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Nov 29 2022

S.C. SUPREME COURT

STATE OF SOUTH CAROLINA
In the Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION

Appellate Case No. 2022-000463

Daufuskie Island Utility Company, Inc.,

Appellant,

v.

South Carolina Office of Regulatory Staff,
Haig Point Club and Community Association, Inc.,
Melrose Property Owner's Association, Inc.,
Bloody Point Property Owner's Association, and
Beach Field Properties, LLC,

Respondents.

RECORD ON APPEAL
VOLUME IV OF IV

Thomas P. Gressette, Jr.
G. Trenholm Walker
WALKER GRESSETTE & LINTON, LLC
P.O. Box 22167
Charleston, SC 29413
PHONE: 843-727-2200
ATTORNEYS FOR APPELLANT DAUFUSKIE ISLAND UTILITY COMPANY, INC.

Andrew M. Bateman
Benjamin P. Mustian
SC OFFICE OF REGULATORY STAFF
1401 Main Street, Suite 900
Columbia, SC 29201
PHONE: 803-737-0800
ATTORNEYS FOR RESPONDENT SC OFFICE OF REGULATORY STAFF

John J. Pringle, Jr.
John F. Beach
ADAMS & REESE, LLP
1501 Main Street, 5th Floor
Columbia, SC 29201
PHONE: 803-479-5764
ATTORNEYS FOR RESPONDENTS HAIG POINT CLUB and COMMUNITY ASSOCIATION, INC., MELROSE PROPERTY OWNER'S ASSOCIATION, INC., and BLOODY POINT PROPERTY OWNER'S ASSOCIATION

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256988

PRATT-THOMAS | WALKER
ATTORNEYS AT LAW
PROFESSIONAL ASSOCIATION

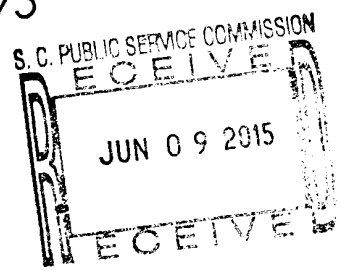
16 CHARLOTTE STREET
CHARLESTON, SC 29403

PO DRAWER 22247
CHARLESTON, SC 29413-2247

PHONE: 843.727.2200
FAX: 843.727.2238

WWW.P-TW.COM

2014-346 w/s



E-MAIL: gtw@p-tw.com
DIRECT DIAL: 843.727.2208
FAX: 843.722.2231

June 5, 2015

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

Re: Daufuskie Island Utility Company, Inc.
Our File No.: 7640.001

Dear Ms. Boyd:

This firm represents Daufuskie Island Company Utility, Inc. Please find enclosed the original and two copies of the Rate Application of DICU seeking an adjustment of the rates for its water and sewer services in accordance with S.C. Reg. §§103-512.4 and 103-712.4.

We look forward to working with the PSC and ORS in this proceeding. With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.

G. Trenholm Walker

Enclosures (As Stated)
GTW\njd
c: C. Dukes Scott, Esq.
Jeffrey M. Nelson, Esq.
Courtney Edwards, Esq.
John F. Guastella

E. DOUGLAS PRATT-THOMAS | G. TRENHOLM WALKER | W. ANDREW GOWDER, JR. | JON L. AUSTEN | LINDSAY K. SMITH-YANCEY (SC, NC) | THOMAS H. HESSE (SC, GA)
IAN W. FREEMAN (SC, CA) | THOMAS P. GRESSETTE, JR. (SC, USVI) | KATHLEEN FOWLER MONOC | JOHN P. LINTON, JR.

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO.: 2015-_____ - WS

IN RE: Application of Daufuskie Island Utility Company, Inc. for adjustment of rates and charges for water and sewer services	))))	CERTIFICATE OF SERVICE

This is to certify that I, Nancy Jane Dennis, on June 5, 2015, caused to be served upon the person(s) named below a copy of the Application of Daufuskie Island Utility Company, Inc. with Exhibits, in regards to the above matter on the person(s) named below, by U.S. Mail to the following address:

C. Dukes Scott, Esq.
Jeffrey M. Nelson, Esq.
Courtney Edwards, Esq.
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, South Carolina 29201

Charleston, South Carolina

Nancy Jane Dennis

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO.:_____-WS

APPLICATION OF DAUFUSKIE ISLAND UTILITY COMPANY, INC. FOR APPROVAL OF AN ADJUSTMENT IN RATES AND CHARGES FOR WATER AND SEWER SERVICES

In accordance with S.C. Code Sections 58-5-210 et seq., R. 103-514.4, R. 103-712.4, and R. 103-834, the Applicant, Daufuskie Island Utility Company, Inc., requests adjustment of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its Application.

June 5, 2015

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OVERVIEW AND JUSTIFICATION

The Daufuskie Island Utility Company, Inc. ("DIUC" or "Company") formerly known as the Haig Point Utility Company, Inc. was established to provide water and sewer utility service to the 1,050 acre planned development with 750 single family homes and club, known as Haig Point, and the Cedar Cove Subdivision consisting of 18 single family residential lots, located on Daufuskie Island in Beaufort County, South Carolina.

In March of 2010, DIUC acquired the Melrose Utility Company ("MUC") also located on Daufuskie Island in Beaufort County, South Carolina. MUC was established to provide water and sewer service to the planned developments known as Melrose and Bloody Point consisting of approximately 580 residential lots and 60 commercial lots.

This application for approval of new rates and charges is based on the historical test year ended December 31, 2014. The test year is representative of the Company's consolidated Haig Point and Melrose normal utilities operation which is currently producing insufficient annual income. The pro forma rate period is based on the projected operations for the twelve months ending December 31, 2015 adjusted for known and measureable changes.

This application is necessary because the current rates do not enable the Company to cover its cost of providing service and earn a fair return on its investment. The Company has not applied for rate relief since 2010 and has not yet established unified rates under its current consolidated status. The test year revenues, under current rates, produced net operating losses of $21,174 for the water operations or a negative .65% return on its investment. The sewer operations experienced net operating income of $59,890 or a 1.59% return on its investment. As this application demonstrates, the pro forma rate year under the current rates, would produce even less income and result in a negative 5.27% return for water and a negative 2.81% return for sewer. The proposed rates developed in this application are essential for the Daufuskie Island Utility Company to continue to provide its customers with adequate water and wastewater service.

The proposed rate design would eliminate the current water and sewer usage allowances that currently exist under the Melrose tariff and apply volumetric rates to all water and sewer usage by all customers, as it currently applies under the DIUC tariff. The proposed irrigation rates would also apply inclining block rates, as it currently applies under the DIUC tariff, to all irrigation customers. The tiered rate structure is designed to promote water conservation. The proposed rates would establish uniform rates for all of the DIUC customers. The proposed rates result in very similar increases of the annual water and sewer charges for both the Haig Point and Melrose service area customers.

Statement of Proposed Rates

				Haig Pt. Present Rates	Melrose Present Rates	DIUC Proposed Rates
I.	**Residential Rates**					
	A. Water:					
	1)	Tapping Fees & 3/4" Meter Box		$500.00	$500.00	$500.00
	2)	Base Quarterly Charge		$62.09	$80.72	$149.30
	3)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	$2.76	$0.00	$4.41
			Over 22,500 gallons	$2.76	$2.44	$4.41
	B. Sewer:					
	1)	Tapping Fees & Service Lateral		$500.00	$500.00	$500.00
	2)	Base Quarterly Charge		$110.38	$80.72	$218.18
	3)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	$1.32	$0.00	$2.38
			Over 22,500 gallons	$1.32	$1.95	$2.38
	C. Irrigation:					
	1)	Tapping Fees & 3/4" Meter Box		$500.00	$500.00	$500.00
	2)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	$2.76	$1.66	$4.85
			18,001 to 60,000 gallons	$3.09	$1.66	$5.73
			Over 60,000 gallons	$3.50	$1.66	$6.61
II.	**Commercial Rates**					
	A. Water:					
	1)	Tapping Fees per Hotel or Inn Room		$250.00	$250.00	$250.00
	2)	Tapping Fees up to 1-1/2" Meter		$500.00	$500.00	$500.00
	3)	Tapping Fees 2" or 3" Meter		$1,500.00	$1,500.00	$1,500.00
	4)	Tapping Fees for 6" Meter		$3,500.00	$3,500.00	$3,500.00
		Note: Larger meters on a case by case basis.				
	5)	Base Quarterly Charge		$86.93	$136.60	$209.01
	6)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	$2.76	$0.00	$4.41
			Over 22,500 gallons	$2.76	$1.95	$4.41
	B. Sewer:					
	1)	Tapping Fees per Hotel or Inn Room		$250.00	$250.00	$250.00
	2)	Tapping Fees 4" - 8" Sewer Pipe		$500.00	$500.00	$500.00
	2)	Base Quarterly Charge		$178.21	$136.60	$305.45
	3)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	$1.32	$0.00	$2.38
			Over 22,500 gallons	$1.32	$1.95	$2.38
	C. Irrigation:					
	1)	Tapping Fees & 3/4" Meter Box		$500.00	$500.00	$500.00
	2)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	$2.76	$1.66	$4.85
			18,001 to 60,000 gallons	$3.09	$1.66	$5.73
			Over 60,000 gallons	$3.50	$1.66	$6.61

Daufuskie Island Utility Co.
c/o Guastella Associates
6 Beacon St, STE 200
Boston, MA 02108
888-635-7878

JOHN DOE
123 STREET
DAUFUSKIE ISLAND, SC 29915-

Account #	SAMPLE
Billing Date	07/01/14
Due Date	07/31/14
Amount Due	1094.50

Detach and Submit with Payment

Service ID#	From Date	Thru Date	Days	Service Address
SAMPLE	04/01/14	07/01/14	91	123 A STREET

Charge Description	Previous Reading	Present Reading	Total Consumption	Charge
WATER - D	8000	8000	0	62.09
SEWER - D				110.38
IRRIG - D	12000	12000	0	0.00
AVAIL - WT				76.38
AVAIL - SW				85.08
				333.93

DEAR CUSTOMER: TO ENSURE PROPER DELIVERY PLEASE UPDATE OUR MAILING ADDRESS AS SHOWN IN THE TOP LEFT CORNER IN ALL OF YOU BILL PAY ACCOUNTS. PLEASE CONTACT US WITH ANY QUESTIONS AT ADMIN@DIUTILITY.COM OR THE TELEPHONE NUMBER LISTED ABOVE.

TOTAL PREVIOUS BALANCE	760.57
CURRENT CHARGES	333.93
IF PAID BY 07/31/14	**1094.50**
IF PAID AFTER 07/31/14	1110.68

This invoice represents an "Availability Fee" that charges customers for the "availability" to tap-in water and sewer lines on Daufuskie Island, South Carolina. This fee was defined and identified in the contract and disclosure documents you received when you purchased your Daufuskie Island property.

Water charges include a base charge of $62.09 (residential) and $86.93 (commercial). Sewer charges include a base charge of $110.38 (residential) and $178.21 (commercial).

For questions regarding billing, call 888-635-7878. For emergencies regarding your utilities, call 843-686-9249 (business hours) or 843-247-3135 (after hours).

Daufuskie Island Utility is under the jurisdiction of the South Carolina Public Service Commission ("PSC"). Charges are based on a rate schedule filed and approved by the PSC and available for your inspection upon request. If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Services Division at 803-737-5231 or within S.C. at 800-922-1531.

If a previous payment was received after the invoice date ("bill date") show on this bill, the payment is not reflected on this invoice. However, the payment is reflected in our billing system and you should disregard the previous balance displayed. In addition, a Late Payment Charge of 1 1/2% will be added to any unpaid balance not paid before the Late Date shown.

INVOICE

Sterling Risk Advisors Inc.
P O Box 724137
Atlanta, GA 31139

Customer	Terry R. Lee Contracting Company, Inc. 19748
Date	03/22/2015
Customer Service	Danny Sellers Debra Johnson
Page	1 of 1

Payment Information	
Invoice Summary	5,250.00
Payment Amount	
Payment for:	Invoice#313291
BMA 1942391	

Thank You

Daufuskie Island Utility Company, Inc.
9688 Speedway Blvd.
Hardeeville, SC 29227

Please detach and return with payment

Customer: Terry R. Lee Contracting Company, Inc.

Invoice	Effective	Transaction	Description	Amount
313291	02/14/2015	Renew policy	Policy #BMA 1942391 02/14/2015-02/14/2016 Hanover Insurance Company Renewal - SC Sewer Utilities Operation Bond Bond Amount $350,000.00 Due Date: 4/1/2015	5,250.00

Total
5,250.00

Thank You

Sterling Risk Advisors Inc. P O Box 724137 Atlanta, GA 31139	(678)424-6500	**Date** 03/22/2015

Bond No: 1942391

PERFORMANCE BOND

FINANCIAL STATEMENT

(SEWER UTILITIES)

KNOW ALL MEN BY THESE PRESENTS, that Daufuskie Island Utility Company, Inc. **being duly qualified to do business in the State of South Carolina, designated as "principal", and that** The Hanover Insurance Company **, designated as "surety"/"sureties" is/are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of $** 350,000.00 **, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, and the surety/sureties bind themselves, their personal representatives, and their assigns, jointly and severally, firmly by these presents.**

WHEREAS, in accordance with the provisions of S. C. Code Ann., §58-5-720 (1976, as amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and Necessity and approved a schedule of rates for sewer service in areas shown on operating maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to cover any and all liability which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in §58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a sewer utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties, as shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal and surety/sureties to be heard, may order that the face amount of this bond to be changed within the limits set forth in S. C. Code Ann., §58-5-720 (1976 as amended).

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this 14th **day of** February **,** 2011 **;and that said surety/sureties have caused this instrument to be signed this** 14th **day of** February **,** 2011 **.**

SURETY/SURETIES:

The Hanover Insurance Company

Signature Joyce M Connor, Attorney-In-Fact

Daufuskie Island Utility Company, Inc.

Company

By

Title

IN THE PRESENCE OF:

Witness # 1 Raimona Neal

Witness # 2 Tammy Forrester

IN THE PRESENCE OF

Signature

Witness # 1

Witness # 2

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

POWERS OF ATTORNEY
CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That THE HANOVER INSURANCE COMPANY and MASSACHUSETTS BAY INSURANCE COMPANY, both being corporations organized and existing under the laws of the State of New Hampshire, and CITIZENS INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of Michigan, do hereby constitute and appoint:

S Danny Sellers, Joyce M Connor, and/or Richmond Lanier Mitchell

of **Duluth, GA** and each is a true and lawful Attorney(s)-in-fact to sign, execute, seal, acknowledge and deliver for, and on its behalf, and as its act and deed any place within the United States, or, if the following line be filled in, only within the area therein designated

any and all bonds, recognizances, undertakings, contracts of indemnity or other writings obligatory in the nature thereof, as follows:
Any such obligations in the United States, not to exceed Ten Million and No/100 ($10,000,000.00) in any single instance

and said companies hereby ratify and confirm all and whatsoever said Attorney(s)-in-fact may lawfully do in the premises by virtue of these presents. These appointments are made under and by authority of the following Resolution passed by the Board of Directors of said Companies which resolutions are still in effect:

"RESOLVED, That the President or any Vice President, in conjunction with any Assistant Vice President, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 – Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

IN WITNESS WHEREOF, THE HANOVER INSURANCE COMPANY, MASSACHUSETTS BAY INSURANCE COMPANY and CITIZENS INSURANCE COMPANY OF AMERICA have caused these presents to be sealed with their respective corporate seals, duly attested by a Vice President and an Assistant Vice President, this **14th** day of **June, 2010.**

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Mary Jeanne Anderson, Vice President

Robert K. Grennan, Assistant Vice President

THE COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF WORCESTER) ss.

On this **13th** day of **June, 2010.**, before me came the above named Vice President and Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, to me personally known to be the individuals and officers described herein, and acknowledged that the seals affixed to the preceding instrument are the corporate seals of The Hanover Insurance Company Massachusetts Bay Insurance Company and Citizens Insurance Company of America, respectively, and that the said corporate seals and their signatures as officers were duly affixed and subscribed to said instrument by the authority and direction of said Corporations.

BARBARA ANN GARLICK
Notary Public
Commonwealth of Massachusetts
My Commission Expires Nov 3, 2011

Notary Public

My commission expires on November 3, 2011

I, the undersigned Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, hereby certify that the above and foregoing is a full, true and correct copy of the Original Power of Attorney issued by said Companies, and do hereby further certify that the said Powers of Attorney are still in force and effect.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America.

"RESOLVED, That any and all Powers of Attorney and Certified Copies of such Powers of Attorney and certification in respect thereto, granted and executed by the President or any Vice President in conjunction with any Assistant Vice President of the Company, shall be binding on the Company to the same extent as if all signatures therein were manually affixed, even though one or more of any such signatures thereon may be facsimile." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

GIVEN under my hand and the seals of said Companies, at Worcester, Massachusetts, this day of , 20 .

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Stephen L. Brault, Assistant Vice President

Sterling Risk Advisors Inc.
P O Box 724137
Atlanta, GA 31139

INVOICE

Customer	Terry R. Lee Contracting Company, Inc. 19748
Date	03/22/2015
Customer Service	Danny Sellers Debra Johnson
Page	1 of 1

Payment Information	
Invoice Summary	5,250.00
Payment Amount	
Payment for:	Invoice#313292
BMA 1942392	

Thank You

Daufuskie Island Utility Company, Inc.
9688 Speedway Blvd.
Hardeeville, SC 29227

Please detach and return with payment

Customer: Terry R. Lee Contracting Company, Inc.

Invoice	Effective	Transaction	Description	Amount
313292	02/14/2015	Renew policy	Policy #BMA 1942392 02/14/2015-02/14/2016 Hanover Insurance Company Renewal - SC Water Utilities Operation Bond Bond Amount $350,000.00 Due Date: 4/1/2015	5,250.00

Total
5,250.00

Thank You

Sterling Risk Advisors Inc. P O Box 724137 Atlanta, GA 31139	(678)424-6500	Date 03/22/2015

Bond No: 1942392

PERFORMANCE BOND

FINANCIAL STATEMENT

(WATER UTILITIES)

KNOW ALL MEN BY THESE PRESENTS, that Daufuskie Island Utility Company, Inc. **being duly qualified to do business in the State of South Carolina, designated as "principal", and that** The Hanover Insurance Company **, designated as "surety"/"sureties" is/are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of $** 350,000.00 **, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, and the surety/sureties bind themselves, their personal representatives, and their assigns, jointly and severally, firmly by these presents.**

WHEREAS, in accordance with the provisions of S. C. Code Ann., §58-5-720 (1976, as amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and Necessity and approved a schedule of rates for water service in areas shown on operating maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to cover any and all liability which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in §58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a water utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties, as shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal and surety/sureties to be heard, may order that the face amount of this bond to be changed within the limits set forth in S. C. Code Ann., §58-5-720 (1976 as amended).

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this 14th **day of** February **,** 2011 **;and that said surety/sureties have caused this instrument to be signed this** 14th **day of** February **,** 2011 **.**

SURETY/SURETIES:
The Hanover Insurance Company

Joyce M Connor
Signature Joyce M Connor, Attorney-in-Fact

Company

IN THE PRESENCE OF:

Raimona Neal
Witness # 1 Raimona Neal

Tammy Forrester
Witness # 2 Tammy Forrester

By

Title

IN THE PRESENCE OF

Signature

Witness # 1

Witness # 2

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

POWERS OF ATTORNEY
CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That THE HANOVER INSURANCE COMPANY and MASSACHUSETTS BAY INSURANCE COMPANY, both being corporations organized and existing under the laws of the State of New Hampshire, and CITIZENS INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of Michigan, do hereby constitute and appoint

S Danny Sellers, Joyce M Connor, and/or Richmond Lanier Mitchell

of **Duluth, GA** and each is a true and lawful Attorney(s)-in-fact to sign, execute, seal, acknowledge and deliver for, and on its behalf, and as its act and deed any place within the United States, or, if the following line be filled in, only within the area therein designated

any and all bonds, recognizances, undertakings, contracts of indemnity or other writings obligatory in the nature thereof, as follows:
Any such obligations in the United States, not to exceed Ten Million and No/100 ($10,000,000.00) in any single instance

and said companies hereby ratify and confirm all and whatsoever said Attorney(s)-in-fact may lawfully do in the premises by virtue of these presents. These appointments are made under and by authority of the following Resolution passed by the Board of Directors of said Companies which resolutions are still in effect:

"RESOLVED, That the President or any Vice President, in conjunction with any Assistant Vice President, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 – Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

IN WITNESS WHEREOF, THE HANOVER INSURANCE COMPANY, MASSACHUSETTS BAY INSURANCE COMPANY and CITIZENS INSURANCE COMPANY OF AMERICA have caused these presents to be sealed with their respective corporate seals, duly attested by a Vice President and an Assistant Vice President, this **14th** day of **June, 2010.**

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Mary Jeanne Anderson, Vice President

Robert K. Grennan, Assistant Vice President

THE COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF WORCESTER) ss.

On this **13th** day of **June, 2010.**, before me came the above named Vice President and Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, to me personally known to be the individuals and officers described herein, and acknowledged that the seals affixed to the preceding instrument are the corporate seals of The Hanover Insurance Company Massachusetts Bay Insurance Company and Citizens Insurance Company of America, respectively, and that the said corporate seals and their signatures as officers were duly affixed and subscribed to said instrument by the authority and direction of said Corporations.

BARBARA ANN GARLICK
Notary Public
Commonwealth of Massachusetts
My Commission Expires Nov 3, 2011

Notary Public

My commission expires on November 3, 2011

I, the undersigned Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, hereby certify that the above and foregoing is a full, true and correct copy of the Original Power of Attorney issued by said Companies, and do hereby further certify that the said Powers of Attorney are still in force and effect.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America.

"RESOLVED, That any and all Powers of Attorney and Certified Copies of such Powers of Attorney and certification in respect thereto, granted and executed by the President or any Vice President in conjunction with any Assistant Vice President of the Company, shall be binding on the Company to the same extent as if all signatures therein were manually affixed, even though one or more of any such signatures thereon may be facsimile." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

GIVEN under my hand and the seals of said Companies, at Worcester, Massachusetts, this day of , 20 .

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Stephen L. Brault, Assistant Vice President

D H E C
PROMOTE PROTECT PROSPER
W. Marshall Taylor Jr., Acting Director
Promoting and protecting the health of the public and the environment

May 1, 2015

Mr. Mike L. Guastella
Guastella Associates, LLC
PO Box 360
Northborough, MA 01532-0360

RE: **Consent Order 15-003-W**
Daufuskie Island Utility Company
Permits ND0068179 and ND0062286
Beaufort County

Dear Mr. Guastella,

We have received, via e-mail, your proposed Corrective Action Plan (CAP) in response to the referenced Consent Order. After review by staff, your proposed CAP has been determined to be acceptable. Pursuant to the terms of the Consent Order, the CAP will now become part of the Order. If you have any questions in this matter, please call me at (803) 898-1261.

Sincerely,

H. Michael Longshore, MPH, REHS
Water Enforcement Division
Bureau of Water

Compliance Evaluation Inspection
DAUFUSKIE ISLAND CLUB
PERMIT ND0068179

Introduction

On March 24, 2015, personnel from the South Carolina Department of Health and Environmental Control (SCDHEC) conducted a Compliance Evaluation Inspection (CEI) at the Daufuskie Island Club Wastewater Treatment Facility, Daufuskie Island, South Carolina. The inspector, Penny Cornett met with facility representatives Eric Johanson and Mike Guastella to explain the objectives and procedures of the inspection.

Permit

This facility is authorized to discharge under Land Application Discharge Permit No. ND0068179. Treated wastewater is discharged through outfall 001 to an 18 hole golf course at the Daufuskie Island Club development at Bloody Point. Permit information regarding the name and location of the land application site is correct. Permit information regarding the number and location of discharge points is correct. Outfall 001 is for discharge of treated effluent to the effluent holding pond and then to the golf course. Groundwater monitoring is required semi-annually on each of the 9 groundwater monitoring wells on the 18 hole golf course. The permit became effective on April 1, 2009 and expires on September 30, 2018.

Rating: Satisfactory

Consent Order

Consent order 15-003-W was executed March 4, 2015. The consent order requires that a Corrective Action Plan (CAP) to address deficiencies noted in the CEI reports and prevent future violations be submitted to the Department within 60 days of the execution date of the order.

Rating: Satisfactory

Records and Reports

Records and reports are being maintained as required by the permit. All information is available, complete, current and maintained for a minimum of three years. The Discharge Monitoring Reports (DMRs) for January 2014, January 2015 and February 2015 were reviewed. Analytical results are consistent with the data reported on the DMRs. Sampling and analysis data is adequate and includes dates, times, locations of sampling as well as methods and techniques, results and persons performing sampling and analysis.

The operator's logbook is maintained daily. A preventative maintenance program, emergency procedures, spare parts inventory and pump station inspection program have been established. In accordance with Part II E 3 of the NPDES Permit, the permittee shall develop and maintain at the facility a complete Operations and Maintenance Manual for the waste treatment facilities and/or land application system. The manual shall contain a general description of the treatment process(es), the operational procedures to meet the requirements of the permit and the corrective action to be taken should operating difficulties be encountered.

Rating: Satisfactory
Requirement: Develop an Operations and Maintenance Manual.

Flow Measurement
Flow is measured at the effluent using a 60-degree V notch weir. The weir plate appears to be level, plumb and its top edges are sharp and clean. The stilling basin is of sufficient size and clear of debris. Flow is measured at the effluent with an Endress/Hauser FM U90 flow meter. The flow meter was last calibrated on December 18, 2014. At the time of the inspection, there was no flow over the weir.

Rating: Satisfactory

Self-Monitoring
This facility's self-monitoring program is meeting the requirements of the permit. Samples are taken at sites specified in the permit and the locations are adequate for representative samples. Flow proportioned samples are being collected as required by the permit. Grab samples for fecal coliform, dissolved oxygen and pH are collected properly.

Sampling and analysis is completed on parameters specified by the permit and in the frequencies specified in the permit. The permit requires that samples be collected on the first Wednesday of each month but samples are collected on the first Tuesday of each month. A request to change the sampling date has previously been submitted to the Department. Samples are iced during compositing and proper preservation techniques are used. Containers and sample holding times before analysis conforms with Federal Register 40 CFR 136.3.

Rating: Satisfactory

Requirements: Check that the automatic sampler is pulling the set volume before each sampling event.

Facility Site Review
This 0.08 MGD facility consists of an influent bar screen, aeration pond, chlorine contact chamber, effluent holding pond and effluent pump station to deliver effluent to the golf course.

Operations and Maintenance
At the time of inspection, all treatment units were in service and operating properly with the exception of one aerator that has been removed for repairs. The influent channel was covered in a thick layer of solids. There was duckweed in the aeration basin and holding pond. One tear was noted in the aeration basin liner. All of the lift stations now have two pumps. The effluent pump station has been painted and the jockey pump has been removed as the engineer determined it was not needed. At the time of inspection, there was no discharge. The backflow prevention device at the plant was satisfactorily tested on June 25, 2014. The chlorine scales were calibrated on December 18, 2014.

Rating: Satisfactory

Requirements: 1. Clean the solids from the influent channel. 2. Repair the tear in the aeration basin liner. 3. Repair the aerator.

Sludge Handling/Disposal
This facility currently operates in a manner that does not require routine sludge removal.

Rating: Satisfactory

Laboratory
An on-site laboratory (SCDHEC Laboratory ID 07009, expiration July 3, 2017) at the facility is certified to analyze and report pH, temperature and dissolved oxygen. The other parameters are contracted out to General Environmental Labs (SCDHEC Laboratory ID 27553). A quality assurance manual is available as is a standard operating procedure (SOP).

