4) O&M Expenses - Other	(5) Depreciation & Amortization Expense	(6) General Taxes	(7) Income Taxes	(8) EDIT Amortization	(9) Customer Growth	(10) Gross Plant in Service	(11) Accum. Depr. & Amort.	(12) Operating Reserves	(13) Total Working Capital	(14) Materials and Supplies	Accum. Deferred Inc. Taxes
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
15	Annualize Rate Case Revenue and Amortizations															
	Per Settlement/Stipulation	-			822	11,122		(2,980)						55,183		768
	Per Company	50,925			822	9,835		10,047						55,183		(13,768)
16	Normalize Nuclear Refueling Outage Costs															
	Per Settlement/Stipulation				1,788			(446)								
	Per Company				1,788			(446)								
17	Remove DSM/EE Program Revenues and Program Costs															
	Per Settlement/Stipulation	1,582	(5)		(17,727)	13,581	105	1,404	16,425		(35,923)	14,031		(19,626)		311
	Per Company	(16,612)	-		(22,471)	14,320	(408)	(2,131)	-		(40,378)	16,804		(14,889)		396
18	Remove 50% Aviation															
	Per Settlement/Stipulation				(331)		(4)	84								
	Per Company				(216)		(3)	55								
19	Remove Executive Compensation															
	Per Settlement/Stipulation				(82)			20								
	Per Company				(15)			4								
20	Remove Nonallowables															
	Per Settlement/Stipulation				(374)			93						(42)		
	Per Company				(342)			85						-		
21	FERC 898 Adjustments															
	Per Settlement/Stipulation				(1,343)			335								
	Per Company				(1,505)			375								
22	Adjust Storm ADIT Regulatory Liability															
	Per Settlement/Stipulation					(3,430)		856								
	Per Company					(3,430)		856								
23	Remove Disallowed Fuel Adjustment															
	Per Settlement/Stipulation		(10,969)					2,737								
	Per Company		(10,969)					2,737								
24	Adjust for Storm Securitization Regulatory Liability															
	Per Settlement/Stipulation					(1,287)		321						(5,149)		731
	Per Company					(1,287)		321						(5,149)		731
25	Normalize Storm Costs															
	Per Settlement/Stipulation				651			(162)								
	Per Company				1,076			(268)								
26	Adjust Coal Inventory															
	Per Settlement/Stipulation														(2,696)	
	Per Company														(2,696)	
27	Adjust Cash Working Capital															
	Per Settlement/Stipulation													(39,647)		892
	Per Company													(39,647)		9,892
28	Adjust for Customer Growth															
	Per Settlement/Stipulation															
	Per Company															

**Stipulation Exhibit A
Schedule 2**

**Duke Energy Progress, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)**

Adj. No.	Description	(1) Operating Revenue	(2) O&M Expenses - Fuel	(3) O&M Expenses - Purchased Power	(4) O&M Expenses - Other	(5) Depreciation & Amortization Expense	(6) General Taxes	(7) Income Taxes	(8) EDIT Amortization	(9) Customer Growth	(10) Gross Plant in Service	(11) Accum. Depr. & Amort.	(12) Operating Reserves	(13) Total Working Capital	(14) Materials and Supplies	Accum. Deferred Inc. Taxes
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
29	Rate Base Corrections															
	Per Settlement/Stipulation													(32,047)		7,996
	Per Company													-		-
30	Remove Act 3309 Costs from Rate Base															
	Per Settlement/Stipulation													(132)		33
	Per Company													-		-
31	Annualize Revenues															
	Per Settlement/Stipulation	55,725			121		175	13,830								
	Per Company	-			-		-	-								
32	Annualize Approved Fuel Factors															
	Per Settlement/Stipulation		56,592	(68,973)	(1,419)			3,443								
	Per Company		-	-	-			-								
Total Adjustments Per Settlement/Stipulation		57,984	45,618	(68,973)	(22,136)	29,092	2,700	18,300	16,425	41	(72,268)	17,256	1,879	(41,460)	(3,275)	(2,665)
Total Adjustments Per Company		34,990	(10,969)	-	(24,928)	28,534	765	10,049	-	10	(76,961)	19,653	-	(5,131)	(3,192)	(2,054)
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Proposed Adjustment																
33	Adjust Revenue and Taxes															
	Per Settlement/Stipulation	24,343					123	6,043		-						
	Per Company	36,625					187	9,091		-						
Total Adjustments Per Settlement/Stipulation		24,343	-	-	-	-	123	6,043	-	-	-	-	-	-	-	-
Total Adjustments Per Company		36,625	-	-	-	-	187	9,091	-	-	-	-	-	-	-	-

Duke Energy Progress, LLC
Weighted Cost of Capital
Retail Electric Operations
For the Test Year Ended December 31, 2025
Docket No. 2026-78-E
(000's Omitted)

Description	Capital Structure	Calculated Ratio	Stipulation Pro Forma Ratio	Company Retail Per Books			After Stipulation Accounting & Pro Forma Adjustments				After Proposed Adjustment				
				Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 12,000,621	46.34%	47.00%	\$ 1,141,861	4.23%	1.96%	\$ 48,301	\$ 1,100,063	4.05%	1.90%	\$ 44,553	\$ 1,100,063	4.05%	1.90%	\$ 44,553
Common Equity	13,897,968	53.66%	53.00%	1,322,232	4.92%	2.64%	65,002	1,240,497	8.52%	4.52%	105,749	1,240,497	9.99%	5.30%	123,926
Totals	\$ 25,898,589	100.00%	100.00%	\$ 2,464,093		4.60%	\$ 113,303	\$ 2,340,560		6.42%	\$ 150,302	\$ 2,340,560		7.20%	\$ 168,479

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2026-78-E

In re:	)	
	)	
Application of Duke Energy Progress, LLC	)	DUKE ENERGY PROGRESS, LLC'S
to have the Terms of the Electric Rate	)	VERIFIED WRITTEN COMMENTS
Stabilization Adjustment Apply to the	)	PURSUANT TO S.C. CODE ANN.
Company's Rates and Charges for Retail	)	§ 58-27-2760(4)
Electric Service	)	

Duke Energy Progress, LLC (“DEP” or the “Company”) respectfully submits the following Verified Written Comments to the Public Service Commission of South Carolina (“Commission”). These Comments address (i) the verified report containing South Carolina Office of Regulatory Staff’s (“ORS”) examination of the Company’s monitoring report and the underlying financial records through December 31, 2025 (the “Monitoring Report”); and (ii) the filing submitted by the South Carolina Department of Consumer Affairs (“DCA”), each filed in this docket on June 1, 2026.

I. Stipulation and Resolution of Issues with ORS

The General Assembly assigned ORS the authority and obligation under the Electric Rate Stabilization Adjustment (“eRSA”) to review the Company’s monitoring report, conduct an audit, and propose those adjustments it determines are required to bring the report into compliance with the statute.¹ Consistent with that framework, ORS reviewed the Company’s Monitoring Report and recommended a series of accounting and pro forma adjustments (the “Adjustments”).² Following discussions with ORS, the Company and ORS have reached a stipulation, which

¹ S.C. Code Ann. § 58-27-2750.

² ORS Report at 4, *et seq.*

includes an exhibit, that resolves every Adjustment raised in the ORS Report (the “Stipulation”). The parties will be filing the Stipulation contemporaneously with these Verified Comments. As reflected in the Stipulation, the Adjustments are resolved as corrected for the South Carolina retail allocated amount of the disallowance for unsuccessful land negotiations and solar studies, and as resolved with respect to cost of debt, resulting in a stipulated revenue requirement of \$24,343,000.

The Company respectfully requests that the Commission accept and approve the Stipulation and its exhibit in their entirety and approve the Company’s Monitoring Report as adjusted.

II. Executive Summary of Response to the DCA Filing

Critically, the DCA Filing is not a verified comment on the Company’s Monitoring Report as contemplated by S.C. Code Ann. § 58-27-2760(3).³ Contrary to the requirements of the eRSA statute, the DCA Filing does not address the Company’s Monitoring Report and is not verified. Instead, DCA uses its filing to advance a legal argument that the Commission should deny the Company’s eRSA election altogether. Despite the DCA Filing not complying with plain requirements of the statute—and without waiving the Company’s position that the DCA Filing is procedurally improper—the Company addresses the factual assertions in the DCA Filing and responds to the legal arguments it advances below.

Unlike ORS, whose audit role the General Assembly made a mandatory feature of every proceeding under eRSA,⁴ DCA had no defined role until it intervened under S.C. Code Ann. § 58-27-2760(2), which provides that an interested person must affirmatively “file a petition to

³ See S.C. Code Ann. § 58-27-2760(3) (permitting “[o]ther parties of record [to] . . . file verified written comments and submit documentary evidence to the commission and the Office of Regulatory Staff in response to the utility’s monitoring report”).

⁴ S.C. Code Ann. § 58-27-2700 *et seq.*

intervene,” and an admitted intervenor is limited to “discovery rights related to the matters set forth in Section 58-27-2730” and the filing of verified written comments.⁵

DCA petitioned to intervene, and its petition was granted on April 3, 2026.⁶ The eRSA statute permits an admitted intervenor to file *verified written comments* addressing the Company’s Monitoring Report that initiated the proceeding.⁷ The DCA Filing rests on three claims: that DEP will be unable to satisfy the eRSA’s statutory conditions following its anticipated business combination with Duke Energy Carolinas, LLC (“DEC”);⁸ that the requested increase is unjust and unreasonable in light of other rate changes in 2026;⁹ and that the requested increase contradicts the testimony, settlement, and order in the Company’s most recent general rate proceeding, Docket No. 2025-154-E.¹⁰ Each of these arguments is without merit, and DCA’s request should be denied.

DEP presently exists, existed at the time it filed the Monitoring Report initiating this proceeding, has not yet consolidated with or integrated its rates with DEC, and will continue to satisfy the statutory requirements under eRSA. DCA’s arguments to the contrary are premature and not ripe. Commission review of the Company’s Monitoring Report, the ORS’s audit report, and the stipulation—together with the structural restraints built into the eRSA mechanism—is sufficient to ensure just and reasonable rates that comply with this State’s laws, and the eRSA statute contains no minimum time interval between a utility’s most recent general rate proceeding and its election.

⁵ S.C. Code Ann. § 58-27-2760(2)-(3).

⁶ Order No. 2026-85-H, Docket No. 2026-78-E (Apr. 3, 2026).

⁷ S.C. Code Ann. § 58-27-2760(3).

⁸ DCA Filing at 3-11.

⁹ DCA Filing at 12-16.

¹⁰ DCA Filing at 16-20.

Accepting DCA's position that DEP cannot avail itself of the eRSA would nullify the General Assembly's recent and deliberate decision in the Energy Security Act to make rate stabilization mechanisms available to electric utilities, and would frustrate the statute's central purpose of enabling smoother, more predictable and incremental rate changes. Accordingly, DCA's position should be rejected as contrary to both the plain language of the statute and the General Assembly's clear intent in enacting the eRSA framework.

III. Background

On March 13, 2026, the Company filed a notice of election to have the terms of the eRSA apply to its rates and charges for retail electric service, on a prospective basis, together with its first annual monitoring report for the twelve-month period ending December 31, 2025 (the "Monitoring Report").¹¹ In its Monitoring Report, the Company reported an adjusted rate of return and return on common equity of 6.13% and 7.81%, respectively, and calculated a revenue requirement increase of \$36,625,000.

In carrying out the procedures established by the eRSA, the Commission relies upon the approved rates, revenues, expenses, capital structure, returns, and other matters established in the Company's most recent general rate proceeding, Docket No. 2025-154-E, in which the Commission issued Order No. 2025-757 on December 12, 2025.¹² As required by the eRSA, ORS conducted an audit of the Monitoring Report and filed the ORS Report, supported by the

¹¹ eRSA Election Letter, Docket No. 2026-78-E (Mar. 13, 2026). The Company made this election pursuant to the South Carolina Energy Security Act, Act No. 41 of 2025, S.C. Code Ann. § 58-27-2700 *et seq.*

¹² S.C. Code Ann. § 58-27-2700 (providing that, in carrying out the procedures established under the eRSA, the Commission "shall rely upon and utilize the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility's most recent general rate proceeding"); Order No. 2025-757, Docket No. 2025-154-E (Dec. 12, 2025).

Verification of Daniel F. Sullivan, on June 1, 2026.¹³ On the same day, DCA filed the DCA Filing opposing the Company's election.¹⁴

The Company responds to the DCA Filing below.

IV. Response to the DCA Filing

As discussed more fully below, DCA's arguments fail for the following reasons: DCA's argument is not ripe; DCA's interpretation frustrates the legislative intent and ignores the statutory protections of the eRSA; and DCA is wrong about the timing requirements contained in the eRSA. While DCA's arguments fail for all of the above reasons, any one of these reasons, standing alone, requires the Commission to deny DCA's request.

a. DCA's Argument is Not Ripe.

DCA's argument that DEP will be unable to satisfy the eRSA's statutory filing and monitoring requirements is not ripe. DEP has not yet combined with DEC, and the Combination will not become effective until January 1, 2027. DCA nevertheless asks the Commission to deny DEP's present eRSA election based on speculation about how eRSA reporting and future rate-review requirements may operate after that future corporate combination. That is not a basis for denying the Company's current election. The Commission need not, and should not, decide hypothetical implementation questions that are not yet before it. South Carolina law recognizes that "an issue that is contingent, hypothetical, or abstract is not ripe for judicial review."¹⁵ DCA's objection therefore turns on future events and unresolved implementation questions, and it

¹³ S.C. Code Ann. § 58-27-2760(3) (requiring ORS to "conduct an audit of the monitoring report" and to provide it to the Commission, the Company, and all parties of record no later than June 1); ORS Report (June 1, 2026); Verification of Daniel F. Sullivan.

¹⁴ See generally DCA Filing, Docket No. 2026-78-E (June 1, 2026).

¹⁵ *Jowers v. S.C. Dep't of Health & Env't Control*, 423 S.C. 343, 353, 815 S.E.2d 446, 451 (2018) ("We have explained ripeness by defining what is not ripe, stating an issue that is contingent, hypothetical, or abstract is not ripe for judicial review.") (internal markings omitted).

provides no basis to deny DEP's current eRSA election. DCA may raise arguments in any future Monitoring Report for which the facts in existence at the time support its claims.

b. DCA's Argument Frustrates Legislative Intent.

DCA overlooks the legislative intent underlying the eRSA, which is to provide rate stability for both the utility as well as customers. The eRSA allows "adjustments" to base rates to maintain alignment with the approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility's most recent general rate proceeding.¹⁶ Customers benefit from these timely adjustments through gradual rate corrections, whether up or down. The Combination will not disturb DEP's existing retail rates or their susceptibility to monitoring and future rate review—indeed, the Commission will have ultimate control over how rates are integrated over time.

The Company's plans were clearly set forth and explained in Docket No. 2025-230-E (the "Combination Docket"). There, the Companies' witness Byrd explained that the Companies "will employ the principles of gradualism to converge retail base rates over the course of multiple future rate cases to ensure a smooth transition for customers."¹⁷ Both ORS and the other intervenors agreed.¹⁸ Most importantly, the Commission itself agreed that "gradualism should guide the convergence of DEC and DEP retail base rates over time to avoid rate shock, preserve reasonable customer options, and promote an orderly transition," and held that "[q]uestions regarding the specific design, timing, and convergence of individual rates and riders are best addressed in the

¹⁶ S.C. Code Ann. § 58-27-2700.

¹⁷ Combination Docket, Byrd Settlement Testimony at 3:6-8; *see also* Commission Order in Docket No. 2025-230-E, at 67.

¹⁸ Commission Order in Docket No. 2025-230-E, at 68 (ORS Witness Kollen agreeing that "the most important principle guiding rate convergence is gradualism" (quoting Tr. 172.31:3), and CCL et al. Witness Wilson agreeing with "the Companies' general principle of gradualism" (quoting Tr. 150.25:16-17)).

relevant rider proceedings or in general rate cases where the Commission will have the benefit of current data and a complete evidentiary record.”¹⁹

Because DEP’s legacy retail rates will remain in place following the Combination, if effectuated, and will converge under the Commission’s continuing supervision, those rates will remain fully capable of quarterly monitoring and reporting and will be subject to at least one future general rate proceeding that will occur within the prescribed five year period under the eRSA.²⁰ Indeed, the Companies have already committed to a definite filing timeline: under the Revenue Requirement Stipulations approved in the Companies’ most recent rate cases, the Companies agreed to file a combined base rate proceeding, including a combined cost of service study, within twelve months following the effective date of the Combination (“Legal Day 1”)—i.e., no later than January 2028, if Legal Day 1 occurs as anticipated. The timing for this general rate proceeding is therefore comfortably within five years of DEP’s March 13, 2026 eRSA election and fully complies with the requirements of the eRSA.²¹

DCA’s argument must be rejected because it ignores and, if approved, would frustrate the clear terms and legislative intent of the eRSA. DEP is currently a utility; after consolidation, its rates will remain in effect for its customers until the Commission-approved general rate proceeding, which will occur within five years after DEP’s eRSA election. Granting DCA’s request would have negative impacts on DEP’s customers and prevent them from having the benefits of periodic rate adjustments, up or down, as intended by the General Assembly.

¹⁹ Commission Order in Docket No. 2025-230-E, at 70.

²⁰ As S.C. Code Ann. § 58-27-2710 provides, an eRSA election by a utility “shall remain in effect until the next general rate proceeding.”

²¹ DEP Revenue Requirement Stipulation, Docket No. 2025-154-E, at 16, ¶ 32; DEC Revenue Requirement Stipulation, Docket No. 2025-172-E, at 15, ¶ 33.

c. The eRSA Election Produces Just and Reasonable Rates.

The DCA Filing suggests that approval for DEP to utilize the eRSA mechanism would somehow result in unjust and unreasonable rates in violation of S.C. Code Ann. § 58-27-810.²² That argument ignores the General Assembly's deliberate legislative design that carefully built checks into the very center of the eRSA. The statute requires ORS to review the Monitoring Report against approved rates, charges, revenues, expenses, capital structure, returns, and other matters established in the public utility's most recent general rate proceeding. ORS must take into account the findings of any audit it conducted, and must propose adjustments it determines are required to bring the report into compliance with Section 58-27-2740.²³ It is based upon that report and the findings of any ORS audit that the Commission then orders the utility to make the tariff adjustments necessary to achieve the revenue levels indicated in Section 58-27-2740.²⁴

Unlike ORS, DCA did not conduct a detailed audit of the Company's base rate expenses. Instead, DCA's assertion that the eRSA will produce unjust and unreasonable rates rests on the flawed premise that fuel costs—an entirely separate and independently reviewed expense—can be attributed to or counted against the Company's eRSA election. This argument is patently flawed and not grounded in South Carolina law.²⁵

The eRSA also imposes reasonable limits on any rate adjustment, including a range for the utility's cost of equity that includes a band of fifty basis points (0.50 percentage points) below and

²² S.C. Code Ann. § 58-27-810 (“Every rate made, demanded or received by any electrical utility or by any two or more electrical utilities jointly shall be just and reasonable.”).

