



Duke Energy Progress (DEP) Rate Increase Request Settlement Summary

Docket No. 2022-254-E

All parties, including the Office of Regulatory Staff (ORS), entered into a Comprehensive Settlement Agreement in the Duke Energy Progress (DEP) rate case application filed with the Public Service Commission of South Carolina (PSC).

The total increase will be approximately \$52.3 million, which is almost a 42% reduction from the Company's requested increase of \$89 million. Overall, the Comprehensive Settlement Agreement reduces the retail revenue increase from 14.5% to 8.83%. The Comprehensive Settlement Agreement requires the approval of the PSC.

Settlement Summary

	DEP Application	Settlement Agreement
Total Revenue Requested	\$622 million	\$584 million
Total Revenue Increase Requested (\$)	\$90 million	\$52.3 million
Total Revenue Increase Requested (%)	14.5%	8.83%

Average Monthly Bill Impact (of DEP Consumers Using 1,000 kilowatt-hours per month)		
Current (2022)	\$133.01	
	DEP Application	Settlement Agreement
If Rate Increase is Approved (April 2023)	\$151.77	\$143.96
Potential Increase in Average Monthly Bill	\$18.76 (14.1%)	\$10.95 (8.2%)

DEP requests in the Company's Application that new rates be effective on April 1, 2023. The EDIT Rider reduction is set to expire on December 31, 2025, at which time the average monthly bill for residential consumers would increase to \$148.19.

ORS's Major Adjustments

	DEP Application	Settlement Agreement	Approximate Reduction to DEP's Request
Return on Equity (ROE)	10.20%	9.60%	\$8.2 million

ROE, Cost of Debt, and Capital Structure

ROE is the allowed rate of potential profit for a regulated company. After the evaluation of DEP's proposed capital structure and overall cost of capital, the parties agreed to a lower ROE than in DEP's Application. The parties also agreed to a capital structure to reflect the actual capital structure of DEP. The net impact of the ORS's recommendations resulted in an approximate \$8.2 million reduction to DEP's total request.

Vegetation Management

The Settlement Agreement also contains provisions that would require the Company to improve upon and report to the PSC and the ORS its activities concerning vegetation management, an issue raised by several consumers at the public hearings.

Coal Ash

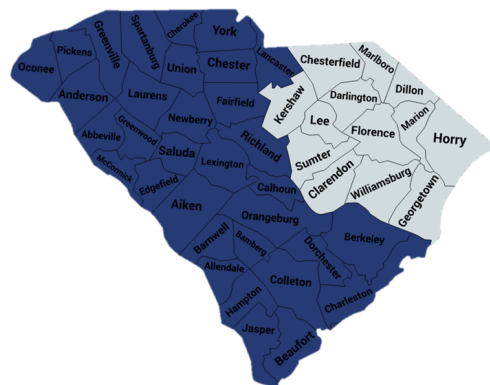
DEP will accept a one-time dis-allowance of \$50 million in coal ash basin closure costs. Additionally, the Company agrees to forego cost recovery of any remaining coal ash basin closure costs that were incurred before October 31, 2018.

Accounting Adjustments

By adjusting amortization periods for various projects, the recovery of costs for these projects have been spread over a longer period of time. Additionally, DEP will only receive a return at the PSC approved level of debt, instead of the cost of capital, further lowering the cost to customers.

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.