Rating: Satisfactory

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Schedules in Support
of a
Rate Increase

Historical Test Year 12/31/2014

With Known and Measurable Changes through 12/31/2015

GUASTELLA ASSOCIATES LLC

June 2015

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	S-F.2	Rate Design - Sewer

Schedule A-1

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Balance Sheets

Water

Assets	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Utility Plant	$3,211,843	$3,851,101	$3,858,489	$3,864,959	$3,814,485	$3,905,259
Accumulated Depreciation	(208,008)	(250,512)	(283,720)	(317,092)	(341,904)	(382,950)
Construction Work in Progress	0	0	0	0	0	29,511
Cash	4,956	5,146	11,842	30,152	369,870	34,576
Accounts Receivable	97,128	212,594	228,274	312,173	205,909	202,206
Provision for Uncollectibles	(45,013)	(67,825)	(67,825)	(67,825)	0	0
Receivables from Associated Co.	0	0	0	0	0	0
Deferred Expenses	0	0	0	202,503	408,150	502,686
Accumulated Deferred Income Tax	0	0	0	0	0	0
Total Assets	$3,060,906	$3,750,504	$3,747,060	$4,024,870	$4,456,510	$4,291,287
Liabilities & Equity						
Common Stock	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Premium on Capital Stock	1,328,041	1,328,041	664,021	664,021	664,021	664,021
Paid in Capital	2,670,205	3,150,047	2,829,589	2,801,457	1,765,964	1,765,964
Retained Earnings	(1,305,625)	(1,211,687)	(212,815)	(65,714)	(69,317)	(18,326)
Notes and Loans Payable	0	0	0	0	1,369,979	1,307,975
Accounts Payable	42,523	75,245	82,296	272,010	61,678	100,225
Advances from Associated Co.	0	(20,586)	(42,109)	(61,577)	(25,615)	(25,615)
Accrued Taxes	0	0	0	2,130	(1,468)	157
Deferred Credits	0	0	0	0	269,779	72,195
Misc Accrued Liabilities	0	0	0	0	12,443	16,771
Misc Operating Reserves	0	10,659	10,659	0	0	0
Contributions in Aid of Construction	354,000	453,500	454,000	455,000	455,500	458,500
Accum. Amortization of CIAC	(29,238)	(35,715)	(39,581)	(45,456)	(47,455)	(51,580)
Total Liabilities & Equity	$3,060,906	$3,750,504	$3,747,060	$4,022,870	$4,456,510	$4,291,287

Sewer

Assets	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Utility Plant	$2,679,330	$3,637,399	$3,642,884	$3,645,734	$3,474,402	$4,077,571
Accumulated Depreciation	(258,167)	(317,217)	(347,008)	(376,912)	(369,432)	(404,688)
Construction Work in Progress	0	0	0	18,170	92,951	225,342
Cash	1,479	5,146	11,843	30,152	369,870	34,576
Accounts Receivable	100,732	227,191	279,018	278,142	194,956	198,409
Provision for Uncollectibles	(54,036)	(96,662)	(96,662)	(96,662)	0	0
Receivables from Associated Co.	282,366	5,139	0	0	0	0
Deferred Expenses	0	0	770	202,503	408,150	502,686
Accumulated Deferred Income Tax	0	0	0	0	0	0
Total Assets	$2,751,704	$3,460,995	$3,490,845	$3,701,129	$4,170,897	$4,633,896
Liabilities & Equity						
Common Stock	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Premium on Capital Stock	0	0	664,020	664,020	664,021	664,021
Paid in Capital	2,579,174	3,226,883	3,547,341	3,519,209	2,459,067	2,459,067
Retained Earnings	(15,339)	31,720	(901,197)	(879,745)	(851,298)	(178,173)
Notes and Loans Payable	0	0	0	0	1,369,979	1,307,975
Accounts Payable	52,443	31,915	32,633	272,010	61,678	100,255
Advances from Associated Co.	26,166	(20,586)	(42,109)	(61,577)	(25,615)	(25,615)
Accrued Taxes	(418)	(418)	(418)	1,674	6,440	8,065
Deferred Credits	0	0	0	0	265,359	72,195
Misc Accrued Liabilities	0	0	0	0	36,673	41,001
Misc Operating Reserves	0	5,118	5,118	0	0	0
Contributions in Aid of Construction	116,795	197,295	197,795	199,295	199,795	201,795
Accum. Amortization of CIAC	(8,117)	(11,932)	(13,338)	(14,757)	(16,202)	(17,689)
Total Liabilities & Equity	$2,751,704	$3,460,995	$3,490,845	$3,701,129	$4,170,897	$4,633,896

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Income Statements for 12 Months Ended

	Water					
	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Revenues:						
Metered Sales	$152,708	$219,825	$234,370	$281,237	$315,254	$309,860
Availability Billing	38,173	128,829	132,903	154,579	208,970	213,004
Interdepartmental Sales	0	0	0	0	0	0
Other Revenue	1,051	3,775	2,671	5,405	4,908	20,444
Total Operating Revenue	191,932	352,429	369,944	441,221	529,131	543,308
Expenses:						
O&M Expense	200,864	327,999	315,487	338,308	427,489	472,592
Depreciation	29,371	29,209	29,342	29,498	29,981	36,921
Amortization					46,210	46,210
Taxes, Other	616	9,132	10,721	11,684	7,633	8,759
Income Tax	0	0	0	0	0	0
Total Operating Expense	230,851	366,340	355,550	379,490	511,313	564,482
Net Operating Income	(38,919)	(13,911)	14,394	61,731	17,818	(21,174)
Other Income	0	0	0	0	65	122
Interest Expense	0	0	0	0	(6,061)	(88,763)
Other Expenses	0	0	0	0	0	(3,607)
Net Income	($38,919)	($13,911)	$14,394	$61,731	$11,822	($113,422)

	Sewer					
	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Revenues:						
Metered Sales	$111,102	$172,731	$171,405	$195,602	$224,335	$246,745
Availability Billing	67,864	159,901	165,380	191,065	271,878	276,661
Interdepartmental Sales	137,080	0	0	0	0	0
Other Revenue	1,966	4,975	2,881	6,609	4,908	9,749
Total Operating Revenue	318,012	337,607	339,666	393,276	501,120	533,155
Expenses:						
O&M Expense	271,573	262,600	250,362	263,682	338,772	382,145
Depreciation	25,884	28,170	28,384	28,486	28,770	36,151
Amortization					46,210	46,210
Taxes, Other	1,963	6,498	9,358	9,645	11,392	8,759
Income Tax	0	0	0	0	0	0
Total Operating Expense	299,420	297,268	288,104	301,813	425,144	473,265
Net Operating Income	18,592	40,339	51,562	91,463	75,977	59,890
Other Income	0	0	0	0	65	122
Interest Expense	0	0	0	0	(6,061)	(88,763)
Other Expenses	0	0	0	0	0	(3,607)
Net Income	$18,592	$40,339	$51,562	$91,463	$69,981	($32,358)

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water and Sewer Operations

Capital Structure and Rate of Return

	Amount	Ratio	Cost Rate	Weighted Cost	Return
L-T Debt	$3,750,000	41.2%	6.20%	2.55%	$232,269
S-T Debt	0	0.0%	2.42%	0.00%	0
Equity	5,358,573	58.8%	10.50%	6.18%	562,910
	$9,108,573	100.0%		8.73%	$795,178

Connecticut DPUC Formula:

Average Large Company	9.69%
Small Company Adder	0.50%
Performance Adder	0.50%
	10.69%

Florida PSC Leverage Graph Formula:

5.6% + (2.279 / Equity Ratio) = ROE

Range	100%	=	7.88%
	40%	=	11.30%
Equity Ratio	58.8%	=	9.47%

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

			12/31/2015		
	Year-End 12/31/2014	Adjustments	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	$307,239	$20,165	$327,404	$383,382	$710,786
Commercial	151,057	(2,549)	148,507	139,082	287,589
Irrigation	98,309	6,559	104,868	108,369	213,238
Availability Billing	489,665	(15,338)	474,327	518,553	992,880
Misc. Other Revenue	30,193	121	30,314	32,915	63,229
Interdepartmental Sales	0	0	0	0	0
Billing Adjustments	0	0	0	0	0
Total Revenues	1,076,463	8,958	1,085,421	1,182,301	2,267,721
Operating Expense:					
Wages	156,602	8,149	164,751	0	164,751
Benefits	8,980	1,706	10,686	0	10,686
Director's Fees	16,500	0	16,500	0	16,500
Sludge Disposal	0	0	0	0	0
Power	115,437	51,281	166,718	0	166,718
Chemicals	9,019	491	9,510	0	9,510
Supplies & Maintenance	27,136	1,407	28,543	0	28,543
Outside Services-Mgmt	157,650	13,714	171,364	0	171,364
Outside Services-Engineering	10,137	9,002	8,013	0	8,013
Outside Services-Accounting	2,761	0	2,761	0	2,761
Outside Services-Legal	23,178	0	23,178	0	23,178
Outside Services-Testing	92,288	0	92,288	0	92,288
Outside Services-Other	38,621	(4,269)	38,621	0	38,621
Other Operating Expenses	0	0	0	0	0
Transportation	2,450	306	2,756	0	2,756
Bad Debt	105,667	(90,905)	14,762	16,090	30,852
Insurance	30,205	18,117	48,322	0	48,322
Regulatory Commission Expense	15,745	(109)	15,636	0	15,636
Other A&G Expenses	36,436	0	36,436	0	36,436
Total O&M Expense	848,814	8,890	850,846	16,090	866,936
Depreciation	73,072	22,194	95,266	0	95,266
Amortization	92,421	113,655	206,076	0	206,076
Revenue Taxes	6,048	806	6,854	7,466	14,320
Property Taxes	4,209	188,092	192,302	0	192,302
Payroll Taxes	13,183	549	13,731	0	13,731
State and Federal Income Taxes	0	0	0	260,495	260,495
Total Operating Expenses	1,037,747	334,186	1,365,076	284,051	1,649,127
Net Operating Income	$38,716		($279,656)		$618,595
Rate Base	$7,014,171		$7,085,475		$7,085,475
Rate of Return	0.55%		-3.95%		8.73%
				Revenue Increase	108.9%

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Rate Base Calculation

	12/31/2014	Test Year Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Plant in Service	$3,899,032	$6,227	$3,905,259	$44,698	$3,949,957
Accumulated Depreciation	(382,950)	0	(382,950)	(46,446)	(429,396)
CWIP	29,511	0	29,511	(29,511)	0
Contributions in Aid of Construction	(458,500)	0	(458,500)	(19,250)	(477,750)
Accum. Amortization of CIAC	51,580	0	51,580	4,508	56,088
Net Plant	3,138,672	6,227	3,144,899	(46,001)	3,098,898
Working Capital (1/5th O&M)	0	93,920	93,920	2,035	95,955
Unamortized Balances	0	0	0	83,650	83,650
Rate Base	$3,138,672	$100,147	$3,238,819	$39,684	$3,278,503

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Water System Rate Base

1	Adjustments to Utility Plant in Service.		
	a) UPIS Pro Forma Additions		
	Meter & Meter Boxes	$ 15,187	
	b) UPIS Reclass from CWIP		
	Storage Tank Land Costs	29,511	
	Adjustment		$ 44,698
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.		
	a) Annual Depreciation (Schedule C-3)	$ 46,446	
	Adjustment		$ (46,446)
3	Reclass Construction Work in Progress to Plant in Service.		
	Adjustment		$ (29,511)
4	Adjust CIAC for Tap Fees related to pro forma customer growth.		
	Adjustment		$ (19,250)
5	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.		
	a) Annual Amortization (Schedule C-3)	$ (4,508)	
	Adjustment		$ 4,508
6	Adjust working capital allowance for changes to O&M expenses.		
	Expense Adjustment	10,177	
	Working Capital Allowance (Qtrly Billing)	20%	
	Adjustment		$ 2,035
7	Adjustment to reflect the average unamortized balance of rate case expense and deferred property taxes.		
	Rate Case Costs	95,600	
	Amortization Period (yrs)	4	
	Average Unamortized Balance	83,650	
	Adjustment		$ 83,650

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Utility Plant in Service

	UPIS Acct	Balance 12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Organizational Costs	301	$ 73,597		$ 73,597		$ 73,597
Land	303	56,702	5,128	61,830	29,511	91,341
Wells	307	794,865		794,865		794,865
Misc Equipment-Source	339	9,104		9,104		9,104
Water Treatment Plant	320	321,643	(1,824)	319,819		319,819
Distribution Reservoirs	330	869,379		869,379		869,379
Storage - Other	330A	37,946		37,946		37,946
T&D Plant	311	75,414		75,414		75,414
Mains, Hydrts, Serv	331	1,509,688		1,509,688		1,509,688
Meters	334	8,786	2,922	11,708	15,187	26,896
Other Intangible Plant	348	404		404		404
Plant-Structures	304	104,082		104,082		104,082
Office Equipmt	340	13,820		13,820		13,820
Transportation Equipmt	341	18,067		18,067		18,067
General Plant-Tools & Equip	343	5,536		5,536		5,536
Total Water Plant		$ 3,899,032	$ 6,227	$ 3,905,259	$ 44,698	$ 3,949,957

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Accumulated Depreciation

	UPIS Acct	Balance 12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Wells	307	$ 88,101		$ 88,101	$ 7,500	$ 95,601
Misc Equipment-Source	339	82		82	172	254
Water Treatment Plant	320	21,797		21,797	3,749	25,546
Distribution Reservoirs	330	60,598		60,598	8,203	68,802
Storage - Other	330A	-		-	3,162	3,162
T&D Plant	311	(3,048)		(3,048)	907	(2,142)
Mains, Hydrts, Serv	331	195,966		195,966	14,245	210,212
Meters	334	649		649	846	1,495
Other Intangible Plant	348	8		8	16	24
General Plant-Structures	304	7,672		7,672	2,836	10,508
Office Equipmt	340	808		808	691	1,499
Transportation Equipmt	341	8,369		8,369	3,011	11,380
General Plant-Tools & Equip	343	1,947		1,947	1,107	3,054
Total Water Plant		$ 382,950	$ -	$ 382,950	$ 46,446	$ 429,396

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water CIAC and Accumulated Amortization

	Balance 12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
CIAC - Tap Fees	$ 339,500	$ -	$ 339,500	$ 19,250	$ 358,750
CIAC - Other	119,000		119,000	-	119,000
Water - CIAC	$ 458,500	$ -	$ 458,500	$ 19,250	$ 477,750
Accum. Amortization - Tap Fees	$ 38,193	$ -	$ 38,193	$ 3,385	$ 41,578
Accum. Amortization - Other	13,387	-	13,387	1,123	14,510
Water - CIAC Amortization	$ 51,580	$ -	$ 51,580	$ 4,508	$ 56,088

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Operating Statement

	Year-End 12/31/2014	Ref.	Adjustments	12/31/2015 Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:						
Residential	$139,071	E-1	$7,519 (1a)	$146,590	$173,488 (1b)	$320,078
Commercial	72,479	E-1	452 (1c)	72,931	58,633 (1d)	131,564
Irrigation	98,309	E-1	6,559 (1e)	104,868	108,369 (1f)	213,238
Availability Billing	213,004	E-1	(10,848) (1g)	202,156	227,804 (1h)	429,960
Misc. Other Revenue	20,444	E-1	88 (1i)	20,531	22,159 (1j)	42,691
Metered Sales-Other	0		0	0	0	0
Billing Adj (Remove Tap Fees)	0		0	0	0	0
Total Revenues	543,308		3,769	547,077	590,454	1,137,531
Operating Expense:						
Wages	78,301	C-2	4,075 (2)	82,376		82,376
Benefits	4,490	C-2	853 (3)	5,343		5,343
Officer & Director's Fees	8,250	C-2	0 (4)	8,250		8,250
Sludge Disposal	0	C-2		0		0
Purchased Water	0	C-2		0		0
Power	57,581	C-2	25,514 (5)	83,095		83,095
Chemicals	4,510	C-2	230 (6)	4,740		4,740
Supplies & Maintenance	13,849	C-2	695 (7)	14,544		14,544
Outside Services-Mgmt	78,825	C-2	6,857 (8)	85,682		85,682
Outside Services-Engineering	425	C-2	2,145 (9)	2,570		2,570
Outside Services-Accounting	1,381	C-2		1,381		1,381
Outside Services-Legal	11,589	C-2		11,589		11,589
Outside Services-Testing	81,578	C-2		81,578		81,578
Outside Services-Other	31,026	C-2		31,026		31,026
Other Operating Expenses	0	C-2		0		0
Transportation	1,225	C-2	153 (10)	1,378		1,378
Bad Debt	52,834	C-2	(46,158) (11)	6,676	7,203 (20)	13,879
Insurance	18,197	C-2	5,964 (12)	24,161		24,161
Regulatory Commission Expense	10,861	C-2	2,645 (13)	13,506		13,506
Other A&G Expenses	14,683	C-2		14,683		14,683
Total O&M Expense	469,602		2,974	472,576	7,203	479,779
Depreciation, Net	36,921	C-2	5,017 (14)	41,938		41,938
Amortization	46,210	C-2	56,828 (15)	103,038		103,038
Revenue Taxes	3,052	C-2	403 (16)	3,455	3,729 (21)	7,183
Property Taxes	2,105	C-2	89,863 (17)	91,967		91,967
Payroll Taxes	6,591	C-2	274 (18)	6,866		6,866
State and Federal Income Taxes	0	C-2	0 (19)	0	120,533 (22)	120,533
Total Operating Expenses	564,482		155,358	719,840	131,464	851,305
Net Operating Income	($21,174)			($172,763)		$286,227
Rate Base	$3,238,819			$3,278,503		$3,278,503
Rate of Return	-0.65%			-5.27%		8.73%
				Revenue Increase		107.9%

Schedule W-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma number of customers at present rates.

Residential Revenue Per Schedule E.1		
Less: Residential Revenue - Test Year	146,590	
Adjustment	139,071	
		7,519

b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.

Residential Revenue Per Schedule E.2		
Less: Residential Revenue Per Schedule E.1	320,078	
Adjustment	146,590	
		173,488

c) Adjust commercial revenue to reflect the pro forma number of customers at present rates.

Commercial Revenue Per Schedule E.1		
Less: Commercial Revenue - Test Year	72,931	
Adjustment	72,479	
		452

d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.

Commercial Revenue Per Schedule E.2		
Less: Commercial Revenue Per Schedule E.1	131,564	
Adjustment	72,931	
		58,633

e) Adjust irrigation revenue to reflect the pro forma demand at present rates.

Irrigation Revenue Per Schedule E.1		
Less: Irrigation Revenue - Test Year	104,868	
Adjustment	98,309	
		6,559

f) Adjust irrigation revenue to reflect the pro forma demand at proposed rates.

Irrigation Revenue Per Schedule E.2		
Less: Irrigation Revenue Per Schedule E.1	213,238	
Adjustment	104,868	
		108,369

g) Adjust availability revenue to reflect the pro forma number of customers at present rates.

Availability Revenue Per Schedule E.1		
Less: Availability Revenue - Test Year	202,156	
Adjustment	213,004	
		(10,848)

h) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.

Availability Revenue Per Schedule E.2		
Less: Availability Revenue Per Schedule E.1	429,960	
Adjustment	202,156	
		227,804

i) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.1	547,077	3.75%	20,531	
Less: Misc Revenue - Test Year	544,745	3.75%	20,444	
Adjustment				88

j) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.2	1,137,531	3.75%	42,691	
Less: Misc Revenue Per Schedule E.1	547,077	3.75%	20,531	
Adjustment				22,159

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (2)
Increase the previuos level of wages for 4 full-time shared employees to reflect the wages of 4 full-time 1 part-time shared employee (an effort to reduce OT) including a 3% wage increase for the full-time employees.

Pro forma costs (WP 7.4)	82,376	
Less: Test period costs	78,301	
Adjustment		4,075

Adjustment (3)
Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)	5,343	
Less: Test period costs	4,490	
Adjustment		853

Adjustment (4)
Adjust Directors' Fees to reflect annual Officer's fees of $12,000 and Directors' fees of $4,500 split between water and sewer operations.

Pro forma costs	8,250	
Less: Test period costs	8,250	
Adjustment		0

Adjustment (5)
Adjust pro forma bills to reflect corrected 2nd and 3rd quarter SCE&G bills and increase the level of power costs for increased system demand.

	Test Period	Factor	Pro Forma	
July-YE Power	39,527			
Annualized SCE&G Corrected Bills	79,053	1.051	83,095	
less: Test Year			57,581	
Adjustment				25,514

Adjustment (6)
Increase the level of chemical costs for increased system demand.

	Test Period	Factor	Pro Forma	
Chemicals	4,510	1.051	4,740	
Adjustment				230

Adjustment (7)
Increase the level of operating supply costs for increased number of customers.

Test period costs	13,849	
Factor for increase in customers	1.050	
	14,544	
Adjustment		695

Adjustment (8)
Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs	78,825	
Factor for increase in customers	1.050	
	82,785	
Annual Increase	3.5%	
	85,682	
Adjustment		6,857

Adjustment (9)
Adjust Outside Services-Engineering to reflect 2011-2014 average cost.

	2011	2012	2013	2014	Average	
Annual Cost	3,200	3,563	3,093	425	2,570	
Less: Test period costs					425	
Adjustment						2,145

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (10)
Adjust transportation costs relative to the number of employees.

	Test Period	Factor	Pro Forma	
Transportation	1,225	1.125	1,378	
Adjustment				153

Adjustment (11)
Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues	324,390	0.5%	1,622	
Availability Sales-Bad Debt at 2.5% of revenue	202,156	2.5%	5,054	
			6,676	
Test period costs			52,834	
Adjustment				(46,158)

Adjustment (12)
Adjustment to record general liability insurance to reflect recent premiums.

	Vehicle	Op Bond	General	Flood	Water Syst.	
Pro Forma Expense	2,576	10,500	28,531	6,715	24,161	
Test Period Expense					18,197	
Adjustment						5,964

Adjustment (13)
Adjust Regulatory Expenses to reflect most recent DHEC drinking water annual bills.

	Melrose Area	Haig Pt.		
Pro Forma Expense	6,731	6,775	13,506	
Test Period Expense			10,861	
Adjustment				2,645

Adjustment (14)
Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	41,938	
Test period Depreciation Expense	36,921	
Adjustment		5,017

Adjustment (15)
Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Total rate case cost	95,600	4	23,900	
Property Taxes	263,422	8	32,928	
Annual amortization				56,828

Adjustment (16)
Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	547,077	
Revenue Tax Rate	0.63150%	
	3,455	
Less: Test Year Revenue Tax	3,052	
Adjustment		403

Adjustment (17)
Adjustment property Taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,520,560	369,659	0.248790	91,967	
Less: Test Year Property Taxes				2,105	
Adjustment					89,863

Adjustment (18)
Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (WP 7.4)	6,866	
Test period costs	6,591	
Adjustment		274

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (19)
Adjustment to reflect State and Federal Income Taxes.

Revenue	547,077			
O&M Expense	(472,576)			
Depreciation	(41,938)			
Amortization	(103,038)			
Taxes - Other	(102,288)			
Interest Expense	(83,602)			
State Taxable Income	(256,365)			
State Income Tax Rate		5.000%		
SIT			0	
Federal Taxable Income	(256,365)			
Federal Income Tax Rate		32.466%		
FIT			0	
Pro Forma Income Tax			0	
Test Period Income Tax			0	
Adjustment				0

Adjustment (20)
Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates		6,676	
Rate Increase Percentage		107.9%	
Adjustment			7,203

Adjustment (21)
Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement		1,137,518	
Revenue Tax Rate		0.63150%	
Revenue Tax at Proposed Rates		7,183	
Revenue Tax at Present Rates		3,455	
Adjustment			3,729

Adjustment (22)
Adjustment to reflect State and Federal Income Taxes.

Revenue Requirement	1,137,518			
O&M Expense	(479,779)			
Depreciation	(41,938)			
Amortization	(103,038)			
Taxes - Other	(106,017)			
Interest Expense	(83,602)			
State Taxable Income	323,144			
State Income Tax Rate		5.000%		
SIT			16,157	
Federal Taxable Income	306,987			
Federal Income Tax Rate		34.000%		
FIT			104,376	
Pro Forma Income Tax-Proposed Rates			120,533	
Pro Forma Income Tax-Present Rates			0	
Adjustment				120,533

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Water

	Acct	12 Months Ended 12/31/13 Expense	12 Months Ended 12/31/14 Expense	Adjusted Rate Year Expense
Wages	601	89,584	78,301	82,376
Benefits	603	5,495	4,490	5,343
Officer & Director's Fees	604	2,250	8,250	8,250
Sludge Disposal		0	0	0
Purchased Water		0	0	0
Power	615	36,586	57,581	83,095
Chemicals	618	5,936	4,510	4,740
Supplies & Maintenance	620	9,411	13,849	14,544
Outside Services-Mgmt	634	76,157	78,825	85,682
Outside Services-Engineering	631	3,093	425	2,570
Outside Services-Accounting	632	2,496	1,381	1,381
Outside Services-Legal	633	5,819	11,589	11,589
Outside Services-Testing	635	45,770	81,578	81,578
Outside Services-Other	636	11,438	31,026	31,026
Other Operating Expenses		0	0	0
Transportation	650	2,715	1,225	1,378
Bad Debt	670	71,457	52,834	6,676
Insurance	657	31,100	18,197	24,161
Regulatory Commission Expense	667	12,839	13,850	13,506
a) Reclass to Revenue Tax	667	(1,995)	(2,989)	
Other A&G Expenses	675	15,344	14,683	14,683
Total O&M Expense		425,494	469,602	472,576
Depreciation	403	29,981	36,921	41,938
Amortization	407	46,210	46,210	103,038
Revenue Taxes	408	63	63	3,455
a) Reclass from Reg. Comm. Exp.	408	1,995	2,989	0
Property Taxes	408	3,985	2,105	91,967
Payroll Taxes	408	3,586	6,591	6,866
State and Federal Income Taxes	409	0	0	0
Total Operating Expenses		511,313	564,482	719,840

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Depreciation Expense - Water

	Pro Forma UPIS Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Wells	$ 794,865	2.000%	47.18%	$ 7,500
Misc Equipment-Source	9,104	4.000%	47.18%	172
Water Treatment Plant	319,819	2.484%	47.18%	3,749
Distribution Reservoirs	869,379	2.000%	47.18%	8,203
Storage - Other	37,946	8.333%	100.00%	3,162
T&D Plant	75,414	2.548%	47.18%	907
Mains, Hydrts, Serv	1,509,688	2.000%	47.18%	14,245
Meters	26,896	6.667%	47.18%	846
Other Intangible Plant	404	4.000%	100.00%	16
General Plant-Structures	104,082	2.725%	100.00%	2,836
Office Equipmt	13,820	5.000%	100.00%	691
Transportation Equipmt	18,067	16.667%	100.00%	3,011
General Plant-Equipment	5,536	20.000%	100.00%	1,107
CIAC - Tap Fees	(358,750)	2.000%	47.18%	(3,385)
CIAC - Other	(119,000)	2.000%	47.18%	(1,123)
	3,307,269			41,938
Depreciation Expense				$ 46,446
Amortization of CIAC				(4,508)
Net Depreciation				$ 41,938

Schedule W-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water Capital Structure and Rate of Return

	Amount	Ratio	Cost Rate	Weighted Cost
L-T Debt	$1,349,760	41.2%	6.20%	2.55%
S-T Debt	0	0.0%	2.42%	0.00%
Equity	1,928,743	58.8%	10.50%	6.18%
	$3,278,503	100.0%		8.73%

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
12/31/2014

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,044.0			$62.09		$64,822		$64,822
Total gals		11,552.907	11,553.000		$2.76		$31,886	$31,886
Residential-MUC/BP	447.0			$80.72		$36,082		$36,082
Total gals		6,283.748	2,178.000		$2.44		$5,314	$5,314
	1,491.0	17,836.655	13,731.000			$100,904	$37,201	$138,104
Commercial-DIUC	106.0			$86.93		$9,215		$9,215
Total gals		4,545.880	4,546.000		$2.76		$12,547	$12,547
Commercial-MUC/BP	166.0			$136.60		$22,676		$22,676
Total gals		4,297.362	2,544.703		$1.95		$4,962	$4,962
Multi-Unit-MUC/BP	168.0			$136.60		$22,949		$22,949
Total gals					$1.95		$0	$0
	440.0	8,843.242	7,090.703			$54,839	$17,509	$72,348
Irrigation-DIUC								
0 to 18,000 gals (quarterly)	817.0	8,367.838	8,368.000		$2.76		$23,096	$23,096
18,001 to 60,000 gals		9,829.270	9,829.000		$3.09		$30,372	$30,372
Over 60,000 gals		10,049.342	10,049.000		$3.50		$35,172	$35,172
Irrigation-MUC/BP								
All gallons	184.0	6,356.858	6,356.858		$1.66		$10,552	$10,552
	1,001.0	34,603.308	34,602.858				$99,191	$99,191
Total Water Revenues	2,932.0	61,283.205	55,424.561			$155,743	$153,901	$309,644
						50.3%	49.7%	
Availability Billing-DIUC	2,063.0			$31.04				$64,036
Availability Billing-MUC/BP	1,972.0			$76.38				$150,621
	4,035.0							$214,657
Misc. Revenue (Late Chgs)							3.75%	$20,444
Total Water Operating Revenue								$544,745
Revenue Per Books								$543,308
Difference								$1,436
								0.26%

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,092.0			$62.09		$67,802		$67,802
Total gals		12,038.050	12,038.000		$2.76		$33,225	$33,225
Residential-MUC/BP	492.0			$80.72		$39,714		$39,714
Total gals		6,916.301	2,397.000		$2.44		$5,849	$5,849
	1,584.0	18,954.351	14,435.000			$107,517	$39,074	$146,590
Commercial-DIUC	104.0			$86.93		$9,041		$9,041
Total gals -		4,545.000	4,545.000		$2.76		$12,544	$12,544
Commercial-MUC/BP	164.0			$136.60		$22,402		$22,402
Total gals		4,245.452	2,514.000		$1.95		$4,902	$4,902
Multi-Unit-MUC/BP	176.0			$136.60		$24,042		$24,042
Total gals					$1.95		$0	$0
	444.0	8,790.452	7,059.000			$55,485	$17,447	$72,931
Irrigation-DIUC	864.0							
0 to 18,000 gals (quarterly)		8,816.844	8,817.000		$2.76		$24,335	$24,335
18,001 to 60,000 gals		10,356.694	10,357.000		$3.09		$32,003	$32,003
Over 60,000 gals		10,588.575	10,589.000		$3.50		$37,062	$37,062
Irrigation-MUC/BP	200.0							
0 to 18,000 gals (quarterly)		1,487.315	1,487.000		$1.66		$2,468	$2,468
18,001 to 60,000 gals		2,176.337	2,176.000		$1.66		$3,612	$3,612
Over 60,000 gals		3,245.976	3,246.000		$1.66		$5,388	$5,388
	1,064.0	36,671.741	36,672.000				$104,868	$104,868
Total Water Revenues	3,092.0	64,416.544	58,166.000			$163,001	$161,389	$324,390
						50.25%	49.75%	
Availability Billing-DIUC	2,280.0			$31.05				$70,783
Availability Billing-MUC/BP	1,720.0			$76.38				$131,374
	4,000.0							$202,156
Misc. Revenue (Late Chgs)							3.75%	$20,531
Total Water Operating Revenue								$547,077

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,092.0			$149.30		$163,036		$163,036
Total gals		12,038.050	12,038.000		$4.41		$53,088	$53,088
Residential-MUC/BP	492.0			$149.30		$73,456		$73,456
Total gals		6,916.301	6,916.000		$4.41		$30,500	$30,500
	1,584.0	18,954.351	18,954.000			$236,491	$83,587	$320,078
Commercial-DIUC	104.0			$209.01		$21,737		$21,737
Total gals		4,545.000	4,545.000		$4.41		$20,043	$20,043
Commercial-MUC/BP	164.0			$209.01		$34,278		$34,278
Total gals		4,245.452	4,245.000		$4.41		$18,720	$18,720
Multi-Unit-MUC/BP	176.0			$209.01		$36,786		$36,786
Total gals		0.000	0.000		$4.41		$0	$0
	444.0	8,790.452	8,790.000			$92,800	$38,764	$131,564
Irrigation-DIUC	864.0							
0 to 18,000 gals (quarterly)		8,816.844	8,817.000		$4.85		$42,762	$42,762
18,001 to 60,000 gals		10,356.694	10,357.000		$5.73		$59,346	$59,346
Over 60,000 gals		10,588.575	10,589.000		$6.61		$69,993	$69,993
Irrigation-MUC	200.0							
0 to 18,000 gals (quarterly)		1,487.315	1,487.000		$4.85		$7,212	$7,212
18,001 to 60,000 gals		2,176.337	2,176.000		$5.73		$12,468	$12,468
Over 60,000 gals		3,245.976	3,246.000		$6.61		$21,456	$21,456
	1,064.0	36,671.741	36,672.000				$213,238	$213,238
Total Water Revenues	3,092.0	64,416.544	64,416.000			$329,292	$335,589	$664,881
						28.95%	29.50%	
Availability Billing-DIUC	2,280.0			$107.49				$245,077
Availability Billing-MUC/BP	1,720.0			$107.49				$184,883
	4,000.0							$429,960
Misc. Revenue (Late Chgs)							3.75%	$42,691
Total Water Operating Revenue								$1,137,531

Schedule W-F.1

Daufuskie Island Utility Company, Inc.

