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S.C. SUPREME COURT

THE STATE OF SOUTH CAROLINA
In The Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Docket No. 2026-78-E

Appellate Case No. 2026-001613

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

RESPONDENT SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS'
MEMORANDUM IN SUPPORT OF MOTION TO DISMISS APPEAL

Respondent South Carolina Department of Consumer Affairs ("Department") files this memorandum in support of its motion to dismiss this appeal. Appellant Duke Energy Progress, LLC ("DEP") filed a Notice of Appeal with this Court prior to exhausting its available administrative remedies. DEP also failed to acknowledge the pathway to review a Public Service Commission Order set forth in S.C. Code Ann. § 58-27-2700 et. seq., commonly referred to as the Electric Rate Stabilization Act or "eRSA." Permitting DEP's appeal has the potential to prejudice other parties in this action. For these reasons, the Court should dismiss DEP's appeal.

Relevant Background

The eRSA was enacted May 12, 2025 (Act 41 of 2025). The statute sets forth a process for an electric utility to adjust its rates outside of the typical general rate case envisioned by S.C. Code Ann. §§ 58-27-820 and 58-27-870. *See* S.C. Code Ann. § 58-27-2700 et. seq.

The eRSA provides the following procedure relevant to this Motion:

1. The utility elects to come under RSA, but “may withdraw its request to come under the terms of” the eRSA any time before the Final Order. S.C. Code Ann. §§ 58-27-2700 and 2710.
2. The Commission establishes the ongoing procedures required for adjustments. S.C. Code Ann. § 58-27-2700.
3. The utility, Office of Regulatory Staff (“ORS”), and other parties provide various information/ filings to assist the Commission in the eRSA determination. (S.C. Code Ann. § 58-27-2700, 2730, 2740, 2760).
4. By July 15 the Commission issues an initial order setting forth any changes required in the utility’s request to adjust rates. S.C. Code Ann. § 58-27-2760(5).
5. Within thirty days of the issuance of the initial order, any aggrieved party may petition the commission for review of the initial order “and all interested parties of record shall have a right to be heard at an evidentiary hearing on the matter.” S.C. Code Ann. § 58-27-2780.
6. “After conducting the hearing required by Section 58-27-2780, the commission shall issue a final order” by December 31 (“Final Order”). S.C. Code Ann. § 58-27-2790.
7. The Commission’s Final Order must establish “any changes that are required to the rates approved in the Initial Order,” “determine[] the amount of any...undercollection” due to the rates in the Initial Order, “establish[]... a surcharge” to compensate the utility for the rates it should’ve been able to collect, and make that surcharge effective as of the prior August,¹ the same month rates under the Initial Order would have been effective. S.C. Code Ann. § 58-27-2790.
8. After issuance of the Final Order, a party may request rehearing and may appeal to this Court pursuant to S.C. Code Ann. §§ 58-27-2790 and 2310. S.C. Code Ann. § 58-27-2790(C).

On March 13, 2026, only 40 days after the rate increase from DEP’s most recent, general rate case (Docket No. 2025-154-E) became effective, DEP filed its election letter in the current docket.² This is the first South Carolina docket filed under the eRSA. The parties to the current matter are DEP, ORS, the Department, Nucor Steel-South Carolina, the South Carolina Appleseed Legal Justice Center (“SCALJC”), and the South Carolina Small Business Chamber of Commerce

¹ DEP’s application in this case noted there is an inadvertent error in the eRSA and section 2790 of the eRSA states rates are effective in May. No party has disputed this position.

² *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 (filed with S.C. Pub. Serv. Comm’n Mar. 13, 2026).

(“SCSBCC”). On June 1, 2026, ORS filed its audit report.³ On that date, the Department also filed comments arguing the Commission should deny DEP’s election into the eRSA and its adjustment under it.⁴ No other intervenor filed comments; however, SCALJC and SCSBCC supported the Department’s positions during oral arguments heard by the Commission on June 25, 2025.