²³ S.C. Code Ann. § 58-27-2750.

²⁴ *Id.*

²⁵ Compare S.C. Code Ann. § 58-27-865 (providing for annual fuel proceedings addressing the utility's fuel expenses), with S.C. Code Ann. § 58-27-2700 (providing for this pending eRSA proceeding addressing the utility's base rate expenses).

fifty basis points (0.50 percentage points) above the cost of equity on which rates have been set.²⁶ As a result of that range, if DEP earns more than fifty basis points above its authorized return on equity, it must return the excess to customers, and the eRSA permits the utility to recover only prudently incurred costs. By its very structure, then, the eRSA mechanism is designed to produce rates that satisfy S.C. Code Ann. § 58-27-810's just and reasonable requirement.

d. The eRSA Imposes No Minimum Timing Interval.

The DCA Filing lastly questions the timing of DEP's eRSA election after its last rate case in Docket No. 2025-154-E. Again, DCA's criticism is unfounded. S.C. Code Ann. § 58-27-2700 provides that a public utility providing retail electric service, "in its discretion and *at any time*, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis," provided that the most recent general rate proceeding order was issued no more than five years before the initial election and that the utility files an application for a general rate proceeding every five years after such election.²⁷ While the statute includes a five-year *maximum* interval between a utility's last rate case and its initial eRSA election, it includes no *minimum* interval. DCA's complaint that DEP recently completed a general rate case is therefore unsupported by the statute.

V. Conclusion

For the reasons set forth above, the Company respectfully requests that the Commission:

- (1) accept and approve the Stipulation and its exhibit, and approve the Company's Monitoring Report as adjusted to reflect the agreed resolution with ORS; and
- (2) deny the relief sought in the DCA Filing.

²⁶ S.C. Code Ann. § 58-27-2720.

²⁷ S.C. Code Ann. § 58-27-2700.

Respectfully submitted this 15th day of June, 2026

/s/ Samuel J. Wellborn
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Attorneys for Duke Energy Progress, LLC

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2026-78-E

In the Matter of:)

Application of Duke Energy Progress,)
LLC to Have the Terms of the Electric)
Rate Stabilization Adjustment Apply to)
the Company's Rates and Charges for)
Retail Electric Service)

VERIFICATION

I, Virginia E. Boucher, first being duly sworn, say that I am employed by Duke Energy Carolinas, LLC as Director, Rates & Regulatory Planning, and have read the Company's Verified Comments submitted pursuant to S.C. Code Ann. § 58-27-2760(4), and know the contents thereof; and that the contents are true, accurate, and correct to the best of my knowledge, information, and belief.

Virginia E Boucher

Name: Virginia E. Boucher

Title: Director, Rates & Regulatory Planning

SWORN to and subscribed before me this 14th day
of June, 2026.

Notary Public for the State of: Illinois

My Commission Expires: March 6, 2030

Joan Louise Bergfeld



June 22, 2026

Moore & Van Allen

VIA ELECTRONIC MAIL

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

Robert R. Smith, II
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100 North Tryon Street
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Charlotte, NC 28202-4003

Re: Application of Duke Energy Progress, LLC to Have the Terms of the
Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for
Retail Service (Docket No. 2026-78-E)

Dear Ms. Boyd:

On June 15, 2026, Duke Energy Progress, LLC and the South Carolina Office of
Regulatory Staff filed a stipulation addressing the issues in this docket. Nucor Steel – South
Carolina does not object to the stipulation.

Thank you for your assistance in this matter. If you have any questions or concerns,
please do not hesitate to contact me.

Sincerely,



Robert R. Smith, II
Counsel to Nucor Steel – South Carolina

RRS/kmc
cc: All Parties of Record (By E-mail)

BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2026-78-E

IN THE MATTER OF:

Application of Duke Energy Progress, LLC
to Have the Terms of the Electric Rate
Stabilization Adjustment Apply to the
Company's Rates and Charges for Retail
Electric Service

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**CERTIFICATE OF SERVICE
BY NUCOR STEEL —
SOUTH CAROLINA**

This is to certify that the foregoing document was served upon the following parties via
electronic mail, on this the 22nd day of June, 2026:

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July 2, 2026

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service
Docket No. 2026-78-E**

Duke Energy Progress, LLC's Request for Reconsideration of Decision

Dear Ms. Boyd:

I am writing on behalf of Duke Energy Progress, LLC ("DEP" or the "Company") to request expedited reconsideration of the Public Service Commission of South Carolina's (the "Commission") June 29, 2026 directive, which (i) denied the stipulation agreement between the Company and the South Carolina Office of Regulatory Staff ("ORS") (the "Stipulation"), and (ii) rejected DEP's election to apply the electric Rate Stabilization Adjustment ("eRSA") mechanism under the 2025 South Carolina Energy Security Act ("Act 41"). The directive should be reconsidered because it is inconsistent with the eRSA statute, departs from the Commission's prior treatment of materially similar natural gas Rate Stabilization Adjustment ("RSA") proceedings, imposes a remedy the statute does not authorize, and rests on a procedural ground that was not noticed, briefed, or heard before the Commission acted. The Commission's decision also overlooks that the Commission has not yet issued the order required under S.C. Code Ann. §§ 58-27-2700 and 58-27-2720 to make the baseline findings and establish the ongoing procedures necessary to implement the eRSA mechanism (the "Baseline Order") and trigger the quarterly monitoring obligations, despite DEP's request that it do so, and does not contemplate that the Commission already has the information at issue. Finally, the Commission's directive impermissibly seeks to prevent the timely recovery of prudently incurred costs which have been audited and undergone significant regulatory scrutiny. Understandably, this is the first eRSA that the Commission has considered and it is reasonable that procedural questions would arise. This Petition serves to address those procedural questions so that the regulatory mechanisms enacted in Act 41 may be implemented as codified. Additionally, DEP is cognizant that the Commission has not yet issued its final order. However, even though no order has been issued yet, through this Petition the

The Honorable Jocelyn G. Boyd
July 2, 2026
Page 2

Company is addressing the Commission's directive in an effort to be helpful in ensuring that the Commission's order on the merits, once issued, correctly applies the requirements of Act 41.

The Company respectfully submits that time is of the essence because, absent an Initial Order that establishes the required rate adjustment under S.C. Code Ann. § 58-27-2760 issued by the statutory deadline of July 15, 2026, the requested adjustment will automatically be deemed granted as filed by operation of law under S.C. Code Ann. § 58-27-2760(5). Any authorized electric rate adjustment must take effect for bills rendered on or after the first billing cycle of August 2026. For these reasons, DEP respectfully requests expedited reconsideration so the Commission may address the statutory sequence, issue the Baseline Order, and consider the ORS-audited adjustment and Stipulation on their merits.

The procedural posture underscores the need for reconsideration. The Commission noticed and heard oral argument on the S.C. Department of Consumer Affairs' June 1 comments, which challenged DEP's election based principally on DEP's anticipated business combination with Duke Energy Carolinas, LLC. The June 29 directive, however, denied the Stipulation and rejected DEP's election on a different ground: that DEP had not filed a quarterly monitoring report by June 15, 2026, for the twelve-month period ending March 31, 2026. That reporting issue was not raised by any party, briefed, or heard before the Commission acted.

I. Background and Overview of Request

As the Commission has explained, the purpose of a Petition for Rehearing or Reconsideration is "to allow the Commission to identify and correct specific errors and omissions in its orders."¹ This request is intended to allow the Commission to correct the errors of law explained in this Petition. In the Company's view, the Commission's decision does not align with the plain language of Act 41 and it prevents the Company from timely recovery of prudently incurred costs for investments made to serve customers.

The Company's prudently incurred costs were submitted to the Commission in the manner the eRSA statute requires for calendar year 2025. ORS audited those costs, the Company and ORS resolved audit adjustments through the Stipulation, and no party disputed their prudence in any filing made with the Commission. Nor did any party raise the reporting-compliance issue on which the directive ultimately relied. The Company was not given notice of that issue or an opportunity to address it prior to the Commission's decision. Had the Company been afforded that opportunity, it believes the Commission's concerns could have been resolved and the errors of law identified herein avoided.

¹ Order No. 2024-138 at 6, Docket No. 2023-243-G (Feb. 22, 2024).

The Honorable Jocelyn G. Boyd
 July 2, 2026
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1. The eRSA Mirrors the Natural Gas RSA

The eRSA established by Act 41 is modeled closely on the natural gas RSA, with certain filing dates representing the only material distinction. *See* S.C. Code Ann. § 58-5-400 *et seq.* The Commission has historically treated the initial implementation of an RSA in a manner that differs from the approach taken in this proceeding. The Commission's directive here is therefore difficult to reconcile both with prior RSA practice and Act 41 itself. More fundamentally, the Commission's decision in this case appears to rest on the premise that the Company should have filed a report before the Commission issued the Baseline Order needed to establish the framework against which that report would be measured.

Even assuming, for the sake of argument, that the Company did not file a report by a required deadline—which the Company disputes—the alleged omission would have no bearing on the merits of the Company's March 2026 eRSA election. The Commission's review in this proceeding is limited to that filing, and information associated with a June 2026 reporting period cannot serve as a lawful basis to deny the requested rate adjustment. At most, that June 2026 report would be relevant to next year's eRSA proceeding. Moreover, the Commission's concern is misplaced because the information it asserts is unavailable is already in the Commission's possession through the quarterly surveillance report the Company previously filed for the relevant period, as discussed below.

The Company recognizes that this is the first eRSA proceeding under Act 41, but the statute follows a rate stabilization framework with which the Commission has substantial experience. The Company therefore submits the following summary to clarify the statutory sequence under Act 41 and the errors warranting reconsideration.

2. The Baseline Order Must Precede Monitoring Obligations

The Company acknowledges that the report requirements provided in S.C. Code Ann. § 58-27-2730 are mandatory and that the Commission cannot waive them. The issue, however, is not whether the reporting requirements apply, but when they apply. As explained below, the Commission did not establish the procedures necessary to implement the statute in this proceeding, despite the Company's requests that it do so and Act 41's express contemplation of such procedures. A review of the natural gas utilities' RSA case dockets on the Commission's Docket Management System, which contain identical procedures along these points, supports this reading of the plain language, and the Company has repeatedly raised the need for a Baseline Order in this docket—a fact that was not taken into consideration when the Commission made its decision on June 29, 2026.²

² ORS, in the performance of its duties pursuant to S.C. Code Ann. §58-4-50, provides information regarding the rate stabilization process and that process clearly includes a Baseline Order: [https://ors.sc.gov/sites/scors/files/Documents/Regulatory/electricNaturalGas/naturalGas/Natural%20Gas%20Rate%](https://ors.sc.gov/sites/scors/files/Documents/Regulatory/electricNaturalGas/naturalGas/Natural%20Gas%20Rate%20)

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 July 2, 2026
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The Company elected to adjust rates under the eRSA mechanism pursuant to S.C. Code Ann. § 58-27-2700. The statute contemplates a sequence of Commission actions. First, the Commission must make findings and establish ongoing procedures—referred to as the Baseline Order, which the Company requested the Commission issue “as soon as reasonably practicable” in its March 13, 2026 letter, and identified as needed again in its April 30, 2026 letter. Next, following ORS’s audit, the Commission must issue an order on the merits of the proceeding in which the eRSA is established. S.C. Code Ann. §§ 58-27-2710, 58-27-2720. Only after the eRSA has been established is ongoing monitoring required under S.C. Code Ann. § 58-27-2730. The Commission has not issued an order under S.C. Code Ann. § 58-27-2700, referred to as the Baseline Order, even though the Company requested it, and the Commission has not yet issued an order under S.C. Code Ann. § 58-27-2710. As a result, the statutory predicate for ongoing monitoring has not yet occurred.

The plain language of Act 41 confirms this sequence. The obligation to file such a report is triggered only after the Commission establishes the framework against which those reports will be measured, *i.e.*, by the issuance of the Baseline Order, as described in the Company’s March 13, 2026 eRSA Election Letter and Proposed Baseline Order (“Election Filing”). Under Act 41, a monitoring report does not exist in a vacuum. Instead, eRSA adjustments measure a utility’s actual data against a cost of equity range and baseline figures that the Commission must first establish when a utility makes an election under S.C. Code Ann. §§ 58-27-2700 and 58-27-2720. As the Company explained in its Election Filing, those figures are “the financial parameters against which future monitoring reports will be evaluated.” To date, however, no Baseline Order has been issued—an obligation that is part of the “ongoing procedures” the Commission must first establish under § 58-27-2700. Without that order, there is no range, no midpoint, and no approved benchmark set by the Commission against which a quarterly monitoring report can be assessed.³ Therefore, without a Baseline Order establishing the necessary monitoring criteria required by S.C. Code Ann. § 58-27-2700, the Company’s obligation to file quarterly monitoring reports has not been triggered and the Commission’s decision denying the Company’s eRSA election on that basis is an error of law. The decision produces an absurd result, disregards the intended purpose of the monitoring requirements, and is inconsistent with the sequence of filings and review contained within the design of the eRSA statutory framework.⁴

20Stabilization%20Act%20(RSA)%20Overview.pdf (discussing the “Order Establishing RSA Coverage,” which is the Baseline Order).

³ See, e.g., Order No. 2005-491, Docket No. 2005-125-G (serving as the baseline order in Piedmont Natural Gas’ first RSA election).

⁴ The Commission should not construe the statute in a manner that leads to an absurd result. *Pampu v. Wingo*, 446 S.C. 236, 262, 918 S.E.2d 717, 731 (Ct. App. 2025). Rather, statutory language must be construed in light of the intended purpose of the statute. *Id.* Further, a statute must receive a practical and reasonable interpretation consistent with the “design” of the legislature. *Id.*

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Moreover, the Commission went beyond its statutory authority in this case, and denied the eRSA based upon impermissible grounds.⁵ In fact, despite nearly identical language, the Commission has now required a filing that has not been required, at least from what is available on the Docket Management System, from any other utility electing RSA under the same statutory filing structure. That inconsistent treatment supports reconsideration. As explained below, the Company submits that the Commission's decision violates the party presentation principle and due process, and also violates the South Carolina Administrative Procedures Act in that a *sua sponte* allegation was raised by the bench without any opportunity for the Company to respond as explained later in this Petition.⁶

3. Additional Grounds for Reconsideration

Beyond these threshold issues, reconsideration is warranted for several independent reasons. First, Act 41 gives the utility the right to elect the eRSA and directs the Commission to implement that election; it does not authorize rejection of the election as a remedy for an alleged interim-reporting issue. Second, the reporting issue was raised *sua sponte* and was not noticed, briefed, or heard before the Commission acted. Third, even if the June 15 report were required—which DEP disputes—its absence caused no prejudice because the pending adjustment rests on 2025 annual data already filed, audited by ORS, and resolved through the Stipulation, and substantially the same March 31, 2026 financial data was already before the Commission and ORS through DEP's quarterly surveillance report. Finally, the Stipulation reflects a negotiated resolution of ORS's audit adjustments and should be considered on its merits before the Commission takes action that would deny DEP's agreed adjustment or reject DEP's election.

II. Basis for Request for Expedited Relief

Pursuant to S.C. Code Ann. § 58-27-2760(5), and notwithstanding the Stipulation, absent an Initial Order, *i.e.*, the order that adjusts rates, issued on or before July 15, the rate adjustment is deemed granted: "In the absence of such an Initial Order, the electric rate adjustment contained in the utility's filing shall be considered granted as filed." The Company respectfully submits that an *ultra vires* directive that fails to "set[] forth any changes required in the utility's request to adjust rates under this article" does not constitute the Initial Order the statute contemplates, and DEP reserves its position on that point. Further, as noted in the Election Filing, any electric rate adjustments authorized under the terms of this article must take effect for all bills rendered on or after the first billing cycle of August 2026. Together, these two factors warrant the Commission's expedited consideration.

⁵ As put succinctly by the South Carolina Supreme Court, "the Commission is a creature of statute and has only that authority granted to it by the Legislature." *Rhame v. Charleston Cty. Sch. Dist.*, 412 S.C. 273, 280, 772 S.E.2d 159, 163 (2015).

⁶ S.C. Code Ann. § 1-23-130.

III. The Baseline Order Triggers the Monitoring Report Requirement

Act 41 establishes a clear statutory sequence that begins with the Commission's issuance of a Baseline Order. DEP does not ask the Commission to waive S.C. Code Ann. § 58-27-2730. The issue is not whether the quarterly monitoring obligation applies, but when it applies. That obligation operates within the ongoing procedures and baseline financial metrics the Commission must first establish under S.C. Code Ann. §§ 58-27-2700 and 58-27-2720.

1. Baseline Order

The Baseline Order is the statutory foundation for the entire monitoring framework. Absent that Baseline Order, there is no range, no midpoint, and no established benchmark against which a monitoring report can be measured. Pursuant to S.C. Code Ann. § 58-27-2700, upon receipt of an election, the Commission "shall proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article." The Company identified this requirement in its Election Filing as the Baseline Order. The word "shall" imposes an unequivocal and nondiscretionary duty on the Commission to act upon receipt of an eRSA election by setting baseline financial metrics against which a rate adjustment request will be weighed and establishing procedures. The utility's subsequent obligations, including the quarterly monitoring reports, are only triggered upon the Commission's issuance of that Baseline Order.⁷ Because no Baseline Order has been issued, the Company's obligation to file quarterly monitoring reports has not been triggered.

2. Quarterly Monitoring Reports

Next, S.C. Code Ann. § 58-27-2730 establishes the requirements for quarterly monitoring reports, which are intended to monitor the utility's actual financials compared to the Baseline Order. Once the eRSA mechanism is in place, a utility must submit quarterly monitoring reports detailing its financial performance. The quarterly reports are part of the "ongoing procedures" that commence only after the Baseline Order is established.

The report due June 15 is one such interim report. But under S.C. Code Ann. § 58-27-2740, only the year-end (January - December) report determines whether a rate adjustment is warranted through the eRSA. Accordingly, an interim report has no bearing on the pending eRSA adjustment, which relies on the 2025 annual data included in the Company's Election Filing to calculate any necessary adjustment.