Revenue Requirement

		Water
Equity Return		$202,612
Gross Revenue Tax	0.63150%	2,054
Effective Income Tax Rate	37.3000%	120,533
Equity Grossed-Up	37.6960%	325,198
O&M Expenses		479,779
Depreciation		41,938
Amortization		103,038
Property Taxes		91,967
Payroll Taxes		6,866
Interest Expense		83,602
		807,190
Gross Revenue Tax		5,130
		812,320
Revenue Requirement		$1,137,518
Revenue @ Present Rates		547,077
Percentage Increase		107.9%

Daufuskie Island Utility Company, Inc.

Rate Design - Water System

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change
Base Service:				
Residential-DIUC	$ 62.09	1.00	$ 149.30	140.5%
Residential-MUC/BP	$ 80.72	1.30	$ 149.30	85.0%
Commercial-DIUC	$ 86.93	1.40	$ 209.01	140.4%
Commercial-MUC/BP	$ 136.60	2.20	$ 209.01	53.0%
Multi-Family-MUC/BP	$ 136.60	2.20	$ 209.01	53.0%
Availability Billing-DIUC	$ 31.05	0.50	$ 107.49	246.2%
Availability Billing-MUC/BP	$ 76.38	1.23	$ 107.49	40.7%
Usage:				
Residential-DIUC	$ 2.76	1.00	$ 4.41	59.8%
Residential-MUC/BP	$ 2.44	0.88	$ 4.41	80.7%
Commercial-DIUC	$ 2.76	1.00	$ 4.41	59.8%
Commercial-MUC/BP	$ 1.95	0.71	$ 4.41	126.2%
Multi-Family-MUC/BP	$ 1.95	0.71	$ 4.41	126.2%
TPL Treatment Plant-DIUC				
0 to 18,000 gals (quarterly)	$ -	0.00	$ -	0.0%
18,001 to 60,000 gals	$ -	0.00	$ -	0.0%
Over 60,000 gals	$ -	0.00	$ -	0.0%
Irrigation-DIUC				
0 to 18,000 gals (quarterly)	$ 2.76	1.00	$ 4.85	75.7%
18,001 to 60,000 gals	$ 3.09	1.12	$ 5.73	85.4%
Over 60,000 gals	$ 3.50	1.27	$ 6.61	88.9%
Irrigation-MUC				
0 to 18,000 gals (quarterly)	$ 1.66	0.60	$ 4.85	192.2%
18,001 to 60,000 gals	$ 1.66	0.60	$ 5.73	245.2%
Over 60,000 gals	$ 1.66	0.60	$ 6.61	298.2%

Pro Forma Existing Rates:

Service Charge Revenue	$ 163,001.24	29.79%	66.75%	Base
Metered Usage Revenue	56,520.06	10.33%	29.50%	Usage
Irrigation Revenue	104,868.49	19.17%		
Availability Revenue	202,156.20	36.95%		
Subtotal	$ 526,545.99			
Late Charge Revenue	20,531.50	3.75%	3.75%	
Total Revenue	$ 547,077.49		100.00%	

Pro Forma Revenue Requirement:		(Sch E.2 Results)	% Increase
Service Charge Revenue	$ 338,922.50	$ 329,291.64	102.0%
Metered Usage Revenue	117,520.09	122,351.04	116.5%
Irrigation Revenue	218,049.21	213,237.84	103.3%
Availability Revenue	420,335.98	429,960.00	112.7%
Subtotal	$ 1,094,827.78	$ 1,094,840.52	
Late Charge Revenue	42,690.39	42,690.88	107.9%
Total Revenue	$ 1,137,518.16	$ 1,137,531.40	107.9%

Service Charge Rates

	Quarterly Bills	Factor	Factored Bills	Proposed Rate
Residential-DIUC	1,092	1.00	1,092.0	$ 149.30
Residential-MUC/BP	492	1.00	492.0	$ 149.30
Commercial-DIUC	104	1.40	145.6	$ 209.01
Commercial-MUC/BP	164	1.40	229.6	$ 209.01
Multi-Family-MUC/BP	176	1.40	246.4	$ 209.01
Availability Billing-DIUC	2,280	0.72	1,641.6	$ 107.49
Availability Billing-MUC/BP	1,720	0.72	1,238.4	$ 107.49
	6,028		5,085.6	
			$ 759,258.48	
			$ 149.30	

Usage Rates	TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC	12,038.0	1.00	12,038.0	$ 4.41
Residential-MUC/BP	6,916.0	1.00	6,916.0	$ 4.41
Commercial-DIUC	4,545.0	1.00	4,545.0	$ 4.41
Commercial-MUC/BP	4,245.0	1.00	4,245.0	$ 4.41
Multi-Family-MUC/BP	-	1.00	0.0	
0 to 18,000 gals (quarterly)	10,304.0	1.10	11,334.4	$ 4.85
18,001 to 60,000 gals	12,533.0	1.30	16,292.9	$ 5.73
Over 60,000 gals	13,835.0	1.50	20,752.5	$ 6.61
	64,416.0		76,123.8	
			$ 335,569.30	
			$ 4.41	

R-1299

Schedule S-B

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Rate Base Calculation

	12/31/2014	Test Year Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Plant in Service	$4,065,347	$12,224	$4,077,571	$111,733	$4,189,304
Accumulated Depreciation	(407,074)	2,386	(404,688)	56,230	(348,458)
CWIP	225,342	0	225,342	(225,342)	0
Contributions in Aid of Construction	(201,795)	0	(201,795)	(11,750)	(213,545)
Accum. Amortization of CIAC	17,689	(765)	16,924	1,665	18,589
Net Plant	3,699,510	13,844	3,713,354	(67,464)	3,645,890
Working Capital (1/5th O&M)	75,842	18,078	93,920	1,589	77,431
Unamortized Balances	0	0	0	83,650	83,650
Rate Base	$3,775,352	$31,922	$3,807,275	$17,775	$3,806,971

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Sewer System Rate Base

1	Adjustments to Utility Plant in Service.			
	a) General Plant-Structures (Lagoon)		$ 225,342	
	Retire Prior Lagoon Pond		(113,609)	
		Adjustment		$ 111,733
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.			
	a) Annual Depreciation (Schedule C-3)		$ 54,993	
	Retire Prior Lagoon Pond		$ (113,609)	
		Adjustment		$ (58,616)
3	Reclass Construction Work in Progress to Plant in Service.			
		Adjustment		$ (225,342)
4	Adjust CIAC for Tap Fees related to pro forma customer growth.			
		Adjustment		$ (11,750)
5	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.			
	a) Annual Amortization (Schedule C-3)		$ (1,665)	
		Adjustment		$ 1,665
e)	Adjust working capital allowance for changes to O&M expenses.			
	Expense Adjustment		$ 7,945	
	Working Capital Allowance (Qtrly Billing)		20%	
		Adjustment		$ 1,589
f)	Adjustment to reflect the average unamortized balance of rate case expense and deferred property taxes.			
	Rate Case Costs		$ 95,600	
	Amortization Period (yrs)		4	
	Average Unamortized Balance		83,650	
		Adjustment		$ 83,650

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Utility Plant in Service

	UPIS Acct	12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Organizational Costs	351	$ 73,597		$ 73,597	$ -	$ 73,597
Land	353	63,710		63,710	-	63,710
Collection Mains	361	2,118,279		2,118,279	-	2,118,279
Flow Measuring Device	367		1,956	1,956		1,956
WW Pumping Plant	371	158,189	2,549	160,738	-	160,738
WW Treatment & Disposal Plant	380	259,462	4,411	263,873	(113,609)	150,264
T&D-Aeration Motors	380A	31,832		31,832	-	31,832
Plant Sewers	381	818,187		818,187		818,187
Outfall Sewer Lines	382	66,704		66,704	-	66,704
Power Generation Equip	355	4,632	3,308	7,940		7,940
Other Intangible Plant	398	204		204	-	204
General Plant-Structures	354	437,859		437,859	225,342	663,201
Office Equipment	390	14,117		14,117	-	14,117
Transportation Equipmt	391	5,103		5,103	-	5,103
General Plant-Tools & Equip	393	13,472		13,472	-	13,472
Total Sewer Plant		$ 4,065,347	$ 12,224	$ 4,077,571	$ 111,733	$ 4,189,304

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Accumulated Depreciation

	UPIS Acct	12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Collection Mains	361	$ 251,560		$ 251,560	$ 16,513	$ 268,073
Flow Measuring Device	367			-	46	46
WW Pumping Plant	371	7,029		7,029	2,426	9,455
WW Treatment & Disposal Plant	380	21,103	(2,386)	18,717	(109,899)	(91,181)
T&D-Aeration Motors	380A	2,274		2,274	4,547	6,821
Plant Sewers	381	105,306		105,306	7,210	112,516
Outfall Sewer Lines	382	8,997		8,997	473	9,470
Power Generation Equip	355	34		34	122	157
Other Intangible Plant	398	4		4	8	12
General Plant-Structures	354	3,835		3,835	18,071	21,906
Office Equipment	390	791		791	706	1,497
Transportation Equipmt	391	2,224		2,224	850	3,075
General Plant-Tools & Equip	393	3,918		3,918	2,694	6,612
Total Sewer Plant		$407,074	-$2,386	$404,688	-$56,230	$348,458

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer CIAC and Accumulated Amortization

	12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
CIAC - Tap Fees	$ 201,795	$ -	$ 201,795	$ 11,750	$ 213,545
CIAC - Other	-	-		-	-
Water - CIAC	$ 201,795	$ -	$ 201,795	$ 11,750	$ 213,545
Accum. Amortization - Tap Fees	$ 17,689	$ -	$ 16,924	$ 1,665	$ 18,589
Accum. Amortization - Other	-	-		-	-
Water - CIAC Amortization	$ 17,689	$ -	$ 16,924	$ 1,665	$ 18,589

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Operating Statement

	Year-End 12/31/2014	Ref.	Adjustments	12/31/2015 Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:						
Residential	$168,168	E.1	$12,646 (1a)	$180,814	$209,894 (1b)	$390,708
Commercial	78,577	E.1	(3,001) (1c)	75,576	80,448 (1d)	156,024
Irrigation	0		0	0	0	0
Availability Billing	276,661	E.1	(4,490) (1e)	272,171	290,749 (1f)	562,920
Misc. Other Revenue	9,749	E.1	33 (1g)	9,783	10,755 (1h)	20,538
Interdepartmental Sales	0		0	0	0	0
Billing Adj (Remove Tap Fees)	0		0	0	0	0
Total Revenues	533,155		5,188	538,343	591,847	1,130,190
Operating Expense:						
Wages	78,301	C.2	4,074 (2)	82,376		82,376
Benefits	4,490	C.2	853 (3)	5,343		5,343
Officer & Director's Fees	8,250	C.2	0 (4)	8,250		8,250
Sludge Disposal	0	C.2		0		0
Power	57,856	C.2	25,767 (5)	83,623		83,623
Chemicals	4,510	C.2	260 (6)	4,770		4,770
Supplies & Maintenance	13,288	C.2	711 (7)	13,999		13,999
Outside Services-Mgmt	78,825	C.2	6,857 (8)	85,682		85,682
Outside Services-Engineering	9,712	C.2	(4,269) (9)	5,443		5,443
Outside Services-Accounting	1,381			1,381		1,381
Outside Services-Legal	11,589	C.2		11,589		11,589
Outside Services-Testing	10,711	C.2		10,711		10,711
Outside Services-Other	7,596	C.2		7,596		7,596
Other Operating Expenses	0	C.2		0		0
Transportation	1,225	C.2	153 (10)	1,378		1,378
Bad Debt	52,834	C.2	(44,747) (11)	8,086	8,887 (20)	16,973
Insurance	12,008	C.2	12,153 (12)	24,161		24,161
Regulatory Commission Expense	4,884	C.2	(2,754) (13)	2,130		2,130
Other A&G Expenses	21,753	C.2		21,753		21,753
Total O&M Expense	379,211		(942)	378,270	8,887	387,157
Depreciation	36,151	C.2	17,177 (14)	53,328		53,328
Amortization	46,210	C.2	56,828 (15)	103,038		103,038
Revenue Taxes	2,996	C.2	404 (16)	3,400	3,737 (21)	7,137
Property Taxes	2,105	C.2	98,230 (17)	100,334		100,334
Payroll Taxes	6,591	C.2	274 (18)	6,866		6,866
State and Federal Income Taxes	0	C.2	0 (19)	0	139,962 (22)	139,962
Total Operating Expenses	473,265		171,971	645,236		797,822
Net Operating Income	$59,890			($106,893)		$332,368
Rate Base	$3,775,352			$3,806,971		$3,806,971
Rate of Return	1.59%			-2.81%		8.73%
					Revenue Increase	109.9%

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma number of customers at present rates.

Residential Revenue Per Schedule E.1	180,814	
Less: Residential Revenue Per Books (Test Year)	170,724	
		10,090

b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.

Residential Revenue Per Schedule E.2	390,708	
Less: Residential Revenue Per Schedule E.1	180,814	
		209,894

c) Adjust commercial revenue to reflect the pro forma number of customers at present rates.

Commercial Revenue Per Schedule E.1	75,576	
Less: Commercial Revenue Per Books (Test Year)	74,396	
		1,180

d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.

Commercial Revenue Per Schedule E.2	156,024	
Less: Commercial Revenue Per Schedule E.1	75,576	
		80,448

e) Adjust availability revenue to reflect the pro forma number of customers at present rates.

Availability Revenue Per Schedule E.1	272,171	
Less: Availability Revenue - Test Year	281,635	
Adjustment		(9,464)

f) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.

Availability Revenue Per Schedule E.2	562,920	
Less: Availability Revenue Per Schedule E.1	272,171	
Adjustment		290,749

g) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.1	538,343	1.82%	9,783	
Less: Misc Revenue - Test Year	536,503	1.82%	9,749	
Adjustment				33

h) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.2	1,130,190	1.82%	20,538	
Less: Misc Revenue Per Schedule E.1	538,343	1.82%	9,783	
Adjustment				10,755

Adjustment (2)

Increase the previuos level of wages for 4 full-time shared employees to reflect the wages of 4 full-time 1 part-time shared employee (an effort to reduce OT) including a 3% wage increase for the full-time employees.

Pro forma costs (WP 7.4)	82,376	
Less: Test period costs	78,301	
Adjustment		4,074

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)	5,343	
Less: Test period costs	4,490	
Adjustment		853

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (4)
Adjust Directors' Fees to reflect annual Officer's fees of $12,000 and Directors' fees of $4,500 split between water and sewer operations.

Pro forma costs	8,250	
Less: Test period costs	8,250	
Adjustment		0

Adjustment (5)
Adjust pro forma bills to reflect corrected 2nd and 3rd quarter SCE&G bills and increase the level of power costs for increased system demand.

	Test Period	Factor	Pro Forma	
July-YE Power	39,527			
Annualized SCE&G Corrected Bills	79,053	1.058	83,623	
less: Test Year			57,856	
Adjustment				25,767

Adjustment (6)
Increase the level of chemical costs for increased system demand.

	Test Period	Factor	Pro Forma	
Test period costs	4,510	1.058	4,770	
Adjustment				260

Adjustment (7)
Increase the level of operating supply costs for increased number of customers.

Test period costs	13,288	
Factor for increase in customers	1.054	
	13,999	
Adjustment		711

Adjustment (8)
Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs	78,825	
Factor for increase in customers	1.050	
	82,785	
Annual Increase	3.5%	
	85,682	
Adjustment		6,857

Adjustment (9)
Adjust Outside Services-Engineering to reflect 2010-2013 average cost to normalize expense.

	2011	2012	2013	2014	Average	
Annual Cost	2,350	6,617	3,093	9,712	5,443	
Less: Test period costs					9,712	
Adjustment						(4,269)

Adjustment (10)
Adjust transportation costs relative to the number of employees.

	Test Period	Factor	Pro Forma	
Transportation	1,225	1.125	1,378	
Adjustment				153

Adjustment (11)
Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues	256,389	0.5%	1,282	
Availability Sales-Bad Debt at 2.5% of revenue	272,171	2.5%	6,804	
			8,086	
Test period costs			52,834	
Adjustment				(44,747)

Adjustment (12)
Adjustment to record general liability insurance to reflect recent premiums.

	Vehicle	Op Bond	General	Flood	Sewer Syst.	
Pro Forma Expense	2,576	10,500	28,531	6,715	24,161	
Test Period Expense					12,008	
Adjustment						12,153

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (13)
Adjust Regulatory Expenses to reflect most recent DHEC land application permits.

	Golf Course	WWTP		
Pro Forma Expense	800	1,330	2,130	
Test Period Expense			4,884	
Adjustment				(2,754)

Adjustment (14)
Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	53,328	
Test period Depreciation Expnse	36,151	
Adjustment		17,177

Adjustment (15)
Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Total rate case cost	95,600	4	23,900	
Property Taxes	263,422	8	32,928	
Annual amortization				56,828

Adjustment (16)
Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	538,343	
Revenue Tax Rate	0.63150%	
	3,400	
Less: Test Year Revenue Tax	2,996	
Adjustment		404

Adjustment (17)
Adjustment property Taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,840,846	403,289	0.24879	100,334	
Less: Test Year Property Taxes				2,105	
Adjustment					98,230

Adjustment (18)
Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (WP 7.4)	6,866	
Test period costs	6,591	
Adjustment		274

Adjustment (19)
Adjustment to reflect State and Federal Income Taxes.

Revenue	538,343			
O&M Expense	(378,270)			
Depreciation	(53,328)			
Amortization	(103,038)			
Taxes - Other	(110,600)			
Interest Expense	(97,078)			
State Taxable Income	(203,970)			
State Income Tax Rate		5.000%		
SIT			0	
Federal Taxable Income	(203,970)			
Federal Income Tax Rate		30.788%		
FIT			0	
Pro Forma Income Tax			0	
Test Period Income Tax			0	
Adjustment				0

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (20)				
Adjust bad debt expense to reflect rate increase.				
Pro forma Bad Debt at Present Rates			8,086	
Rate Increase Percentage			109.9%	
Adjustment				8,887
Adjustment (21)				
Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.				
Revenue Requirement			1,130,171	
Revenue Tax Rate			0.63150%	
Revenue Tax at Proposed Rates			7,137	
Revenue Tax at Present Rates			3,400	
Adjustment				3,737
Adjustment (22)				
Adjustment to reflect State and Federal Income Taxes.				
Revenue	1,130,171			
O&M Expense	(387,157)			
Depreciation	(53,328)			
Amortization	(103,038)			
Taxes - Other	(114,337)			
Interest Expense	(97,078)			
State Taxable Income	375,233			
State Income Tax Rate		5.000%		
SIT			18,762	
Federal Taxable Income	356,471			
Federal Income Tax Rate		34.000%		
FIT			121,200	
Pro Forma Income Tax-Proposed Rates			139,962	
Pro Forma Income Tax-Present Rates			0	
Adjustment				139,962

Schedule S-C.2

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Sewer

	Acct	12 Months Ended 12/31/13 Expense	12 Months Ended 12/31/14 Expense	Adjusted Rate Year Expense
Wages	701	49,297	78,301	82,376
Benefits	703	5,495	4,490	5,343
Officer & Director's Fees	704	2,250	8,250	8,250
Sludge Disposal		0	0	0
Power	715	36,833	57,856	83,623
Chemicals	718	5,936	4,510	4,770
Supplies & Maintenance	720	8,185	13,288	13,999
Outside Services-Mgmt	734	76,157	78,825	85,682
Outside Services-Engineering	731	3,093	9,712	5,443
Outside Services-Accounting	732	1,999	1,381	1,381
Outside Services-Legal	733	5,819	11,589	11,589
Outside Services-Testing	735	16,949	10,711	10,711
Outside Services-Other	736	11,426	7,596	7,596
Other Operating Expenses		0	0	0
Transportation	750	2,714	1,225	1,378
Bad Debt	770	69,756	52,834	8,086
Insurance	757	18,952	12,008	24,161
Regulatory Commission Expense	767	12,572	7,818	2,130
a) Reclass to Revenue Tax	767	(1,889)	(2,934)	
Other A&G Expenses	775	11,339	21,753	21,753
Total O&M Expense		336,882	379,211	378,270
Depreciation	403	28,770	36,151	53,328
Amortization	407	46,210	46,210	103,038
Revenue Taxes	408	63	63	3,400
a) Reclass from Reg. Comm. Exp.	408	1,889	2,934	
Property Taxes	408	3,985	2,105	100,334
Payroll Taxes	408	7,345	6,591	6,866
State and Federal Income Taxes	409	0	0	0
Total Operating Expenses		425,143	473,265	645,236

Schedule S-C.3

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Depreciation Expense - Sewer

	Pro Forma UPIS Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Collection Mains	$ 2,118,279	2.198%	35.47%	$ 16,513
Flow Measuring Device	1,956	6.667%	35.47%	46
WW Pumping Plant	160,738	4.255%	35.47%	2,426
WW Treatment & Disposal Plant	150,264	2.484%	35.47%	1,324
T&D-Aeration Motors	31,832	14.286%	100.00%	4,547
Plant Sewers	818,187	2.484%	35.47%	7,210
Outfall Sewer Lines	66,704	2.000%	35.47%	473
Power Generation Equip	7,940	4.348%	35.47%	122
Other Intangible Plant	204	4.000%	100.00%	8
General Plant-Structures	663,201	2.725%	100.00%	18,071
Office Equipment	14,117	5.000%	100.00%	706
Transportation Equipmt	5,103	16.667%	100.00%	850
General Plant-Tools & Equip	13,472	20.000%	100.00%	2,694
CIAC - Tap Fees	(213,545)	2.198%	35.47%	(1,665)
CIAC - Other	-	2.000%	35.47%	-
	3,838,452			53,328
Depreciation Expense				$ 54,993
Amortization of CIAC				(1,665)
Net Depreciation				$ 53,328

Schedule S-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Sewer Capital Structure and Rate of Return

	Amount	Ratio	Cost Rate	Weighted Cost
L-T Debt	$1,567,330	41.2%	6.20%	2.55%
S-T Debt	0	0.0%	2.42%	0.00%
Equity	2,239,641	58.8%	10.50%	6.18%
	$3,806,971	100.0%		8.73%

Schedule S-E

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Present Rates
12/31/2014

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,044.0			$110.38		$115,237		$115,237
Total gals		11,552.907	11,553.000		$1.32		$15,250	$15,250
Residential-MUC/BP	443.0			$80.72		$35,759		$35,759
Total gals		6,222.398	2,296.390		$1.95		$4,478	$4,478
	1,487.0	17,775.305	13,849.390			$150,996	$19,728	$170,724
Commercial-DIUC	102.0			$178.21		$18,177		$18,177
Total gals		4,495.220	4,495.000		$1.32		$5,933	$5,933
Commercial-MUC/BP	166.0			$136.60		$22,676		$22,676
Total gals		3,996.052	2,389.990		$1.95		$4,660	$4,660
Multi-Unit-MUC/BP	168.0			$136.60		$22,949		$22,949
Total gals					$1.95		$0	$0
	436.0	8,491.272	6,884.990			$63,802	$10,594	$74,396
Total Sewer Revenues	1,923.0	26,266.577	20,734.379			$214,798	$30,322	$245,119
						87.6%	12.4%	
Availability Billing-DIUC	2,063.0			$55.19				$113,857
Availability Billing-MUC/BP	1,972.0			$85.08				$167,778
	4,035.0							$281,635
Misc. Revenue (Late Chgs)							1.82%	$9,749
Interdepartmental Revenue								$0
Total Sewer Operating Revenue								$536,503
Revenue Per Books								$533,155
Difference								$3,349

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,092.0			$110.38		$120,535		$120,535
Total gals		12,038.050	12,038.000		$1.32		$15,890	$15,890
Residential-MUC/BP	492.0			$80.72		$39,714		$39,714
Total gals		6,916.301	2,397.000		$1.95		$4,674	$4,674
	1,584.0	18,954.351	14,435.000			$160,249	$20,564	$180,814
Commercial-DIUC	102.0			$178.21		$18,177		$18,177
Total gals		4,585.124	4,585.000		$1.32		$6,052	$6,052
Commercial-MUC/BP	164.0			$136.60		$22,402		$22,402
Total gals		4,245.452	2,514.000		$1.95		$4,902	$4,902
Multi-Unit-MUC/BP	176.0			$136.60		$24,042		$24,042
Total gals					$1.95		$0	$0
	442.0	8,830.577	7,099.000			$64,621	$10,955	$75,576
Total Sewer Revenues	2,026.0	27,784.927	21,534.000			$224,871	$31,519	$256,389
						87.7%	12.3%	
Availability Billing-DIUC	2,280.0			$55.19				$125,833
Availability Billing-MUC/BP	1,720.0			$85.08				$146,338
	4,000.0							$272,171
Misc. Revenue (Late Chgs)							1.82%	$9,783
Interdepartmental Revenue								$0
Total Sewer Operating Revenue								$538,343

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,092.0			$218.18		$238,253		$238,253
Total gals		12,038.050	12,038.000		$2.38		$28,650	$28,650
Residential-MUC/BP	492.0			$218.18		$107,345		$107,345
Total gals		6,916.301	6,916.000		$2.38		$16,460	$16,460
	1,584.0	18,954.351	18,954.000			$345,597	$45,111	$390,708
Commercial-DIUC	102.0			$305.45		$31,156		$31,156
Total gals		4,585.124	4,585.000		$2.38		$10,912	$10,912
Commercial-MUC/BP	164.0			$305.45		$50,094		$50,094
Total gals		4,245.452	4,245.000		$2.38		$10,103	$10,103
Multi-Unit-MUC/BP	176.0			$305.45		$53,759		$53,759
Total gals		0.000	0.000		$2.38		$0	$0
	442.0	8,830.577	8,830.000			$135,009	$21,015	$156,024
Total Sewer Revenues	2,026.0	27,784.927	27,784.000			$480,606	$66,126	$546,732
						87.91%	12.09%	
Availability Billing-DIUC	2,280.0			$140.73				$320,864
Availability Billing-MUC/BP	1,720.0			$140.73				$242,056
	4,000.0							$562,920
Misc. Revenue (Late Chgs)							1.82%	$20,538
Interdepartmental Revenue								$0
Total Sewer Operating Revenue								$1,130,190

Schedule S-F.1

Daufuskie Island Utility Company, Inc.