On July 15, 2026, the Commission issued the Initial Order in the eRSA docket pursuant to S.C. Code Ann. § 58-27-2760(5). *See Exhibit A*, Initial Order, issued July 15, 2026. The Commission did not adopt the Department’s arguments. The Commission found DEP eligible for election, but denied any rate adjustment “at this time.” *Id.* at 16. Instead, the Commission found DEP could seek adjustment “at the appropriate time.” *Id.* Further, the Commission discussed the provisions of S.C. Code Ann. § 58-27-2780 which address the evidentiary hearing, final order, and subsequent appeal. The Commission stated “there is a path of review of the Initial Order, prescribed by S.C. Code Ann. § 58-27-2780, for any aggrieved party to pursue—including the Company” and “[DEP] must go through the statutorily prescribed process if it objects to its Initial Order.” *Id.* at 15-16. The Commission noted the provisions of sections 2780 and 2790 “allow[] for relief that can make the Company whole, in the event that the Initial Order warrants correction” and concluded, “[t]herefore, the proposition that the Company was denied due process is without merit.” *Id.* at 15.

On July 23, 2026, DEP filed a Petition for Reconsideration of Order No. 2026-394 at the Commission.⁵ DEP noted it did not file the petition pursuant to section 2780 of the eRSA, but instead pursuant to Commission regulations 103-825(A)(4) and 103-854(B), and S.C. Code Ann.

³ *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 (filed with S.C. Pub. Serv. Comm’n June 1, 2026).

⁴ The Department subsequently submitted amended comments on June 16, 2026, pursuant to South Carolina Rules of Civil Procedure 11 and 15 and S.C. Code Ann. Reg. 103-822. The only change from the previously filed comments was the addition of a verification.

⁵ *Duke Energy Progress, LLC’s Petition for Reconsideration of Order No. 2026-394 and Request for Expedited Review*, Docket No. 2026-78-E (filed with S.C. Pub. Serv. Comm’n July 23, 2026).

§ 58-27-2150.⁶ On July 24, 2026, DEP filed the Notice of Appeal with this Court, as well as a Petition for Original Jurisdiction and Common-Law Writ of Certiorari (Appellate Case No. 2026-001614).

Arguments

I. DEP has not exhausted its administrative remedies

S.C. Code Ann. § 14-3-330 speaks to this Court’s ability to hear appeals of Commission orders. One such requirement is that the order “prevents a judgment from which an appeal might be taken or discontinues the action.” Commission Order No. 2026-394 does neither.

S.C. Code Ann. § 1-23-380 provides “a preliminary, procedural, or intermediate agency action or ruling is immediately reviewable if review of the final agency decision would not provide an adequate remedy.” The eRSA provides legislative remedies for review of the Commission’s Initial Order and the Commission explicitly identifies those remedies in its order.

South Carolina courts have also found that, generally, only final orders are appealable. “An order which does not finally end a case or prevent a final judgment from which a party may seek appellate review usually is considered an interlocutory order from which no immediate appeal is allowed.” *Richardson v. Halcyon Real Est. Servs., LLP*, 439 S.C. 419, 425, 887 S.E.2d 153, 156 (Ct. App. 2023) (citing *Hagood v. Sommerville*, 362 S.C. 191, 195, 607 S.E.2d at 708, 709 (2005)). “If there is some further act which must be done by the court prior to a determination of the rights of the parties, then the order is interlocutory.” *Id.* (citing *Mid-State Distribs., Inc. v. Century Imps., Inc.*, 310 S.C. 330, 335, 426 S.E.2d 777, 780 (1993)). “An interlocutory order is not immediately appealable unless it involves the merits of the case or affects a substantial right.” *Id.* (citing *Burkey v. Noce*, 398 S.C. 35, 37, 726 S.E.2d 229, 230 (Ct. App. 2012)). The eRSA expressly provides for

⁶ *Id.* at 1.

both initial and final orders, a process to review the initial order and be heard at any evidentiary hearing, and means to make the company whole.

Only after a party has exhausted all administrative remedies available at the Commission are they entitled to judicial review. S.C. Code Ann. § 1-23-380. Under S.C. Code Ann. § 58-27-2780

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.