Finally, the Company respectfully submits that the General Assembly's use of the term "shall" must be construed consistently throughout the eRSA statute. If the "shall" in S.C. Code Ann. § 58-27-2730 imposes a mandatory duty on the utility to file quarterly reports, then the same force attaches to the first statutory obligation in S.C. Code Ann. § 58-27-2700, which requires the

⁷ Section 58-27-2720 further explains the findings the Commission must include in the Baseline Order, including the cost of equity band (which must be set at a range of fifty basis points above and below the cost of equity on which rates were set), and a separate statement of rate base, expense, and capital structure figures that are "the appropriate basis on which rates were set." S.C. Code Ann. § 58-27-2720(2).

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Commission to issue the Baseline Order: “Upon receipt of notice of the election, the commission shall proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article.” Because the Commission has not yet issued the order contemplated by § 58-27-2700, it was error to treat the absence of a quarterly monitoring report as a failure to satisfy a statutory requirement that had not yet been triggered.

3. Annual Revenue Adjustment

Next, S.C. Code Ann. § 58-27-2740 establishes the annual procedures and requirements for determining whether eRSA revenue adjustments are necessary. On an annual basis, the utility must file an annual report for the twelve-month period ending December 31, which is used to calculate the revenue adjustment required to bring the utility’s return on equity to “the midpoint of the range established in the order”—*i.e.*, the Baseline Order.

The Company clarified during oral argument that the Election Filing already contained the annual report, with financial data for the twelve-month period ending on December 31, 2025, and seeks a revenue adjustment based on that annual report effective August 2026. Data from 2026 quarterly reports will inform the next annual cycle, including any adjustment that may be considered for August 2027. The Company also previously identified this sequence in the Election Filing, including through its proposed Baseline Order, and again in its April 30, 2026 letter following the April 24, 2026 status conference. In short, the pending adjustment rests on the 2025 annual report already filed and audited—not an interim 2026 report that would inform a later annual cycle. Treating the absence of an interim report as grounds to reject DEP’s election therefore disregards the statutory sequence and should be reconsidered.

IV. The Commission Impermissibly Denied the Utility’s Election into eRSA

As an agency created by statute, the Commission has only the authority granted to it by the legislature.⁸ And as Commissioner Belser explained during the Special Business Meeting on June 29, 2026, an eRSA election is a statutory right exercised by notice under S.C. Code Ann. § 58-27-2700: “A public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis, by filing a notice of the election with the commission . . .”

As put succinctly by the South Carolina Supreme Court, “the Commission is a creature of statute and has only that authority granted to it by the Legislature.”⁹ No provision of Title 58 empowers the Commission to reject a utility’s election of the eRSA, and an agency may not add requirements to a statute.¹⁰ Instead, upon receipt of the utility’s election, Act 41 requires the Commission to “proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article.” In other words, the Commission’s role under Act 41 is to implement the election and facilitate an adjustment to base rates, consistent with

⁸ *Med. Soc’y of S.C. v. Med. Univ. of S.C.*, 334 S.C. 270, 275, 513 S.E.2d 352, 355 (1999).

⁹ *Rhame v. Charleston Cty. Sch. Dist.*, 412 S.C. 273, 280, 772 S.E.2d 159, 163 (2015).

¹⁰ *Chapman v. S.C. Dep’t of Soc. Servs.*, 420 S.C. 184, 191, 801 S.E.2d 401, 405 (Ct. App. 2017).

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the provisions of the statute and informed by ORS's recommendations, not to approve or deny the election. Even if the Commission believed an interim reporting issue existed, Act 41 does not identify rejection of the election as the consequence for that issue.

V. *Sua Sponte* Dispositive Ground was Never Noticed, Briefed, or Heard

The Commission's rejection of the Company's Election Filing rested on a theory not previously raised by or presented to the parties. The possibility that the Company's Election Filing, along with a negotiated compromise contained in the Stipulation with ORS, could be disposed of after an oral argument and on grounds that were not raised by any party in that oral argument—prior to any Commission order under Act 41—was never noticed to any party. The novel legal theory applied by the Commission in the directive is at odds with the principle of party presentation, under which adjudicative bodies rely upon the parties to identify and litigate the issues for decision.¹¹ In this proceeding, the reporting issue was neither raised nor contested by any party, yet it ultimately became the basis for denying the Company's requested relief, contravening the party presentation principle.

The concern is not merely that the Commission reached a different conclusion than the parties urged; it is that the dispositive issue was never raised by any party nor put to the parties before the Commission acted. Because the Company had no notice or opportunity to respond to the Commission's procedural concern, the Company never had the opportunity to address this concern before the Commission voted to dispose of the entire docket—a procedural due process flaw. The Administrative Procedures Act requires that parties to a contested case receive notice of the issues to be decided and a meaningful opportunity to be heard before an agency acts.¹² Therefore, the Company respectfully asserts that due process requires that it be afforded such opportunities here.

VI. The Commission's Directive is Inconsistent with Prior Natural Gas RSA Proceedings

As mentioned above, Act 41's eRSA mechanism is modeled after the natural gas RSA and the two acts are identical in many respects, including those governing election, baseline findings, monitoring reports, annual adjustments, ORS review, Commission orders, petitions for review,

¹¹ *United States v. Sineneng-Smith*, 590 U.S. 371, 375-76 (2020) (“[A]s a general rule, our system is designed around the premise that parties represented by competent counsel know what is best for them and are responsible for advancing the facts and argument entitling them to relief.”)

¹² The South Carolina Supreme Court has held that Article I, Section 22 of the South Carolina Constitution applies the fundamental requirements of due process to administrative proceedings, including, “notice, an opportunity to be heard in a meaningful way and judicial review.” *Kurschner v. City of Camden Planning Comm’n*, 376 S.C. 165, 171, 656 S.E.2d 346, 350 (2008); *see also Stono River Envtl. Prot. Ass’n v. S.C. Dep’t of Health & Envtl. Control*, 305 S.C. 90, 94, 406 S.E.2d 340, 342 (1991) (reversing where agency failed to inform parties of the procedure and issues to be considered and denied them an opportunity to present evidence); *Porter v. S.C. Pub. Serv. Comm’n*, 338 S.C. 164, 170, 525 S.E.2d 866, 869 (2000) (holding, in a PSC rate proceeding, that inadequate notice and deprivation of an opportunity to be heard violated due process); *McIntyre v. Sec. Comm’r of S.C.*, 425 S.C. 439, 450, 823 S.E.2d 193, 198 (Ct. App. 2018) (“It is hard to imagine how the opportunity to be heard can be meaningful if one does not know what to say.”).

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and final orders.¹³ Although Act 41 contains different dates and certain electric utility-specific safeguards, those differences do not support treating a pre-Baseline interim report as a condition precedent to the election itself.

Prior natural gas RSA proceedings support that conclusion. In Piedmont Natural Gas's ("Piedmont") first RSA proceeding (Docket No. 2005-125-G), Piedmont filed its RSA election on April 26, 2005, filed its March 31, 2005 annual monitoring report on June 15, 2005, and the Commission issued the Baseline Order on September 28, 2005 (Order No. 2005-491), followed by the Initial Order on October 13, 2005 (Order No. 2005-567). The Commission's Docket Management System ("DMS") does not indicate that Piedmont filed the next interim monitoring report before the Baseline Order issued.

The same pattern appears in South Carolina Electric & Gas' ("SCE&G") 2006 RSA proceeding. In Docket No. 2006-157-G, SCE&G filed its RSA election and March 31 monitoring report on June 15, 2006, and the Commission later issued an Initial Order adopting the proposed adjustment (Order No. 2006-553), even though the DMS does not indicate that SCE&G filed an interim monitoring report before the Baseline Order. Based on these examples, the Company respectfully requests that the Commission apply materially similar RSA procedures consistently here.

The Administrative Procedures Act governs appellate review of administrative decisions by the Commission and provides that on appeal the court "may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions . . . are arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion." S.C. Code Ann. § 1-23-380(5). "A decision is arbitrary if it is without a rational basis, is based alone on one's will and not upon any course of reasoning and exercise of judgment, is made at pleasure, without adequate determining principles, or is governed by no fixed rules or standards."¹⁴

Here, reconsideration would allow the Commission to apply a consistent interpretation of materially similar RSA procedures and avoid imposing a filing prerequisite in this electric proceeding that does not appear to have been required in prior natural gas RSA proceedings before the relevant baseline order issued.

VII. Interim June 15 Monitoring Report is Not Outcome-Determinative

Even assuming, *arguendo*, that a June 15 interim report was required—which DEP does not concede—its absence was not outcome-determinative. Under S.C. Code Ann. § 58-27-2740(A), only the monitoring report for the twelve-month period ending December 31 determines whether an annual revenue adjustment is required. The pending adjustment therefore rests on the

¹³ S.C. Code Ann. §§ 58-27-2700, -2710, -2720, -2730, -2740, -2750, -2760, -2780, -2790, and -2800. *See* cf. S.C. Code Ann. §§ 58-5-410, -415, -420, -430, -440, -450, -455, -460, -465, and -470.

¹⁴ *Deese v. S.C. State Bd. of Dentistry*, 286 S.C. 182, 184-85, 332 S.E.2d 539, 541 (Ct. App. 1985) (citing *Hatcher v. South Carolina District Council of Assemblies of God, Inc.*, 267 S.C. 107, 226 S.E.2d 253 (1976); *Turbeville v. Morris*, 203 S.C. 287, 26 S.E.2d 821 (1943)).

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2025 annual data presented in the Election Filing, audited by ORS, and resolved through the Stipulation—not on 2026 interim data that would inform a later annual review cycle.

Nor was there an informational gap. On June 1, 2026, DEP filed with the Commission and served on ORS its quarterly surveillance report for the twelve-month period ending March 31, 2026, in Docket No. 2006-270-E. That filing covered the same period and substantially the same financial information that a monitoring report under S.C. Code Ann. § 58-27-2730 would convey, including rate base components, capital structure, cost of debt, operating revenues and expenses, and earned return on common equity. Accordingly, there was no informational gap and no resulting prejudice that would justify rejecting DEP's election or denying the Stipulation

VIII. The Directive Imposes a Remedy the Statute Does Not Provide

The directive imposes a remedy the statute does not contemplate, provide for, or authorize. The Company respectfully submits that Act 41 does not provide the Commission with the option to “reject the election” as a consequence of an alleged interim-reporting issue. The statute's tools for addressing reporting deficiencies are ORS audit and Commission-ordered adjustments under S.C. Code Ann. §§ 58-27-2750 and 58-27-2760. Nowhere in Act 41 is the Commission authorized to deny or reject a utility's election as a consequence of an interim reporting issue. Rather, the next procedure under Act 41 is the issuance of the Initial Order, which can only be challenged on limited grounds. *See* S.C. Code Ann. § 58-27-2780.

IX. ORS's Review and the Stipulation Must be Reviewed on the Merits

Consistent with S.C. Code Ann. § 58-27-2760, ORS performed the review Act 41 requires, proposed adjustments, and then entered into the Stipulation with DEP to resolve those issues. Because ORS's audit report was due June 1, the Commission's review under S.C. Code Ann. § 58-27-2760 cannot logically depend on a quarterly monitoring report due June 15. The Company respectfully requests that the Commission review the ORS report and Stipulation on their merits before taking any action that would deny the agreed adjustment or reject DEP's election. The Companies are hopeful that this Petition assists the Commission in the issuance of its decision both on this Petition and the ultimate disposition of this docket.

X. Request for Relief

For the reasons expressed herein, the Company respectfully requests that the Commission, on an expedited basis, reconsider and vacate the June 29, 2026 directive, issue the Baseline Order, process the annual monitoring report pursuant to S.C. Code Ann. § 58-27-2760, and issue an Initial Order that gives effect to ORS's recommendations as reflected in the Stipulation. Alternatively, and without waiving its position that the adjustment is deemed granted as filed, the Company is prepared to refile its quarterly surveillance report for the twelve-month period ended March 31, 2026, in this docket, and requests that the Commission accept the same as consistent with the Baseline Order without prejudice to the pending adjustment.

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Kind regards,

s/Samuel J. Wellborn

Samuel J. Wellborn

Cc: Parties of Record (via electronic mail)
David Stark, Esquire (via electronic mail)
J. Adam Russell, Esquire (via electronic mail)
Sandra Moser, Esquire (via electronic mail)
Jo Anne Wessinger Hill, Esquire (via electronic mail)

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2026-78-E

In the Matter of:	)	
	)	
Duke Energy Carolinas, LLC and	)	CERTIFICATE OF SERVICE
Duke Energy Progress, LLC Joint	)	
Application to Engage in a Business	)	
Combination, Address Regulatory	)	
Conditions and Code of Conduct, and	)	
Request Accounting Order	)	

The undersigned, Erica N. Green, Legal Regulatory Manager of Duke Energy Corporation, hereby certifies that she has served the persons listed below with a copy of the Request for Reconsideration of Decision, filed in the above-mentioned proceeding by Duke Energy Progress, LLC via email as listed below on this 2nd day of July, 2026:

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This the 2nd day of July, 2026.

/s/ Erica N. Green
Erica N. Green



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July 14, 2026

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Application of Duke Energy Progress, LLC to Have the Terms of the Electric Rate Stabilization Adjustment Apply to the Company's Rates and Charges for Retail Electric Service
Docket No. 2026-78-E**

Duke Energy Progress, LLC's Objection and Request to Rescind or Amend July 13, 2026 Directive Before Final Ruling

Dear Ms. Boyd:

Duke Energy Progress, LLC ("DEP" or the "Company") respectfully objects to the Public Service Commission of South Carolina's (the "Commission") July 13, 2026 directive, which determined that electric utilities using the rate stabilization adjustment ("RSA") statute under S.C. Code Ann. § 58-27-2700, *et seq.*, are not permitted to adjust their rates until the year following their election into RSA. The Company recognizes that this is the second letter it has submitted asking the Commission to revisit a ruling in this docket within the span of a few weeks. The Company would not impose on the Commission's time in this manner if it were not genuinely necessary. Respectfully, the Company is compelled to write again because, as with the Commission's June 29, 2026 directive, the July 13, 2026 directive turns on a novel legal argument that no party to this proceeding raised, briefed, or argued before the Commission made its decision. The Company raises this concern now, and addresses it more fully below, not merely because the issue falls outside the matters presented by the parties, but because the Commission has adopted a new interpretation of the RSA statute without first receiving the benefit of the parties' views regarding that interpretation and its consequences or even considering its own prior interpretation of identical language for the gas RSA statute. It is important to provide the Commission with the Company's perspective on this new legal theory so that the Commission may fully consider the statutory framework before issuing its final order.

Respectfully, pursuant to its authority under S.C. Code Ann. § 58-27-2130, the Commission should rescind or amend this decision before issuing a final order on the merits

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because it misapplies the RSA statute, conflicts with the Commission’s application of materially identical gas RSA statutory provisions, would harm customers, and rests upon an interpretation of the statute that was not noticed, briefed, or heard before the Commission made its decision. As with the Company’s July 2, 2026 letter, this letter seeks to provide the Commission with information to ensure that the Commission’s order on the merits, once issued, correctly applies the requirements of the Energy Security Act (“Act 41”).¹

As expressed during the Commission meeting on July 13, 2026, there is no ideal time to implement a rate increase. However, without timely recovery of the Company’s prudently incurred costs, customers will face greater costs in the long run. In this case, were the Commission to allow its decision to stand and instead have the Company carry these costs until the next rate proceeding, customers will pay \$5.9 million more due to the associated carrying costs the Company will incur by holding these balances for an extended period—this fact is supported by the verification attached hereto. The Company had approximately \$137 million of construction work in progress in the 2025 test period associated with investments made to serve customers. If recovery is deferred, those balances will continue to accrue AFUDC, increasing the amount ultimately added to plant in service and included in rates in the Company’s post-merger rate proceeding next year. The Company estimates that the Commission’s interpretation would result in approximately \$5.9 million of additional AFUDC alone. As a result, customers would pay more—not less—as a consequence of the delay. This is one reason why the General Assembly used its policy-making authority to make RSA available to electric utilities. The Commission, in contrast, is an executor of policy and is beholden to the policy choices made by the General Assembly.² In this case, the Company urges the Commission to amend its directive and conform its ruling to the requirements of the RSA statute.

There is no language, plain or implied, that supports the position that rate adjustments are not permitted until the year after a utility elects into the RSA construct. The RSA statute is one of

¹ Like the Company’s prior filing, this is not a petition for rehearing or reconsideration, and the Company expressly reserves its right to file one, if necessary, upon issuance of a final order. Because the Commission has not yet issued a final order, DEP submits this filing to (1) preserve the Company’s objections to issues raised for the first time in the new directive issued on July 13, 2026, and (2) urge the Commission to exercise its authority under section 58-27-2130—as it has before—to rescind or vacate a directive before issuing a final order. *E.g.*, Order No. 2024-285 at 1, Docket No. 2023-242-E (Apr. 25, 2024) (rescinding or amending a directive before issuing a final order and noting the parties’ right to file a petition for rehearing or reconsideration of the final order was preserved).

² *Med. Soc’y of S.C. v. Med. Univ. of S.C.*, 334 S.C. 270, 275, 513 S.E.2d 352, 355 (1999) (“An agency created by statute has only the authority granted it by the legislature.”). *Cf. Adkins v. Comcar Indus.*, 316 S.C. 149, 151–52, 447 S.E.2d 228, 230 (Ct. App. 1994) (“The court cannot read into a statute something that is not within the manifest intention of the legislature as gathered from the statute itself. To depart from the meaning expressed by the words is to alter the statute; to legislate and not to interpret. . . . Our sole function is to determine and, within constitutional limits, give effect to the intention of the legislature while the responsibility for the justice or wisdom of legislation rests exclusively with the legislature, whether or not we agree with the laws it enacts. There is a marked distinction between liberal construction of statutes by which the court determines their true meaning, and the act of a court in ingrafting upon a law something that has been omitted, which the court believes ought to have been embraced.” (internal citations omitted)).

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the most procedurally precise statutes in Title 58—(1) the utility, “in its discretion and at any time” elects to come under RSA; (2) upon notice of the election, the Commission must “proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article”; (3) the Office of Regulatory Staff (“ORS”) must “conduct an audit of the monitoring report to ascertain the reasonableness and prudence of all matters contained therein and specify any changes that the Office of Regulatory Staff determines to be necessary to correct errors in the report or to otherwise bring the report into compliance with” the RSA statute; (4) other parties may file verified written comments and the utility may file a verified reply and may request a non-evidentiary hearing; and (5) the Commission must “issue an initial order setting forth any changes required in the utility’s request to adjust rates under this article (the ‘Initial Order’),” and any “rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of August of that year.”³ Nothing in this detailed statutory scheme contemplates or suggests that the utility must wait a year for rates to become effective.