Revenue Requirement

		Sewer
Equity Return		$235,271
Gross Revenue Tax	0.63150%	2,385
Effective Income Tax Rate	37.3000%	139,962
Equity Grossed-Up	37.6960%	377,617
O&M Expenses		387,157
Depreciation		53,328
Amortization		103,038
Property Taxes		100,334
Payroll Taxes		6,866
Interest Expense		97,078
		747,801
Gross Revenue Tax		4,752
		752,553
Revenue Requirement		$1,130,171
Revenue @ Present Rates		538,343
Percentage Increase		109.9%

Daufuskie Island Utility Company, Inc.

Rate Design - Sewer System

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change
Base Service:				
Residential-DIUC	$ 110.38	1.00	$ 218.18	97.7%
Residential-MUC/BP	$ 80.72	0.73	$ 218.18	170.3%
Commercial-DIUC	$ 178.21	1.61	$ 305.45	71.4%
Commercial-MUC/BP	$ 136.60	1.24	$ 305.45	123.6%
Multi-Family-MUC/BP	$ 136.60	1.24	$ 305.45	123.6%
Availability Billing-DIUC	$ 55.19	0.50	$ 140.73	155.0%
Availability Billing-MUC/BP	$ 85.08	0.77	$ 140.73	65.4%
Usage:				
Residential-DIUC	$ 1.32	1.00	$ 2.38	80.3%
Residential-MUC/BP	$ 1.95	1.48	$ 2.38	22.1%
Commercial-DIUC	$ 1.32	1.00	$ 2.38	80.3%
Commercial-MUC/BP	$ 1.95	1.48	$ 2.38	22.1%
Multi-Family-MUC/BP	$ 1.95	1.48	$ 2.38	22.1%

Pro Forma Existing Rates:

Service Charge Revenue	$ 224,870.62	41.77%	92.33%	Base
Metered Usage Revenue	31,518.81	5.85%	5.85%	Usage
Irrigation Revenue	-	0.00%		
Availability Revenue	272,170.80	50.56%		
Subtotal	$ 528,560.23			
Late Charge Revenue	9,782.88	1.82%	1.82%	
Total Revenue	$ 538,343.11		100.00%	

Pro Forma Revenue Requirement:		(Sch E.2 Results)	% Increase
Service Charge Revenue	$ 472,082.10	$ 480,606.02	113.7%
Metered Usage Revenue	66,169.01	66,125.92	109.8%
Irrigation Revenue	-	-	
Availability Revenue	571,381.73	562,920.00	106.8%
Subtotal	$ 1,109,632.84	$ 1,109,651.94	
Late Charge Revenue	20,537.69	20,538.04	109.9%
Total Revenue	$ 1,130,170.53	$ 1,130,189.98	109.9%

Service Charge Rates

	Quarterly Bills	Factor	Factored Bills	Proposed Rate
Residential-DIUC	1,092	1.00	1,092.0	$ 218.18
Residential-MUC/BP	492	1.00	492.0	$ 218.18
Commercial-DIUC	102	1.40	142.8	$ 305.45
Commercial-MUC/BP	164	1.40	229.6	$ 305.45
Multi-Family-MUC/BP	176	1.40	246.4	$ 305.45
Availability Billing-DIUC	2,280	0.645	1,470.6	$ 140.73
Availability Billing-MUC/BP	1,720	0.645	1,109.4	$ 140.73
	6,026		4,782.8	
			$ 1,043,463.83	
			$ 218.18	

Usage Rates	TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC	12,038.0	1.00	12,038.0	$ 2.38
Residential-MUC/BP	6,916.0	1.00	6,916.0	$ 2.38
Commercial-DIUC	4,585.0	1.00	4,585.0	$ 2.38
Commercial-MUC/BP	4,245.0	1.00	4,245.0	$ 2.38
Multi-Family-MUC/BP	-	1.00	0.0	$ 2.38
0 to 18,000 gals (quarterly)	-		0.0	
18,001 to 60,000 gals	-		0.0	
Over 60,000 gals	-		0.0	
	27,784.0		27,784.0	
			$ 66,169.01	
			$ 2.38	

WATER DISTRIBUTION MAP
FOR
DAUFUSKIE ISLAND

DAUFUSKIE ISLAND, SOUTH CAROLINA

PREPARED FOR

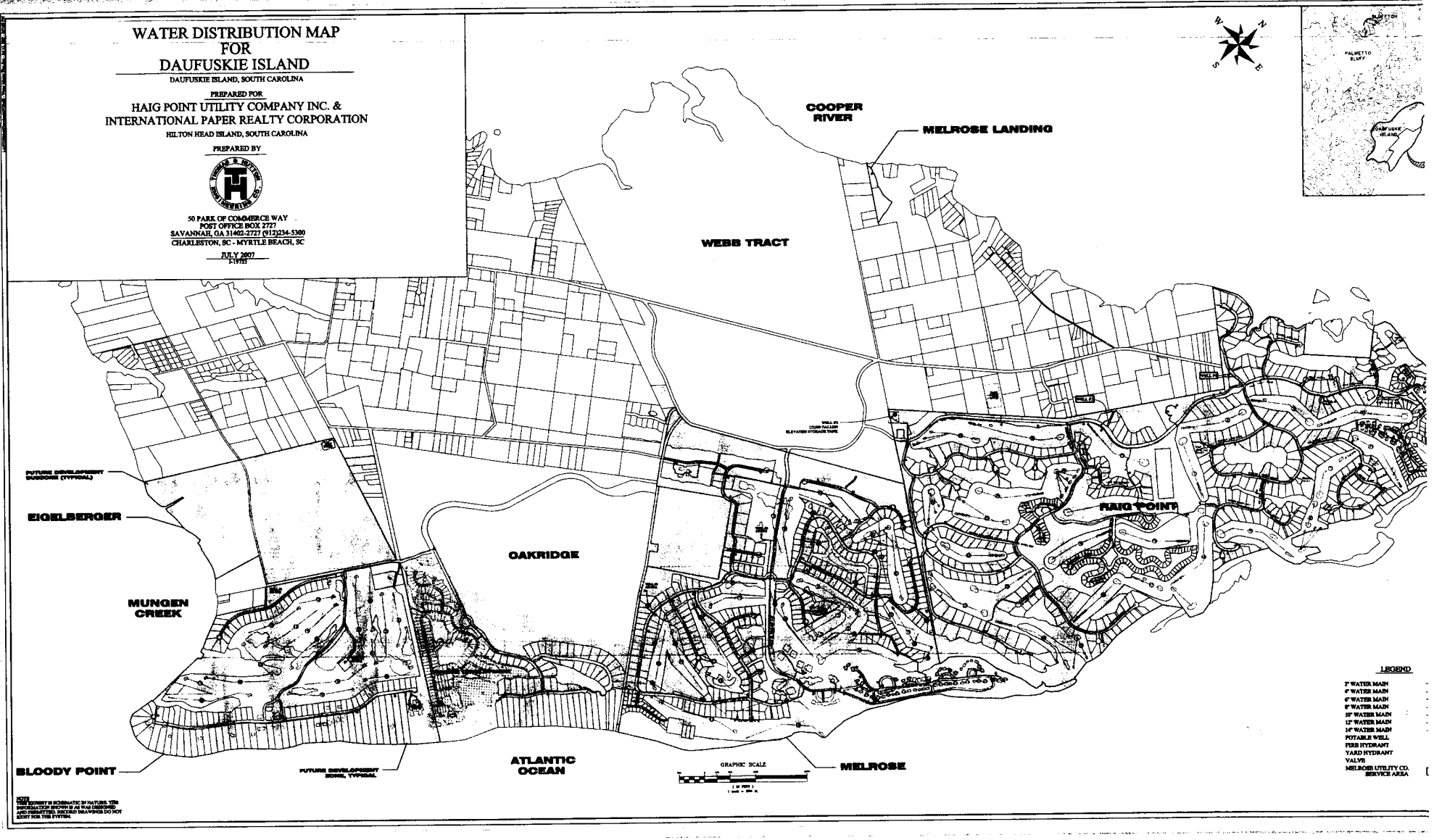
HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER REALTY CORPORATION

HILTON HEAD ISLAND, SOUTH CAROLINA

PREPARED BY

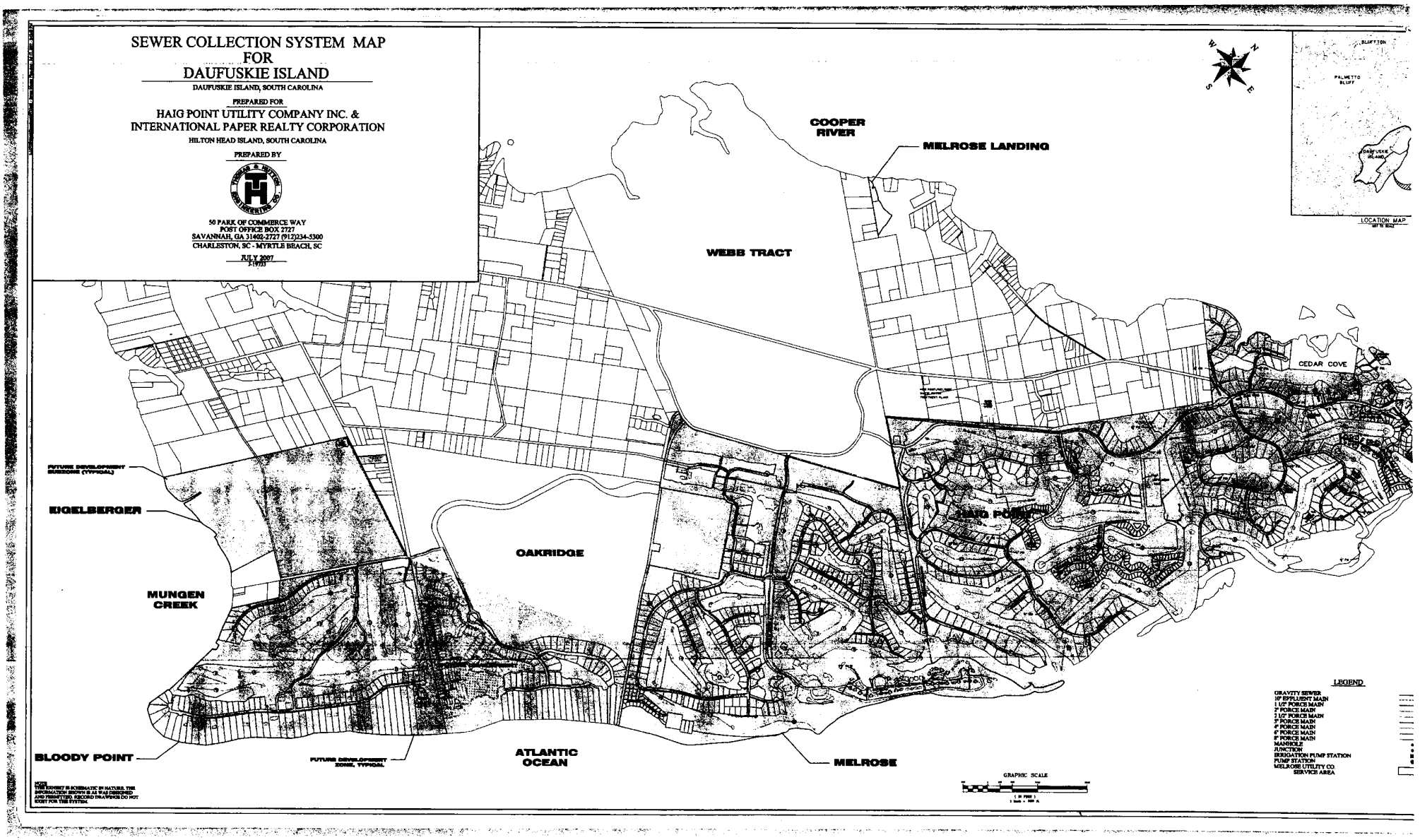
50 PARK OF COMMERCE WAY
POST OFFICE BOX 2727
SAVANNAH, GA 31402-2727 (912)234-5300
CHARLESTON, SC - MYRTLE BEACH, SC

JULY 2007
I-19735



NOTE:
THIS DRAWING IS SCHEMATIC IN NATURE. THE INFORMATION SHOWN IS AS WAS DESIGNED AND CONSTRUCTED. RECORD DRAWINGS DO NOT EXIST FOR THIS SYSTEM.

R-1318


SEWER COLLECTION SYSTEM MAP
FOR
DAUFUSKIE ISLAND
DAUFUSKIE ISLAND, SOUTH CAROLINA
PREPARED FOR
HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER REALTY CORPORATION
HILTON HEAD ISLAND, SOUTH CAROLINA
PREPARED BY
50 PARK OF COMMERCE WAY
POST OFFICE BOX 2727
SAVANNAH, GA 31402-2727 (912)234-5300
CHARLESTON, SC - MYRTLE BEACH, SC
JULY 2007
1-19733
COOPER RIVER
MELROSE LANDING
WEBB TRACT
CEDAR COVE
EIGELBERGER
OAKRIDGE
MUNGEN CREEK
BLOODY POINT
ATLANTIC OCEAN
MELROSE
FUTURE DEVELOPMENT ZONE, TYPICAL
LOCATION MAP
LEGEND
GRAVITY SEWER
10" EFFLUENT MAIN
1 1/2" FORCE MAIN
2" FORCE MAIN
2 1/2" FORCE MAIN
3" FORCE MAIN
4" FORCE MAIN
6" FORCE MAIN
8" FORCE MAIN
MANHOLE
JUNCTION
IRRIGATION PUMP STATION
PUMP STATION
MELROSE UTILITY CO. SERVICE AREA
GRAPHIC SCALE

R-1319

Land Application Discharge Permit

This State Permit Certifies That

Haig Point/Melrose WWTP
Haig Point/Melrose Wastewater Treatment Company, Inc.

has been granted permission to discharge treated wastewater from a facility located at

the southwest boundary of Haig Point on Daufuskie Island
(Lat. 32^0 07' 68" N; Long. 80^0 51' 42" W)
Beaufort County

to property located at

a 27 holes golf course and drive range at Haig Point and
a 18 holes golf course and drive range at Melrose

in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, III, IV and V hereof. This permit is issued in accordance with the provisions of the Pollution Control Act of South Carolina (S.C. Code Sections 48-1-10 et seq., 1976), Regulation 61-9 and with the provisions of the Federal Clean Water Act (PL 92-500), as amended, 33 U.S.C. 1251 et seq., the "Act."

Jeffrey P. deBessonet, P.E., Director
Water Facilities Permitting Division
Bureau of Water

Issued: January 15, 2010

Expires: January 31, 2020

Effective: February 1, 2010

Permit No.: ND0062286

D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

Land Application Discharge Permit

This State Permit Certifies That

DAUFUSKIE ISLAND PROPERTIES, LLC (Owner)
Daufuskie Island Club Development

has been granted permission to discharge treated wastewater from a facility located at

the southern end of Daufuskie Island
Beaufort County

to property located at

Bloody Point 18 hole golf course by spray irrigation

in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, III, IV and V hereof. This permit is issued in accordance with the provisions of the Pollution Control Act of South Carolina (S.C. Code Sections 48-1-10 et seq., 1976), Regulation 61-9 and with the provisions of the Federal Clean Water Act (PL 92-500), as amended, 33 U.S.C. 1251 et seq., the "Act."

Jeffrey P. deBessonet, P.E., Director
Water Facilities Permitting Division
Bureau of Water

Issued: February 25, 2009 **Expires:** September 30, 2018

Effective: April 1, 2009 **Permit No.: ND0068179**

D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

STATE OF SOUTH CAROLINA

Public Water System
OPERATING PERMIT

Issued in accordance with the provisions of the State Safe Drinking Water Act (SDWA) (S.C. Code Ann. § 44-55-10 et seq., 1976) and the State Primary Drinking Water Regulations (SPDWR) (R.61-58).

This Permit is Issued to: *CK MATERIALS LLC*
CONTACT: JOHN F GUASTELLA
GUASTELLA ASSOCIATES LLC

For the Operation of a Public Water System Serving: *DAUFUSKIE ISLAND UTILITY COMPANY INC (HAIG POINT)*

County: *Beaufort*

Public Water System Name: *DAUFUSKIE ISLAND UTILITY COMPANY INC (HAIG POINT)*

Permit Number: *0750036*

Date of Issuance: *July 10, 2008*
MODIFIED: September 23, 2010

Jeffrey P. deBessonet, P.E., Director
Water Facilities Permitting Division

D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

Land Application Discharge Permit

This State Permit Certifies That

Haig Point/Melrose WWTP
Haig Point/Melrose Wastewater Treatment Company, Inc.

has been granted permission to discharge treated wastewater from a facility located at

the southwest boundary of Haig Point on Daufuskie Island
(Lat. 32^0 07' 68" N; Long. 80^0 51' 42" W)
Beaufort County

to property located at

a 27 holes golf course and drive range at Haig Point and
a 18 holes golf course and drive range at Melrose

in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, III, IV and V hereof. This permit is issued in accordance with the provisions of the Pollution Control Act of South Carolina (S.C. Code Sections 48-1-10 et seq., 1976), Regulation 61-9 and with the provisions of the Federal Clean Water Act (PL 92-500), as amended, 33 U.S.C. 1251 et seq., the "Act."

Jeffrey P. deBessonet, P.E., Director
Water Facilities Permitting Division
Bureau of Water

Issued: January 15, 2010

Expires: January 31, 2020

Effective: February 1, 2010

Permit No.: ND0062286

D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

STATE OF SOUTH CAROLINA

Public Water System
OPERATING PERMIT

Issued in accordance with the provisions of the State Safe Drinking Water Act (SDWA) (S.C. Code Ann. § 44-55-10 et seq., 1976) and the State Primary Drinking Water Regulations (SPDWR) (R.61-58).

This Permit is Issued to: *CK MATERIALS LLC*
CONTACT: JOHN F GUASTELLA, GUASTELLA ASSOCIATES LLC

For the Operation of a Public Water System Serving: *MELROSE UTILITY COMPANY INC*

County: *Beaufort*

Public Water System Name: *MELROSE UTILITY COMPANY INC*

Permit Number: *0750043*

Date of Issuance: *October 12, 2006*
MODIFIED: January 21, 2010

Jeffrey P. deBessonet, P.E., Director
Water Facilities Permitting Division

D H E C
PROMOTE PROTECT PROSPER
South Carolina Department of Health and Environmental Control

Daufuskie Island Utility Company, Inc.
System Utilization Calculation

	Test Year End						Pro Forma							
	Design System Build-Out		Active Connections		Availability (all lots sold)		Active Connections		Availability (all lots sold)					
	Customers	ERCs	Customers	ERCs	Customers	ERCs	Customers	ERCs	Customers	ERCs	1,428			
Residential-Haig Pt./Cedar Cove	753	753.0	260	260.0	493	493.0	273	273.0	480	480.0	753	753		
Residential-Melrose	482	482.0	94	94.0	388	388.0	101	101.0	381	381.0	482	482		492
Residential-Bloody Point	105	189.0	19	34.2	86	154.8	22	39.6	83	149.4	105	105		113
Commercial-Club	25	61.1	26	62.3	(1)	(1.2)	25	61.1	-	(0.0)	25	25		452
Commercial-Plant (water only)	1	20.6	1	20.6	-	(0.0)	1	20.6	-	(0.0)	1	1	1,366.0	
Commercial-Melrose	34	34.0	36	36.0	-	-	36	36.0	-	(2.0)	36	36		
Multi Family-Melrose	22	15.4	21	14.7	-	0.7	22	15.4	-	-	21	22		
Commercial-Bloody Point	5	7.5	5	7.5	-	-	5	7.5	-	-	5	5	674	
													464	0.69
Residential Irrigation (water only)-HP	565	913.9	160	258.8	N/A	655.1	170	275.0	N/A	638.9				
Commercial Irrigation (water only)-HP	25	260.0	45	468.1	N/A	(208.1)	45	468.1	N/A	(208.1)				
Residential Irrigation (water only)-M/BP	86	301.0	26	91.0	N/A	210.0	31	108.5	N/A	192.5				
Commercial Irrigation (water only)-M/BP	17	42.5	19	47.5	N/A	(5.0)	19	47.5	N/A	(5.0)				
Water System-Haig Pt.	2,120	3,080.0	712	1,394.7	967	1,687.3	750	1,453.3	944	1,626.7	1,678	1,694	3,080.00	
System Utilization Percentage			33.56%	**45.28%**				**47.18%**						
Sewer System-Haig Pt.	1,427	1,562.6	462	529.4	967	1,035.2	485	554.3	944	1,008.3	1,428	1,429.0		
System Utilization Percentage				**33.88%**				**35.47%**						

| | | Residential | | | | Commercial | | | | | Res. Irrig | | Comm. Irrig | | System | Water Percent | Sewer Percent | | | | | | | | | | | | |

RECEIVED

OCT 24 2016

S.C. SUPREME COURT

STATE OF SOUTH CAROLINA
In the Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION

Appellate Case No. 2016-000652

Daufuskie Island Utility Company, Inc.,

Appellant,

v.

South Carolina Office of Regulatory Staff,
Haig Point Club and Community Association, Inc.,
Melrose Property Owner's Association, Inc.,
Bloody Point Property Owner's Association, and
Beach Field Properties, LLC,

Respondents.

BRIEF OF APPELLANT

Thomas P. Gressette, Jr.
G. Trenholm Walker
PRATT-THOMAS WALKER, P.A.
P.O. Drawer 22247
Charleston, SC 29413-2247
(843)727-2200

ATTORNEYS FOR APPELLANT
DAUFUSKIE ISLAND UTILITY COMPANY, INC.

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STATEMENT OF THE ISSUES ON APPEAL

1. WHEN CONSIDERING AN APPLICATION FOR WATER AND SEWER RATE INCREASES, CAN THE PUBLIC SERVICE COMMISSION ADMIT INTO EVIDENCE A PROPOSED SETTLEMENT AGREEMENT THAT INCLUDES ORS AND INTERVENORS BUT EXCLUDES THE APPLICANT AND THEN ENTER AN ORDER APPROVING THE SETTLEMENT AGREEMENT BINDING THE APPLICANT OVER ITS OBJECTIONS?

2. DID THE COMMISSION ERR IN REFUSING TO CONSIDER DIUC'S ENTIRE PETITION FOR RECONSIDERATION, INCLUDING THE INEVITABLE LOAN DEFAULT THAT DIUC WILL FACE IF THE INSUFFICIENT RATES ESTABLISHED BY ORDER 2015-846 ARE NOT MODIFIED?

3. SHOULD THIS COURT REVERSE OR MODIFY PUBLIC SERVICE COMMISSION ORDER 2015-846 BECAUSE ITS ADOPTION OF THE ADJUSTMENTS OF ORS AND ITS REJECTION OF DIUC'S ANALYSIS OF PROPERTY TAXES, MANAGEMENT FEES, RATE CASE EXPENSES, BAD DEBTS, AND RATE BASE ARE LEGALLY ERRONEOUS, NOT SUPPORTED BY SUBSTANTIAL EVIDENCE, AND PREJUDICE SUBSTANTIAL RIGHTS OF THE APPLICANT?

STATEMENT OF THE CASE

Daufuskie Island Utility Company, Inc., the sole provider of water and sewer service to a service area that encompasses Daufuskie Island, Beaufort County, South Carolina, ("DIUC") applied to the Public Service Commission (the "Commission" or "PSC") on June 9, 2015, for approval of a new schedule of rates and charges for water and sewer service ("the Application"). (R.p.1416) At the instruction of the Office of the Clerk of the Commission, DIUC published a Notice of Filing. (R.p.31) The Application reported that DIUC has not applied for rate relief since 2010 and that DIUC states the proposed rates are essential for the company to continue to provide its customers adequate water and sewer service. (R.p.1418)

On July 23, 2015, the Haig Point Club and Community Association, Inc., Melrose Property Owner's Association, Inc., and Bloody Point Property Owner's Association, (collectively "Intervenors") filed a Petition to Intervene. (R.p.1410) On July 27, 2015, a Petition to Intervene was filed by Beach Field Properties, LLC ("Beach Field"), an owner of property within the DIUC service area. (R.p.1408) Both petitions were granted. (R.pp.66-67)

A hearing on the Application was scheduled for October 28, 2015. Prior to the hearing DIUC, the Office of Regulatory Staff ("ORS"), and the Intervenors filed pre-filed testimony. Beach Field did not file any testimony. Subsequent to their intervention, the Intervenors requested a public night hearing to allow customers of DIUC to present any comments regarding the service and rates of DIUC. Pursuant to Order No. 2015-586, a public hearing was set and noticed by the Commission, and the Company provided an affidavit certifying that it had provided notice of the date, time and location of the local public hearing via publication in The Beaufort Gazette and The Island Packet. (R.pp.31-32) On September 15, 2015, the Commission held a night hearing beginning at 6:00 pm at the Haig Point Club Clubhouse, 130 Clubhouse Lane, Daufuskie Island, South Carolina. (R.p.32, FN#1)

On the afternoon of October 27, 2015, the day before the scheduled hearing before the Commission, the Intervenors filed a document captioned "Settlement Agreement." (R.pp.1350-1365) The only parties to the document submitted as a "Settlement Agreement" are ORS and the Intervenors. DIUC did not know about, did not consent to, and was not a party to the purported "Settlement Agreement." (R.p.1351 and p.314, lines 15-18). The Settlement Agreement included those parties' agreement on

adjustments to the application of DIUC, on the allowed rate of return and operating margin, and even on the matters that would be admitted into evidence.

On October 28, 2015, the Commission conducted its hearing on DIUC's Application for Approval of an Adjustment in Rates and Charges for Water and Sewer Services. Prior to any testimony, DIUC objected to the admission of the Settlement Agreement because, among other reasons, DIUC is not a party to the Settlement Agreement and therefore the purported settlement did not resolve or evidence resolution of any issue(s) presented by the Application. (R.p.314, line 15-p.316, line 16) The Commission overruled the objection. (R.p.48, lines 2-14) The hearing proceeded and testimony was presented by DIUC, ORS, and the Intervenors.

On November 25, 2015, DIUC submitted a Proposed Order Approving Rates and Charges. (R.pp.219-273) ORS and the Intervenors submitted a joint proposed order requesting the Commission approve the Settlement Agreement between ORS and the Intervenors. (R.pp.274-302)

On December 8, 2015, the Commission entered its decision, docketed as Order No. 2015-846, accepting the Settlement Agreement and making findings and conclusions implementing its terms as its ruling on DIUC's application. DIUC filed a timely Petition for Reconsideration and/or Rehearing on December 21, 2015. (R.pp.192-216) By Order No. 2016-50 dated February 25, 2016, the Commission denied the Petition for Reconsideration and/or Rehearing. (R.pp.6-27) On March 22, 2016, DIUC served its Notice of Appeal of Order No. 2015-846 and Order No. 2016-50. (R.pp.87-146)

STATEMENT OF FACTS

DIUC is classified as a Class B water and wastewater utility under the Uniform System of Accounts published by the National Association of Regulatory Utility Commissioners ("NARUC"). (R.p.31). The unique history and challenges facing this small water and sewer service provider as it struggles to provide safe and reliable service on an island accessible only by water are thoroughly described in the Report on Capital Improvements included with Hearing Exhibit 7. (R.pp.864-890)

The parties participated in exhaustive discovery before the hearing. DIUC was required to respond to in excess of 150 discovery requests (exclusive of multiple subparts), review the direct testimonies of nine witnesses, prepare rebuttal testimony and surrebuttal testimony, and prepare for the hearing on the Application. (R.p.218, lines 16-20). By providing thorough responses to this overwhelming amount of discovery, DIUC established an ample basis for the methodology and rates requested. During this period DIUC also reviewed and analyzed the testimony submitted by ORS and the Intervenors.

In its Application, DIUC utilized a historic test year – the twelve months ending December 31, 2014, with known and measurable adjustments for 2015 expectations. (R.p.37) ORS and the Intervenors also proposed the Commission use a historical test year ending December 31, 2014. (Id.)

DIUC requested that its rates be determined in accordance with the rate of return on rate base methodology and requested the Commission specify, as required by. S.C. Code Ann. § 58-5-240(H), an allowable operating margin. No party contested the use of the rate of return on rate base methodology. Given the size of DIUC's rate base, the

Commission found the rate of return on rate base methodology appropriate in this case. (R.p.61)

DIUC summarized the necessity of the requested rate increases as follows:

> ...the current rates do not enable the Company to cover its cost of providing service and earn a fair return on its investment. The Company has not applied for rate relief since 2010 and has not yet established unified rates under its current consolidated status. The test year revenues, under current rates, produced net operating losses of $21,174 for the water operations or a negative .65% return on its investment. The sewer operations experienced net operating income of $59,890 or a 1.59% return on its investment. As this application demonstrates, the pro forma rate year under the current rates, would produce even less income and result in a negative 5.27% return for water and a negative 2.81% return for sewer. The proposed rates developed in this application are essential for the Daufuskie Island Utility Company to continue to provide its customers with adequate water and wastewater service.