S.C. Code Ann. § 58-27-2780 [emphasis added]

Furthermore, S.C. Code Ann. § 58-27-2790 provides that

(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.⁷

⁷ DEP's application in this case noted there is an inadvertent error in the eRSA and section 2790 of the eRSA states rates are effective in May. No party has disputed this position.

(C) The provisions of Sections 58-27-2150 and 58-27-2310 concerning rehearing and appeal shall apply to the orders issued pursuant to this section.

S.C. Code Ann. 58-27-2790 [emphasis added]

This statutory framework provides DEP, and other parties, two permissible actions for review at the Commission: 1) the right to request review of the Initial Order and 2) the right to an evidentiary hearing on the matter. If, after a petition for review and/or the evidentiary hearing, DEP has shown it was entitled to an adjustment under the eRSA, the Commission will make those changes. The Commission will then determine the amount the Company should've been able to collect since August, establish a surcharge to allow recovery of that amount from customers, and make all of those changes effective as of August, the original date from which the Company would've been authorized to collect.

Alternatively, if the Commission again denies DEP's eRSA adjustment, the Company can then ask for reconsideration under S.C. Code Ann. § 58-27-2790. If needed, the Company can then appeal the reconsideration to this Court under S.C. Code Ann. § 58-27-2310. This is the statutory framework with which the Company must comply.

This framework does not prevent “a judgment from which an appeal might be taken.” It does “not discontinue[] the action” at the Initial Order stage. *See* S.C. Code Ann. § 14-3-330. Further, it does not “prevent a final judgment from which a party may seek appellate review.” *See Richardson*, 439 S.C. at 425, 887 S.E.2d at 156 (Ct. App. 2023). Rather, the eRSA contemplates a “further act which must be done by the [Commission] prior to a determination of the rights of the parties” and “provide[s] an adequate remedy.” *Id.* The eRSA provides legislative remedies for review of the Commission's Initial Order and the Commission explicitly identifies those remedies in its order. DEP has not exhausted all administrative remedies available at the Commission and therefore, the Court should dismiss its current appeal.

II. Review at the Commission is not futile and Commission Order No. 2026-394 describes a pathway for review

While South Carolina courts have found an exception to the requirement to exhaust administrative remedies when those pursuits would be futile, the Commission's own order in this matter shows that it does not believe the matter has been fully litigated. *See, e.g., Brown v. James*, 389 S.C. 41, 54, 697 S.E.2d 604, 611 (Ct. App. 2010).⁸ The Initial Order discusses the eRSA's "path of review of the Initial Order," laying out the processes described by this Motion above. *Exhibit A* at 15, Initial Order, issued July 15, 2026.

Further, the Commission appropriately describes the statutory process laid out in the eRSA as "a continuation of the evaluation of the rate adjustment proceeding rather than a strictly appellate process." *Id.* This is particularly accurate given that the review process under S.C. Code Ann. § 58-27-2780 is the first and only opportunity for an "evidentiary hearing" under the eRSA. The Commission's Initial Order finds the Company has the "ability to respond to the basis or bases upon which the Commission bases its findings and conclusions in this Initial Order" and the eRSA "allows for relief that can make the Company whole, in the event that the Initial Order warrants correction." *Id.* The Commission further notes "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." *Id.* The Commission's Order essentially invites DEP to further its arguments during the eRSA review process. Before it can ask this Court for review, DEP must

⁸ While the Court in *Brown* found the futility exception to exhaustion applicable, *Brown* is distinguishable from this matter. In *Brown*, under the Employment and Dismissal Act, the board was required to afford the teacher an opportunity to be heard before the board made its final decision. The board did not give the teacher that opportunity before its decision and further, never sent her a formal notification of its decision; therefore, the Court found as a matter of law, the teacher was entitled to appeal directly to the trial court. Here, S.C. Code Ann. § 58-27-2780 explicitly provides the opportunity for DEP to request review after the Commission's initial order and DEP still has time to request that review under the eRSA process.

accept that invitation. Therefore, any argument that following the eRSA would somehow be “futile” is unfounded and DEP’s Appeal should be denied.