The Commission’s interpretation also violates the rule of statutory construction that effect must be given to every statutory provision enacted by the General Assembly,⁴ and violates the longstanding principle that statutes be given their plain and ordinary meaning.⁵ The Commission’s construction that the utility must wait a year to utilize RSA renders significant portions of the statute largely superfluous. For example, S.C. Code Ann. § 58-27-2760 requires the Commission to issue an Initial Order by July 15 and further provides that, absent such an order, “the electric rate adjustment contained in the utility’s filing shall be considered granted as filed.” The same section provides that “[a]ny rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of August of that year.” If the General Assembly intended that no adjustment could occur until the year after election, there would have been no reason to establish a July 15 deadline, a deemed-granted remedy, or an August implementation date during the election year.⁶ The Commission’s interpretation therefore deprives these provisions of independent meaning and frustrates the procedural framework the General

³ S.C. Code Ann. §§ 58-27-2700 & -2760(3)–(6) (emphasis added).

⁴ See *CFRE, LLC v. Greenville Cty. Assessor*, 395 S.C. 67, 74, 716 S.E.2d 877, 881 (2011) (“[W]e must read the statute so that no word, clause, sentence, provision or part shall be rendered surplusage, or superfluous . . . for the General Assembly obviously intended the statute to have some efficacy, or the legislature would not have enacted it into law.”).

⁵ *Knotts v. S.C. Dep’t of Nat. Res.*, 348 S.C. 1, 10, 558 S.E.2d 511, 516 (2002) (“If a statute’s language is plain, unambiguous, and conveys a clear meaning ‘the rules of statutory interpretation are not needed and the court has no right to impose another meaning.’ This plain meaning rule ensures a court will not change the meaning of an unambiguous statute.”) (internal citations omitted).

⁶ Cf. *Denene, Inc. v. City of Charleston*, 352 S.C. 208, 212, 574 S.E.2d 196, 198 (2002) (“In construing statutory language, the statute must be read as a whole and sections which are part of the same general statutory law must be construed together and each one given effect. The Court must presume the legislature did not intend a futile act, but rather intended its statutes to accomplish something.” (internal citation omitted)).

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Assembly carefully codified.⁷ Courts must avoid constructions that render statutory language meaningless or reduce enacted provisions to surplusage, and the Commission should likewise construe the RSA statute in a manner that gives effect to all of its terms.⁸

The Commission's interpretation also frustrates the core purpose for which the General Assembly enacted the RSA statute. The RSA mechanism was designed to provide a more efficient regulatory framework through which utilities may obtain timely recovery of prudently incurred costs while reducing regulatory lag and avoiding the need for repetitive rate proceedings. The Commission's decision, however, produces the opposite result. By requiring the Company to wait until 2027 to implement any adjustment based upon costs already audited and reviewed in this proceeding, the decision postpones recovery, increases financing costs, and ultimately requires customers to bear an additional \$5.9 million in carrying costs. Put differently, the Commission's interpretation does not eliminate costs—it merely delays recovery while allowing those costs to continue to accrue. Such a result undermines the very policy objectives that prompted the General Assembly to make RSA available to electric utilities through Act 41. Courts have long recognized that statutes should be construed in a practical manner consistent with the Legislature's design and intended purpose, not in a manner that defeats those objectives.⁹ Here, the Commission's interpretation reintroduces the very regulatory lag and cost escalation that RSA was enacted to mitigate, and therefore cannot be reconciled with the statutory scheme as a whole.

Nor does approving the requested adjustment call into question the Commission's prior determination that DEP's current base rates are just and reasonable under S.C. Code Ann. § 58-27-810. The rates approved in the Company's most recent general rate case, Order No. 2025-757, issued in Docket No. 2025-154-E and effective February 1, 2026, were just and reasonable when set—but they were calculated using the Company's costs and investments through the test year underlying that case, (calendar year 2023 as updated through 2024) whereas the RSA calculates rates using costs and investments in a 2025 calendar test year. In 2025 DEP made additional, incremental investments to serve customers and costs to serve customers have continued to rise since the 2023 test year closed. The RSA and the base rate case are not competing, overlapping, or duplicative rate actions; they are sequential, complementary threads in the same regulatory fabric the General Assembly wove through Act 41 to bridge the regulatory lag between when the Company prudently incurs costs and when it may recover them, so that the Company can continue making the investments necessary to support the reliability and growth directives that Act 41

⁷ Cf. *Florence Cnty. Democratic Party v. Florence Cnty. Republican Party*, 398 S.C. 124, 128, 727 S.E.2d 418, 420 (2012) (stating courts “will not construe a statute in a way which leads to an absurd result or renders it meaningless”).

⁸ *Hinton v. S.C. Dep't of Prob., Parole & Pardon Servs.*, 357 S.C. 327, 333, 592 S.E.2d 335, 338 (Ct. App. 2004) (“Courts should consider not merely the language of the particular clause being construed, but the word and its meaning in conjunction with the purpose of the whole statute and the policy of the law.”).

⁹ Cf. *Browning v. Hartvigsen*, 307 S.C. 122, 125, 414 S.E.2d 115, 117 (1992) (“A statute as a whole must receive a practical, reasonable, and fair interpretation consonant with the purpose, design, and policy of the lawmakers.”).

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embodies. Granting the relief requested here does not disturb or undermine the Commission’s prior just and reasonable finding as to DEP’s base rates—it simply effectuates the mechanism the General Assembly created to keep those rates aligned with the Company’s most recent general rate case in the interval between full rate proceedings.

This is the first time the Commission has held that rate adjustments cannot be implemented until the year following the utility’s election into RSA. Order No. 2005-491 records the procedural posture of Piedmont Natural Gas Company, Inc.’s (“Piedmont”) first election into RSA after it was made available to gas utilities through Act No. 16 of 2005. As explained in that order, Piedmont filed a Notice of Election to come under RSA and concurrently “also filed (1) its quarterly monitoring report for the twelve-month period ending March 31, 2005, and (2) the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case.” Order No. 2005-491 at 1-2, Docket No. 2005-125-G (Sept. 28, 2005).¹⁰ That is precisely what DEP did in this case. In the case of Piedmont, the Commission issued Order No. 2005-567(A) finding that “[c]hanges are required to the Company’s request to adjust rates,” and ordering such changes. Likewise, through Order No. 2005-619, the Commission acknowledged South Carolina Electric & Gas Company’s (“SCE&G”) election to come under RSA shortly after its passage through Act 16 of 2005 and authorized SCE&G to implement newly adjusted rates “for bills rendered on and after the first billing cycle of November 2005.” Order No. 2005-619 at 7, Docket No. 2005-113-G (Oct. 31, 2005). The Commission has never previously found that the utility’s discretionary election to come under RSA must, for some reason, pause a year prior to adjusting rates.¹¹

The decision appeared to hinge upon the phrase “on a prospective basis.” This phrase also appears in the gas RSA statute—compare S.C. Code Ann. § 58-4-510 with S.C. Code Ann. § 58-27-2700—and it does not imply or suggest that the utility must wait a year before going through the cost-auditing and rate-setting procedure detailed in the RSA statute. Instead, it simply acknowledges settled law that adjustments to “rates and charges for retail electric service” must be placed into effect on a forward-looking basis—meaning rate changes apply only to future energy consumption. The Commission has never interpreted this phrase that way in the gas RSA proceedings, instead following the procedure outlined above and provided in the Company’s proposed Baseline Order filed with this Commission on March 13, 2026. The RSA statute operates in the same way base rate cases do—by using a historic test year to set rates and then implementing

¹⁰ Notably, Piedmont’s first monitoring report covered the twelve-month period ending March 31, 2005, even though Piedmont did not file its Notice of Election until April 26, 2005, meaning Piedmont’s reporting period, like DEP’s 2025 calendar-year data, substantially predated its RSA election. The Commission did not require Piedmont to wait a year before adjusting rates based on that pre-election data.

¹¹ *Cf. Deese v. S.C. State Bd. of Dentistry*, 286 S.C. 182, 184–85, 332 S.E.2d 539, 541 (Ct. App. 1985) (“A decision is arbitrary if it is without a rational basis, is based alone on one’s will and not upon any course of reasoning and exercise of judgment, is made at pleasure, without adequate determining principles, or is governed by no fixed rules or standards.”).

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such rates on a prospective, go-forward basis. As recognized by our Supreme Court, “[t]he historical test year recognizes that ratemaking is a prospective process in which customers who currently use the system pay for its production, rather than requiring future ratepayers to pay for past use.”¹²

Construing “on a prospective basis” to mean that the rate audit and adjustment process cannot begin until a future year has no support in the RSA statute, which instead contemplates a straightforward process of the monitoring report being filed and then followed by a review and comment process. Indeed, there is nothing in S.C. Code Ann. § 58-27-2760 that contemplates a delay in implementing the RSA provisions; instead that section merely provides that its procedures “shall apply to monitoring reports related to the quarter ending December 31,” which is precisely what the Company filed with the Commission in this proceeding. Requiring a year “suspension period” would impose a new requirement not provided for in the RSA statute.¹³

The Commission’s own July 13, 2026 decision underscores the inconsistency of its new interpretation. The decision itself instructs that the Baseline Order incorporate “matters established in the Company’s most recent general rate proceeding as approved in Order No. 2025-757, issued in Docket No. 2025-154-E”—meaning the Commission relied upon the Company’s 2025 rate case data as the appropriate baseline for RSA purposes in the very same directive that refused to allow the Company to use 2025 operational data for the Monitoring Report rate adjustment. The Commission cannot simultaneously treat the Company’s 2025 data as the proper baseline for RSA purposes while also treating that same calendar year’s data as impermissibly “retrospective” when submitted in the Monitoring Report that ORS has already audited. This inconsistency further confirms that the Commission’s newly announced “prospective” limitation has no sound basis in the RSA statute or in the Commission’s own directive.

The Commission’s decision also violates the party presentation principle, due process, and the South Carolina Administrative Procedures Act in that an issue was raised *sua sponte* by the bench without any opportunity for the Company to respond as explained later in this Petition.¹⁴

¹² *Duke Energy Carolinas, LLC v. S.C. Office of Reg. Staff*, 434 S.C. 392, 426, 864 S.E.2d 873, 891 (2021).

¹³ See *Hodges v. Rainey*, 341 S.C. 79, 85, 533 S.E.2d 578, 581 (2000) (“What a legislature says in the text of a statute is considered the best evidence of the legislative intent or will. Therefore, the courts are bound to give effect to the expressed intent of the legislature.”); *id.* at 79, 533 S.E.2d at 582 (stating “a court cannot rewrite the statute and inject matters into it . . . not in the legislature’s language”).

¹⁴ See, e.g., S.C. Const. art. I, § 3 (due process clause); S.C. Const. art. I, § 22 (administrative due process clause); S.C. Code Ann. § 1-23-130; see also *Kurschner v. City of Camden Planning Comm’n*, 376 S.C. 165, 171, 656 S.E.2d 346, 350 (2008) (“The fundamental requirements of due process include notice, an opportunity to be heard in a meaningful way, and judicial review.”); *Stono River Envtl. Prot. Ass’n v. S.C. Dep’t of Health & Envtl. Control*, 305 S.C. 90, 94, 406 S.E.2d 340, 342 (1991) (reversing where agency failed to inform parties of the procedure and issues to be considered and denied them an opportunity to present evidence); *McIntyre v. Sec. Comm’r of S.C.*, 425 S.C. 439, 450, 823 S.E.2d 193, 198 (Ct. App. 2018) (“It is hard to imagine how the opportunity to be heard can be meaningful if one does not know what to say.”); *Margolin v. Nat’l Ass’n of Immigr. Judges*, 146 S. Ct. 1285, 1288 (2026) (summarily reversing the Fourth Circuit for again “violating th[e] party presentation principle” under which courts

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No party disputed the prudence of the Company's costs in this proceeding, nor did any party suggest that the Company's annual monitoring report filed in March 2026 was premature or not ripe. The Company was not given notice of that issue or an opportunity to address it prior to the Commission's decision.¹⁵ Had the Company been afforded that opportunity, it believes the Commission's concerns could have been resolved and the errors of law identified herein avoided. However, that the Commission's decision on July 13, 2026 hinged upon a novel legal interpretation of the statute not previously raised by a party in the proceeding is at odds with the principle of party presentation, under which adjudicative bodies rely upon the parties to identify and litigate the issues for decision.¹⁶ In this proceeding, the suggestion that utilities must wait a year prior to adjusting rates under the RSA statute was neither raised nor proposed by any party, yet it ultimately became the basis for denying the Company's requested relief, contravening the party presentation principle.

A reviewing court "may reverse or modify the decision if the PSC's findings are . . . arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion." *In re Blue Granite Water Co. for Approval to Adjust Rate Schedules & Increase Rates*, 434 S.C. 180, 184, 862 S.E.2d 887, 889 (2021). Further, on appeal the court "may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions . . . are arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion." S.C. Code Ann. § 1-23-380(5). This case has particular appellate significance because it arbitrarily and substantially departs from the Commission's prior orders in the gas RSA proceedings, it will materially compromise the Company's ability to earn the return previously authorized by the Commission in contravention of the RSA statute, and it will ultimately cause customers to pay more due to the delayed recovery of audited, prudently incurred costs. For these reasons, the Company urges the Commission to rescind its directive and to revisit these matters prior to issuing a final order to ensure that the Commission is faithfully executing Act 41.

For the reasons expressed herein, the Company respectfully requests that the Commission, on an expedited basis, rescind or vacate its July 13, 2026 directive before issuing a final order, issue the Baseline Order, process the annual monitoring report pursuant to S.C. Code Ann. § 58-27-2760, and issue an Initial Order that gives effect to ORS's recommendations as reflected in the Stipulation.

"rely on the parties to 'frame the issues for decision' and decide 'only the questions presented'" (quoting *United States v. Sineneng-Smith*, 590 U. S. 371, 375–76 (2020)).

¹⁵ *Porter v. S.C. Pub. Serv. Comm'n*, 338 S.C. 164, 170, 525 S.E.2d 866, 869 (2000).

¹⁶ *Sineneng-Smith*, 590 U.S. at 375-76 ("[A]s a general rule, our system is designed around the premise that parties represented by competent counsel know what is best for them and are responsible for advancing the facts and argument entitling them to relief.")

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Kind regards,

s/Samuel J. Wellborn

Samuel J. Wellborn

Cc: Parties of Record (via electronic mail)
David Stark, Esquire (via electronic mail)
J. Adam Russell, Esquire (via electronic mail)
Sandra Moser, Esquire (via electronic mail)
Jo Anne Wessinger Hill, Esquire (via electronic mail)
Nicole Given, Esquire (via electronic mail)

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2026-78-E

In the Matter of:)
)
Application of Duke Energy Progress,)
LLC to Have the Terms of the Electric)
Rate Stabilization Adjustment Apply to)
the Company's Rates and Charges for)
Retail Electric Service)
_____)

VERIFICATION

I, Virginia E. Boucher, first being duly sworn, say that I am employed by Duke Energy Carolinas, LLC, as Director, Rates & Regulatory Planning, and have read Duke Energy Progress, LLC's Objection and Request to Rescind or Amend July 13, 2026 Directive Before Final Ruling letter dated July 14, 2026, and know the contents thereof; and that the facts contained therein are true, accurate, and correct to the best of my knowledge, information, and belief.

Virginia E Boucher

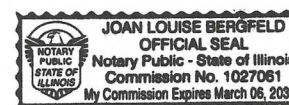
Name: Virginia E. Boucher

Title: Director, Rates & Regulatory Planning

Joan Louise Bergfeld
SWORN to and subscribed before me this 14th day
of July, 2026.

Notary Public for the State of: Illinois

My Commission Expires: March 6, 2030



BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2026-78-E

In the Matter of:	)	
	)	
Application of Duke Energy Progress, LLC,	)	DUKE ENERGY PROGRESS,
to Have the Terms of the Electric Rate	)	LLC’S PETITION FOR
Stabilization Adjustment Apply to the	)	RECONSIDERATION OF
Company’s Rates and Charges for Retail	)	ORDER NO. 2026-394
Electric Service	)	AND REQUEST FOR
	)	EXPEDITED REVIEW

I. INTRODUCTION AND EXECUTIVE SUMMARY

Duke Energy Progress, LLC (“DEP” or the “Company”), pursuant to S.C. Code Ann. Regs. 103-825(A)(4) and 103-854(B),¹ respectfully submits this Petition for Reconsideration to the Public Service Commission of South Carolina (“Commission”). DEP seeks expedited reconsideration of Order No. 2026-394, issued July 15, 2026 (the “Order”). Although the Order granted DEP’s prior Request for Reconsideration and vacated the Commission’s June 29, 2026 Directive in this docket, it delayed DEP’s ability to use the Rate Stabilization Adjustment mechanism (“RSA”) for a year under a novel, *sua sponte* reading of the RSA statutes established by the South Carolina Energy Security Act, Act No. 41 of 2025 (“Act 41”). The Company asks the Commission to reconsider that legal conclusion and amend the adverse portions of the Order, and issue a revised Order approving the Stipulation (as defined below) between DEP and the South Carolina Office of Regulatory Staff (“ORS”) and DEP’s revised tariff rates, effective for all bills rendered on or after the first billing cycle of August 2026 pursuant to the RSA statute.

¹ As explained in greater detail below, this Petition is not submitted pursuant to the review provisions of the RSA (S.C. Code Ann. § 58-27-2780, for example) because the Commission’s Order expressly contradicts the RSA and, therefore, the Company does not have sufficient recourse thereunder.

As is set forth in greater detail below, the Commission erred in concluding that an electric utility may only seek adjustment to its rates for the operational periods subsequent to and coinciding with its election into the RSA. First, the Commission misconstrued the meaning of “prospective” and created a new requirement for “all utilities” to use post-RSA-election data. Second, the Commission’s Order is inconsistent with the procedure established in the Baseline Order. Third, the Commission’s implementation of the RSA mechanism is arbitrarily inconsistent with its prior implementation of the nearly identical Natural Gas RSA (as defined below). Finally, the Commission’s *sua sponte* conclusion violates the party presentation principle because the Commission adopted that dispositive interpretation without prior notice to DEP or a meaningful opportunity to respond, contrary to the notice and hearing requirements of the South Carolina Administrative Procedures Act.² The Commission’s action frustrates the General Assembly’s intent to establish materially parallel electric and Natural Gas RSA processes. If the Commission’s requirement in the Order stands, it will have the effect of applying parallel statutory language differently, without providing a reasoned basis for doing so.