(R.p.1418)

The rates in effect at the time of the Application were those established in DIUC's prior rate proceeding, Docket No. 2011-229-WS. Specifically, via Commission Order No. 2012-515, the Commission approved a settlement inclusive of all the parties. As a compromise, DIUC agreed in that settlement to a negotiated revenue increase of $291,485; a $5 million rate base; an operating margin of 16.64%; and a Return on Equity of 8.81%. (R.p.31). At the time of the settlement of the prior rate proceeding, DIUC was in dire need of funds to pay overdue bills, construct certain capital improvements, and conduct repairs including the breach of its wastewater treatment lagoon.

On the afternoon of October 27, 2015, the day before the scheduled hearing on the Application, the Intervenors served and filed a document the purported "Settlement Agreement." (R.pp.1350-1365) The Cover Letter submitted by Counsel for the Intervenors reported the Settlement Agreement was "the result of a great deal of

communication and collaboration between the POAs and the ORS." (R.p.1350) As plainly evident by its terms, DIUC did not consent to and is not a party to the purported "Settlement Agreement." (R.p.1351)

On October 28, 2015, at the commencement of the hearing, counsel for the Intervenors informed the Commission that the Intervenors and ORS had filed with the Commission a "settlement agreement." (R.p.312, line 23-p.314, line 10) Pursuant to the purported "settlement agreement," ORS and the Intervenors agreed to stipulate to "all of the adjustments made by the ORS, with the exception that the ORS amended its bad debt allowance to utilize the allowance proposed by Daufuskie Island Utility Company, Inc. (the "Company") in its Application. No other changes were made by ORS in reaching the Settlement." (R.p.1350) In other words, the Intervenors abandoned the rate structure and analysis proposed in their prefiled testimony and agreed to the calculations proposed by ORS. (R.pp.1350-1365; R.p.41, line 12-p.42, line 10; and R.p.39)

DIUC objected to the purported "settlement agreement" asserting that the Commission should not consider it, take notice of it, or admit it into the record. (R.p.314, line 15-p.316, line 16) DIUC objected on the grounds that the "settlement agreement" endorsed an even lower revenue number than originally proposed by ORS; that any agreement between ORS and Intervenors was irrelevant to the Application since the Company did not know about, much less agree to, the terms of the purported settlement agreement; and that admission of this "settlement Agreement was prejudicial to the Company. (Id.) DIUC's counsel further explained that because DIUC was not a party to the agreement, the document did not resolve any issue(s) presented by DIUC's Application; the document merely reports that two parties to the proceeding have

negotiated among themselves and come to agree that they will oppose DIUC's Application in a unified manner. (Id.)

The Commission overruled DIUC's objection and accepted the Settlement Agreement into the record. (R.p.320, lines 2-14) The hearing proceeded and testimony was presented by DIUC, ORS, and the Intervenors.

At the hearing DIUC presented prefiled testimony with exhibits and the live testimony of John F. Guastella, President of Guastella Associates, LLC and Gary C. White, Vice President of Guastella Associates, LLC. (R.pp.391-568) Guastella Associates LLC ("GA") provides management, valuation and rate consulting services to water and wastewater utilities around the country, and has been the contract manager of DIUC (and its predecessors) since July 9, 2008.[1] DIUC also presented the prefiled testimony of The Honorable Maria Walls, Treasurer of Beaufort County, and prefiled testimony of Eric Johanson, Chief Operator of DIUC. (R.pp.345-390) These witnesses also testified in person.

In addition to testifying based upon his almost 50 years of experience as an expert on rate making for water and sewer utilities, Mr. Guastella testified about the specific facts and calculations included in the Application. (R.p.397) With regard to the issue of the looming default on the SunTrust loan, Mr. Guastella testified that if the adjustments proposed by ORS were imposed, the resulting rates "***will not give us enough money to pay our debt service on our existing loan. We will be in default because of all of these***

[1] The stock purchase of Haig Point Utility Company, Inc. (now DIUC) by CK Materials LLC on July 9, 2008, from Haig Point, Inc. (formerly International Paper Realty Corporation of South Carolina) was approved by the Commission. The stock of DIUC was transferred from CK Materials, LLC to Daufuskie Island Holding Company, LLC in 2013 when the Commission approved DIUC's financing with SunTrust Bank.

adjustments... ." (R.p.458, lines 1-2) (emphasis added) Neither the Intervenors nor ORS chose to cross-examine Mr. Guastella as to the basis of his statements that the rates proposed by the Settlement Agreement would result in default on the terms of the SunTrust loan. (R.pp.170-171) (citing testimony from R.p.526, lines 2-4; R.p.527, lines 8-10; R.p.527, lines 12-19; R.p.528, line 23-p.529, line 7)

Mr. Guastella also testified as to each ORS adjustment incorporated into the Settlement Agreement that was ultimately adopted by the Commission. Of particular note to this appeal are the adjustments for property taxes, management fees, rate case expenses, bad debt, and rate base.

The Intervenors presented live, prefiled, and summary testimony of Charles Loy and Lynn M. Lanier, both of whom are principals with GDS Associates, Inc., a utility consulting and engineering firm with its principal offices in Marietta, Georgia. (R.pp.619-736)

The Intervenors also presented prefiled and summary testimony of the following DIUC customers: Doug Egly, Tony Simonelli, Paul Vogel, and Harry Jue, who also testified live. (R.pp.577-619 and pp.619-620)

Beach Field did not present any witnesses. When the Commission queried as to whether any members of the public wished to be heard, one witness, Mr. Reed Dulaney, addressed the Commission. (R.pp.330-344)

ORS presented prefiled and summary testimony of Ivana C. Gearheart, ORS Audit Manager; Willie J. Morgan, Deputy Director of the Water and Wastewater Division of ORS; and Dr. Douglas H. Carlisle, Economist at ORS. (R.pp.738-815)

Pursuant to motions by each party, all prefiled testimony was read into the record as if given orally. The hearing adjourned at 7:35pm. (R.p.817, lines 18-19)

On November 25, 2015, DIUC submitted a Proposed Order Approving Rates and Charges. (R.pp.219-273) ORS and the Intervenors submitted a joint proposed order requesting the Commission approve the Settlement Agreement between ORS and the Intervenors. (R.pp.274-302)

On December 8, 2015, the Commission entered its Order Approving Settlement Among Certain Parties and Ruling on Application for Adjustments and Rates. (R.pp.30-65) Making this determination, the Commission adopted every adjustment proposed by ORS in the testimony and the "Settlement Agreement," effectively rejecting all DIUC testimony, evidence and analysis. (Id.)

In an effort to explain the errors inherent in the Commission's Order Approving the Settlement Agreement and the calculations of ORS, on December 21, 2015, DIUC filed a Petition for Reconsideration and/or Rehearing. (R.pp.192-216) In its Petition for Reconsideration, DIUC addressed the adjustments for property taxes; management fees; rate case expenses; bad debts; and rate base, including evidentiary matters as well as the Commission's failure to include the values of DIUC's elevated storage tank and related facilities and other utility plant in service. (Id.) In summary, the Petition for Reconsideration explained that the Order's adjustments are without factual foundation and ignore measurable expenses and the rate of return and operating margins stated in the Order are entirely illusory. (R.p.192)

Highlighting the evidence in support of its Application, DIUC's Petition for Reconsideration cited testimony from DIUC regarding the impact of the Order's

approved rates upon DIUC; specifically, the Petition pointed out that the "approved rates do not provide DIUC sufficient income to pay debt service (principle and interest) on [its] existing Suntrust Bank loans and to pay necessary operating expenses." (R.p.192)

The Petition for Reconsideration also included a one-page summary of the income allowed by the Order alongside the expenses submitted by DIUC in support of the Application. (R.p.216, "Attachment A"). ORS and Intervenors both objected to the inclusion of this exhibit, arguing that they did not have the opportunity to test the data contained in Attachment A to the Petition. (R.p.172) This position was unfounded because Attachment A merely presented the combined water and sewer revenues permitted by the Commission's Order adopting the Settlement Agreement and subtracts the actual cost of operations that DIUC will incur. (R.p.172 and p.216, "Attachment A") The actual operating expenses listed in the Attachment are the same as those reflected in DIUC's filings in the case, including the proposed Order submitted on November 25, 2015. (R.pp.1416-1484; R.pp.219-273; and R.pp.169-179)

In response to the Petition for Reconsideration's highlighting of the evidence regarding imminent default on DIUC's financing obligations, ORS and the Intervenors both filed responses asserting the Petition for Reconsideration's references to the pending default should be disregarded by the Commission. (R.pp.180-185 and R.pp.186-191) By Order No. 2016-50 dated February 25, 2016, the Commission denied DIUC's Petition for Reconsideration and/or Rehearing. (R.pp.6-27)

This Appeal followed.

DIUC now seeks this Court's review of the Commission's errors including, but not limited to, its consideration of and "approval" of the Settlement Agreement between

ORS and the Intervenors; the Commission's refusal to consider the imminent default of DIUC on its financing obligations which was fully presented to the Commission as part of DIUC's Application and was therefore properly included with the Petition for Reconsideration; and the Commission's adoption of the ORS and Intervenors' Settlement Agreement with its downward adjustments to property taxes, management fees, rate case expenses, bad debts, and rate base, none of which are not supported by the evidence in the record and constitute legal error.

STANDARD OF REVIEW

South Carolina appellate courts employ a deferential standard of review when reviewing a decision of the Public Service Commission, but affirm a Commission decision only when substantial evidence supports it. Porter v. S.C. Pub. Serv. Comm'n, 333 S.C. 12, 21, 507 S.E.2d 328, 332 (1998). The party challenging a Commission order "bears the burden of convincingly proving the decision is clearly erroneous, or arbitrary or capricious, or an abuse of discretion, in view of the substantial evidence on the whole record." Duke Power Co. v. PSC of S.C., 343 S.C. 554, 558, 541 S.E.2d 250, 252 (2001) citing Porter v. S.C. Pub. Serv. Comm'n, 333 S.C. 12, 507 S.E.2d 328 (1998) and S.C. Code Ann. § 1-23-380(A)(6) (Supp. 1999). "Substantial evidence is not a mere scintilla; rather, it is evidence which, considering the record as a whole, would allow reasonable minds to reach the same conclusion as the agency." Chisolm v. S.C.Dept. of DMV, 402 S.C. 593, 609, 741 S.E.2d 42, 51 (Ct. App. 2013) citing Friends of Earth v. Pub. Serv. Comm'n of S.C., 387 S.C. 360, 366, 692 S.E.2d 910, 913 (2010).

This Court "may affirm the decision of the agency or remand the case for further proceedings." S.C. Code Ann. § 1-23-380. The Court may also reverse or modify the

decision of the Commission "if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions" are:

(a) in violation of constitutional or statutory provisions;
(b) in excess of the statutory authority of the agency;
(c) made upon unlawful procedure;
(d) affected by other error of law;
(e) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; or
(f) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

S.C. Code Ann. § 1-23-380.

Additionally, in order for an appellate court "to determine whether the findings are supported by the evidence and whether the law has been applied properly to those findings," the Commission "must make findings which are sufficiently detailed." Porter v. S.C. Pub. Serv. Comm'n, 333 S.C. 12, 21, 507 S.E.2d 328, 332 (1998). Those findings of fact "must be sufficiently detailed to enable the reviewing court to determine whether the findings are supported by the evidence and whether the law has been properly applied to those findings. Able Commc'ns, Inc. v. S.C. Pub. Serv. Comm'n, 290 S.C. 409, 411, 351 S.E.2d 151, 152 (1986).

ARGUMENT

I. THE PUBLIC SERVICE COMMISSION ERRED WHEN IT ADMITTED INTO EVIDENCE A PROPOSED SETTLEMENT AGREEMENT THAT INCLUDES ORS AND INTERVENORS BUT EXCLUDES THE APPLICANT AND THE COMMISSION ERRED WHEN IT ENTERED AN ORDER APPROVING THE SETTLEMENT AGREEMENT BINDING THE APPLICANT OVER ITS OBJECTIONS.

The Commission committed an error of law in receiving and adopting as its final decision the purported Settlement Agreement between two of the parties but not the Applicant. As previously stated, the Applicant timely objected to the admission of the

Settlement Agreement and set forth the several reasons why it was legal error for the Commission to receive and adopt it.

In presenting the Settlement Agreement counsel for the Intervenors stated:

> Yesterday afternoon, the POA Intervenors and the ORS filed a settlement agreement with the Commission. That settlement agreement includes a settlement document somewhat similar to the ones that the Commission has seen in the past, as well as several exhibits that describe the settlement entered into by the POA Intervenors and the ORS, in terms of a rate of return, or return on equity, and as well as the additional revenues to which at least my clients and the ORS have determined to be a reasonable settlement. And just to be clear, this is between my clients and the ORS. It does not include the Applicant ... .
>
> [...]
>
> [T]he adjustments – and this is described, to some extent, in the exhibits – and the numbers that are used, as well as the final number, are all the result of ORS' testimony in this case. And the exhibits [to the Settlement Agreement] reference that and discuss, you know, how those numbers were arrived at.

(R.p.312, line 23-p.313, line 1)

Counsel for the Applicant objected to the Commission considering or admitting the Settlement Agreement explaining:

> ... we do not believe it's appropriate for the Commission to consider [the Settlement Agreement], to take notice of it, or to incorporate it into the Record.
>
> The reason for that is that it is not a settlement. We, on behalf of Daufuskie Island Utility Corporation, have filed a rate application. ORS provided its input. There were a set of Intervenors. And now the Intervenors and ORS have reached an agreement as to what they purport to be a reasonable resolution of my client's Application. So, it's not a settlement, because if it were a settlement, we wouldn't all be here.

(R.p.314-line 21-p.315, line 7)

Further explaining the Applicant's position, counsel for DIUC stated:

> ... if there are issues remaining between the Applicant for the Commission to hear, it's not a settlement. If the Commission takes into account and incorporates into the Record the Settlement Agreement, our concern is this: that not only will it be unfair to our client because, essentially, it purports to assert that a number less than even what ORS originally proposed through its adjustments is the appropriate resolution of this matter, it attempts to bootstrap the two parties' positions together and support them in front of the Commission.

(R.p.315, lines 8-19)

There were multiple reasons the Settlement Agreement should have been neither admitted nor adopted, and the Commission's decision to admit and adopt it as the Commission's final decision constitutes an error of law under S.C. Code § 1-23-380.

A. Admission of the Settlement Agreement was an error of law contrary to S. C. Code Ann. Regulation 103-846.

Evidentiary questions at a Commission hearing are governed by South Carolina Code of Regulations 103-846, which states "irrelevant, immaterial or unduly repetitious evidence shall be excluded. The rules of evidence as applied in civil cases in the Court of Common Pleas shall be followed." S.C. Code Ann. Regs. 103-846.

The Settlement Agreement proposed at the hearing was both irrelevant and immaterial to the Commission's decision on the Application of DIUC. Quite simply, an agreement between ORS and petitioning Intervenors that is, as explained by Intervenors' counsel, an agreement only between ORS and the Intervenors, to the exclusion of the Applicant, is as a matter of law irrelevant and immaterial because it does not involve the Applicant. The purported Settlement Agreement was not probative evidence of any fact at issue. It was a collusive agreement between ORS and the Intervenors in an effort to unduly influence the Commission.

A hearing on an Application for Rate Increase is to assist the Commission in determining a fair rate of return "based exclusively on reliable, probative, and substantial evidence on the whole record" then "documented fully in its findings of fact." S.C. Code Ann. § 58-5-240. When, as in this case, ORS and a set of three intervening parties have privately met and determined that they agree to the withdrawal of the Intervenors' position and promised each other to collectively support the ORS position, that collusive agreement is not probative of any fact at issue; it is not relevant to the facts to be determined. The only purpose of submitting the purported Settlement Agreement between ORS and the intervening parties is to try to influence the Commission on the merits with a non-evidentiary document that the agreed-to position is reasonable and would not result in an appeal by the parties to it, all to the prejudice of the Applicant. ORS and the Intervenors sought through the Settlement Agreement to usurp the fact finding of the Commission and suggest to the Commission that it need not do its job of sorting through and weighing the evidence to arrive at its final decision on the merits. It is no different from a defendant in a personal injury case seeking to enter into evidence before the fact finder a settlement agreement between plaintiff and another party, which this Court has determined to be reversible error. See Powers v. Temple, 250 S.C. 149, 156 S.E.2d 759 (1967) (Reversible error for trial court to have allowed jury to consider covenant not to sue between plaintiff and other party).

As a matter of law, a collusive contract on the merits of the proceedings between ORS and intervening parties to the exclusion of the Applicant, is unfairly prejudicial to the Applicant because it purports to demonstrate some validity by virtue of the parties' agreement to it; there is no other reason for the agreement to be offered by ORS and the

Intervenors. The prejudice is clearly demonstrated by the settling Intervenors' inability to articulate whether the purported Settlement Agreement was, in fact, a settlement or if it was not. Specifically, counsel for the Intervenors in responding to DIUC's objection to testimony, stated:

> ... the amounts and whatever we did with ORS is not binding in terms of what we are doing with the Applicant.
>
> We are still presenting a case as Intervenors, as parties of record – as you can see by the cross examination that took place – that is something wholly separate from what is going on with the – what's happening and what we agreed to in the Settlement Agreement. It doesn't bind – in the same way it doesn't bind DIUC, it doesn't bind us vis-à-vis DIUC in this case [...] I think it's pretty clear that this case has not been settled today, you know, by the seven hours that we've been here discussing it.

(R.p.576, line 14-p.577, line 6)

In other words none of the issues were settled. The self-described settling parties proceeded to present their witnesses and arguments the same as they would if there were no agreement between them.

There is only one case proceeding before the Commission in an Application for Rate Adjustment, such as this one. The positions between and any private agreements between ORS and the Intervenors are irrelevant, immaterial, confusing, and therefore unfairly prejudicial to the Applicant. If, as the Intervenors explained at the hearing, the Settlement Agreement is not in fact a settlement but is instead something "wholly separate from what's going on with" the Applicant, then it has no purpose in being considered by the Commission. Admission of the Settlement Agreement constitutes an error of law in violation of S. C. Code Ann. Reg. 103-846.

B. Admission of the Settlement Agreement was an error of law contrary to the South Carolina Rules of Evidence 401, 402, and 403.

The South Carolina Rules of Evidence are to be followed in hearings before the Commission. See S. C. Code Regs. 103-846(A). Further, the presiding officer at a Commission hearing "shall...control the reception of evidence so as to confine it to the issues in the hearing." S. C. Code Regs. 103-846(B). By allowing the admission of the "Settlement Agreement," the Commission received evidence in a matter contrary to the South Carolina Rules of Evidence and in violation of S. C. Code Regs. 103-846(B)'s directive that evidence before the Commission "shall be limited to evidence of issues in the hearing." The Settlement Agreement was not relevant evidence nor probative of any fact. It should not have been admitted, and even if it were relevant, the prejudice and confusion of the Settlement Agreement should have prevented its admission. See Rules 401, 402, and 403, SCRE.

Counsel for the Intervenors noted this issue of relevance when discussing this matter and stated "the Commission's charge in this case is to determine what is a reasonable rate or set of rates or a rate of return or you know what is the proper result in this case, taking into consideration all the factors in 58-5-240 and elsewhere." (R.p.317, lines 9-14) This is precisely the reason that an agreement between ORS and an intervening party should not be admitted. It has no relevance to the factors or considerations for the Commission.[2]

While the potential for prejudice in admitting such settlement agreements is significant, in the instant case the Commission's ultimate Order Approving Settlement Among Certain Parties and Ruling on Application for Adjustments in Rates is itself the

[2] S.C. Code Ann. § 58-5-210, et seq., S.C. Code Ann. Regs. 103-712.4 and 103-512.4.

best evidence of prejudice. After ORS and Intervenors privately agreed to support the ORS adjustments and presented their position via the "Settlement Agreement," the Commission accepted the settlement and entered every single adjustment requested by the Agreement without making sufficient factual findings based on the evidence to support each of those adjustments. (R.p.58)(stating "After reviewing the evidence in this case, we adopt and approve the Settlement and its exhibits.")

C. Admission of the Settlement Agreement was an error of law contrary to the South Carolina Rule of Evidence 408.

South Carolina Rule of Evidence 408 prohibits the admission of evidence regarding attempts "to compromise a claim which was disputed as to either validity or amount" and states that evidence of offers to resolve such claim are "not admissible to prove liability for or for ... the claim or its amount. Evidence of conduct ... made in compromise negotiations is likewise not admissible." South Carolina Rule of Evidence 408. By presenting the Settlement Agreement to the Commission and the Commission's review of the same, it is clear that DIUC did not agree with the mediated result supported by the Intervenors and ORS. As the outside party, the impression is that DIUC was either unreasonable or unwilling to participate in the "Settlement Agreement." Therefore, admission of the document runs afoul of Rule of Evidence 408 in that it asserts DIUC would not compromise inasmuch as two of the parties have agreed otherwise.

Particularly in this case, counsel for ORS was allowed to provide the Commission with what amounts to testimony regarding the process involved in the ORS and Intervenors Settlement Agreement that excludes the Applicant. Specifically, ORS counsel stated:

> ...when ORS approaches a rate case, as it does with anything, it looks to its statutory mandate and that is to represent the public interest. There's a three prong – three prongs to that definition: to protect all classes of customers, the using – and consuming public, make sure the utility can maintain its infrastructure, also to encourage economic development. We think the settlement ticks all those boxes, so, of course, we would want to present that to you. We are proud of the settlement.

(R.p.319, line 16-p.320, line 1)

Another wayward purpose in placing the Settlement Agreement before the Commission was to suggest that DIUC was unreasonable and not acting in the public's interest since it was not a party to it. The Settlement Agreement improperly and prejudicially suggested that DIUC was unreasonable because it did not agree with and would not "settle with" ORS and Intervenors on the same terms. The Commission's ruling should be reversed since it rests on its improper consideration of the actions of ORS and Intervenors in settlement negotiations as well as the inactions of the Applicant regarding settlement negotiations, all of which should be excluded under South Carolina Rule of Evidence 408.

D. The Commission erred in allowing ORS and Intervenors to present testimony after submission of the Settlement Agreement.

Once the Commission accepted the purported Settlement Agreement in the record as a binding agreement, the Commission committed reversible error in allowing the Intervenors to proceed to present testimony contrary to their position in the "Settlement Agreement." As explained by DIUC counsel at the hearing, there was no need for testimony from the Intervenors. (R.p.574, line 2-p.575, line 20) DIUC counsel explained, "It's no longer relevant, since they've agreed to all the adjustments of ORS, except for the bad debt adjustment." (R.p.575, lines 18-20)

In response, counsel for the Intervenors stated:

> The settlement is not something that the Commission is deciding an up – or – down on right now, at all, and we've not asked you to do that, because if we would have done that, we would have asked to have been excluding what's going on with the Applicant, and we're not taking that approach, at all. [...] Even the testimony in the settlement is largely what's involved in the ORS testimony, and the amounts and whatever we did with ORS is not binding in terms of what we're doing with the Applicant.

(R.p.576, lines 3-16)

ORS and the Intervenors cannot have it both ways; ORS cannot represent to the Court that it is proud it reached a binding settlement with the Intervenors and that is why the Commission should consider it, while the Intervenors are allowed to argue that it is not binding on the Intervenors thereby permitting the Intervenors to continue to present their testimony in an attempt to defeat the Application. This is, of course, the issue – whether there was, or there was not, a "settlement." Interestingly, counsel for the Intervenors in addressing the issue of testimony asserts "I think it's pretty clear that this case has not been settled today, you know, by the seven hours that we've been here discussing here." (R.p.577, lines 3-6) ORS then represented to the Commission, "I agree with everything Mr. Pringle said." (R.p.577, line 10-11)

The "settling parties" cannot have it both ways. Either they have settled a dispute and it should be admissible to the Court or they have not.

In overruling DIUC's objection to the presentation of testimony by the Intervenors, Commissioner Hall stated "Mr. Walker, your motion is denied. I don't see how the Intervenors or ORS could present their case-in-chief without presenting their witnesses." (R.p.577, lines 12-15) This is precisely the issue; if these parties have in fact "settled" then they have no case-in-chief to present. By admitting the Settlement Agreement then also allowing testimony, the Commission erred.

E. The Commission violated its own Settlement Policies and Procedures in admitting and approving the Settlement Agreement.

According to the "Public Service Commission of South Carolina Settlement Policies and Procedures, Revised 6/13/2005," the Commission has prescribed the procedures necessary for consideration of settlement agreements so that the Commission can "carry out its statutory duty of assuring cases brought before it are resolved in a manner consistent with the public interest." (R.p.1485)

The purpose of the Settlement Policies and Procedures is to explain the "procedures [that] will be followed by the Commission in evaluating the settlements and stipulations presented by parties appearing before the PSC." (R.p.1485) With regard to those procedures, under Section V. entitled "Settlement Procedures," the Commission states "when *all* parties to a proceeding reach agreement with regard to *all* issues in the form of a settlement signed by *all* parties or their representative the following procedures shall be followed... ." (Id.) As has been explained repeatedly herein, the Settlement Agreement admitted in this matter by the Commission did *not* involve *all* parties and as such was not a settlement.[3] Therefore, when the Order Approving Settlement Among Certain Parties and Ruling on Application for Adjustments in Rates states that the agreement between ORS and the Intervenors "would be classified as a 'settlement' under the Commission's settlement policy, even though neither DIUC nor Beach Field Properties, LLC were parties to the agreement," it is erroneous as a matter of law and

[3] To the extent that ORS and the Intervenors purport in their agreement to stipulate to certain findings, this agreement is not a binding stipulation in this proceeding as to the Commission or the Company as a matter of law. A binding stipulation requires the written concurrence of all the parties to the proceedings. See Rule 39(a), SCRCP (a binding stipulation is one that is entered by all the parties and entered on the record). Here, DIUC was not a party to the purported agreement and stipulation.

erroneous as a violation of the Commission's own Settlement Policies. (R.p.33, FN#2) The Commission's Settlement Policies do not envision, because it should not, a "settlement" that involves only limited participants within the action. Particularly, the Commission's Settlement Policies do not anticipate a settlement to include a private agreement by ORS and Intervenors that seeks to resolve an application for water and sewer rates without the participation of the Applicant. A reading of the Commission's Settlement Policies and Procedures makes this abundantly clear. (R.pp.1484-1485) As such, the Commission's acceptance of, consideration of, and ultimate approval of the Settlement Agreement constitutes a violation of its own Settlement Policies and therefore the decision must be reversed.

The Commission's decision to admit the Settlement Agreement and then to allow testimony from the purportedly settled parties violated S.C. Code Regs. § 103-846; S.C. Rules of Evidence 401, 402, 403, and 408; the Commission's own Settlement Policies and Procedures. As a result, the Commission entered an Order that does not provide sufficient revenue for DIUC thereby depriving it of substantial rights which, pursuant to S.C. Code § 1-23-380, requires the Order be reversed. Additionally, by wholly adopting the Settlement Agreement despite its disastrous impact on DIUC's revenue, Order 2015-846 is clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record. Finally, the acceptance of the Settlement Agreement despite the fact it did not comply with the requirements of the Commission's Settlement Procedures and Policies was an additional error of law and unlawful procedural decision, both of which required remand of this matter pursuant to S.C. Code § 1-23-380.

II. THE COMMISSION ERRED IN REFUSING TO CONSIDER THE ENTIRE PETITION FOR RECONSIDERATION, INCLUDING THE INEVITABLE LOAN DEFAULT THAT DIUC WILL FACE IF THE INSUFFICIENT RATES ESTABLISHED BY ORDER 2015-846 ARE NOT MODIFIED.

After entry of the Commission's December 8, 2015, Order Approving Settlement Among Certain Parties and Ruling on Application for Adjustments in Rates, DIUC filed a Petition for Reconsideration and/or Rehearing pointing out that "DIUC will default on its obligations and its ability to provide services will be threatened" if the rates allowed by the Order are not altered. (R.p.192)

To illustrate the errors inherent in the Commission's Order adopting the Settlement Agreement between ORS and the Intervenors, DIUC pointed out in its Petition for Reconsideration that during the hearing on behalf of DIUC, Mr. Guastella testified specifically about this inevitable default as follows:

> [T]he proposed settlement between ORS and the property owners of $462,000 will give this utility no return on equity – none, and it will not give us money to pay our debt service on our existing loan. We will be in default because of all of these adjustments and failure to include what are real costs of providing service in terms of capital and our real cost of providing service in terms of operating the utility.