III. Potential Prejudice to Other Parties May Result From Granting DEP’s Appeal

Permitting DEP to circumvent the proper statutory procedure restricts the ability for other aggrieved parties to exercise rights granted by the eRSA. Aggrieved parties have until August 14, 2026, to decide to file a petition for review of the Initial Order and to request an evidentiary hearing. Allowing the Company a remedy for review that is contrary to the one offered by statute ultimately restricts the ability of another party to follow the statutory process and impacts their “right to a hearing on the matter.” *See* S.C. Code Ann. §58-27-2780.

Other parties in this docket include the Department, representing the residential customers (S.C. Code Ann. § 37-6-604(C)); SCALJC “a nonprofit corporation whose mission is to protect the rights and represent the interests of low-income families in South Carolina;”⁹ and SCSBCC a nonprofit whose purpose is “promoting the interests of small businesses” in South Carolina.¹⁰ In its comments filed with the Commission, the Department argued the Commission must reject both DEP’s eRSA election and rate adjustment request due to DEP’s imminent business merger, after which DEP “will cease to exist.”¹¹ The Department argued, due to DEP’s pending business merger, DEP cannot satisfy mandatory eRSA requirements regarding future rate cases and monitoring reports and therefore the Commission cannot carry out the procedures of the eRSA article.¹² SCALJC and SCSBCC supported the Department’s positions. The Commission did not opine on

⁹ *Petition to Intervene of South Carolina Appleseed Legal Justice Center*, Docket No. 2026-78-E (filed with S.C. Pub. Serv. Comm’n May 8, 2026).

¹⁰ *Petition to Intervene of the S.C. Small Business Chamber of Commerce*, Docket No. 2026-78-E (filed with S.C. Pub. Serv. Comm’n May 6, 2026).

¹¹ *Comments of the South Carolina Department of Consumer Affairs*, Docket No. 2026-78-E (filed with S.C. Pub. Serv. Comm’n June 1, 2026).

¹² *Id.*

the Department's positions in the Initial Order, but accepted DEP's election. The Commission rejected DEP's current rate adjustment request, but found DEP "is not prohibited from seeking a rate adjustment at the appropriate time," leaving the door open for DEP to increase its customer rates under the eRSA. *Exhibit A* at 16, Initial Order, issued July 15, 2026

As of the current filing, the Department is evaluating its own review options under the eRSA. Granting DEP's appeal impacts a party's rights to a review and evidentiary hearing at the Commission. There is a Commission review process under the eRSA that would allow all parties to be heard if needed. Therefore, the Court should deny DEP's current appeal.

Conclusion

The Department's motion to dismiss this appeal should be granted based on the following reasons:

1. DEP has not exhausted its administrative remedies available under the eRSA.
2. Review at the Commission is not futile and Commission Order No. 2026-394 describes a pathway for review.
3. Potential prejudice to other parties may result from granting DEP's appeal.

Respectfully submitted,

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Columbia, South Carolina
August 3, 2026

Exhibit List

Motion to Dismiss Appeal, Appellate Case No.: 2026-001613

Exhibit A, Initial Order, filed July 15, 2026

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
	)	
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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:

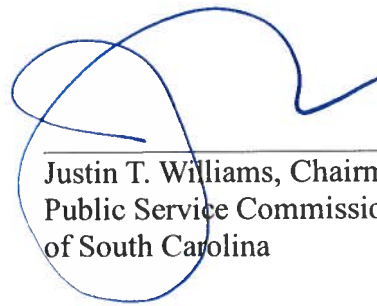
- 1) The June 29, 2026 Commission Directive is vacated.
- 2) This Order serves as the Initial Order requested by DEP contemplated by S.C. Code Ann. section 58-27-2760(5).
- 3) The operational data given from DEP for the calendar year ending December 31, 2025 predates DEP's election into the eRSA and 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