Although the Commission’s order suggests that the Company can bring these concerns forward in an evidentiary hearing pursuant to S.C. Code Ann. § 58-27-2780, an evidentiary hearing cannot resolve this legal error and, regardless, is unavailable to the Company because the Order violated express language in the RSA—rendering an evidentiary hearing thereunder futile. Under the Commission’s interpretation, DEP must wait one year after making its election under the RSA mechanism to avail itself of the RSA’s procedures and tariff adjustments. Further, by holding that

² S.C. Code Ann. § 1-23-320(A), (B)(4), (E) (requiring that parties in a contested case receive notice and an opportunity for a hearing, that the notice include a “short and plain statement of the matters asserted,” and that all parties be afforded an opportunity “to respond and present evidence and argument on all issues involved”).

the Company's 2025 operating data in its Year-End Monitoring Report cannot serve as the basis for a rate adjustment, the Commission effectively struck the entirety of the report from the record as well as the ORS audit. Therefore, even if an evidentiary hearing were held, there would be no evidence to consider at that hearing. The Order, therefore, effectively nullifies DEP's election for this cycle, removes DEP from the RSA, creates a waiting period the General Assembly did not enact, and renders the statutory remedy of an evidentiary hearing futile.

DEP submits that the Commission has the information required to follow the RSA.³ DEP properly filed its election to adjust rates under the RSA mechanism pursuant to S.C. Code Ann. § 58-27-2700. In accordance with S.C. Code Ann. § 58-27-2740, DEP filed tariff rates required to achieve any indicated change in revenue. ORS audited DEP's annual monitoring report for the twelve-month period ending December 31, 2025 (the "Year-End Monitoring Report"). DEP and ORS resolved the audit adjustments through their Agreement and Stipulation of Settlement resolving all outstanding issues between them (the "Stipulation"). Forcing DEP to wait a year after making its election is contrary to the plain language of the RSA and would violate the legislative intent of the RSA because it would deny utilities like DEP the ability to seek prompt rate adjustments and would cause customers to incur additional costs, such as additional financing costs. In this particular instance, the Company estimates customers will pay approximately \$6 million more for the projects included in the Company's filing if the Company is forced to wait a year to proceed under the RSA. Therefore, for the reasons explained more fully below, DEP

³ As articulated by Commissioner Belser at the July 13, 2026 Special Commission Business Meeting, the statutory process and record support DEP's position that the Company timely elected to proceed under the RSA and that the Commission should approve the Stipulation and issue an initial order required by the statute. Commissioner Belser's motion and analysis are discussed in greater detail below.

respectfully requests that the Commission issue a revised Order approving DEP's filed tariff rates, which reflect the Stipulation with ORS.

II. BACKGROUND AND PROCEDURAL HISTORY

Statutory Procedure

At the crux of this Petition is the procedure prescribed by Act 41. The RSA lays out a precise procedural pathway pursuant to which the proceeding must be conducted: (1) the utility elects to come under the RSA and provides a monitoring report to the Commission for the twelve-month period ended December 31; (2) the Commission issues a Baseline Order consistent with the utility's most recent general rate case establishing, among other things, a range for evaluating the utility's earned return on equity; (3) ORS audits of the monitoring report; (4) other parties may file verified written comments and the utility may file a verified reply and may request a non-evidentiary hearing; and (5) the Commission issues an initial order setting forth any changes required in the utility's request to adjust rates under this article (the 'Initial Order')," and any "rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of August of that year." Nothing in this detailed statutory scheme contemplates or suggests that the utility must wait a year for rates to become effective. Instead, this carefully-designed process ensures a mechanism for benchmarking a utility's approved financial targets from its most recent general rate case against its updated operating experience and data.

Notice of Election

On March 13, 2026, the Company filed (i) a letter notifying the Commission of the Company's election to use the RSA mechanism (the "Notice of Election"), and (ii) its Year-End Monitoring Report (together with the Notice of Election, the "Election Filing").

DCA Comments

On June 1, 2026, the South Carolina Department of Consumer Affairs (“DCA”) filed comments (the “DCA Comments”) regarding DEP’s RSA election. DCA recommended that the Commission “deny DEP’s RSA election in its entirety” based on contentions that DEP will not be a surviving legal entity after January 1, 2027, and that the requested increase runs contrary to the terms of the RSA.⁴

ORS Audit Report

Also on June 1, 2026, ORS filed a verified report summarizing its review of the Year-End Monitoring Report (“Audit Report”). ORS explained that its review of DEP’s Year-End Monitoring Report focused on the Company’s adherence to the RSA and applicable Commission orders.⁵ ORS stated that it examined the operating experience reported by the Company for the twelve-month period ended on December 31, 2025.⁶

Stipulation with ORS

On June 15, 2026, DEP filed Verified Written Comments (“DEP Reply Comments”) addressing ORS’s Audit Report and the DCA Comments. That same day, DEP also filed the Stipulation. On June 16, 2026, DEP filed Exhibit A to the Stipulation, which includes three schedules: Schedule 1 (Operating Experience, Rate Base, and Rate of Return); Schedule 2 (Explanation of Accounting and Pro Forma Adjustments - Retail); and Schedule 3 (Weighted Cost of Capital). The Stipulation and Exhibit A to the Stipulation reflect the resolution of all outstanding issues between DEP and ORS.

⁴ DCA Comments at 3, 21.

⁵ Audit Report at 1.

⁶ *Id.* at 1, 2.

June 29, 2026 Decision

On June 25, 2026, the Commission convened oral arguments to hear the parties' positions regarding the DCA Comments in response to DEP's RSA election. On June 29, 2026, following a vote during a Special Commission Business Meeting, the Commission issued a directive that (i) denied the Stipulation, and (ii) rejected DEP's RSA election ("June 29, 2026 Directive" or "Decision"). In support of the directive, a majority of the Commission determined that:

Pursuant to S.C. Code Ann. section 58-27-2730, the utility is required to file monitoring reports with the Commission for each twelve-month period ending March 31, June 30, September 30, and December 31 of each year, with the filings to be made no later than the fifteenth day of the third month following the close of the period. In the instant case, Duke Energy Progress did not submit to the Commission and ORS a monitoring report for the period ending March 31, 2026, on or before June 15, 2026. The Commission cannot waive a statutory requirement in carrying out its procedures established by the Electric Rate Stabilization Act.⁷

On July 2, 2026, DEP filed a letter urging the Commission to reconsider the Decision ("Request for Reconsideration") stating that "[i]n the Company's view, the Commission's decision does not align with the plain language of Act 41 and it prevents the Company from timely recovery of prudently incurred costs for investments made to serve customers."⁸

On July 13, 2026, the Commission issued a directive granting DEP's Request for Reconsideration and vacating the June 29, 2026 Directive ("July 13 Directive"). The Commission determined that DEP, having met the statutory prerequisites, may elect to have the terms of the RSA apply to its rates and charges for retail electric service.⁹ The Commission also directed the

⁷ June 29, 2026 Directive at 1.

⁸ Request for Reconsideration at 2.

⁹ July 13, 2026 Directive at 1.

issuance of a Baseline Order incorporating matters established in DEP's most recent general rate proceeding as approved in Order No. 2025-757 in Docket No. 2025-154-E.¹⁰

The July 13 Directive further addressed DEP's request for an adjustment to rates based on the Year-End Monitoring Report covering DEP's 2025 operational experience. The Commission determined that, under S.C. Code Ann. § 58-27-2700, a utility cannot request an adjustment in rates based on operational experience for a calendar year preceding the calendar year in which the utility elected to have the terms of the RSA apply.¹¹ As discussed more fully below, Commissioner Belser noted her disagreement, stating that DEP "is within its rights under the recently enacted Electric Rate Stabilization Act to file the election to come under the terms of the [RSA] at this time."¹²

On July 14, 2026, DEP filed an Objection and Request to Rescind or Amend the July 13 Directive before final ruling ("July 14 Objection"). DEP explained that the July 14 Objection was not a petition for rehearing or reconsideration and expressly reserved DEP's right to file such a petition, if necessary, following issuance of a final order.¹³ DEP stated that the filing was intended to preserve its objections to issues raised for the first time in the July 13 Directive and to request that the Commission exercise its authority under S.C. Code Ann. § 58-27-2130 to rescind or amend the July 13 Directive before issuing its order on the merits.¹⁴

¹⁰ *Id.* at 2.

¹¹ *Id.* at 1.

¹² Minutes/Transcription of Special Commission Business Meeting at 15 (July 13, 2026), Public Service Commission of South Carolina, *available at* <https://dms.psc.sc.gov/Attachments/Event/e4aea450-8d39-491e-af0b-2b5a9e9e98a7>.

¹³ July 14, 2026 Objection at 2.

¹⁴ *Id.*

Baseline Order

On July 15, 2026, the Commission issued Order No. 2026-388, establishing the baseline and ongoing procedures under the RSA (“Baseline Order”). The Baseline Order stated that DEP filed its Notice of Election on March 13, 2026, electing to have S.C. Code Ann. §§ 58-27-2700 through 58-27-2810 apply to its rates and charges for retail electric service.¹⁵ The Baseline Order further stated that, in accordance with S.C. Code Ann. §§ 58-27-2700 and 58-27-2720, the Commission was making the findings and establishing the ongoing procedures required for adjustments in base rates under the RSA.¹⁶

“Initial Order”¹⁷

Also on July 15, 2026, the Commission issued Order No. 2026-394, titled *Order Granting Reconsideration, Vacating June 29, 2026 Directive, Issuing Initial Order* (the “Order”). The Order stated that DEP sought to have the RSA terms, including an upward adjustment to address under-earnings, apply to its rates and charges based on the Company’s 2025 operational experience.¹⁸

¹⁵ Baseline Order at 1.

¹⁶ *Id.*

¹⁷ As explained further herein, DEP does not agree or concede that Order No. 2026-394 is an Initial Order as contemplated under the RSA statute. Order No. 2026-394 plainly finds that the RSA audit, review, and rate adjustment process does not apply to DEP in 2026, instead finding that such audit, review, and rate adjustment process will take place in 2027, thus removing DEP from the RSA procedures for 2026. For that reason, Order No. 2026-394 cannot and does not serve as the Initial Order under the RSA statutory procedures.

While S.C. Code Ann. § 58-27-2760(5) provides that “the electric rate adjustment contained in the utility’s filing shall be considered granted as filed” if the Commission fails to issue an Initial Order under the RSA statute, the Company does not intend to implement rates pursuant to that provision at this time. Instead, DEP is pursuing all available remedies to expeditiously correct the Commission’s legal errors and obtain a ruling that permits the proper RSA process to proceed as the General Assembly intended. The Company’s objective is not to impose rates by operation of law given the procedural anomalies clouding this matter, but to secure prompt review so that the correct rates may be established and placed into effect as quickly as possible under a lawful application of the RSA statutes.

¹⁸ Order at 1.

While DEP disagrees, Order No. 2026-394 stated that it serves as the Initial Order contemplated by S.C. Code Ann. § 58-27-2760(5) and denied DEP's requested rate adjustment.¹⁹

The Order denied DEP's rate adjustment request based upon the view that the RSA procedures apply prospectively to utility operational data.²⁰ The Order concluded that, although DEP could elect to have the RSA apply in 2026, DEP could not obtain an adjustment based on operational experience for calendar year 2025 because that year preceded DEP's RSA election.²¹ Accordingly, the Commission concluded that DEP's 2025 operational data predates DEP's election into the RSA and does not warrant a rate adjustment.²² At the same time, the Order also found that "the first year of operational data of the Company during a period in which the Company is subject to the eRSA is 2026."²³ Because the Company's operational experience between January 1, 2026 and March 12, 2026 also predates DEP's election into RSA, this inconsistency cannot be resolved.

The Order also rejected DEP's due process argument (the Company explained the *sua sponte* interpretation from the bench was not argued by any party in the case), which left the Company with no chance to address the interpretation prior to the Commission vote. The Commission reasoned that due process is flexible and that S.C. Code Ann. § 58-27-2780 provides an aggrieved party a path to review of the Order, including an evidentiary hearing.²⁴ The Commission further stated that review under § 58-27-2780 is a continuation of the rate-adjustment proceeding rather than a strictly appellate process and that S.C. Code Ann. § 58-27-2790 provides

¹⁹ *Id.* at 2; *see also id.* at 8.

²⁰ *Id.* at 11-14.

²¹ *Id.* at 14, 16.

²² *Id.* at 16.

²³ *Id.* at 14.

²⁴ *Id.* at 15.

relief that can make DEP whole if the Order warrants correction.²⁵ The Commission ordered that the June 29 Directive be vacated, that the Order serve as the Initial Order contemplated by S.C. Code Ann. § 58-27-2760(5), that DEP's request does not warrant a rate adjustment, and that DEP's rates and charges remain as authorized in Order No. 2025-757, as adjusted by subsequent Commission orders.²⁶

Commissioner Belser dissented, stating that the Order rests upon a flawed and misapplied interpretation of the statutory process established for the RSA mechanism, resulting in an error of law. Indeed, the motion proffered by Commissioner Belser at the Commission's business meeting recited the structured statutory process followed by the Company and the ORS in this proceeding—the Company's election to participate in RSA, the monitoring report for calendar year 2025 filed by the Company, the audit conducted by ORS, the verified findings made by the ORS “to ascertain the reasonableness and prudence of all matters” contained within the Company's monitoring report, the adjustments recommended in the ORS report to ensure the Company's monitoring report complied with South Carolina law, and the Stipulation entered into between ORS and the Company adopting adjustments. Consistent with that statutory process and the record, Commissioner Belser's motion would have found that “the stipulation is reasonable, in the public interest, and is in accordance with South Carolina law and regulatory policy, and therefore should be approved.”²⁷

²⁵ *Id.*

²⁶ *Id.* at 16-17.

²⁷ Minutes/Transcription of Special Commission Business Meeting at 10-14 (July 13, 2026), Public Service Commission of South Carolina, *available at* <https://dms.psc.sc.gov/Attachments/Event/e4aea450-8d39-491e-af0b-2b5a9e9e98a7>.

III. STANDARD OF REVIEW

The Company respectfully submits that the remedies under the RSA have been rendered meaningless given the Order. Indeed—by the Order’s own logic—by postponing the application of the RSA audit, review, and rate adjustment process until after “the 2026 operational experience [upon which] DEP may seek an adjustment,”²⁸ the audit, review, and rate adjustment process does not apply to the Company’s financial information submitted in this proceeding. Therefore, the RSA review process contemplated at S.C. Code Ann. § 58-27-2780 is unavailable to the Company and, even if it were, the remedy contained therein would be futile. Accordingly, this Petition is submitted pursuant to S.C. Code Ann. § 58-27-2150, which provides that “any party to the proceedings may within ten days after service of notice of the entry of the order or decision apply for a rehearing in respect to any matter determined in such proceedings and specified in the application for rehearing.”²⁹

Moreover, “[a] petition for Reconsideration shall be subject to the same statutory parameters as a Petition for Rehearing.”³⁰ The Commission’s Regulations further provide that a Petition for Rehearing or Reconsideration shall set forth clearly and concisely: (a) The factual and legal issues forming the basis for the petition; (b) The alleged error or errors in the Commission order; (c) The statutory provision or other authority upon which the petition is based.³¹

²⁸ Order at 14.

²⁹ S.C. Code Ann. § 58-27-2150.

³⁰ S.C. Code Ann. Regs. 103-854(B).

³¹ S.C. Code Ann. Regs. 103-825(A)(4) (2012).

“The purpose of the petition for rehearing and/or reconsideration is to allow the Commission the discretion to rehear and/or reexamine the merits of issued orders, pursuant to legal or factual questions raised about those orders by parties in interest, prior to a possible appeal.”³²

A Petition for Rehearing or Reconsideration shall set forth clearly and concisely the factual and legal issues forming the basis for the petition, the alleged error or errors in the Commission Order, and the statutory provision or other authority upon which the petition is based.³³

Also, “[t]he purpose of a petition for rehearing or reconsideration is not to have presented points which lawyers for the losing parties have overlooked or misapprehended, and the purpose of a petition for rehearing or reconsideration is not just to have the case tried a second time.”³⁴ Further, “the purpose of a Petition for Rehearing is not intended as a procedure for rearguing a case merely because the non-prevailing parties disagree with the original decision.”³⁵

Rather, petitions for rehearing or reconsideration are to allow the Commission to identify and correct specific errors and omissions in its orders. Nor can a party raise issues in a motion to reconsider that could have been presented prior to the decision on the merits or that are raised for the first time in a petition for rehearing.³⁶

Finally, “[i]t is well established law that the findings of the Commission are presumptively correct and have the force and effect of law; therefore, the burden of proof rests on the moving party[.]”³⁷

³² *In re: South Carolina Electric & Gas Co.*, Order No. 2013-5 (Feb. 14, 2013).

³³ S.C. Code Ann. Regs. 103-825(A)(4) (2012).

³⁴ Order No. 2024-138 at 6, Docket No. 2023-243-G (Feb. 22, 2024).