(R.p.194)(citing R.p.462, lines 12-21)

The Petition also attached a schedule "demonstrating the impact of the Commission's Order on DIUC's operations" and illustrating the allowed income that will result from the Commission's Order. (R.p.194)(citing R.p.216, "Attachment A") The schedule attached as Attachment A to the Petition demonstrated that the revenue allowance allowed by the Commission's Order will result in a negative cash flow, i.e. the utility will actually lose money under the Commission's Order. (R.p.216) The impact of the Order on DIUC operations demonstrated by Attachment A is not new information

that requires testing or analysis; Attachment A simply shows the $1,536,375 of combined water and sewer revenues allowed by the Order and then subtracts the actual costs of operations previously provided by DIUC to the parties. The Petition then explains how the rates in the Order will result in DIUC's default under the Suntrust loan.

In denying the Petition for Reconsideration, the Commission ruled that the information in the record regarding the SunTrust loan was insufficient to allow it to consider the mechanism of and inevitability of default. (R.p.26) However, as discussed below and as pointed out in the Petition for Reconsideration and the DIUC Return to Opposition to the Petition for Reconsideration, there were more than ample references to the SunTrust loan, the impact of ORS's proposed rates upon the Utility's ability to pay its loans, and the inevitable default that would result from the ORS adjustments. The Commission's failure to consider and heed these facts demonstrates Order 2015-846 is clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record. Also, pursuant to S.C. Code § 1-23-380, this procedural decision to ignore the complete Petition and Attachment A constitutes an error of law.

At the hearing DIUC's manager, John Guastella, testified specifically about the impact on DIUC if the Commission were to adopt the ORS-Intervenors "Settlement Agreement." He stated:

> [T]he proposed settlement between ORS and the property owners of $462,000 will give this utility no return on equity. None.
>
> **And it will not give us enough money to pay our debt service on our existing loan.**
>
> **We will be in default because of all of these adjustments** and failure to include what are real costs of providing service in terms of capital and our real cost of providing service in terms of operating the utility.

(R.p.458, lines 12-21, emphasis added) As Mr. Guastella explained, because the Settlement Agreement (and therefore the Order adopting it) does not incorporate the actual costs of providing services, the rates will not generate sufficient income for DIUC to meet its debt service obligations. One of those debt service obligations is the SunTrust loan.

Mr. Guastella further testified about the loan:

> ... Daufuskie Island Utility has an obligation to SunTrust Bank. And with our rate increase, we're going to be in shape to continue to serve the customers without the danger.... \But the rate increase of the proposed settlement, that $462,000, we're not going to be able to make debt service payments, stockholders get no return on equity at all. (R.p.528, line 23-p.529, Line 7)
>
> The bank is looking at our operations now, and they are seeing us with a shortfall in meeting their coverage requirements. (R.p.526, lines 2-4)
>
> [If the Settlement Agreement is adopted,] ... we are then not going to get the rate of return that ORS told you in that proposed settlement between those two parties. **We're not going to have any return on equity, and we're not going to be able to make our debt service payments of principal and interest**. It would put us right into bankruptcy. We need to have a real decision based on our real costs. (R.p.527, line 12-19) (emphasis added)

ORS and the Intervenors both had the opportunity to cross examine Mr. Guastella as to the basis of these statements, the precise "coverage requirements" at issue, and his testimony for DIUC that under the rate increases in the proposed Settlement Agreement DIUC would surely default on the terms of the SunTrust loan.

ORS simply did not want to explore this issue at the hearing or otherwise, as demonstrated by its Responses to DIUC'S Interrogatories served upon ORS immediately after ORS produced its proposed adjustments. Interrogatory 13 specifically asked ORS:

Interrogatory 13
If the PSC were to accept Dr. Carlisle's recommended rate of return as well as the combined adjustments of other ORS witnesses in this case, has ORS analyzed:

a. Whether DIUC would be able to meet the requirements of the existing SunTrust loan that was approved by the PSC? If so, please produce those analyses and all related source documents.

b. Whether DIUC will be able to attract capital to refinance the short term line of credit and make further capital improvements that are necessary to provide adequate service to DIUC's customers? If so, please produce those analyses and all related source documents.

ORS Response: No for all of the above.

(R.pp.969-970) ORS never analyzed the impact of its adjustments on DIUC's financing and when the Petition for Reconsideration made that impact clear, ORS and Intervenors were left only to argue somehow the issue had not been raised – when, in fact, it had clearly been the subject of discovery and extensive testimony at the hearing.

The failure by ORS and Intervenors to ask a single question about the specifics of the default does not mean the issue of default is not part of the record. To the contrary, because DIUC's position as to inevitable default went unchallenged by ORS or Intervenors, that conclusion is the only evidence in the record as to this point.

In denying DIUC's Petition for Reconsideration, the Commission erroneously asserted that the issue of default was not raised during the proceeding, which is absolutely incorrect. (R.pp.12-13) This ruling ignores the totality of the record which clearly demonstrates that the issue was raised at multiple times during the proceedings and that all parties were aware of DIU's position regarding the loan. The entire Petition for Reconsideration, including Attachment A, should have been considered by the Commission.

III. THE COMMISSION ERRED IN ITS FINDINGS, INFERENCES, CONCLUSIONS, AND DECISIONS IN ORDERS 2015-846 AND 2016-50 WHICH REJECTED THE APPLICANT'S ANALYSIS OF PROPERTY TAXES, MANAGEMENT FEES, RATE CASE EXPENSES, PLANT IN SERVICE, AND BAD DEBTS. S. C. CODE ANN. § 1-23-380 REQUIRES THIS COURT TO REVERSE THE ORDER.

In Order 2015-846, the Commission refused DIUC's analysis of its own books, records, and expenditures then adopted the Settlement Agreement and its reduced values for Property Taxes, Management Fees, Rate Case Expenses, Bad Debt, and Rate Base. Each of these adjustments is discussed below to demonstrate how the Order's findings, inferences, conclusions, and decisions on each of these adjustments warrants reversal or modification by this Court pursuant to S.C. Code § 1-23-380.

A. The reliable, probative, and substantial evidence on the whole record demonstrates the actual, known and measurable amounts for DIUC's Utility Property Taxes is $258,227.40.

Soon after August 15, 2012, the effective date of its last rate case, DIUC received a "Utility Property Tax" bill from Beaufort County for the years 2010, 2011, and 2012 at a combined total of some $363,000, with 2012 at $132,398. (R.p.350, lines 2-22 and R.p.484, lines 18-22) DIUC had previously received property tax bills annually for individual parcels, totaling about $10,000 for each year, but neither DIUC nor its predecessors had ever been assessed or received a Utility Property tax bill of such magnitude. (Id. and R.p.368, line 20-p.369, line 9) In fact, this was the first time that SCDOR had ever assessed and Beaufort County had ever billed DIUC for a Utility Property Tax. (Id.) For this reason, Beaufort County billed DIUC for taxes in arrears even though the DIUC had not been billed in those prior tax years.

The Honorable Maria Walls, Beaufort County Treasurer, explained the Utility Property Tax had never been assessed to DIUC or its predecessors and therefore DIUC

had never been billed for the tax. (R.p.484, lines 18-22 and R.p.350, lines 2-22) At some point, it apparently came to the attention of the SCDOR that it had not assessed DIUC for Utility Property taxes, as it does for other utilities, and SCDOR sent its assessment to Beaufort County for the first time in mid-2012 for the years 2010, 2011, and 2012; Beaufort County then simply applied its tax rate and sent the bills to DIUC. (Id.)

On behalf of DIUC, Mr. Guastella met with Ms. Walls and explained the impact of this surprising new tax bill; Guastella testified he explained the rate setting process, DIUC's cash flow problem, and the tremendous impact that this recently imposed tax liability would have on the Company's customers. (R.pp.885-886 and R.p.359 lines 5-8) As a result, on February 18, 2015, DIUC and Beaufort County entered into a Settlement Agreement that allows DIUC to pay $651,423.27 in past taxes for tax-years 2012, 2013, 2014 and 2015 over an eight year period without penalty or interest at a monthly payment of $6,784.04. (R.pp.835-840) The Agreement also allowed for a possible revision to reduce the total past amount due in the event DIUC could convince the SCDOR to reduce its assessment to reflect the value of the rate base allowed in DIUC's last rate case, instead of its book value (cost less depreciation). The Utility Property taxes for 2010 and 2011 were forgiven in this one-time special arrangement. (R.p.352, lines 5-16 and R.p.484, lines 18-22)

Working next with SCDOR, the Company submitted revised documentation enabling the reduction of the Utility Property Tax assessment amount to reflect the last allowed rate base and agreed basis, which was set pursuant to a settlement agreement in that case. (R.pp.835-840) On April 28, 2015, DIUC and Beaufort County entered into a Settlement Agreement Addendum, reducing the past due Utility Property taxes by

$124,423.88 (from $651,423.27 to $526,843.39). (R.p.51 and R.pp.839-840) DIUC's monthly payment was reduced from $6,784.04 to its current payment of $5,487.95. (Id.)

The property tax expense requested by DIUC has two components: (1) rates sufficient to recover the monthly payments of $5,487.95 for eight years pursuant to DIUC's Settlement Agreement and Addendum with Beaufort County Treasurer for past due 2012-2015 taxes; and (2) rates sufficient to address DIUC's ongoing annual accrual of $192,372 for the 2016 Utility Property taxes. (R.p.439, line 10-p.440, line 5 and R.p.440, line 24-p.442, line 16)

In denying DIUC's request for rates sufficient to address these tax obligations, the Commission agreed with ORS that it was appropriate to only allow recovery of 2012, 2013, and 2014 taxes and denied "property taxes for 2015 since ORS utilizes a historical test year."[4] (R.pp.51-53). Even though "the Commission acknowledges that the 2015 property taxes appear to be set pursuant to the Settlement," it goes on to find:

> [W]e do not believe the 2015 amounts should be covered by ratepayers. The 2015 tax bill is not due until 2016 and this Commission notes that the Company's settlement agreement with Beaufort County has already been amended once, and could be amended in the future.

(R.p.52)

First, the Commission cannot lawfully refuse to allow recovery of taxes due and payable. See Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 107 n.8, 708 S.E.2d 755, 761 (2011) citing Bluefield Waterworks & Improvement Co. v. Public Service Comm'n of W. Va., 262 U.S. 679, 690, 43 S. Ct. 675, 67 L. Ed. 1176 (1923) (explaining that where the rates charged by a public utility company "are not sufficient to

[4] The Order also relies upon ORS's flawed analysis of DIUC's ownership of certain real property and utility property. This issue is addressed in Section III. D.

yield a reasonable return on the value of the property used at the time it is being used to render the service . . . their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment"). As such, the ruling is a clear error of law and contrary to the evidence. Likewise, the disallowance based upon a reference to previous modification of the Settlement Agreement with Beaufort County is also contrary to the evidence.

ORS recommended and the Order "declined to allow property taxes for 2015 since ORS utilizes a historical test year." (R.p.52) The Order's reduced property tax allowance denies DIUC the ability to recover actual expenses. (R.p.484, line 5-p.485, lines 2-5) Such a result is contrary to established law.

Even when the Commission considers a utility's proposed rate increase based upon occurrences within a test year, the Commission may also consider adjustments for any known and measurable out of test year changes in expenses, revenues, and investments, and the Commission will also consider adjustments for any unusual situations which occurred in the test year. See Parker v. South Carolina Public Service Commission, 280 S.C. 310, 313 S.E.2d 290 (1984) (citing City of Pittsburgh v. Pennsylvania Public Utility Commission, 187 PA Super. 341, 144 A.2d 648 (1958); Southern Bell v Public Service Commission, 270 S.C. 590, 244 S.E.2d 278 (1978)). Additionally, the Order actually notes that Utility and Beaufort County have already agreed to the 2015 taxes and DIUC has a legal obligation to pay that amount. (R.p.51)(stating "The settlement agreement allowed DIUC to pay Beaufort County monthly payments of $5,487.95 to cover property taxes totaling $526,843.39 for 2012, 2013, 2014, and 2015.")

At the hearing, Treasurer Walls testified, "This [negotiation for installment payments] is not a practice that we will continue." (R.p.367, lines 18-23) Regarding the 2016 taxes due in January 2017, Ms. Walls further testified that, "Beaufort County cannot offer DIUC an installment payment option for these upcoming taxes, I am concerned that if DIUC is not able to collect sufficient revenues in 2016 for the taxes due in January 2017." (R.p.357, lines 2-5) Therefore, the Order's reference to potential modification of DIUC's agreement with Beaufort County is not only hypothetical, it is contrary to the record.

The Utility Property tax amount at the 2014 level proposed by ORS and accepted by the Commission does not reflect the known and measurable amount that DIUC will clearly have to pay under the new rates. In order to cover the 2016 Utility Property taxes, DIUC must collect sufficient revenue during 2016 under rates high enough to provide for payment of these taxes due in January 2017. Recognizing this fact, Maria Walls testified about her concerns:

> Q. Do you have any concerns about DIUC's ability to pay its upcoming taxes?
>
> A. Yes. In working with DIUC I have come to understand that DIUC's rates are set by the Public Service Commission. If the rates are not sufficient to allow DIUC to collect enough money prior to January 15th of a given year to pay the tax bill due on that date, then DIUC will not be able to pay its taxes. Of particular concern to me is the payment that will be due January 15, 2017, and whether DIUC will be allowed to charge rates sufficient to collect the funds necessary to make that payment in 2017.
>
> Q. What will happen if DIUC does not pay the taxes due on January 15, 2017?
>
> A. If DIUC misses a payment on January 15th of 2017 (or any subsequent year), a 3% penalty on the total taxes due would be assessed. If the taxes are not paid by February 1st, an additional

> 7% penalty is assessed. If the taxes are still not paid by March 15th an additional 5% penalty is assessed. So, in total DIUC would incur a 15% delinquency penalty by not paying the taxes on time. Since Beaufort County cannot offer DIUC an installment payment option for these upcoming taxes, I am concerned that if DIUC is not able to collect sufficient revenues in 2016 for the taxes due in January 2017 then DIUC will begin a cycle of incurring 15% penalty every year. Plus, if DIUC's taxes are not timely paid then DIUC will suffer the other ramifications of nonpayment of taxes.

(R.p.356, line 10-p.357, line 5)

ORS proposed and the Order adopted an annual amortization of $30,612 related to the 8 year amortization of past taxes, which only allows payment of $244,899 for the 2012 and 2013 portion of the total of $526,843.39 due per the Settlement Agreement Addendum. (R.pp.52-53) Or, stated differently, the ORS adjustment excludes $281,944 of currently owed taxes, even though the Company is contractually bound to make those payments. The $65,856 annual payment is a known cost under the Beaufort County Settlement Agreement that reflects significant cost savings to DIUC and its customers from the total amount of past-due taxes the County originally billed DIUC. The Utility must be allowed revenue sufficient to pay its taxes.

Accordingly, the Order's approved allowance of $30,612 is less than the actual annual payments of $65,856 that DIUC is required to make under the Amended Settlement Agreement with Beaufort County; and the Order's approved annual level of $140,880 based on 2014 taxes is less than the $192,302 that must be paid in January 2017 and accrued during 2016 for 2016 Utility Property Taxes. Ignoring the reality of taxes results in an Order that is unsupported by law, evidence, and fact. In this case, the Order also guarantees DIUC will owe additional penalties and interest which will ultimately have to be borne by the rate payers. Such an order cannot be sustained.

This Court should modify Order 2015-846 to include DIUC's actual, known and measurable legal obligation of $258,227.40 for Annual Property Tax Expense.

B. The Commission erred as a matter of law ruling that Guastella Associates is an affiliate of DIUC. As such, the management fees incurred are presumed to be reasonable and the reliable, probative, and substantial evidence on the whole record demonstrates the requested management fees of $174,364 are appropriate.

1. The Commission erred in finding the Commission previously approved an amount for Guastella Associates' management fees.

The Order found that DIUC is entitled to $132,211 for GA's management expenses, which is significantly less than the $174,364 actually being incurred and requested by DIUC. (R.pp.53 and 55) In making this determination, the Commission erroneously relied upon ORS's request that "GA's management fees be limited to the previously Commission-approved amount of $132,211 a year." (R.p.53)

However, the management fee of $132,211 was not a "Commission-approved" management fee in the previous case, as asserted by ORS. DIUC's last rate case, Docket No. 2011-229-WS, Order No. 2012-515, was settled by agreement of DIUC, ORS and the Intervenors (the same Intervenors in this case). (R.pp.68-86) Neither the settlement agreement in that case nor the Commission's approval of it mentions the management fees or the amount of $132,211. (Id.) The Commission erred by relying on the previous amount as the entire basis for adoption of the ORS position.

Pursuant to S.C. Code 1-23-380, the Commission's arbitrary and unsupported conclusion requires reversal and entry of the requested amount of $174,364 for management fees.

2. Even if it was factually accurate that $132,211 for DIUC's management fees were approved by the Commission in conjunction with a previous rate determination, the Order's reliance solely upon a prior rate decision is an error of law.

The adjustments adopted in the Order regarding management fees due GA under its management agreement are not based on a complete or accurate analysis of the record. The Order fails to address the issues of whether performance under GA's management agreement was beneficial to DIUC's customers and whether GA's fees were reasonable. As such, the Order fails to demonstrate a reliable, probative basis for accepting the adjustment proposed by ORS. See Porter v. S.C. PSC, 333 S.C. 12, 21, 507 S.E.2d 328, 332 (1998) (When ruling, "the PSC must fully document its findings of fact and base its decision on reliable, probative, and substantial evidence on the whole record.").

As previously stated, in making this determination the Commission erroneously relied upon ORS's request that "GA's management fees be limited to the previously ***Commission-approved*** amount of $132,211 a year." (R.p.53) (emphasis added) However, even if the fees were incorporated into a previous PSC Order, the Commission cannot reach back into a previous case for the lone support of a ruling in a later case. As the Supreme Court has explained, figures from past test year(s) are only probative, if at all, as a starting point for analysis by the Commission. The discussion below explains the rule.

> Utility argues, however, that the PSC used Utility's recent rate increase as part of its justification for denying the current rate application. To the extent the PSC did so, this was error. Cf. Heater of Seabrook II, 332 S.C. at 29, 503 S.E.2d at 743 (finding it was "inappropriate" for the PSC to rely in a 1997 order on its reasoning in a 1992 order granting an increase to the same company because "this order . . . was based on evidence, and a prior test year, completely different from [the utility's] financial condition at the time of the current application."). The PSC must not use the simple fact of a recent rate increase as a reason to deny a utility's rate application. ***An***

> ***application for a rate increase must stand or fall on its own merits.*** A recent rate increase provides only a starting point for determining whether a utility's rate base or expenses have increased, such that additional revenues are required.

Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 115, 708 S.E.2d 755, 765 (2011) (emphasis added).

In violation of this principle of law, ORS's conclusion (*and its **only** reason*) that there were no increases in the management services provided by GA fails to provide any analysis of what services were provided at the time of the last rate case or in the present. There is no "starting point" from which the analysis proceed and therefore the conclusion fails. See Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 115, 708 S.E.2d 755, 765 (2011). Second, there was no proof that the services Guastella Associates provided were identical to those provided before the last rate case. Finally, Mr. Guastella provided proof of new projects and efforts in a report that described extensive services provided since the last rate case related to the repair, maintenance, and upgrade of the Utility, and its efforts to address new and unique issues that reduced property taxes and made improvements to the water and sewer systems that were praised by DHEC. (R.pp.871-874) The DIUC Report on Capital Improvements provides a detailed history of DIUC and its predecessor entities and it highlights the multitude of complex issues inherited by DIUC which has been dedicated to solving these problems while maintaining reliable and safe services. (Id. and R.pp.875-877)

Likewise, the record does not support the Commission's inference that GA's management fees are excessive; as such, the inference requires remand pursuant to S.C. Code § 1-23-380. DIUC actually provided unrefuted testimony to the contrary by demonstrating that on a comparable basis, and taking into account the costs and rates

proposed in this rate application, DIUC's cost of operations, including management fees, is less than four of eight municipal water and wastewater utilities in South Carolina, and far less than the average, even though DIUC's costs should be higher because it serves an island with no road access, has far fewer customers, and has to pay taxes that these municipal utilities escape. (R.p.941). Regarding the reasonable fees related to the capital improvements, Mr. Guastella testified that the GA capital fee structure under the management agreement is about half of such typical charges. (R.p.523, line 17-p.524, line 2) This testimony was not challenged or in any way disputed by ORS or Intervenors. The Commission erred in refusing to consider this reliable, probative, and substantial evidence, and instead allowed *nothing* for the undeniable work that has been performed in order to make improvements essential to provide adequate service to the customers and complying with environmental regulations. The requested management fees should be allowed.

3. The Commission erred in finding Guastella Associates is an affiliate of DIUC and in failing to apply the proper standard to analyze the Utility's actual costs for management fees. Because DIUC and Guastella Associates are not affiliated, DIUC's expenditures for management fees are presumed reasonable and incurred in good faith.

In defending its original Order, the Commission ruled on reconsideration that, "Clearly Daufuskie Island Utility Company, Inc. and its management company Guastella Associates, LLC are affiliates, as per the Agreement between the two dated June 18, 2015." (R.pp.17-18) Therefore, continued the Commission, "although expenses of a public utility are presumed to be reasonable when incurred in good faith, the presumption does not apply to affiliate payments." (Id.)

A utility in a ratemaking proceeding is "entitled to a presumption that its expenditures were reasonable and incurred in good faith." Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 109, 708 S.E.2d 755, 762 (2011). "This presumption does not shift the burden of *persuasion* but shifts the burden of *production* on to the Commission or other contesting party to demonstrate a tenable basis for raising the specter of imprudence." Id. (emphasis added) DIUC is entitled to this presumption with regard to the GA fees totaling $171,364, as submitted. The record contains nothing to suggest the GA-DIUC agreement is not proper.

Mr. Guastella testified at length about the management agreement and how it was negotiated:

> Our management fee was an arm's length negotiation ... when the CK Materials people were thinking about acquiring the utility from International Paper, they came to me and asked if I would help them with that acquisition. They came to me because International Paper recommended that I help them acquire the utility system. In order for me to do – once I helped them with the acquisition, I was asked whether or not I would then manage the utility, because they really didn't know how to do that. So I entered into an arm's length agreement with what was then the Haig Point Utility, which we had to change the name to Daufuskie Island Utility at the request of the homeowners and the owners of Haig Point Utility, and I worked up a management agreement that includes all the duties and functions that Guastella would perform on a day-to-day basis.

(R.p.442, line 18-p.443, line 13) There is nothing in the record to dispute this testimony or to provide even an arguably tenable basis for raising the specter of imprudence. See Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 109, 708 S.E.2d 755, 762 (2011). As such, DIUC is entitled to (and the Commission erred in failing to apply) the presumption that the GA fees totaling $171,364 as submitted expenses are reasonable and incurred in good faith as required by law.

4. Even if Guastella Associates were an affiliate of DIUC, which it is not, the record demonstrates the significant management efforts of Guastella Associates during the test year.

With regard to its request to reduce the amount recoverable for GA's management fees, ORS simply asserted:

> ORS proposes to adjust outside services for management fees to reflect the previously Commission approved amount of $132,211. During the review, ORS did not find that the management services provided by Guastella and Associates ("GA") increased and did not find the requested increase justifiable.

(R.p.765, line 1-4). The Order Approving Settlement then repeats "ORS testified that it found no apparent increases in the management services provided by GA and did not find the requested increase justified." (R.p.53)

ORS did not provide and the record does not include any narrative or quantitative analysis that justifies the downward adjustment to management fees actually incurred. First, there was no proof that the services supplied by GA in the years in question were identical. Second, the record on the whole establishes GA's increasing efforts. Specifically, DIUC provided proof of GA's new projects and efforts in its May 2015 Report of Capital Improvements. (R.pp.864-890) The Report includes information regarding the very unusual problems faced by the Company and how those problems were addressed by GA pursuant to its management agreement. (Id.) DIUC provided a comprehensive description of GA's services and accomplishments and the resulting significant benefits to the customers, as follows:

- GA directed the transition for the HPUC acquisition as well as the merger of MUC, improving records, billing and operations, despite the many problems that arose during this merger of books and records. (R.pp.866 and 872)

- GA managed the operations despite an immediate 25% annual shortfall of revenues because of MUC's failure to pay its share of the jointly owned wastewater treatment plant. (R.p.876)

- When the owners of MUC simply abandoned the utility operations and filed for bankruptcy, GA directed DIUC's effort to protect the MUC's customers from interruption of water and sewer service; DIUC was not compensated for this effort, despite DIUC's cash shortage. (R.p.486, lines 1-14)

- GA undertook an extensive effort over about a three year period trying to obtain financing, including about 15 months *after* the 2012 rate increase, without which it would have been nearly impossible to continue to provide adequate service. GA's expertise in preparing qualified appraisals and rate setting were critical in obtaining approval of financing. (R.p.492, lines 6-18)

- When there were insufficient funds to pay for temporary repairs to the failed wastewater lagoon liner, GA worked with the president of DIUC to use his contracting firm to make the emergency repairs (R.p.879)

- GA's expertise in appraisals, valuation and condemnations were beneficial in dealing with the condemnation of the land at the storage tank site, assisting DIUC in prevailing at summary judgment. (R.p.883)

- GA **saved DIUC and its customers over $350,000 in property taxes and another $100,000 in present value savings** related to the 8 year payment agreement. (R.p.485, lines 2-5 and R.p.445, lines 7-13) (emphasis added)

- GA's administration and supervision of the capital improvements **saved DIUC and its customers as much as $400,000 in construction costs,** as well as significant savings for the Fire Department for the construction of a helipad. (R.p.450, lines 12-20 and R.p.871) (emphasis added)

- Because cash flow is always first used to operate the water and sewer systems, **the owners of DIUC have never been paid a dividend** and **GA is owed thousands of dollars in accrued payments**. Mr. Guastella explained that the past due accounts payable to GA will eventually be paid by the owners and not the customers. (R.p.413, lines 14-25) (emphasis added)

With regard to quality of GA's services, the record establishes GA's high level of performance and includes DHEC's praise of GA's efforts in emails to Mr. Guastella, which state:

> We would like to thank Guastella Associates for your attention, cooperation and assistance ... . The upgrades you have made, and continue to make, will serve both the utility and its customers well. We wish you success in your proposed rate increase, as that will assist the utility in remaining viable and effective in its mission to serve its customers and protect South Carolina's environment. We look forward to continuing to work with you.

(R.pp.943-944)

Finally, comparing the amount requested for management fees demonstrates they are reasonable. Mr. Guastella provided a schedule comparing the costs per customer of DIUC with other municipal water and sewer utilities in South Carolina. (R.p.941) After adjusting for taxes and cost of capital in order to compare the cost of operations on an equal basis, *DIUC's cost per customer is lower than four of the eight utilities*, even though the cost per customer should be considerably higher because DIUC has a much lower number of customers. (Id.) Also, DIUC is on an island accessible only by boat, which drastically increases costs of doing business on the Island. (R.p.452, lines 15-17)

Again, the Commission' Order includes no mention of this evidence, let alone proper consideration of the same which is required by law.

The reliable, probative, and substantial evidence on the whole record demonstrates DIUC's expenses for management services totaling $171,364 were properly incurred, were earned, are reasonable in amount, and are recoverable. The Commission erred in adopting the unsubstantiated adjustment downward to $132,211 included in the Settlement Agreement. The ruling is contrary to the reliable, probative, and substantial

evidence on the whole record and should be modified to allow the requested and earned management fees of $171,364.

C. The reliable, probative, and substantial evidence on the whole record demonstrates DIUC should be allowed to recover its Rate Case Expenses of $191,200.

In adopting the unsupported request of ORS that DIUC be denied recovery of expenses associated with pursuing the instant rate case, the Commission erred again by refusing to allow presumptively reasonable expenses.

The Order states the following prior to adopting the referenced ORS recommendation:

> ORS proposed that rate case expenses total $97,500 and be amortized over five years. (Gearheart, Direct R. p. 494). The $97,500 consists of capped current rate case expenses in the amount of $75,000 for GA's preparation of the Application, developing rate models, calculating test year data, filing other rate case documents and legal expenses. ORS recommended $75,000 as a reasonable amount for rate case expenses in the last rate case. The remaining $22,500 is unamortized rate case expenses from the previous rate case. (Gearheart, Direct R. p. 495).

(R.p.54) However, Ms. Gearheart on behalf of ORS did not provide any analysis that establishes the basis for ORS's proposed $75,000 cap on rate case expenses, and no testimony that the work included in the Company's proposed expense was not performed or was unnecessary. (R.pp.756-771) This is insufficient to support the unexplained and arbitrary adjustment generally and in light of the presumed reasonableness of the expense.

As discussed previously herein, DIUC is entitled to a presumption that its expenditures were reasonable and incurred in good faith. See also Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 109, 708 S.E.2d 755, 762 (2011). There

was no evidence supporting any conclusion that these accurately reported rate case expenses were in any way improper.

