



# Duke Energy Progress (DEP) Rate Increase Request

Docket No. 2022-254-E

Duke Energy Progress (DEP) filed an application to increase its rates by approximately 14.5% with the Public Service Commission of South Carolina (PSC) in September 2022. After reviewing DEP's application, the South Carolina Office of Regulatory Staff (ORS) made recommendations to the PSC on December 1, 2022.

## Review Summary

	DEP Application	ORS Adjustment
<b>Total Revenue Requested</b>	\$622 million	\$572 million
<b>Total Revenue Increase Requested (\$)</b>	\$90 million	\$40 million
<b>Total Revenue Increase Requested (%)</b>	14.5%	6.99%

Average Monthly Bill Impact (of DEP Consumers Using 1,000 kilowatt-hours per month)		
<b>Current (2022)</b>	\$133.01	
	DEP Application	ORS Adjustment
<b>If Rate Increase is Approved (April 2023)</b>	\$151.77	\$141.32
<b>Potential Increase in Average Monthly Bill</b>	\$18.76 (14.1%)	\$8.31 (6.2%)

In the Company's Application, DEP requests that new rates be effective on April 1, 2023. Should the EDIT Rider Acceleration not receive approval, then the average monthly bill for residential consumers would increase to \$157.18 per DEP's rate increase request (\$146.73 per the ORS's adjustment).

## Summary of the ORS's Adjustments

Upon completion of the ORS's review, the ORS identified and recommends numerous adjustments to the Company's Application requests, which resulted in a reduction of approximately \$50 million from the proposed retail revenue increase identified in the Company's Application.

## ROE, Cost of Debt, and Capital Structure

ROE is the allowed rate of profit for a regulated company. After the evaluation of DEP's proposed capital structure and overall cost of capital, the ORS recommended a lower ROE than in DEP's Application. The ORS also recommended a capital structure to reflect the actual capital structure of DEP as of August 31, 2022. The net impact of the ORS's recommendations resulted in an approximate \$12 million reduction to DEP's total request.

## Deferrals

The ORS recommended deferral balances sought for recovery exclude an equity return on both capital investments and deferred costs. Additionally, the ORS extended the amortization periods of various deferrals. The net impact of the ORS's adjustments resulted in an approximate \$21 million reduction to DEP's total request.

## Coal Ash

The ORS recommended coal ash related adjustments to reflect South Carolina customers being held harmless for the incremental cost of differences attributed to North Carolina state laws. The net impact of the ORS's adjustments resulted in an approximate \$11 million reduction to DEP's total request.

## Counties Where Service is Provided

Chesterfield	Kershaw
Clarendon	Lee
Darlington	Marion
Dillon	Marlboro
Florence	Sumter
Georgetown	Williamsburg
Horry	



## About the Office of Regulatory Staff

The ORS represents consumers of investor-owned utilities in South Carolina before the PSC. The PSC is the state agency that sets utilities' rates. The ORS must look at the impact to the consumer and utilities' continued investment in reliable and high-quality services.