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

IV. ARGUMENT

Summary of the Commission's Legal Conclusion in its Order

The Commission erred when concluding that the RSA requires that “[p]rospective rate adjustments must be based on an operating experience that occurred while the utility was operating pursuant to the RSA, rather than the operational experience the utility may have had prior to electing to have the RSA apply to its rates.”³⁸ In reaching this conclusion, the Commission explained that

The plain language reading of S.C. Code Ann. section 58-27-2700 states that a “public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis[. . .].”³⁹

Citing to Black’s Law Dictionary and noting that “[t]he plain language meaning of the word ‘prospective’ is ‘effective or operative in the future[,]’” the Commission found “this to be a clear, unambiguous statutory provision to allow an electric utility to elect to have the RSA apply to its rates prospectively.”⁴⁰

The Commission particularly noted that while a utility has the discretion to elect to have the RSA apply to its rates at any time “that does not mean that the utility may dictate a previous period of time during which it was not subject to the RSA to use as the operational experience to recover rate adjustments under the RSA.”⁴¹ To support this interpretation of Act 41, the Commission referenced the “Baseline Order,”⁴² explaining that “[t]he RSA statutory scheme

³⁸ Order at 13.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² The order required under S.C. Code Ann. §§ 58-27-2700 and 58-27-2720 to make the baseline findings and establish the ongoing procedures necessary to implement the RSA mechanism.

stabilizes adjustments to the rates of the utility compared to the benchmark.”⁴³ The Commission stated that “[u]nder the design of the RSA, a Baseline Order is issued to establish the financial starting point from which deviation may warrant adjustment to rates – either an increase for an under-earning utility, or a decrease for an over-earning utility.”⁴⁴ The Commission also explained that the Baseline Order “establishes a benchmark at a particular point in time dictated by the financial and other conditions of the utility’s last general rate case.”⁴⁵

In interpreting Act 41, the Commission concluded that:

. . . the RSA does not allow the utility to choose a test year—or any year outside of the current operational year—to compare to the benchmark. While a historical test year may be used in a general rate case, the use of such a test year is impermissible in the election and use of the RSA, wherein the first year of data available will coincide with the end of the first calendar year in which the election was made. In this instance, DEP elected to become subject to the RSA in 2026. It could have elected to do so in 2025 but did not. Therefore, the Commission concludes that the first year of operational data of the Company during a period in which the Company is subject to the RSA is 2026, and it is upon the 2026 operational experience that DEP may seek an adjustment.⁴⁶

As is set forth in greater detail in the following sections, the Commission erred in concluding that an electric utility may only seek adjustment to its rates for the operational periods subsequent to and coinciding with its election into the RSA on the following bases. First, the Commission misconstrued the meaning of “prospective,” which relates solely to when rate adjustments become effective. Second, the Commission’s Order is inconsistent with the procedure established in the Baseline Order. Third, the Commission’s implementation of the RSA mechanism is arbitrarily inconsistent with its prior implementation of the nearly identical Natural Gas RSA (as defined below). Fourth, the Commission’s *sua sponte* conclusion violates the party

⁴³ Order at 13.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.* at 13-14.

presentation principle. Accordingly, the Commission's Order serves as a final order because the Commission struck the evidence the Company would present at an evidentiary hearing.

A. The Commission erred in concluding that RSA rate adjustments may not be based on operational experience preceding the RSA election.

1. The Commission misapplied prospective rates to mean prospective data.

The Commission properly acknowledged that S.C. Code Ann. § 58-27-2700 states that “[a] public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis [. . .].” (emphasis added). The Commission further found this to be a “clear, unambiguous statutory provision to allow an electric utility to elect to have the RSA apply to its rates prospectively” (emphasis added). Finally, the Commission found that “given its plain language meaning, the rate adjustments due to the RSA must be prospective in nature” (emphasis added).

However, the Commission misconstrued “prospective” and committed an error in determining that rate adjustments must also be based on “an operating experience that occurred while the utility was operating pursuant to the RSA” In doing so, the Commission misinterpreted the RSA and improperly applied a requirement that operating experience or data must be prospective, meaning it must occur after a utility makes its RSA election.

The Company contends that the use of the word ‘prospective’ only applies to RSA tariff rate adjustments, and not a utility’s operating experience/data.⁴⁷ The RSA, by requiring prospective rate adjustments, simply follows the accepted ratemaking principle that adjustments to customer bills may only apply to future consumption of electricity supplied by the utility. Put

⁴⁷ See, e.g., *S.C. Elec. & Gas Co. v. Pub. Serv. Comm’n*, 275 S.C. 487, 491, 272 S.E.2d 793, 795 (1980) (explaining “the firm principle that rate-making is prospective rather than retroactive. The Commission has no more authority to require a refund of monies collected under a lawful rate than it would have to determine that the rate previously fixed and approved was unreasonably low, and that the customers would thus pay the difference to the utility.”).

another way, “[t]he historical test year recognizes that ratemaking is a prospective process in which customers who currently use the system pay for its production, rather than requiring future ratepayers to pay for past use.”⁴⁸ The Commission provided no explanation for adopting the requirement that operating data must occur after an RSA election is made. Moreover, there is no support for this requirement in the plain reading of the RSA or the Natural Gas RSA (as defined below). Indeed, while the Commission concluded that DEP’s 2025 operational data predates DEP’s election into the RSA and does not warrant a rate adjustment,⁴⁹ it also concluded that “the first year of operational data of the Company during a period in which the Company is subject to the eRSA is 2026.”⁵⁰ Because the Company’s operational experience between January 1, 2026 and March 12, 2026 also pre-dates DEP’s election into RSA, it is unclear how this internal inconsistency can be resolved, or how this interpretation can be reconciled with the RSA statute.

The Commission’s interpretation also violates the rule of statutory construction that effect must be given to every statutory provision enacted by the General Assembly,⁵¹ and violates the longstanding principle that statutes be given their plain and ordinary meaning.⁵² The Commission’s construction that the utility must wait a year to utilize RSA renders significant

⁴⁸ *Duke Energy Carolinas, LLC v. S.C. Office of Reg. Staff*, 434 S.C. 392, 426, 864 S.E.2d 873, 891 (2021).

⁴⁹ *Id.* at 16.

⁵⁰ *Id.* at 14.

⁵¹ See *CFRE, LLC v. Greenville Cnty. Assessor*, 395 S.C. 67, 74, 716 S.E.2d 877, 881 (2011) (“[W]e must read the statute so that no word, clause, sentence, provision or part shall be rendered surplusage, or superfluous . . . for the General Assembly obviously intended the statute to have some efficacy, or the legislature would not have enacted it into law.”).

⁵² See also *Knotts v. S.C. Dep’t of Nat. Res.*, 348 S.C. 1, 10, 558 S.E.2d 511, 516 (2002) (“If a statute’s language is plain, unambiguous, and conveys a clear meaning ‘the rules of statutory interpretation are not needed and the court has no right to impose another meaning.’ This plain meaning rule ensures a court will not change the meaning of an unambiguous statute.”) (internal citations omitted); *Hodges v. Rainey*, 341 S.C. 79, 87, 533 S.E.2d 578, 582 (2000) (“If the language of a statute is clear and explicit, a court cannot rewrite the statute and inject matters into it which are not in the [General Assembly’s] language.”).

portions of the statute largely superfluous. For example, S.C. Code Ann. § 58-27-2760 requires the Commission to issue an Initial Order by July 15 and further provides that, absent such an order, “the electric rate adjustment contained in the utility’s filing shall be considered granted as filed.” The same section provides that “[a]ny rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of August of that year.” If the General Assembly intended that no adjustment could occur until the year after election, there would have been no reason to establish a July 15 deadline, a deemed-granted remedy, or an August implementation date during the election year.⁵³ The Commission’s interpretation therefore deprives these provisions of independent meaning and frustrates the procedural framework the General Assembly carefully codified.⁵⁴ Courts must avoid constructions that render statutory language meaningless or reduce enacted provisions to surplusage, and the Commission should likewise construe the RSA statute in a manner that gives effect to all of its terms.⁵⁵

2. The Commission’s requirement for prospective data limits the flexibility expressly provided in the RSA to all utilities.

The Commission’s recently announced requirement that utilities use operating data generated after making their RSA elections is not supported by any express language in the RSA. Rather, the Commission’s requirement directly contradicts the express language of S.C. Code Ann.

⁵³ *Cf. Denene, Inc. v. City of Charleston*, 352 S.C. 208, 212, 574 S.E.2d 196, 198 (2002) (“In construing statutory language, the statute must be read as a whole and sections which are part of the same general statutory law must be construed together and each one given effect. The Court must presume the legislature did not intend a futile act, but rather intended its statutes to accomplish something.” (internal citation omitted)).

⁵⁴ *Cf. Florence Cnty. Democratic Party v. Florence Cnty. Republican Party*, 398 S.C. 124, 128, 727 S.E.2d 418, 420 (2012) (stating courts “will not construe a statute in a way which leads to an absurd result or renders it meaningless”).

⁵⁵ *Hinton v. S.C. Dep’t of Prob., Parole & Pardon Servs.*, 357 S.C. 327, 333, 592 S.E.2d 335, 338 (Ct. App. 2004) (“Courts should consider not merely the language of the particular clause being construed, but the word and its meaning in conjunction with the purpose of the whole statute and the policy of the law.”).

§ 2700, which provides utilities with the flexibility to elect to utilize the RSA “in its discretion and at any time” (emphasis added).

The RSA statute lays out a precise, structured procedural pathway pursuant to which the proceeding must be conducted: (1) the utility, “in its discretion and at any time” elects to come under the RSA; (2) upon notice of the election, the Commission must “proceed to make the findings and establish the ongoing procedures required for adjustments in base rates to be made under this article”; (3) ORS must “conduct an audit of the monitoring report to ascertain the reasonableness and prudence of all matters contained therein and specify any changes that the Office of Regulatory Staff determines to be necessary to correct errors in the report or to otherwise bring the report into compliance with” the RSA statute; (4) other parties may file verified written comments and the utility may file a verified reply and may request a non-evidentiary hearing; and (5) the Commission must “issue an initial order setting forth any changes required in the utility’s request to adjust rates under this article (the ‘Initial Order’),” and any “rate adjustments authorized under the terms of this article shall take effect for all bills rendered on or after the first billing cycle of August of that year.” Nothing in this detailed statutory scheme contemplates or suggests that the utility must wait a year for rates to be adjusted under this process. Instead, this carefully-designed process ensures a mechanism for benchmarking a utility’s approved financial targets from its most recent general rate case against its updated operating experience and data.

The Company, in accordance with the RSA statute, both made its election to utilize the RSA and filed its Year-End Monitoring Report, with updated rate tariffs. In doing so, the Company utilized the financial parameters approved in Docket No. 2025-154-E, its most recent general rate case, and applied them to the Company’s most recent twelve months of operating data. This data was dutifully audited by ORS. DEP and ORS reached a Stipulation, upon which DEP filed revised

tariffs with the Commission reflecting ORS's recommended adjustments. These revised tariffs are properly before the Commission and available to be implemented on a prospective basis on or after the first billing cycle of August.

3. The Commission's new data requirement has practical flaws.

The Commission states:

While a historical test year may be used in a general rate case, the use of such a test year is impermissible in the election and use of the RSA, wherein the first year of data available will coincide with the end of the first calendar year in which the election was made. In this instance, DEP elected to become subject to the RSA in 2026. It could have elected to do so in 2025 but did not.

Based on the Commission's statement above, the Company could have submitted its RSA election on or before December 31, 2025, provided the exact same operating data (i.e., for the twelve months of 2025) on or before March 15, 2026, and the Company would be eligible to implement these rate adjustments on or after the first billing cycle of August. Under the RSA, however, adjustments in tariff rates are not based on when the RSA election is made, but rather on the Year-End Monitoring Report, which is not prepared until year-end data is available or due to be filed until March under the RSA statute. The Commission's new rule ignores the importance of the December 31 annual report and instead improperly adds an additional requirement that shifts the focus to the date of election—which the RSA states is at the discretion of the utility. Indeed, under the Commission's novel construction of the RSA statute, a utility would have to elect into

RSA prior to even having its year-end financial information or knowing whether a rate adjustment—up or down—would be needed.

Finally, the RSA sets an outer limit of five years, beyond which a utility may not continue to operate under the RSA without filing a general rate proceeding.⁵⁶ The General Assembly specifically chose a five-year election period, a limitation that is not present in the Natural Gas RSA. By instituting a one-year delay before a utility may obtain its first rate adjustment, the Commission has effectively reduced the five-year election period to only four years, which is inconsistent with Act 41.⁵⁷

4. The Commission's Order imposes procedures beyond those established in the Baseline Order.

The Company believes that the Commission's Baseline Order is consistent with the statutory procedures outlined in the immediately preceding section and as contained in Act 41.

The Company respectfully points out that nowhere in the Baseline Order does the Commission include its newly proposed rule—that a utility must make an RSA election and then accrue a year's worth of monitoring data prior to seeking a rate adjustment. The Baseline Order—while consistent with Act 41 and reflects the detailed audit, review, and rate adjustment process provided for in the RSA statute—is inconsistent with the Order. The Baseline Order highlights the irrefutable fact that DEP and ORS have complied with and discharged their respective obligations under the RSA.

⁵⁶ See S.C. Code Ann. § 58-27-2700 (providing that “the utility must file an application for a general rate proceeding every five years after such election”).

⁵⁷ See *Hodges v. Rainey*, 341 S.C. 79, 87, 533 S.E.2d 578, 582 (2000) (stating if “the language of a statute is clear and explicit, a court cannot rewrite the statute and inject matters into it which are not in the [General Assembly's] language”); *Creswick v. Univ. of S.C.*, 434 S.C. 77, 81–82, 862 S.E.2d 706, 708 (2021) (per curiam) (“Under the plain meaning rule,” courts have “no right to search for or impose another meaning or resort to subtle or forced construction to change the scope of a clear and unambiguous statute.”).

B. The Commission’s *sua sponte* conclusion violates the party presentation principle.

The Commission’s conclusion that RSA rate adjustments may not be based on operational experience preceding the RSA election is not a basis advanced by any party to this proceeding; rather, the Commission advanced this legal theory of its own volition. The Company respectfully asserts that the Commission’s decision violates the party presentation principle, due process, and the South Carolina Administrative Procedures Act in that a *sua sponte* statutory interpretation was raised by the Commission without any opportunity for the Company to respond.

The Commission’s conclusion that RSA rate adjustments may not be based on operational experience preceding the RSA election rests on a statutory interpretation not previously raised by or presented by any party to this proceeding. The possibility that the Commission was contemplating this interpretation was never noticed to the parties and the parties were not provided an opportunity to respond to the Commission’s interpretation prior to the Commission’s adoption of the directive underlying the Order. The novel legal theory applied by the Commission in the Order is at odds with the principle of party presentation, under which adjudicative bodies rely upon the parties to identify and litigate the issues for decision.⁵⁸ In this proceeding, the Commission’s conclusion that RSA rate adjustments may not be based on operational experience preceding the RSA election was neither raised nor contested by any party, yet it ultimately became the basis for denying the Company’s requested relief, contravening the party presentation principle.

The concern is not merely that the Commission reached a different conclusion than the parties urged; it is that the dispositive issue was never raised by any party nor put to the parties

⁵⁸ *United States v. Sineneng-Smith*, 590 U.S. 371, 375-76 (2020) (“[A]s a general rule, our system is designed around the premise that parties represented by competent counsel know what is best for them and are responsible for advancing the facts and argument entitling them to relief.”).

before the Commission acted. Because the Company had no notice or opportunity to respond to the Commission's novel statutory interpretation, the Company never had the opportunity to address this concern before the Commission voted on its Order and adopted a new rule applicable to all utilities—a procedural due process flaw. Moreover, the Commission advanced two different justifications, which were wholly unrelated to one another, for disallowing rate adjustments to become effective in 2026. On both occasions, the Commission advanced its justifications without notice to the parties and on grounds not raised by any party. The Administrative Procedures Act requires that parties to a contested case receive notice of the issues to be decided and a meaningful opportunity to be heard before an agency acts.⁵⁹ The Company respectfully asserts that due process requires that such opportunities be afforded here. Finally, by offering separate and unrelated grounds on its own initiative for denying rate adjustments in 2026, the Commission acted in an arbitrary and capricious manner.

C. The Commission's implementation of the RSA mechanism is arbitrarily inconsistent with its prior implementation of the nearly identical Natural Gas RSA.

While the Company has previously addressed the disparity between the Commission's implementation of the Natural Gas Rate Stabilization Act ("Natural Gas RSA") pursuant to S.C. Code Ann. § 58-5-400, the Commission has yet to address the Company's concerns in its prior directives or Order. Accordingly, the Company renews and, based upon new grounds provided in the Order, supplements those concerns here.

⁵⁹ The South Carolina Supreme Court has held that Article I, Section 22 of the South Carolina Constitution applies the fundamental requirements of due process to administrative proceedings, including, "notice, an opportunity to be heard in a meaningful way and judicial review." *Kurschner v. City of Camden Planning Comm'n*, 376 S.C. 165, 171, 656 S.E.2d 346, 350 (2008); *see also Stono River Envtl. Prot. Ass'n v. S.C. Dep't of Health & Envtl. Control*, 305 S.C. 90, 94, 406 S.E.2d 340, 342 (1991) (reversing where agency failed to inform parties of the procedure and issues to be considered and denied them an opportunity to present evidence); *Porter v. S.C. Pub. Serv. Comm'n*, 338 S.C. 164, 170, 525 S.E.2d 866, 869 (2000) (holding, in a PSC rate proceeding, that inadequate notice and deprivation of an opportunity to be heard violated due process); *McIntyre v. Sec. Comm'r of S.C.*, 425 S.C. 439, 450, 823 S.E.2d 193, 198 (Ct. App. 2018) ("It is hard to imagine how the opportunity to be heard can be meaningful if one does not know what to say.").

The RSA established by Act 41 is modeled closely on the Natural Gas RSA, with certain filing dates representing the only material distinction. *See* S.C. Code Ann. § 58-5-400 *et seq.* Simply put, the Commission has historically treated the initial implementation of an RSA in a manner that differs from the approach taken in this proceeding. While the Company recognizes that this is the first RSA proceeding under Act 41, nonetheless, Act 41 follows the Natural Gas RSA framework with which the Commission has substantial experience.⁶⁰

Notably, S.C. Code Ann. § 58-5-410 states “[a] public utility providing natural gas distribution service, in its discretion and at anytime, may elect to have the terms of this article apply to its rates and charges for gas distribution service, on a prospective basis,” which, with the exception of “natural gas distribution” substituted for “retail electric,” is identical to S.C. Code Ann. § 58-27-2700: “[a] public utility providing retail electric service, in its discretion and at any time, may elect to have the terms of this article apply to its rates and charges for retail electric service, on a prospective basis.”

As discussed above, the Commission adopted a new requirement that is not stated anywhere in the RSA and is inconsistent with the gas RSA. Through its action, the Commission has instituted two separate processes under identical statutory language.⁶¹

⁶⁰ *Cf. State v. McKnight*, 352 S.C. 635, 648, 576 S.E.2d 168, 175 (2003) (“There is a presumption that the legislature has knowledge of previous legislation as well as of judicial decisions construing that legislation when later statutes are enacted concerning related subjects.”); *Gilstrap v. S.C. Budget & Control Bd.*, 310 S.C. 210, 215, 423 S.E.2d 101, 104 (1992) (citing with approval *Grove City College v. Bell*, 465 U.S. 555 (1984), where the U.S. Supreme Court said reenacting a statute with knowledge of the administrative interpretation of it is a strong indication of legislative approval of that interpretation).

⁶¹ *See Deese v. S.C. State Bd. of Dentistry*, 286 S.C. 182, 184-85, 332 S.E.2d 539, 541 (Ct. App. 1985) (“A decision is arbitrary if it is without a rational basis, is based alone on one’s will and not upon any course of reasoning and exercise of judgment, is made at pleasure, without adequate determining principles, or is governed by no fixed rules or standards.”).