Even without this presumption, in his rebuttal testimony Mr. Guastella outlined the extensive work involved in this rate case proceeding and explained that the amount of information and paperwork required of DIUC was equal to that required of large utilities in rate cases. (R.p.453, line 11-p.454, line 8 and R.p.490, lines 15-20) In other words, the time, expense, and effort necessary to pursue a rate application is not lessened because the utility has fewer customers of a smaller service area. This is particularly true in this case where ORS required DIUC to respond to a tremendous amount of discovery. (R.p.490, lines 16-20) Additionally, to defend the ultimate agreement by ORS and the Intervenors to simultaneously support denial of rates sufficient to operate the Utility, DIUC prepared extensive prefiled testimony, reviewed the direct testimonies of nine ORS and Intervenor witnesses, prepared rebuttal testimony and surrebuttal testimony, the prepared for the all-day hearing on the Application. (Id.)

As it did when adopting the management fee adjustment of ORS, the Commission erred in again relying on a previous order to justify without support the denial of DIUC's rate case expenses. See Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 708 S.E.2d 755 (2011). Mr. Guastella testified that in the last rate case the Company requested $181,200 but that DIUC's actual expense totaled $370,000; and in this case, the actual expenses are reported at $380,000, yet DIUC is only requested the Commission allow $191,200. (R.p.453, line 11-p.454, line 8) That means DIUC voluntarily proposed to bear approximately one-half of the rate case expenses and only included half of actual expenses incurred in the rate request.

The record further demonstrates that DIUC's requested rate case expense of $191,200 is similar in amount with the rate case expenses that the Commission allowed in another 2012 contested rate decision. Specifically, Order No. 2012-98 in PSC Docket No. 2011-317-WS, approved rate case expenses of $190,905. (R.p.208)(citing Order 2012-98)

There is simply no evidence to support allowing DIUC only $75,000 for rate case expenses in the current case. The past Order of the Commission allowing an almost dollar-for-dollar identical amount of $190,095 and the record as a whole support and justify the submitted rate case expenses of $191,200. This portion of the Order must be modified.

D. The reliable, probative, and substantial evidence on the whole record demonstrates the Elevated Water Tank is part of the DIUC Water Plant and should be included for calculation of DIUC's Plant In Service.

South Carolina has long allowed utilities to earn "a fair return on the value of its property used and useful in the service of its customers." De Pass v. Broad River Power Co., 173 S.C. 387, 389, 176 S.E. 325, 326 (1934). The reasoning is sound – when a utility invests in equipment and real property for use in providing service, the utility is allowed to charge rates sufficient to allow it to operate and maintain that plant in service. The more equipment and facilities that are part of plant in service, the higher the allowable rate.

South Carolina Code of Laws, Regulation 103-702.16, entitled "Water Plant," defines the plant in service for a water utility like DIUC to include "all facilities owned by the utility for the collection, production, purification, storage, transmission, metering, and distribution of potable water."

The Commission's Order does not allow DIUC to include all of the items the Application reported as comprising DIUC's water plant facilities that are used and useful to the Utility. (R.pp.47-50) The primary item of value excluded by the Order is DIUC's 125,000 gallon elevated storage tank and related facilities ("Elevated Storage Tank") which should have been included at a value of $1,303,083.97. (R.p.473, lines 16-19)

The history of the Elevated Tanks Site is unique, so a brief summary is in order.

The parcel of land upon which the Elevated Tank Site is located was involved in a tax sale to Mr. Mamdouh Sabry Abdelrahman ("Sabry"). (R.p.354, lines 12-16) As explained by the Honorable Maria Walls, Beaufort County Treasurer:

> The Tax Deed to Mr. Sabry did not include the elevated water tank, the well, the water pump, system pipes, or other DIUC property located on the Elevated Tanks Site. All of those items remain part of the DIUC water system infrastructure. That utility property remains part of the system owned and operated by DIUC.

(R.p.355, lines 1-9)

DIUC also put into evidence the Special Warranty Deed and Bill of Sale transferring the Elevated Tank Site to the Utility. (R.pp.892-894) Treasurer Walls also testified unequivocally that the storage tank and facilities were not sold to Mr. Sabry because the tax deed and tax sale procedure used was for the sale of residential property; the County was not authorized to utilize that procedure to sell utility infrastructure. Restating this conclusion, Ms. Walls testified, "what was conveyed [to Mr. Sabry] was based on the property we believed we were taxing at that time, which was a parcel of land." (R.p.348, lines 15-23) She further testified:

> The tax deed, which would have been generated by the Treasurer's Office and filed with the Registrar of Deeds, was as it was listed by the Assessor's Office, who was valuing that property at that time. It did not include the elevated tank itself. The only structure indicated on that site

was a utility shed, the contents of which would've been unknown at that time.

(Id.)

There was some further discussion at the hearing about an internet print-out that includes the code "UTLSHED" and whether that somehow identified the Elevated Tank as being taxed to Mr. Sabry. (R.p.375, lines 6-14) The Order Denying the Petition for Reconsideration also refers to this abbreviation but then clearly states "testimony showed that while Mr. Sabry is not paying taxes on the elevated storage tank, he is paying Beaufort County taxes on a building located on the same property the County describes as a "UTLSHED." (R.p.23) When asked if there was a building listed on the printout Treasurer Walls said "A residential shed or small utility, yes." (R.p.375, line 8) That residential shed, as noted on the residential tax record and consistent with Treasurer Walls' testimony, is **not** an elevated water tank or water system infrastructure.

ORS also admits in its Answer to the Petition for Reconsideration that Mr. Sabry is not paying taxes on the elevated storage tank. (R.p.189) The record demonstrates that Mr. Sabry is paying residential taxes on a structure described as "Residential Shed – Small Util" with a value of $3,800 as of 2014. (R.p.375, line 8) The record does not support ORS's suggestion that the small residential utility shed on the property to the side of DIUC's Elevated Storage Tank and related facilities raises an uncertainty about DIUC's ownership of the Elevated Storage Tank. It is undisputed that DIUC is paying property taxes on the Elevated Storage Tank, that the tank is used and useful, and that county's assessment for all the real property owned by Sabry does not include it. DIUC is entitled to include the $1,303,083.97 value of the Elevated Tank Site in its plant in service.

The record also shows that DIUC has other rights to the Elevated Tank Site that justify inclusion of the same in tis rate base. At the hearing, DIUC put into evidence the perpetual easement that allows DIUC to construct, operate and replace utility facilities. (R.pp.932-940) Pursuant to the Assignment of Rights, filed at Beaufort County Register of Deeds, Book 2298, Page 2080, Haig Point, Inc. assigned to Haig Point Utility Company, Inc. its rights pursuant to the covenants previously quoted. Pursuant to Order of the Public Service Commission dated March 6, 2009, Haig Point Utility Company, Inc. was approved to and did change its name to Daufuskie Island Utility Company, Inc. See S.C. Pub. Serv. Comm'n Order 2009-154. According to The Haig Point General Covenants, Article 3, §18, DIUC holds the following:

> **Certain Easements** The company reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over, and under the ground of the Property to erect, maintain, and use...drainage ways, sewers, wells, pumping stations, tanks, water mains, and other suitable equipment for the conveyance and use of...sewer, water, drainage or other public conveniences or utilities on...the property as may be reasonably required ... .

(R.pp.914-915). As the rightful owner of the easements identified in Section 18 of the Haig Point General Covenants, DIUC's facilities are lawfully located on the Property. Also, contrary to the footnote in the Order, the easement is perpetual and DIUC does not have to re-record perpetual easements every time a parcel of land is sold; the rights granted under the perpetual easement have and will remain in effect. (Id.)

There should be no uncertainty about ownership of DIUC's facilities. The storage tank and related utility facilities were not sold to Mr. Sabry. Further, late-filed Exhibit 6 indicates that the Beaufort County Assessor is valuing the property as residential property without reference to the tank and facilities on the property. See (R.p.844)(stating "In

fact, we have valued this property for several years, and the parcel is currently valued at $24,200 as of our 2013 [residential] Revaluation."); (see also R.pp.841-845) Clearly DIUC's storage facilities (some $1.3 million) are not included in that value. Moreover, Ms. Walls testified that DIUC's utility facilities at the site are being taxed as Utility Property of DIUC, and Mr. Guastella also testified that they are being assessed and taxed as Utility Property.

The reliable, probative, and substantial evidence on the whole record demonstrates the Elevated Water Tank is part of the DIUC Water Plant and its value of $1,303,083.97 should be included for calculation of DIUC's plant in service.

E. The Commission erred in adopting the reductions to Plant In Service proposed by the Settlement Agreement.

The Commission Order adopted the Settlement Agreement which recommended an adjustment to the value of the Elevated Storage Tank and related utility facilities on the land that was sold in a tax sale, because of what the Order describes as "reducing plant-in-service values for property tax purposes and uncertainty regarding what DIUC owns as a result of the delinquent tax sale." (R.p.49) However, the proposed ORS adjustment did not include a specific amount and it was not calculated based upon an analysis of the value of the Elevated Tank Site at the filed amount of $1,303,083.97; thus, as a result, the Commission's adoption of the total downward adjustment of $1,624,696 was likewise not specific or supported by facts in the record. This Court must modify the Order's $1,624,696 reduction in value for plant in service. Or, stated differently, the Order's allowance for DIUC's plant in service should be increased to include $1,303,083.97 for the Elevated Tank Site as well as increased by $321,612.03 to reverse the additional downward adjustment improperly applied in the Order.

Every utility, even small ones like DIUC, are by law entitled to "a fair return on the value of its property used and useful in the service of its customers; and, as is its duty, the rate-making body named by the Legislature for that purpose fixes such rates . . . as will insure such a return... ." De Pass v. Broad River Power Co., 173 S.C. 387, 389, 176 S.E. 325, 326 (1934). The Order's adjustment to plant in service substantially prejudices DIUC by denying it a lawful return and the Order's basis for the adjustment in plant in service lacks a sufficient foundation in fact. S.C. Code Ann. § 1-23-380 requires this Court reverse the Order's adjustment to plant in service. Additionally, the Commission's inferences and reliance upon certain documents constitute clear error, as explained below.

1. It was error for the Commission to rely upon DIUC's Revised Water Annual Reports for 2012 and 2013 to reduce DIUC's Plant In Service for ratemaking purposes.

The only actual evidence provided to support the Settlement Agreement's $1,624,696 reduction in value for plant in service were DIUC's Revised Water Annual Reports for 2012 and 2013. In those Revised Reports, DIUC explained to the DOR that in order to resolve challenges to its previous rate case DIUC agreed to a settlement that utilized a rate base of $5,000,000 for calculation of rates. To reflect that percentage reduction, DIUC reduced all entries on the Report to reflect a percentage change. (R.p.1346) (FN stating clearly that the revised filing was merely "Adjusted to reflect the rate base allowed in Docket No. 2011-229-WS."); (see also R.pp.1348 and p.1349 with FN included therein)

The Commission then concluded in error that "While DIUC may not have adjusted its utility plant-in-service by the exact value of the elevated storage tank, in at least two tax years DIUC has reduced its total utility plant-in-service by a value very

similar to (and actually exceeding) that of the elevated storage tank." (R.p.50) So, the Commission did not have and did not require ORS or the Intervenors to provide any evidence to support the reduction. By the Order's clear language, the Commission issued applied the adjustment without any specific grounds to support it.

However, the evidence demonstrates that DIUC did not revise its annual reports to DOR by lowering property values and eliminating the value of the Elevated Storage Tank. DIUC's amended returns reflected a prorated adjustment to **all** primary plant accounts to reflect the $5,000,000 rate base that was part of the settlement in the last rate case. (R.pp.1346-1349 at FN therein, supra) In turn, DOR lowered its total assessed value and DIUC's customers benefited by a reduction of the annual property taxes. DIUC's original cost of utility plant in service and net investment were not revised for book or rate setting purposes.

2. There is nothing in the record provided by ORS or the Intervenors to identify the specific plant items or their costs represented by the adjustments for "capital improvements" or "non-allowable plant" or "adjustments from previous cases" or "retirements". As such, the Commission erred in adopting them into its Order.

ORS presented testimony of ORS Audit Manager Ivana Gearheart who stated ORS proposed its adjustment reducing the DIUC plant in service "to reflect capital improvements, non-allowable plant, adjustments from the previous case not made by DIUC and retirements through July 31, 2015" and to account for "undocumented expenses." (R.p.768, lines 16-18 and R.p.1315 at line labeled "Adjustment 10") However, there is nothing in the record provided by ORS or the Intervenors to identify the specific plant items or their costs represented by the adjustments for "capital

improvements" or "non-allowable plant" or "adjustments from previous cases" or "retirements".

Even without factual support, the Order adopted these adjustments from the Settlement Agreement stating that "ORS Audit Exhibit ICG-5 (Hearing Exhibit 18) shows the specific items composing the $1,624,696." (R.p.46) However, that statement is simply incorrect. While Audit Exhibit ICG-5 does include a column entitled "ORS Adjustment," that column lists the amounts reflected for primary plant accounts, not items of plant. (R.p.1320) The adjustments in that column, by plant account, cannot be identified with specific items of plant, cannot be correlated to the specific cost of the items being adjusted, and there is no way to identify ORS's stated reasons for the adjustments. (Id.)

For example, it cannot be determined from Audit Exhibit ICG-5 what items of plant were adjusted for "non-allowable plant" or what costs were adjusted for "non-allowable plant." Moreover, merely stating that an item of plant is non-allowable is not justification as to why it is not allowable and it is not sufficient evidence to support the Order. Audit Exhibit ICG-5 also fails to identify the adjustment being made to the elevated storage tank, well and facilities, or the amount of the adjustment. (R.p.1320) The Commission erred in relying on the exhibit for this adjustment. Because the exhibit is not reliable or probative, S.C. Code Ann. § 58-5-240(H) and S.C. Code Ann. § 1-23-380 require remand or modification of the Order by this Court.

With respect to "undocumented expenses" Mr. Guastella explained in rebuttal that an absence of some invoices should not constitute a lack of documentation for rate setting purposes, and that DIUC provided ORS with ample documentation, including itemized

assets by primary plant account, description, original costs as booked, year of installation and in service dates. (R.p.422, lines 16-p.424, line 25) Mr. Guastella also testified that it is consistent with the NARUC Uniform System of Accounts to estimate the cost of utility plant in the absence of documentation. (R.p.475, line 17-p.476, line 8) ORS witness Ms. Gearheart testified she was not familiar with the NARUC provisions that address inclusion of estimated costs in the absence of documentation. (R.p.802, line 13-p.803, line 3) However, Intervenors' witness Charles Loy testified that "The NARUC USoA requires an 'estimate' of plant values when there is no supporting documentation available." (R.p.385, lines 22-24) ORS should have estimated the reasonableness of the costs recorded and booked rather than excluding an unspecified amount for alleged "undocumented expenses," which implies some inappropriate action by DIUC.

With respect to adjustments from the previous case, ORS did not identify any of the specific items or their cost. As testified by Ms. Gearheart, "Those adjustments were simply carried over from the last rate case, and we do not retest or retry anything that was approved in the last rate case." (R.p.798, lines 9-14) The Order also includes reference to a "carryforward amount" of $4,615,755 from the previous rate case but that specific number is not in the record for this proceeding. Again, the Commission cannot rely on a previous order as justification for this type of analysis in a current case. See Utils. Servs. of S.C. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 708 S.E.2d 755 (2011). Furthermore, DIUC's previous rate case was settled by agreement that specifically stated, "This stipulated rate base shall not be binding in future proceedings; instead, those proceedings will be determined based on the evidence presented in each docket and the applicable law." (R.p.796, line 18-p.797, line 13 and Order 2012-515 at R.p.68) This

intermingling of matters within and outside the record along with using calculations specifically excluded by the last case's settlement must be addressed by the Court.

The $1,624,696 reduction in value for plant in service is not supported by the reliable, probative, and substantial evidence on the whole record. As such, the Order should be modified to include an additional $1,624,696 for plant in service.

F. The Commission erred in adopting the Settlement Agreement proposal for Bad Debts.

The Order also accepts the Settlement Agreement's recommendation for bad debts. The Order reverses ORS's original adjustment up to $108,349 of bad debts and, instead, allows only the $30,852[5] DIUC included in its Application. In response to the Application, ORS first proposed the Commission increase DIUC's bad debt allowance to $108,349; this was one of twenty adjustments accepted by DIUC as reflected in Mr. Guastella's rebuttal testimony. (R.p.199, line 1-p.200, line 2) ORS maintained its position until the day before the evidentiary hearing when the Settlement Agreement was first disclosed to DIUC. The Order's acceptance of the Settlement Agreement and its bad debt expense methodology is contrary to the record, as testified by Mr. Guastella:

> Q. One of the adjustments proposed by ORS, and included within that list, I believe, is number 14. Is that bad debt?
>
> A. Yes.
>
> Q. Can you explain why the utility was willing to accept that adjustment?
>
> A Yes. Our bad-debt expense per books, which went to 2014, was over $100,000. When we prepared our filing, we took a conservative approach and allowed only $30-$40,000, I believe. When I saw ORS's testimony, they used a percentage applied to revenues, and they came up

[5] The total of $16,090 stated in the Order is incorrect. DIUC's adjustment was $16,090 but the total *pro forma* amount was $30,852.

> with $100,000, which was consistent with our 2014 level. I then looked at our latest 12 months of revenues, compared to a previous similar period of 12 months of revenue, and I found that our bad debts' expense were still up over the $100,000. So I accept their adjustments. It favors the company, but it's the reality of what we've been facing. Our bad debts were at a level of $100,000, before we filed the case and subsequent to filing the case, and ORS's adjustment was reasonable and I accepted it.

(R.p.408, line 15-p.409, line 10)

No ORS witness provided any cost justification for the change in ORS's position as to the bad debt other than a capitulation to the request of the Intervenors. The two matters in the record as to the proper level of bad debts are ORS's original position of $108,349 and DIUC's testimony that the actual bad debts expenses for the test year and the most current 12 month period is over $100,000. (Id.) The Commission's decision to disallow almost $70,000 of the actual bad debt expense suffered by DIUC is not supported by the reliable, probative, and substantial evidence on the whole record demonstrates There is no proof that $30,852 is realistic or anywhere close to the actual amount. The Order should be modified to reflect ORS's original position of $108,349 and DIUC's testimony that the actual bad debts expenses for the test year and the most current 12 month period is over $100,000.

CONCLUSION

In the proceedings below, the Commission blindly adopted an improperly presented and admitted Settlement Agreement then entered an Order Approving Settlement that fails, in violation of S.C. Code Ann. § 58-5-240(H), to rely exclusively on reliable, probative, and substantial evidence on the whole record. Pursuant to S.C. Code § 1-23-380, this Court should reverse and vacate Orders 2015-846 and 2016-50 then remand this matter for determination of rates in accordance with the Applicant's requests

herein regarding property taxes, management fees, rate case expenses, plant in service, and bad debts.

Respectfully submitted,

PRATT-THOMAS WALKER, PA

Thomas P. Gressette, Jr. (S.C. Bar #14065
Email: tpg@p-tw.com
G. Trenholm Walker. (S.C. Bar #5777)
Email: gtw@p-tw.com
P.O. Drawer 22247 (29413-2247)
16 Charlotte Street
Charleston, SC 29403
Phone: (843) 727-2200

October 20, 2016
Charleston, South Carolina

Certificate of Counsel

The undersigned certifies that this Final Brief complies with Rule 211(b), SCACR.

Thomas P. Gressette, Jr. (S.C. Bar #14065)
Email: tpg@p-tw.com
P.O. Drawer 22247 (29413-2247)
16 Charlotte Street
Charleston, SC 29403
Phone: (843) 727-2200

October 20, 2016
Charleston, South Carolina

RECEIVED

OCT 24 2016

S.C. SUPREME COURT

STATE OF SOUTH CAROLINA
In the Supreme Court

APPEAL FROM THE PUBLIC SERVICE COMMISSION

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.,

Appellant,

v.

South Carolina Office of Regulatory Staff,
Haig Point Club and Community Association, Inc.,
Melrose Property Owner's Association, Inc.,
Bloody Point Property Owner's Association, and
Beach Field Properties, LLC,

Respondents.

PROOF OF SERVICE

I, Nancy Jane Dennis, an employee of Pratt-Thomas Walker, P.A., hereby certify that I have served this 20th day of October, 2016, a copy of the **APPELLANT'S BRIEF and APPELLANT'S REPLY BRIEF** on counsel of record, by placing same in the United States Mail, first class postage prepaid to the following:

Hon. Jocelyn Boyd
David Butler
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
101 Executive Center Drive, Suite 100
Columbia, SC 29210
T: (803)896-5100
ADMINISTRATIVE TRIBUNAL

Shannon Bowyer Hudson
Andrew M. Bateman
SOUTH CAROLINA OFFICE OF REGULATORY STAFF
1401 Main Street, Suite 900
Columbia, SC 29201
T: (803)737-8440

ATTORNEYS FOR OFFICE OF
REGULATORY STAFF

John J. Pringle, Jr.
ADAMS & REESE, LLP
1501 Main Street, 5th Floor
Columbia, SC 29201
T: (803)254-4190
ATTORNEYS FOR HAIG POINT CLUB and COMMUNITY
ASSOCIATION, INC., MELROSE
PROPERTY OWNER'S ASSOCIATION, INC., and
BLOODY POINT PROPERTY OWNER'S ASSOCIATION

Nancy Jane Dennis

Charleston, SC

Butler, David 272507

From:	Bateman, Andrew
Sent:	Tuesday, October 10, 2017 5:23 PM
To:	Butler, David; Hudson, Shannon; john.beach@arlaw.com; john.beach@arlaw.com; john.beach@arlaw.com; lyndey.zwing@arlaw.com; lyndey.zwing@arlaw.com; lyndey.zwing@arlaw.com; jack.pringle@arlaw.com; jack.pringle@arlaw.com; jack.pringle@arlaw.com; Gressette@WGFLLAW.com; walker@WGFLLAW.com
Cc:	'jbowen@mcnair.net'; 'pfox@mcnair.net'
Subject:	RE: Standing Hearing Officer Directive -Procedural Order -2014-346-WS- Order No. 2017-59-H

Thank you for sending this out so quickly, David.

I did want to discuss one aspect of the Directive just for clarification purposes. Regarding the third paragraph under "STANDING HEARING OFFICER'S ACTION," ORS does not read the Supreme Court Order in the same narrow manner presented by counsel for DIUC. ORS believes that the Supreme Court remanded this case to the Commission "for a new hearing as to all issues." However, ORS does not intend to argue issues on which the Supreme Court gave guidance. Regarding the utilization of discovery, any discovery required by ORS will depend upon the filings to be made by DIUC.

Thank you,

Andrew

From: Butler, David
Sent: Tuesday, October 10, 2017 4:38 PM
To: Bateman, Andrew <abateman@regstaff.sc.gov>; Hudson, Shannon <shudson@regstaff.sc.gov>; john.beach@arlaw.com; john.beach@arlaw.com; john.beach@arlaw.com; lyndey.zwing@arlaw.com; lyndey.zwing@arlaw.com; lyndey.zwing@arlaw.com; jack.pringle@arlaw.com; jack.pringle@arlaw.com; jack.pringle@arlaw.com; Gressette@WGFLLAW.com; walker@WGFLLAW.com
Cc: 'jbowen@mcnair.net' <jbowen@mcnair.net>; 'pfox@mcnair.net' <pfox@mcnair.net>
Subject: Standing Hearing Officer Directive -Procedural Order -2014-346-WS- Order No. 2017-59-H

To the Parties:
Attached please find my Standing Hearing Officer's Directive in the above-noted matter.
I am e-mailing an information copy of the directive to John Bowen and Peg Fox, recognizing that their client will not participate in the remand.
Thanks and Regards,
David Butler
Standing Hearing Officer

STATE OF SOUTH CAROLINA)
)

(Caption of Case)

Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for Water and Sewer Rates, Terms and Conditions

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET/NDI NUMBER: 2014 - 346 - WS

(Please type or print)

Submitted by: Thomas Gressette Jr. **SC Bar Number:** 14065

Address: PO Drawer 22247 **Telephone:** 843-727-2249

Charleston , SC 29413-2247 **Fax:**

Other:

Email: Gressette@WGFLLAW.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition**

☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:**

INDUSTRY (Check one)

- ☐ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☒ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

NATURE OF ACTION (Check all that apply)

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☐ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☐ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☐ Late-Filed Exhibit
- ☐ Letter
- ☐ Memorandum
- ☒ Motion
- ☐ Objection
- ☐ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☐ Report
- ☐ Request
- ☐ Request for Certification
- ☐ Request for Investigation
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

ELECTRONICALLY FILED - 2019 November 15 5:00 PM - SCPSC - Docket # 2014-346-WS - Page 1 of 1

WALKER GRESSETTE FREEMAN LINTON LLC

G. Trenholm Walker
Thomas P. Gressette, Jr.
Ian W. Freeman
John P. Linton, Jr.
Charles P. Summerall, IV

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLLAW.com

November 15, 2019

Via Electronic Filing and US Mail
The Honorable Jocelyn Boyd
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210-8411

RE: Application of Daufuskie Island Utility Company, Inc. for Approval of an Increase for Water and Sewer Rates, Terms and Conditions, Docket No. 2014-346-WS

Dear Ms. Boyd:

On September 27, 2019, the Supreme Court remitted this matter to the Public Service Commission in accordance with the Court's July 24, 2019, reversal of Commission Order No. 2018-68. Daufuskie Island Utility Company, Inc. ("DIUC") hereby respectfully requests that a final hearing be scheduled at the Commission's earliest convenience.

Because there have already been two hearings in this case, the record is fully developed and another hearing for further testimony or evidence is not necessary. Therefore, DIUC requests that the Commission set a limited hearing for oral argument from the parties regarding implementation of the Supreme Court's decision.

Thank you in advance for your consideration.

Sincerely,

/s/
Thomas P. Gressette, Jr.

Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)
Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)
John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)
John F. Beach, Esq. (john.beach@arlaw.com)
Margaret M. Fox, Esq. (pfox@burr.com)

Nanette S. Edwards, *Executive Director*

ANDREW M. BATEMAN
General Counsel for ORS

Office of Regulatory Staff
1401 Main Street
Suite 900
Columbia, SC 29201
(803) 737-0800
ORS.SC.GOV

ELECTRONICALLY FILED - 2019 December 6 10:23 AM - SCPSC - Docket # 2014-346-WS - Page 1 of 1

December 6, 2019

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Application of Daufuskie Island Utility Company, Inc. for Approval of an Increase for Water and Sewer Rates, Terms and Conditions
Docket No. 2014-346-WS

Dear Ms. Boyd:

On July 24, 2019, the South Carolina Supreme Court issued its Opinion No. 27905 in which it stated that "DIUC's rate application will now go before the [Public Service Commission of South Carolina ("Commission")] for a third hearing." It is clear that an additional hearing on DIUC's application must take place before the Commission.

On November 15, 2019, counsel for DIUC filed a letter with the Commission in which he stated that "the record is fully developed and another hearing for further testimony or evidence is not necessary." Absent the presentation of additional evidence by DIUC, the South Carolina Office of Regulatory Staff ("ORS") would not present additional evidence. As a result, at the third hearing on DIUC's application, provided DIUC submits no additional evidence, ORS is prepared to rest on the evidence it submitted in the initial two hearings.

Sincerely,

Andrew M. Bateman

cc: All Parties of Record (via e-mail)
Joseph Melchers, Esquire (via e-mail)

ELECTRONICALLY FILED - 2021 January 7 3:09 PM - SCPSC - Docket # 2014-346-WS - Page 1 of 1

WALKER GRESSETTE FREEMAN LINTON LLC

G. Trenholm Walker
Thomas P. Gressette, Jr.
Ian W. Freeman
John P. Linton, Jr.
Charles P. Summerall, IV
Jennifer S. Ivey

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLLAW.com

REQUEST FOR HEARING DATE

January 7, 2021

VIA ELECTORNIC FILING AND EMAIL
Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina

RE: *Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for Water and Sewer Rates, Terms and Conditions*, Docket No. 2014-346-WS

Dear Ms. Boyd:

Counsel for the Applicant, ORS, and the Intervenors conferred this week regarding the status of the above-referenced matter.

I write to relay the parties' joint request that the matter be set for hearing at the Commission's convenience in late February or early March. The parties hope to complete the hearing within one day, but also agreed it prudent to ask the Commission to schedule two days in the event a second day is required.

Once a hearing date is set, the parties propose to confer and present a schedule for the filing of Rebuttal Testimony and Surrebuttal Testimony prior to the hearing.

Please do not hesitate to contact me if any additional information would be helpful in the consideration of this request. Thank you in advance for your assistance.

Sincerely,

/s/
Thomas P. Gressette, Jr.