In Docket No. 2005-125-G, Piedmont Natural Gas Company, Inc. (“Piedmont”), filed a notice of election pursuant to the Natural Gas RSA on April 26, 2005.⁶² Fewer than two months later, on June 15, 2005, Piedmont filed a Notice of Quarterly Monitoring Report and Proposed Rate Changes,⁶³ which included its quarterly monitoring report for the twelve-month period ending March 31, 2005,⁶⁴ and revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case. Fewer than six months after Piedmont’s notice of election, on October 13, 2005, the Commission issued an Initial Order adopting changes and adjustments to Piedmont’s rates.⁶⁵

Likewise, through Order No. 2005-619, the Commission acknowledged South Carolina Electric & Gas Company’s (“SCE&G”) election to come under RSA shortly after its passage through Act 16 of 2005 and authorized SCE&G to implement newly adjusted rates “for bills rendered on and after the first billing cycle of November 2005.”⁶⁶

The Commission has never previously found that the utility’s discretionary election to come under RSA must, for any reason, pause a year prior to adjusting rates. This inconsistent treatment of the Natural Gas RSA and RSA elections supports reconsideration, and the Company respectfully submits that reconsideration would allow the Commission to apply a consistent

⁶² Notice of Election, Docket No. 2005-125-G (Apr. 26, 2005).

⁶³ Notice of Quarterly Monitoring Report and Proposed Rate Changes, Docket No. 2005-125-G (Jun. 15, 2005).

⁶⁴ Under the monitoring report schedule provided by the Natural Gas RSA, pursuant to S.C. Code Ann. § 58-5-440, the Natural Gas RSA equivalent to the RSA Year-End Monitoring Report is an annual report for the “twelve-month period ending March thirty-first.”

⁶⁵ Initial Order on Application of the Natural Gas Rate Stabilization Act, Order No. 2005-567 (Oct. 13, 2005).

⁶⁶ Order No. 2005-619 at 7, Docket No. 2005-113-G (Oct. 31, 2005).

interpretation of materially similar RSA procedures and avoid arbitrary prerequisites in this electric proceeding that do not appear to have been required in prior Natural Gas RSA proceedings.

A reviewing court “may reverse or modify the decision if the PSC’s findings are . . . arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.”⁶⁷ Further, on appeal the court “may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions . . . are arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.”⁶⁸

This Order has particular appellate significance because the Commission has indicated it will apply to “all utilities,” it arbitrarily and substantially departs from the Commission’s prior orders in the Natural Gas RSA proceedings, it will materially compromise the Company’s ability to earn the return previously authorized by the Commission in contravention of the RSA statute, and it will ultimately cause customers to pay more due to the delayed recovery of audited, prudently incurred costs.

D. The procedure afforded by Act 41 for “review of an Initial Order” cannot provide adequate relief unless the Commission issues a revised Order.

The Commission’s Order indicates that “[s]hould any aggrieved party desire to petition the Commission for review of its Initial Order . . . S.C. Code Ann. section 58-27-2780 prescribes a specific process” and the Order goes on to cite S.C. Code Ann. § 58-27-2780 which provides for an “evidentiary hearing on the matter” as the administrative relief if “any aggrieved party” seeks

⁶⁷ *In re Blue Granite Water Co. for Approval to Adjust Rate Schedules & Increase Rates*, 434 S.C. 180, 184, 862 S.E.2d 887, 889 (2021).

⁶⁸ S.C. Code Ann. § 1-23-380(5).

“review of the Initial Order.” This potential statutory remedy has been rendered unavailable and, alternatively, futile by the Order for two primary reasons.

First, the Order expressly contradicts the RSA, removing DEP from the RSA procedures given the novel legal interpretations contained in the Order. Therefore, the potential relief under S.C. Code Ann. § 58-27-2780 is unavailable to the Company. Even if it were available, convening an evidentiary proceeding is an inappropriate mechanism to ascertain the sufficiency of the Commission’s statutory interpretation. At best, an evidentiary proceeding will be an inefficient use of the time of the Commission and the parties. At worst, an evidentiary hearing is likely to confuse the record. Indeed, as explained above, DEP does not agree or concede that Order No. 2026-394 can serve as an Initial Order as contemplated under the RSA statute because it finds that the RSA audit, review, and rate adjustment process does not apply to DEP in 2026, instead finding that such audit, review, and rate adjustment process will take place in 2027. This finding removes DEP from the RSA procedures for 2026 and, therefore, Order No. 2026-394 cannot and does not serve as the Initial Order under the RSA statutory procedures.

Second, the Order’s finding that the Company’s Year-End Monitoring Report—and the 2025 data contained therein—cannot serve as a basis to adjust rates in 2026 essentially strikes DEP’s 2025 financial information from the record. Therefore, DEP has no financial data to present at an evidentiary hearing that would support a rate adjustment under the Commission’s novel interpretation—unless the Commission issues a revised Order and permits DEP to present its report data for the year-ended December 31, 2025. Absent reconsideration of that conclusion, an evidentiary hearing contemplated by S.C. Code Ann. § 58-27-2780 would be futile.⁶⁹ Therefore,

⁶⁹ See, e.g., *Brown v. James*, 389 S.C. 41, 54, 697 S.E.2d 604, 611 (Ct. App. 2010) (“A commonly recognized exception to the requirement of exhaustion of administrative remedies exists when a party demonstrates that pursuit of administrative remedies would be a vain or futile act.”).

even if the evidentiary hearing were available to DEP, there would be no evidence considered at that hearing that could be used to adjust rates given the Commission's interpretation of the law in the Order.

As a result, the Company respectfully submits that the only way the Company could meaningfully seek the statutory remedies in S.C. Code Ann. § 58-27-2780 is for the Commission to reconsider and amend its Order and issue an order consistent with the RSA.

E. The Commission has all the necessary information to approve the Company's RSA election.

The RSA makes clear that the only report that triggers a tariff rate adjustment is the December 31 annual report. S.C. Code Ann. §§ 58-27-2740, -2750, and -2760 collectively explain the three requisites for an RSA rate adjustment. First, pursuant to S.C. Code Ann. § 58-27-2740, the utility must file a monitoring report "for the twelve-month period ending December thirty-first" ("Year-End Monitoring Report") which must include "additional schedules" calculating the reduction or increase in revenue required to bring the utility's earned return on equity ("ROE") to the midpoint of the ROE range established in the Baseline Order and specifying tariff changes required to achieve the adjusted revenue requirement.⁷⁰

S.C. Code Ann. § 58-27-2750 provides for ORS's review of monitoring reports filed pursuant to both S.C. Code Ann. §§ 58-27-2730 and 58-27-2740, while establishing additional procedures specifically applicable to the Year-End Monitoring Report. Further, ORS is directed to "propose those adjustments it determines to be required to bring the report into compliance with S.C. Code Ann. § 58-27-2740."⁷¹ Finally, S.C. Code Ann. § 58-27-2750 directs the Commission

⁷⁰ S.C. Code Ann. § 58-27-2740(A)-(B).

⁷¹ S.C. Code Ann. § 58-27-2750.

to “order the utility to make the adjustments to tariff rates necessary to achieve the revenue levels indicated in S.C. Code Ann. § 58-27-2740.”⁷²

S.C. Code Ann. § 58-27-2760 provides special procedures for Year-End Monitoring Reports (which do not pertain to interim monitoring reports) ultimately leading to a prospective rate adjustment based on the historic data contained in the Year-End Monitoring Report. The RSA simply mandates that tariff rate adjustments must be based on the December 31 annual report, not the date of election. Under S.C. Code Ann. § 58-27-2760, tariff rate adjustments take effect for all bills rendered on or after the first billing cycle of August of that year.

DEP complied with these provisions, and no party has challenged DEP’s compliance. On March 13, 2026, DEP filed its Notice of Election to utilize the RSA mechanism. Concurrently with its election, DEP filed its Year-End Monitoring Report for the twelve-month period ending December 31, 2025. As explained more fully in the following section, while the RSA provides utilities with the flexibility to elect the RSA in combination with the filing of a general rate proceeding, DEP, while not required, properly elected to utilize the RSA after rates from its prior rate case were in effect. ORS conducted its review, which was provided to the Commission on June 1, 2026. DEP filed a Stipulation with ORS on June 15, 2026, and then filed the associated tariff rates on June 16, 2026. As such, the Commission has all the required information under the RSA to issue an Initial Order consistent with the RSA. Therefore, the Company respectfully requests that the Commission grant the relief sought in this Petition and issue an Initial Order that accords with the provisions of the RSA statute.

⁷² *Id.*

F. The Commission's approval of the stipulated rates with an August 2026 effective date will mitigate costs to customers.

The Company acknowledges that there is no ideal time to implement a rate increase; however, without timely recovery of the Company's prudently incurred costs, customers will face greater costs in the long run. The prevention of such increased carrying costs is one of the key benefits of RSA, a benefit that customers will lose should the Commission not issue a revised Order. In this case, if the Commission does not vacate its Order and permit the stipulated rates to become effective in August 2026, the Company will continue to carry these costs until the next rate proceeding. The practical impact of this ratemaking decision is that customers will pay \$5.9 million more due to the associated carrying costs the Company will incur by holding these balances for an extended period.⁷³ The Company had approximately \$137 million of construction work in progress in the 2025 test period associated with investments made to serve customers. If recovery is deferred, those balances will continue to accrue AFUDC, increasing the amount ultimately added to plant in service and included in rates in the Company's post-merger rate proceeding next year. The Company estimates that the Commission's interpretation would result in approximately \$5.9 million of additional AFUDC alone. As a result, customers would pay more—not less—as a consequence of the delay.

The Company further respectfully asserts that this compounding of costs which must ultimately be borne by customers was a key driver of the General Assembly's decision to use its policy-making authority to make RSA available to electric utilities. DEP generally recommends that the Commission exercise the statutory tools at its disposal to keep downward pressure on rates; in this case, the tool is the RSA mechanism.

⁷³ See generally July 14, 2026 Objection.

V. REQUEST FOR RELIEF

Therefore, the Commission erred in concluding that an electric utility may only seek adjustment to its rates for the operational periods subsequent to and coinciding with its election into the RSA. For the reasons expressed herein, DEP respectfully requests that the Commission grant this Petition for Reconsideration on an expedited basis and:

1. Reconsider and amend Order No. 2026-394 to issue an Initial Order pursuant to S.C. Code Ann. § 58-27-2760 that holds:

- a) DEP effectively elected to have the RSA apply to its rates and charges for retail electric service by filing its Notice of Election;
 - b) DEP timely filed its Year-End Monitoring Report;
 - c) ORS audited that report and resolved all outstanding issues with DEP through the Stipulation;
 - d) The Stipulation is reasonable, in the public interest, and in accordance with South Carolina law and regulatory policy;
 - e) The Stipulation between DEP and ORS and DEP's revised tariff rates reflecting the agreed-upon adjustments are approved and effective for all bills rendered on or after the first billing cycle of August 2026;
 - f) The June 29, 2026 Directive is vacated;
 - g) DEP's Year-End Monitoring Report covering calendar year 2025 can support its requested adjustment.
2. Grant such other and further relief as the Commission deems just and proper.

Respectfully submitted this 23rd day of July, 2026

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BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

SPECIAL CBM #26-17a

July 13th, 2026

12:01 ~ 12:31 P.M.

★ [A/V]

COMMISSION MEMBER(S) PRESENT:

Justin T. Williams, CHAIR
H. David Britt, VICE CHAIR
COMMISSIONER Eugene Hennelly
COMMISSIONER Florence P. Belser
COMMISSIONER Stephen M. 'Mike' Caston
COMMISSIONER Swain E. Whitfield
COMMISSIONER Delton W. Powers, JR.

COMMISSION MEMBER(S) ABSENT: —

ADVISING ATTORNEY: Nicole Given, Special Counsel
LEGAL ADVISORY STAFF

PRESENTING AGENDA: Norman Scarborough
TECHNICAL ADVISORY STAFF

**MINUTES / TRANSCRIPTION
OF
SPECIAL COMMISSION BUSINESS MEETING**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

101 EXECUTIVE CENTER DRIVE
COLUMBIA, SC 29210

WWW.PSC.SC.GOV

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<u>UTILITIES AGENDA</u>	3
<u>TRANSPORTATION AGENDA</u>	N/A

In accordance with S.C. Code § 30-4-80(E), the Public Service Commission hereby certifies that it has notified all persons, organizations, local news media, and all other news media requesting notification of the time, date, place, and agenda of this public meeting, by posting a copy of the Notice in its principal office, by e-mailing such Notice to all who request same, and by posting the Notice on the Commission's official Internet website.

^[A/V] AUDIO- AND/OR VIDEOCONFERENCED PARTICIPATION

^[EI] = ELECTRONIC INTERFERENCE

P R O C E E D I N G S

CHAIRMAN WILLIAMS: Good afternoon, Ladies and Gentlemen. Welcome to the Public Service Commission of South Carolina. We're here for a special business meeting. All Commissioners are present in the hearing room. Before we get started, please join me in a brief moment of silence recognizing the sudden passing of our senior senator, Senator Lindsey Graham. And the Commission wants to express its deepest sympathies and send our condolences to the family of Senator Graham.

[brief pause]

All right. Thank you, Ladies and Gentlemen. Mr. Scarborough, if you would, please read the Agenda.

MR. SCARBOROUGH: Good afternoon, Chair Williams, Vice Chair Britt, and Commissioners. Staff offers a reminder that the next regularly scheduled Commission business meeting is set for Thursday, July 16, 2026, at 1:00 p.m. Today, we have just one item on the Agenda.

[1:33] Item No. 1 on the Utilities Agenda is in Docket No. 2026-78-E and all Commissioners are eligible to vote. This item concerns a request from Duke Energy Progress, LLC, for expedited

1 reconsideration of the Commission's decision in
2 this docket on June 29, 2026.

3 **CHAIRMAN WILLIAMS:** Thank you, Commissioner
4 Scarbor-, excuse me. Mr. Scarborough. I might need
5 to get you a seat up here with us.

6 **MR. SCARBOROUGH:** I got a promotion. All right.

7 **CHAIRMAN WILLIAMS:** I'm sorry about that. My
8 understanding is that there are several
9 Commissioners that want to be heard, and I'm going
10 to open the floor now to receive any motion.

11 **COMMISSIONER CASTON:** Chair Williams.

12 **CHAIRMAN WILLIAMS:** Commissioner Caston.

13 **COMMISSIONER CASTON:** Thank you. I move that
14 the Commission grant the Petition for
15 Reconsideration and vacate the June 29th Directive.
16 In its place, I'll present the following motion. As
17 a [threshold 2:30] issue, I move that the
18 Commission specifically find and conclude as a
19 matter of law that the Commission may approve or
20 reject a utility's request to elect into the eRSA.
21 There are at least 2 reasons for this. First, plain
22 language 58-27-2710 calls it a request. And second,
23 there are statutory provisions such as in 58-27-
24 2700, which set conditions precedent to making the
25 election. If those conditions are not met, the

Commission must be able to deny the request for the statutory requirement to have any effect. The clear and unambiguous language of 58-27-2700 requires that the Utility must file an application for a general rate proceeding every 5 years after such election. Yet, pursuant to the merger approved by this Commission, the Utility, which is Duke Energy Progress, LLC, would no longer exist as an independent utility after January 1, 2027. Utility thereafter would be Carolinas 1U or Duke Energy Carolinas in its post-merger form. Duke Energy Progress, LLC, will be a portion of the combined single Utility or be dissolved as an independent entity altogether. Under either circumstance, compliance with the clear and unambiguous requirement of the statute is not possible. Therefore, the Commission may not issue an order nor grant approval for regulatory treatment wherein compliance is not possible.

Commission is charged with setting just and reasonable rates. According to the DCA in its comments, approval of the election of the eRSA would mean that the Duke Energy Progress retail electric ratepayers of South Carolina would experience an approximate cumulative increase of 28

1 percent or about \$41 per month for a residential
2 customer using 1000 kilowatts per month since June
3 2025. This strains the limits of just and
4 reasonable. Federal Power Commission versus Hope
5 Natural Gas Company defines just and reasonable
6 rates as being rates which enable the Company to
7 operate successfully, to maintain its financial
8 integrity, to attract capital, and to compensate
9 its investors for the risk assumed. Docket No.
10 2025-154-E contained testimony, in fact, supported
11 settlement that was approved by Order No. 2025-757
12 that asserted that Duke Energy Progress, once
13 granted the \$11.23 for 1000 kilowatt-hours per
14 month increase in its latest rate case, would have
15 sufficient opportunity to earn sufficient income
16 for the exact things required by Federal Power
17 Commission versus Hope Natural Gas Company. In
18 agreeing to the settlement, the Company agreed that
19 the rates being set were just and reasonable and
20 sufficient for the Company to continue its
21 operational duties. This additional rate increase
22 within 6 weeks of the Company's last general rate
23 case would result in a rate that is not just and
24 reasonable to its retail electric customers.

25 In summary, the Utility cannot comply with the

1 statutory requirements in making the eRSA election,
2 and therefore it must not be permitted to do so.
3 Additionally, even if it were permitted, the
4 resulting rates would be unjust, unreasonable, and
5 contrary to the concept of incrementalism and
6 gradualism in adjustment of rates. Therefore, I
7 move that the Commission find that Duke Energy
8 Progress, LLC, is not eligible to elect to be
9 subject to the eRSA. And I have a comment I'd to
10 make, if I may, at the appropriate time.

11 **CHAIRMAN WILLIAMS:** Yes sir. All right.
12 Commissioners, you heard Commissioner Caston's
13 motion. We'll now enter discussion. Commissioner
14 Caston.

15 **COMMISSIONER CASTON:** I think in the last rate
16 case, the - I think the way it was defined was - I
17 guess the average bill or the average bill for
18 [customer is 6:54] about 1,140 kilowatt-hours per
19 month, which is about 14 percent higher than that
20 1000 kilowatt-hours per month, so I think it's
21 worth noting that it would be higher than the \$41.
22 But that said, I believe this is appropriate, and
23 that's my motion, Chair Williams.

24 **CHAIRMAN WILLIAMS:** All right. Commissioners,
25 is there any more discussion before we take a roll

1 call vote?

2 **COMMISSIONER POWERS:** Mr. Chair.

3 **CHAIRMAN WILLIAMS:** Commissioner Powers.

4 **COMMISSIONER POWERS:** Thank you very much.

5 Having listened to Commissioner Caston's motion and
6 looking at some of the rate increases that were in
7 place, it just hits me that ratepayers - they don't
8 pay their utility bills out of some special account
9 or some trust fund or some stock dividends. They
10 pay them out of a family checking account, where
11 they also have to pay groceries, housing, medical
12 bills, childcare, automobiles insurance, repair
13 bills, and just a plethora of other expenses. My
14 point, regardless of the statutory reading that
15 some people may have, and some don't, is that this
16 is not what the legislature intended. And I think
17 as judges, that's our job is to figure out what the
18 legislation's intent was. Six weeks [earlier 8:32],
19 the president of this company testified that they
20 were getting enough to do what they needed to do,
21 and I haven't seen anything that's changed, so I
22 cannot be convinced that this is just and
23 reasonable, and certainly not affordable.

24 You mentioned that the average would not be
25 1000 but would also be another 14 percent increase.

1 That area of the State [that's served 8:59] is the
2 poorest area of the State. And also, with the
3 poorer areas, a lot of people go way beyond that.
4 They don't have proper insulation, they don't have
5 proper windows, and they may be paying - whereas
6 now somebody paying 500, they're going to be paying
7 700, 800, and that's just not feasible. It just
8 won't work. So Mr. Caston, I will have to say I
9 will support your motion.

10 **CHAIRMAN WILLIAMS:** Commissioners, any more
11 discussion? All right. Hearing none, we will start
12 with a roll call vote starting with Commissioner
13 Caston.

14 **COMMISSIONER CASTON:** Aye.

15 **CHAIRMAN WILLIAMS:** Commissioner Hennelly.

16 **COMMISSIONER HENNELLY:** No.

17 **CHAIRMAN WILLIAMS:** Commissioner Belser.

18 **COMMISSIONER BELSER:** No.

19 **CHAIRMAN WILLIAMS:** Commissioner Britt.

20 **VICE CHAIR BRITT:** No.

21 **CHAIRMAN WILLIAMS:** Commissioner Whitfield.

22 **COMMISSIONER WHITFIELD:** No.

23 **CHAIRMAN WILLIAMS:** Commissioner Powers.

24 **COMMISSIONER POWERS:** Aye.

25 **CHAIRMAN WILLIAMS:** And Chairman Williams votes

1 no. Commissioner Caston's motion fails. Is there
2 another motion?

3 **COMMISSIONER BELSER:** Mr. Chairman.

4 **CHAIRMAN WILLIAMS:** Commissioner Belser.

5 **COMMISSIONER BELSER:** On June 29th, the
6 Commission issued a directive regarding the notice
7 of election into the Electric Rate Stabilization
8 Act filed by Duke Energy Progress. In my motion, I
9 may refer to Duke as D-E-P or DEP. I may refer to
10 the Act as the eRSA. That directive held that in
11 the instant case, DEP had not filed with the
12 Commission and ORS a monitoring report for the
13 period ending March 31, 2026, on or before June 15,
14 2026. Pursuant to South Carolina Code Annotated
15 Section 58-27-2730, the Utility is required to file
16 monitoring reports with the Commission for each 12-
17 month period ending March 31, June 30, September
18 30, and December 31 of each year, with the filings
19 to be made no later than the 15th day of the 3rd
20 month following the close of the period. Under the
21 eRSA, the monitoring report for the 12-month period
22 ending December 31 of each year indicates whether
23 any changes to the electrical utility's tariff
24 rates are required to achieve any indicated change
25 in revenue. Additionally, the monitoring report for

1 the 12-month period ending December 31 is the
2 monitoring report which informs the examination and
3 audit conducted by the Office of Regulatory Staff
4 for the purpose of determining the Company's
5 compliance with the provisions of the eRSA. I move
6 the Commission, pursuant to the authority granted
7 under South Carolina Code Annotated Section 58-27-
8 2130, rescind and vacate its prior directive, grant
9 the request for reconsideration, and enter a new
10 directive with the following findings and
11 conclusions.

12 1) The Commission shall issue an order
13 establishing procedures for DEP's election under
14 the eRSA as required by South Carolina Code
15 Annotated Section 58-27-2700.

16 2) The approved rates, charges, revenues,
17 expenses, capital structure, returns, and other
18 matters established in the Company's most recent
19 general rate proceeding as approved in Order No.
20 2025-757 issued in Docket No. 2025-154-E shall be
21 relied upon and utilized in carrying out the
22 procedures established by the eRSA with respect to
23 DEP's election.

24 3) DEP filed its notice of election on March
25 13, 2026, and included with its filing one exhibit,

1 which is the monitoring report for the period
2 January 1, 2025, through December 31, 2025. That
3 filing was timely made based on the plain language
4 of Section 58-27-2730. That monitoring report
5 contained the required elements of South Carolina
6 Code Annotated Section 58-27-2730, Subsections 1
7 through 4.

8 4) ORS conducted an audit of that monitoring
9 report and submitted its verified findings to the
10 Commission on June 1, 2026. That report, as
11 verified, asserted that ORS conducted an
12 examination of DEP's monitoring report for the 12-
13 month period ending December 31, 2025, also known
14 as the review period, to ascertain the
15 reasonableness and prudence of all matters
16 contained therein and any specific - and specify
17 any changes that the Office of Regulatory Staff
18 determines to be necessary to correct errors in the
19 report or otherwise bring the report into
20 compliance.

21 5) The ORS report presented an explanation of
22 the accounting and pro forma adjustments by ORS "in
23 order for the Company's monitoring report to comply
24 with South Carolina Code Annotated Sections 58-27-
25 2730 and 58-27-2750."

1 6) On June 15, 2026, ORS and DEP filed an
2 agreement and stipulation of settlement. DEP
3 adopted the adjustments set forth in the ORS report
4 unless otherwise specified in the stipulation. The
5 cumulative effect of the accounting and pro forma
6 adjustments set forth in the stipulation result in
7 a revenue requirement increase of \$24,343,000 as
8 compared to the increase of \$23,767,000 reflected
9 in the ORS report and the increase of \$36,625,000
10 reflected in the Company's monitoring report. I
11 think that on number 6, I left out the amended
12 agreement of stipulation. There was an amendment, I
13 think, that made that correction. But to that
14 extent, the agreement and stipulation shows the
15 amount that it is. I may need to go back and check
16 that.

17 7) The stipulation is reasonable, in the
18 public interest, and is in accordance with South
19 Carolina law and regulatory policy, and therefore
20 should be approved. Accordingly, DEP shall submit
21 an updated schedule reflecting any changes based on
22 the stipulation that specifies changes in its
23 tariffed rates required to achieve any indicated
24 change in revenue no later than July 15, 2026.

25 8) Based on the return on equity of 9.99

1 percent approved by the Commission in Order No.
2 2025-757, the Commission shall specify a range for
3 the Company's cost of equity of 9.49 percent to
4 10.49 percent in accordance with South Carolina
5 Code Annotated Section 58-27-2720, Subsection 1.

6 9) DEP shall file quarterly monitoring reports
7 as required by South Carolina Code Annotated
8 Section 58-27-2730. The monitoring report for the
9 12-month period ending March 31, 2026, must be
10 filed with the Commission and ORS in this docket no
11 later than Friday, July 17, 2026. DEP shall adhere
12 to the schedule prescribed in the statute in
13 submitting all future monitoring reports.

14 10) The Commission shall issue an initial
15 order as required by South Carolina Code Annotated
16 Section 58-27-2760, Subsection 5, on or before July
17 15, 2026. Mr. Chairman, that's my motion, and I do
18 have some comments.

19 **CHAIRMAN WILLIAMS:** All right. Commissioners,
20 you've heard Commissioner Belser's motion. I will
21 open the floor for discussion. Commissioner Belser.

22 **COMMISSIONER BELSER:** And Mr. Chairman, if I
23 may, I know I read a lot of code sections. If I
24 stated one incorrectly, I'll go back through the
25 motion and correct it for the record, but if I

1 stated any number incorrectly, and especially on
2 that amended - the amount from the stipulation - I
3 may have put that down incorrectly. I do want to
4 check that, but it would be the amount reflected in
5 the stipulation. Mr. Chairman and fellow
6 Commissioners, I want to be clear about something.
7 I don't like this filing. I don't like the timing
8 of it on the heels of the last rate [court 17:30]
9 case, and I don't like the size of the revenue
10 increase and the resulting increase in rates that
11 would follow, but - and this is a very big but -
12 based on my reading of the applicable statutory
13 provisions, Duke is within its rights under the
14 recently enacted Electric Rate Stabilization Act to
15 file the election to come under the terms of the
16 eRSA at this time.

17 As for the increase in revenue and the rates
18 from that filing, those are based on and supported
19 by the December 31 monitoring report. That December
20 31 monitoring report is the yearly quarterly report
21 which indicates what if any changes to the
22 utility's rates are required under the framework of
23 the eRSA. While I personally do not like the rate
24 increase, I make this motion because in my view,
25 the motion follows and implements the law as

1 contained in the eRSA. I find no procedural error
2 by Duke in not filing the March 31 monitoring
3 report by June 15th. If there was error in that
4 report not being filed, I think that that lies
5 squarely with this Commission for not having filed
6 the baseline order as requested by Duke. I think
7 there was discussion that the matter could be done
8 together at some point. I don't know that we made
9 an ultimate decision. I just remember discussing it
10 with others. But to the extent that we messed up,
11 that shouldn't be held on Duke. But as it is, I'm
12 not happy with it, but I'm trying to follow the law
13 as I read it, and I don't think that we need to
14 circumvent what - it's clear to me. It may not be
15 clear to everybody, but in my reading, it's clear
16 in my mind. And maybe my mind's wonky today, but
17 it's clear that Duke was allowed to elect, and
18 they've done so, and I think we need to proceed. I
19 don't like the fallout, but it is what it is. It's
20 based on the law. Thank you, Mr. Chairman.

21 **CHAIRMAN WILLIAMS:** All right. Commissioners,
22 you heard Commissioner Belser's motion. Is there
23 any more discussion? Commissioner Belser, I just
24 will say to the extent that the Commission may or
25 may have not fumbled the ball with issuing the base

1 order - the initial base order, we can ensure that
2 that won't happen again, if it did indeed happen.

3 **COMMISSIONER BELSER:** And that's an area of
4 disagreement, Mr. Chairman. That's just my
5 position, and I'll - to the extent that it's on me,
6 I have to own it, but I think we've learned a
7 valuable lesson through this. I just - I'm sorry
8 that it's probably created a lot of confusion that
9 could've been avoided had we done something
10 earlier. But that's my point of view, and I
11 recognize there are other points of view, and I
12 respect those. Thank you.

13 **CHAIRMAN WILLIAMS:** Yes, ma'am. All right.
14 Commissioners, any more discussion? Hearing none,
15 we'll move to a - all right. I've been notified
16 that there are lights on. I don't know if folks are
17 ready to vote or if they have comments. All right.
18 No comments? I think everyone is ready to vote. We
19 will start with Commissioner Belser.

20 **COMMISSIONER BELSER:** I vote aye.

21 **CHAIRMAN WILLIAMS:** Commissioner Hennelly.

22 **COMMISSIONER HENNELLY:** No.

23 **CHAIRMAN WILLIAMS:** Commissioner Caston.

24 **COMMISSIONER CASTON:** I respectfully vote no.

25 **CHAIRMAN WILLIAMS:** Commissioner Britt.

1 **VICE CHAIR BRITT:** Aye.

2 **CHAIRMAN WILLIAMS:** Commissioner Whitfield.

3 **COMMISSIONER WHITFIELD:** No.

4 **CHAIRMAN WILLIAMS:** Commissioner Powers.

5 **COMMISSIONER POWERS:** No.

6 **CHAIRMAN WILLIAMS:** Commissioner Williams votes
7 aye. Commissioner Belser's motion fails. Are there
8 any more motions?

9 **COMMISSIONER HENNELLY:** Mr. Chair.

10 **CHAIRMAN WILLIAMS:** Commissioner Hennelly.

11 **COMMISSIONER HENNELLY:** Thank you. So we've had
12 a motion to effectively approve as proposed or deny
13 on the DCA's argument effectively that the Company
14 doesn't exist after merging. For me - and this
15 likely was experienced by some of [those 22:14]
16 that were in the oral arguments with me. When this
17 came across my desk, I read this a certain way,
18 which I articulated in the oral arguments.
19 Effectively, my understanding of prospective. I
20 have an alternative motion that I think reflects my
21 understanding of how this process should work,
22 which will be outlined in this baseline order, but
23 just want to draw 2 contrasts to the other motions
24 presented today. The obvious I think to
25 Commissioner Belser's is on the approval denial,

1 but relative to Commissioner Caston's, that would
2 effectively preclude Duke Energy Progress from
3 participating in or electing the eRSA as it stands
4 going forward. I'd like to propose a motion, and
5 forgive me if I'm repeating some of the context
6 that's written, but - so Duke Energy Progress filed
7 a Petition for Reconsideration of the Directive
8 issued by the Commission on June 29, 2026.

9 I move the Commission grant the Petition for
10 Reconsideration and vacate the June 29th Directive.

11 This matter involves 2 requests by DEP: 1) DEP
12 asking the Commission to issue a Baseline Order
13 consistent with the notification to the Commission
14 that DEP elects to have the terms of the eRSA apply
15 to its rates and charges for retail electric
16 service; and 2) DEP asks the Commission to approve
17 DEP's request for an adjustment to rates based on a
18 Monitoring Report covering DEP's operational
19 experience for the calendar year 2025.

20 As to the first request, I move the Commission
21 find that Duke Energy Progress, having met the
22 statutory prerequisites, may elect to have the
23 terms of the eRSA apply. Consistent with this, I
24 move that the Commission issue a Baseline Order
25 incorporating matters established in the Company's

1 most recent general rate proceeding as approved in
2 Order No. 2025-757, issued in Docket No. 2025-154-
3 E.

4 As to the second request, South Carolina Code
5 Section 58-27-2760 requires the Commission, on or
6 before July 15th of each year, to issue an Initial
7 Order addressing a utility's request to adjust
8 rates under the eRSA.

9 The Code provides that the eRSA is prospective
10 in nature. I move the Commission find and conclude
11 that because the eRSA is prospective in nature, a
12 utility cannot request an adjustment in rates based
13 on its operational experience for a calendar year
14 preceding the calendar year in which the utility
15 elected to have the terms of the eRSA apply. This
16 interpretation is consistent with a robust
17 monitoring process throughout the year in which the
18 election is made rather than a retrospective
19 approach that considers an operational experience
20 outside of and preceding the utility's election
21 into the eRSA.

22 In the case of the eRSA, as opposed to other
23 rate stabilization adjustments, such adjustments
24 are made based on a calendar-year operating
25 experience, which is predictable and consistent

1 between utilities. Similarly, all utilities would
2 be subject to the same matching between the
3 election of the eRSA and application of adjustments
4 to their respective rates beginning in that
5 calendar year.

6 In this case, Duke Energy Progress has elected
7 to have the terms of the eRSA apply in 2026.
8 Therefore, Duke Energy Progress cannot request an
9 adjustment in rates based on a Monitoring Report
10 covering DEP's operational experience for the
11 calendar year 2025. In accordance with DEP's 2026
12 election, the request for a rate adjustment must be
13 based on DEP's 2026 calendar year operational
14 experience.

15 Consistent with this finding, I move that the
16 Commission issue an Initial Order denying DEP's
17 request for an adjustment to rates based on a
18 Monitoring Report covering DEP's operational
19 experience for calendar year 2025. This decision
20 does not affect DEP's election to have the terms of
21 the eRSA apply to its rates and charges for retail
22 electric service. DEP remains subject to the
23 Baseline Order and the terms of the eRSA. That
24 concludes my motion.

25 **CHAIRMAN WILLIAMS:** All right. Commissioners,

1 we've heard our third motion for the day, coming
2 from Commissioner Hennelly. Is there any
3 discussion?

4 **COMMISSIONER BELSER:** May I ask a question?
5 Commissioner Hennelly, would you entertain a
6 question?

7 **COMMISSIONER HENNELLY:** Sure.

8 **COMMISSIONER BELSER:** Under your motion, it
9 approves the eRSA election but does not accept the
10 December 31 report for adjustment in rates at this
11 time. Is that correct?

12 **COMMISSIONER HENNELLY:** Yes. So at the heart of
13 it, I don't have any issue with the eRSA mechanism
14 or any issue with the Utility's ability to elect,
15 and elect whenever they want I think is how the
16 Code words it. But what they're electing is to
17 participate in the eRSA and [subjecting 27:41]
18 themselves to monitoring throughout the remainder
19 of the year. The time period subject to monitoring
20 and potentially adjustment is not what they're
21 electing. That's simply a function of when they
22 elect.

23 **COMMISSIONER BELSER:** Okay. So the effect of
24 your motion would be that the Utility [would 28:07]
25 be under - in this instance, because the election

1 was made in March - that the Utility would have to
2 be under the Monitoring Reports for a year before
3 they could implement the rates from the December
4 2025 Monitoring Report? That would be delayed a
5 year?

6 **COMMISSIONER HENNELLY:** No. I think maybe you
7 were picking up on [inaudible 28:34].

8 **COMMISSIONER BELSER:** No. I'm just - I'm trying
9 to understand how this...

10 **COMMISSIONER HENNELLY:** It would be based on
11 the year-end Monitoring Report in the Year 2026.

12 **COMMISSIONER BELSER:** ...okay. Thank you.
13 Appreciate that clarification.

14 **CHAIRMAN WILLIAMS:** All right. Commissioners,
15 any more discussion? Hearing none, we will proceed
16 with a roll call vote starting with Commissioner
17 Hennelly.

18 **COMMISSIONER HENNELLY:** Aye.

19 **CHAIRMAN WILLIAMS:** Commissioner Belser.

20 **COMMISSIONER BELSER:** Respectfully no.

21 **CHAIRMAN WILLIAMS:** Commissioner Caston.

22 **COMMISSIONER CASTON:** Also respectfully no.

23 **CHAIRMAN WILLIAMS:** Commissioner Britt.

24 **VICE CHAIR BRITT:** Aye.

25 **CHAIRMAN WILLIAMS:** Commissioner Whitfield.

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COMMISSIONER WHITFIELD: Aye.

CHAIRMAN WILLIAMS: Commissioner Powers.

COMMISSIONER POWERS: Aye.

CHAIRMAN WILLIAMS: And Chairman Williams votes
aye. Commissioner Hennelly's motion passes. All
right. Ladies and Gentlemen, that's all we have for
today. We are adjourned.

[WHEREUPON, at 12:31 p.m., the proceedings in
the above-entitled matter were adjourned.]

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