Copies To:
Hearing Office David Butler (David.Butler@ors.sc.gov)
Andrew M. Bateman, Esq. (abateman@ors.sc.gov)
Jeff Nelson, Esq. (jnelson@ors.sc.gov)
John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

ELECTRONICALLY FILED - 2021 February 11 3:03 PM - SCPSC - Docket # 2014-346-WS - Page 1 of 2

WALKER GRESSETTE FREEMAN LINTON LLC

G. Trenholm Walker
Thomas P. Gressette, Jr.
Ian W. Freeman
John P. Linton, Jr.
Charles P. Summerall, IV
Jennifer S. Ivey

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLLAW.com

February 11, 2021

Via Electronic Filing and Email
Mr. David Butler
Chief hearing Officer
Public Service Commission of South Carolina

RE: *Application of Daufuskie Island Utility Company, Inc. for Approval of an Increase for Water and Sewer Rates, Terms and Conditions,* Docket No. 2014-346-WS

Dear Mr. Butler:

Pursuant to Order 2021-15-H, a third hearing on second remand is scheduled in this matter for March 2, 2021. Prior to that date, the Parties are required to prefile additional testimony on or before February 16, 2021, and February 24, 2021. See Order 2021-15-H, entered February 4, 2021.

In anticipation of the hearing and in good faith attempts to resolve the remaining issues in this matter, the Parties have been engaged in negotiations aimed at reaching a settlement that all parties can jointly present to the Commission for approval. Timing of completing negotiations and seeking approval of the Commission is integral to the process envisioned by the working settlement terms.

The Parties' hope to come to terms and present to the Commission a settlement agreement with proposed order as soon as is practical. The Parties envision jointly requesting expedited review of the settlement and entry of an approval order prior to March 1, 2021, so that DIUC may implement the negotiated rates for services beginning March 1, 2021.

Accordingly, the Parties hereby jointly request that:

1. The Commission hold the upcoming testimony filing dates in abeyance so the Parties may continue to attempt to reach a settlement in time for an expedited hearing and order of the Commission prior to March 1, 2021;

2. If the dates are held in abeyance as requested, the Parties will update the Commission on or before noon on Wednesday, February 17, 2021, regarding whether a settlement has been reached;

3. If the Parties reach settlement prior to noon on Wednesday, February 17, 2021, then a copy of the settlement agreement will be filed with the Commission along with a request

that the Commission schedule a brief Settlement Approval Hearing in ample time for entry of a decision of the Commission prior to March 1, 2021;[1]

4. In accordance with Commission's preferences, the parties could prefile brief testimony in support of the proposed settlement along with a joint proposed order and any other information or drafts required by the Commission.

Thank you in advance for your consideration.

Sincerely,

/s/
Thomas P. Gressette, Jr.

COPY TO AND WITH THE CONSENT OF:
Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)
Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)
John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

[1] Alternatively, if the Parties do not reach a settlement prior to noon on Wednesday, February 17, 2021, then updated deadlines and hearing date(s) would be appropriate.

ELECTRONICALLY FILED - 2021 February 11 3:03 PM - SCPSC - Docket # 2014-346-WS - Page 2 of 2

ELECTRONICALLY FILED - 2021 February 18 4:28 PM - SCPSC - Docket # 2014-346-WS - Page 1 of 2

WALKER GRESSETTE FREEMAN LINTON LLC

G. Trenholm Walker
Thomas P. Gressette, Jr.
Ian W. Freeman
John P. Linton, Jr.
Charles P. Summerall, IV
Jennifer S. Ivey

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLLAW.com

VIA ELECTORNIC FILING AND EMAIL

February 18, 2021

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina

David Butler, Esquire
Special Counsel and Chief Hearing Officer
Public Service Commission of South Carolina

Re: *Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for Water and Sewer Rates, Terms and Conditions*, Docket No. 2014-346-WS

Dear Ms Boyd and Mr. Butler:

I write to report that Daufuskie Island Utility Company, Inc. ("DIUC"); the South Carolina Office of Regulatory Staff ("ORS"); and Haig Point Club and Community Association, Inc. ("HPCCA"); Melrose Property Owner's Association, Inc. ("MPOA"); and Bloody Point Property Owner's Association ("BPPOA") (all collectively "the Parties") have each agreed to and do hereby submit the enclosed Settlement Agreement.

The Parties are making final edits to a Proposed Consent Order Approving Settlement ("the Consent Order"). I anticipate filing the Consent Order tomorrow along with the Verified Settlement Testimony of John F. Guastella. I understand ORS may also file verified testimony tomorrow in support of the Settlement Agreement and Consent Order.

As indicated in Paragraph 2.a. of the Settlement Agreement:

> The Parties agree to present this Settlement Agreement to the Commission for approval as soon as is practical, jointly requesting expedited review and a decision of the Commission by Order prior to March 1, 2021, that provides DIUC may implement the 2021 Rates for services beginning March 1, 2021, and DIUC may include the same in its April 1, 2021, quarterly billing.

Based upon the above, should the Commission find upon review of these filings that a hearing is not necessary, the Parties agree to forego the same.

Thank you in advance for your consideration.

Sincerely,

/s/
Thomas P. Gressette, Jr.

Enclosure (as stated)

cc: Counsel of Record (via email)

ELECTRONICALLY FILED - 2021 February 18 4:28 PM - SCPSC - Docket # 2014-346-WS - Page 2 of 2

ELECTRONICALLY FILED - 2021 February 18 4:28 PM - SCPSC - Docket # 2014-346-WS - Page 1 of 9

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE:)	
)	
Application of Daufuskie Island Utility)	**SETTLEMENT AGREEMENT**
Company, Inc. for Approval of an)	
Adjustment for Water and Sewer Rates,)	
Terms and Conditions.)	
_____)	

This Settlement Agreement is made between and among the Applicant herein, Daufuskie Island Utility Company, Inc. ("DIUC"); the South Carolina Office of Regulatory Staff ("ORS"); and Haig Point Club and Community Association, Inc. ("HPCCA"), Melrose Property Owner's Association, Inc. ("MPOA"), and Bloody Point Property Owner's Association ("BPPOA") (collectively the "POAs" or "Intervenors") (all hereinafter collectively referred to as the "Parties" or sometimes individually as a "Party").

On June 9, 2015, DIUC initiated this matter by filing its Application for Approval of Adjustment for Water and Sewer Rates, Terms and Conditions ("the Application"). Filed pursuant to S.C. Code Ann. Section 58-5-240 and 10 S.C. Code Ann. Regs. 103-712.4.A and 103-512.4.A, the Application and requested rates were based upon 2014 test year data. The procedural history, the issues resolved to date, the matters addressed in the appeals, and the issues outstanding are all well documented in the record and in the opinions issued by the South Carolina Supreme Court in DIUC v. S.C. Office of Reg. Staff, 420 S.C. 305, 803 S.E.2d 280 (2017) and DIUC v. S.C. Office Reg. Staff, 427 S.C. 458, 832 S.E.2d 572 (2019), reh'g denied (Sept. 27, 2019).

Following the second appeal and remand, the Parties, having engaged in discussions to determine whether a settlement in this proceeding would be in their best interests and in the public interest, hereby stipulate to, agree to, and affirm the following terms for implementation of rates herein referred to as the 2021 Rates:

ELECTRONICALLY FILED - 2021 February 18 4:28 PM - SCPSC - Docket # 2014-346-WS - Page 2 of 9

1. On August 17, 2020, each DIUC customer was provided by U.S. Mail and/or by electronic mail to those customers who have agreed to receive notice by electronic mail DIUC's Second Revised Notice of Filing in the format approved by the Clerk of the South Carolina Public Service Commission ("Commission"). No objections or requests to intervene were filed in response to the Second Revised Notice.

2. The 2021 Rates are designed and intended to generate $2,267,714 of annual revenue for DIUC, as shown in the Settlement Rates and Revenues (Billing Analysis) attached hereto as Exhibit 1 and herein incorporated. These rates and charges become effective upon Order of the PSC accepting this Settlement Agreement and may be first billed by DIUC to its customers in the first bill issued by DIUC thereafter.
    a. The Parties agree to present this Settlement Agreement to the Commission for approval as soon as is practical, jointly requesting expedited review and a decision of the Commission by Order prior to March 1, 2021, that provides DIUC may implement the 2021 Rates for services beginning March 1, 2021, and DIUC may include the same in its April 1, 2021, quarterly billing.
    b. The Parties agree to submit a Joint Proposed Order.

3. The Parties reserve their rights to review and make recommendations regarding the return of all customer funds that have accrued to DIUC as a result of the Tax Cuts and Jobs Act in a subsequent proceeding.

4. Based on a 2014 test year analysis, the resultant operating experience is illustrated and shown on the Operating Statement (Water and Wastewater Combined) attached hereto as Exhibit 2 and herein incorporated.

5. This Settlement Agreement results in rates for water and wastewater service that are just and reasonable and will allow the Company the opportunity to earn a reasonable return on the basis of its 2014 rate application.

6. In addition to the $272,382 of rate case expenses previously recommended for recovery by ORS, approved by the Commission in Order No. 2018-68, and currently reflected in rates charged to customers, the Parties agree to recovery of $542,978 for Guastella Associates'

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rate case expenses incurred by DIUC through September 30, 2017, and supplemental legal rate case expenses of $95,430.00, with both amounts to be amortized over a three (3) year period. DIUC has incurred additional rate case expenses, both Guastella Associates' rate case expenses and legal rate case expenses, in conjunction with this rate proceeding. DIUC will delay seeking recovery of these additional rate case expenses not included in this settlement until its next rate filing, and the Parties agree to reserve their positions as to DIUC's recovery of these additional rate case expenses for consideration in DIUC's next rate case.

7. DIUC's Application included $8,139,260 of reported used and useful facilities included in Utility Plant in Service. Commission Orders 2015-846 and 2018-68 both reduced that amount by $699,361. The inclusion of $542,978 for Guastella Associates' rate case expenses along with the additional legal rate case expenses, related minor, and fall-out adjustments generates $2,267,714 of annual revenue for DIUC in DIUC's 2021 Rates. As shown in the Second Revised Notice of Filing the rates most recently noticed to DIUC customers indicated annual revenue of $2,267,722. Including the $699,361 in Utility Plant In Service would result in rates that exceed the noticed revenue of $2,267,722. Therefore, DIUC will delay seeking recovery of the corresponding $699,361 until its next rate filing, and the Parties agree to reserve their positions as to the $699,361 reduction to Utility Plant in Service for consideration in DIUC's next rate case.
    a. The Parties, all of them and each of them, specifically reserve their rights, positions, arguments, and testimony related to this issue. Neither the previous orders entered in this matter regarding the $699,361 reduction to Utility Plant in Service nor this Settlement Agreement shall serve to collaterally estop or bind the Parties as to that issue and neither shall be construed as a waiver or any indication of the strength or weakness of any Party's position(s) as to this issue.

8. DIUC asserts the temporary rates permitted by Order 2015-846's rate increase of 43%, which was mitigated but not corrected by Order 2018-68's further changes permitting a rate increase of 88.5%, were confiscatory. DIUC seeks reparations to recoup through a surcharge its shortfall in revenues and return with interest accumulating until the surcharge becomes effective, back to its January 2018 billing for service provided for the last quarter

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of 2017, until its first billing following a final decision on the recoupment issue. DIUC also seeks reparations to recoup through a surcharge the credit/refund made in its January 2018 billing for the difference between the 88.5% increase and the 108.9% increase that had been in effect during the first appeal with interest accumulating until the surcharge becomes effective. ORS and the Intervenors disagree. ORS asserts that because DIUC chose not to put its requested (applied for) rates into effect under bond pending resolution of the second appeal, it cannot collect revenues from its customers going forward which it claims to have lost as a result of its decision to not post a bond while the current appeal was pending. Moreover, ORS also asserts that DIUC is prohibited from charging its customers any interest on any alleged lost revenues because rate-making is a prospective rather than a retroactive process. It is ORS's position that retroactive ratemaking is prohibited based on the principle that customers who use service provided by a utility should pay for its production rather than requiring future customers to pay for past use. S.C. Elec. & Gas Co. v. Pub. Serv. Comm'n, 275 S.C. 487, 272 S.E.2d 793 (1980).

a. By way of compromise, the Parties jointly request the Commission adopt and implement DIUC's 2021 Rates then allow the Parties to present their positions regarding the reparations via written submissions. The Parties agree these issues may be decided on their respective submissions to Commission.

b. After Commission approval of this Settlement Agreement and the issuance of an Order permitting implementation of the 2021 Rates, the Parties shall proceed to present their respective positions to the Commission regarding the DIUC request for reparations. In accordance with the South Carolina Administrative Procedures Act, DIUC shall provide in customary form notice to its customers of the same and an opportunity to be heard regarding the proposed surcharge. ORS, and any other party, has the right to comment on the Notice.

c. The Parties agree their written submissions should be filed as follows:

    i. DIUC submissions due 30 calendar days after it has provided notice and opportunity to be heard as outlined in Paragraph 8(b) above;

    ii. ORS and Intervenors submissions due 21 calendar days after filing of DIUC submissions; and

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iii. DIUC Reply submissions due 10 calendar days after filing of ORS and Intervenors submissions.

d. Should the Commission issue an Order approving DIUC's proposed method of reparations and timing of billing surcharges, DIUC shall submit the calculation of the amount of the surcharges to individual customers for review by ORS. If there is a dispute as to the amount of the surcharges and their implementation, the Parties agree to proceed expeditiously to an evidentiary hearing to determine the appropriate amount of surcharges.

e. The Parties, all of them and each of them, specifically reserve their rights, positions, arguments, and previous testimony related to these issues. This Settlement Agreement shall not be construed as a waiver or any indication of the strength or weakness of any Party's position(s) as to these issues.

f. The Parties agree that this proceeding, Docket No. 2014-346-WS, will remain open until the issue discussed above in Paragraph 8 herein is fully adjudicated, including any appeals and final order(s) on remand, if necessary. The Parties reserve their right to appeal the Commission's decision regarding this issue.

9. The Parties agree that this Settlement Agreement does not constrain, inhibit, or impair in any way the arguments or positions they may choose to assert in future proceedings except as to the specific matters resolved herein, nor will the Settlement Agreement or any of the matters agreed to in it be used as evidence or precedent in any future proceeding.

10. The Parties agree this Settlement Agreement is reasonable, in the public interest, and in accordance with law and regulatory policy. Further, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2018). S.C. Code Ann. § 58-4-10(B) reads in part as follows:

> . . . 'public interest' means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

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ORS believes this Settlement Agreement reached among the Parties serves the public interest as defined above.

11. This Agreement is subject to and conditioned upon adoption of the same by the Commission.

12. If the Commission should decline to approve this Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from this Settlement Agreement without penalty.

13. The Parties agree that nothing herein will preclude each party from advancing its respective positions in the event that the Commission does not approve this Settlement Agreement.

14. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

15. Excluding the positions the Parties agree to preserve as more fully set forth in Paragraph 8, the Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair and reasonable resolution of the issues herein stated and the Parties agree not to take any action inconsistent with its adoption by the Commission.

16. This Settlement Agreement shall be interpreted according to South Carolina law.

17. Each Party acknowledges its consent and agreement to this Settlement Agreement 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 this Settlement Agreement. Electronic and/or facsimile signatures and email 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 Settlement Agreement.

18. This Settlement Agreement 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.

WE AGREE.
Representing and binding Daufuskie Island Utility Company, Inc.

Thomas P. Gressette, Jr. — Date: 2-18-21
G. Trenholm Walker

WE AGREE.
Representing and binding the Office of Regulatory Staff of South Carolina

Jeffrey M. Nelson — Date: 2/18/21
Andrew Bateman

WE AGREE.
Representing and binding Haig Point Club and Community Association, Inc. ("HPCCA"), Melrose Property Owner's Association, Inc. ("MPOA"), and Bloody Point Property Owner's Association ("BPPOA"), collectively referred to as the "POAs" or "Intervenors"

John J. Pringle, Jr. — Date: 2/18/21
John Beach

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Exhibit 1, Settlement Rates and Revenues (Billing Analysis)

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

Settlement Rates and Revenues
(Billing Analysis)

WATER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	$155.88	$165,389
	0 to 22,500 gals.	8,360,179	$4.47			$37,370
	Over 22,500 gals.	3,192,728	$4.47			$14,271
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	$4.91			$41,086
	18,001 to 60,000 gals.	9,829,270	$5.80			$57,010
	Over 60,000 gals.	10,049,342	$6.69			$67,230
Melrose-Residential	3/4" Meter			452	$155.88	$70,458
	0 to 22,500 gals.	4,105,940	$4.47			$18,354
	Over 22,500 gals.	2,177,808	$4.47			$9,735
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	$4.91			$6,719
	18,001 to 60,000 gals.	2,002,230	$5.80			$11,613
	Over 60,000 gals.	2,986,298	$6.69			$19,978
Haig Point-Commercial	Metered			106	$218.23	$23,132
	0 to 22,500 gals.	2,413,190	$4.47			$10,787
	Over 22,500 gals.	2,132,690	$4.47			$9,533
Melrose-Commercial	Metered			329	$218.23	$71,798
	0 to 22,500 gals.	1,752,659	$4.47			$7,834
	Over 22,500 gals.	2,544,703	$4.47			$11,375
	Water Service Total	**61,283,205**		**2,775**		**$653,671**

SEWER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	$226.37	$240,179
	0 to 22,500 gals.	8,360,179	$2.41			$20,148
	Over 22,500 gals.	3,192,728	$2.41			$7,694
Melrose-Residential	3/4" Meter			448	$226.37	$101,414
	0 to 22,500 gals.	3,926,008	$2.41			$9,462
	Over 22,500 gals.	2,296,390	$2.41			$5,534
Haig Point-Commercial	Metered			102	$316.91	$32,325
	0 to 22,500 gals.	2,362,530	$2.41			$5,694
	Over 22,500 gals.	2,132,690	$2.41			$5,140
Melrose-Commercial	Metered			329	$316.91	$104,263
	0 to 22,500 gals.	1,559,487	$2.41			$3,758
	Over 22,500 gals.	2,436,565	$2.41			$5,872
	Water Service Total	**26,266,577**		**1,940**		**$541,483**

REVENUE SUMMARY:	Total Residential Water and Sewer Service Revenues					$700,007
	Total Commercial Water and Sewer Service Revenues					$291,512
	Total Irrigation Service Revenues					$203,636
			Total Water and Sewer Service Revenues			**$1,195,154**
	Availability Billing-Water	Haig Point		1,917	$112.23	$215,145
		Melrose		1,617	$112.23	$181,476
		Bloody Point		368	$112.23	$41,301
	Availability Billing-Sewer	Haig Point		1,917	$146.01	$279,901
		Melrose		1,617	$146.01	$236,098
		Bloody Point		368	$146.01	$53,732
			Total Water and Sewer Availability Revenues			**$1,007,652**
			Total Misc. Other Revenue			**$64,907**
			Total Operating Revenue			**$2,267,714**

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Exhibit 2, Operating Statement (Water and Wastewater Combined)

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

Operating Statement
Water and Wastewater Combined

	Settlement Rates
Total Operating Revenues	$ 2,267,714
Operating Expenses:	
Wages	176,590
Benefits	6,200
Director's Fees	16,500
Sludge Disposal	-
Power	130,181
Chemicals	9,020
Supplies & Maintenance	27,116
Outside Services-Mgmt	171,365
Outside Services-Engineering	10,137
Outside Services-Accounting	2,761
Outside Services-Legal	23,178
Outside Services-Testing	92,288
Outside Services-Other	38,621
Other Operating Expenses	-
Transportation	2,450
Bad Debt	222,629
Insurance	38,913
Regulatory Commission Expense	15,636
Other A&G Expenses	36,438
Accepted ORS Adjustment	(46,033)
Partial Post 9-30-2017 Legal Fees (3 Year Amortization)	31,810
Total O&M Expense	1,005,801
Depreciation	82,560
Amortization of Rate Case Exp	271,787
Amortization of Deferred Property Tax	65,855
Revenue Taxes	19,425
Property Taxes	192,302
Payroll Taxes	13,212
State and Federal Income Taxes	176,575
Total Operating Expenses	1,827,517
Net Operating Income	$ 440,197
Rate Base	$ 5,900,924
Rate of Return	7.46%
Interest Expense	143,392
Operating Margin	13.1%

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Thomas P. Gressette, Jr.

From: Thomas P. Gressette, Jr.
Sent: Thursday, February 18, 2021 4:27 PM
To: Dave Butler (dbutler@rpwb.com); Boyd, Jocelyn
Cc: Bateman, Andrew; Nelson, Jeff; Jack Pringle (jack.pringle@arlaw.com); Trenholm Walker; Kim Weldin (KWeldin@WGFLLAW.com)
Subject: 2014-346-WS, Correspondence and Settlement Agreement
Attachments: 2-18-21 Gressette to Boyd and Butler re Settlement Agreement.pdf; 2014-346, Settlement Agreement with Exhibits 2-18-21.pdf

Good afternoon.

Attached please find correspondence and the Settlement Agreement recently executed by the parties.

The letter and Agreement will be filed electronically. A copy of this email will also be filed to certify service.

Please let me know if you have any questions.

Tom

STATE OF SOUTH CAROLINA)
)

(Caption of Case)

Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for Water and Sewer Rates, Terms and Conditions

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET/NDI NUMBER: 2014 - 346 - WS

(Please type or print)

Submitted by: Thomas Gressette Jr. **SC Bar Number:** 14065

Address: PO Drawer 22247 **Telephone:** 843-727-2249

Charleston , SC 29413-2247 **Fax:**

Other:

Email: Gressette@WGFLLAW.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition**

☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:**

INDUSTRY (Check one)

- ☐ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☒ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

NATURE OF ACTION (Check all that apply)

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☐ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☐ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☐ Late-Filed Exhibit
- ☐ Letter
- ☐ Memorandum
- ☒ Motion
- ☐ Objection
- ☐ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☐ Report
- ☐ Request
- ☐ Request for Certification
- ☐ Request for Investigation
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

Daufuskie
Island
Utility
Company, Inc.

PO BOX 4043•TEQUESTA•FL 33469
888•635•7878

March 31, 2021

VIA ELECTRONIC FILING AND EMAIL
The Honorable Jocelyn Boyd
Chief Clerk/Administrator
South Carolina Public Service Commission

RE: Docket No. 2014-346-WS
Revised Notice and Certificate of Mailing

Dear Ms. Boyd:

On February 25, 2021, the Commission approved a Settlement Agreement between and among the parties to this proceeding. In proposing the Commission accept the Settlement Agreement, Commissioner Ervin made a motion that included the following:

> I move that the Commission formally approve the Settlement Agreement, …
> Additionally, I move that the Commission grant the request for Daufuskie Island Utility Company, Incorporated, to implement the 2021 Rates for services beginning March 1, 2021, and that the Company may include the same in its April 1, 2021, quarterly billing.
>
> I further, as part of the motion, would require that, prior to sending out the notice to customers, that ORS be given an opportunity to review the notice and approve it, and then notify us in writing that it has been approved and show copies to all parties, prior to submission to the customers.

Directive, February 25, 2021 at 1.

Over the following ten days ORS and DIUC conferred multiple times and exchanged multiple drafts for a notice, as contemplated by the February 25, 2021, Directive. However, ORS and DIUC were unable to agree on a final version of the notice.

On March 12, 2021, DIUC filed its Proposed Notice with Schedules I and II. On March 16, 2021, ORS filed a letter setting forth its two principal concerns with DIUC's Proposed Notice.

On March 24, 2021, the Commission convened to consider the outstanding issues as to the form/content of DIUC's Proposed Notice. Commissioner Ervin's motion, as included in the directive that followed, stated:

> I move that the Commission approve the Proposed Notice with the changes suggested by the Office of Regulatory Staff, which would include a statement of the maximum amount of possible surcharge, as well as the average possible surcharge, and an intervention date that is at least thirty (30) days after the mailing date of the approved Notice by the Company.

Directive, March 24, 2021, at 1.

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Over the following days DIUC worked to calculate the maximum amount of the possible surcharge by type of account so that information could be included in a revised notice. DIUC then updated the proposed notice and schedules to comply with the March 24, 2021, Directive.

The updated notice and schedules include the information required by the March 24, 2021, Directive, specifically "the maximum amount of possible surcharge, as well as the average possible surcharge, and an intervention date that is at least thirty (30) days after the mailing date of the approved Notice by the Company."

The updated notice also includes information for the customers regarding the Commission's permission for DIUC to "implement the 2021 Rates for services beginning March 1, 2021, and … include the same in its April 1, 2021, quarterly billing." See Directive, February 25, 2021 at 1.

On March 30, 2021, DIUC sent to each affected customer (by U.S. Mail and/or by electronic mail to those customers who have agreed to receive notice by electronic mail) a copy of the updated notice and schedules. A certification of that mailing is attached hereto as Exhibit A. The certification includes a copy of the updated notice and schedules.

DIUC wanted to get the notices out so that customers would receive the notices before their April 1, 2021, billing under the new rates. DIUC did not expect any further instruction beyond the March 24, 2021, Directive. We were surprised to later in the day receive notice of Commission Orders 2021-132 and 2021-192 with its instruction to provide a copy of the updated notice to the parties before mailing to the customers.

Although the order of events may have caused some confusion, DIUC felt compelled to get the notices out before April 1, 2021, billing and to include updated language that we believe complies with the March 24, 2021, Directive.

The preparation of the notice and sending it to all customers on a timely basis required a time-consuming and major effort. It would have been impossible to complete if only begun yesterday afternoon. I trust the ORS and Commission will find that the notice complies with the Commission's Directive and subsequent Orders. We will certainly provide any additional information the Commission may require.

Sincerely,

/s/
John F. Guastella

cc: Hearing Office David Butler (David.Butler@ors.sc.gov)
Andrew M. Bateman, Esq. (abateman@ors.sc.gov)
Jeff Nelson, Esq. (jnelson@ors.sc.gov)
John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE:	)
	)
Application of Daufuskie Island Utility	)
Company, Inc. for Approval of an	)
Adjustment for Water and Sewer Rates,	)
Terms and Conditions.	)
	)

I do hereby certify that I, Cari Multary, on March 30, 2021, did cause a copy of the attached Notice of Filing to be sent to each affected customer by U.S. Mail and/or by electronic mail to those customers who have agreed to receive notice by electronic mail.

Cari Multary
Signature

SWORN to before me this 30 day of March, 2021.

Chantal Samlal

Notary Public for Florida

My commission expires 07/05/2024

CHANTAL SAMLAL
MY COMMISSION # HH 014061
EXPIRES: July 5, 2024
Bonded Thru Notary Public Underwriters

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NOTICE OF SETTLEMENT, INCREASE IN RATES, AND FUTURE PROCEEDINGS
Public Service Commission of South Carolina, Docket No. 2014-346-WS

I. NOTICE OF SETTLEMENT

On February 25, 2021, the Public Service Commission ("Commission") approved a settlement in Docket No. 2014-346-WS. The approved settlement was agreed upon by all parties in the case: Daufuskie Island Utility Company, Inc. ("DIUC"), the Office of Regulatory Staff ("ORS") and Haig Point Club and Community Inc., Melrose Property Owner's Association and Bloody Point Property Owner's Association (collectively as "POAs"). The settlement results in a rate increase that will become effective for service rendered on and after March 1, 2021, and billed by DIUC with its April 1, 2021, quarterly billing for the first quarter of 2021.

In its initial 2014 Application, DIUC requested a 108.9% increase over its 2012 rates. Since that time there have been two hearings before the Commission, two orders of the Commission, and two appeals to the South Carolina Supreme Court in this matter. As a result of the second Commission Order in late 2017, DIUC was permitted a $950,178 overall rate increase that was designed to produce combined water and sewer annual revenues of $2,023,759. That was an 88.5% increase over DIUC's 2012 rates. DIUC implemented that increase but also appealed the Order. DIUC won the appeal and the matter was remanded to the Commission where DIUC sought additional annual revenues of $243,955 for total combined annual revenues of $2,267,714.

The settlement approved by the Commission permits DIUC to increase its rates and charges and annual combined revenues to $2,267,714. DIUC's April 1, 2021, customer billing will reflect a proration for the first quarter of 2021, with two months of service (for January and February 2021) billed at the existing rates and with one month (March 2021) billed at the increase authorized by the settlement agreement. The new rates are illustrated in SCHEDULE I, included herewith.

II. NOTICE OF ONGOING PROCEEDINGS IN DOCKET 2014-346-WS

In DIUC's opinion, the 108.9% increase should have been allowed beginning on October 1, 2017, through March 1, 2021, so DIUC seeks "reparations" through one-time surcharges added to customer bills to recover the shortfall in revenues and return on investment for that period of time, with interest at the allowed 9.31% equity return. Because the 108.9% increase was not allowed to begin on October 1, 2017, DIUC gave certain credits/refunds to customers in their January 1, 2018, billing. DIUC seeks reimbursement for the credit/refund made to the customers with the January 1, 2018, billing. DIUC is asking the Commission to allow recovery of those credits via a separate one-time surcharge with interest at the allowed 9.31% equity return.

The ORS and POAs oppose DIUC's request for these surcharges and interest. To allow the parties to present these issues for Commission consideration, the Settlement includes provisions for each party to present within a specific time schedule their respective initial and responsive positions to the Commission. If reparations through surcharges are approved by the Commission, DIUC will provide the specific calculations of the surcharges for review by the parties and approval of the Commission. If there is a dispute as to the amount of the surcharges and their implementation there will be an evidentiary hearing for the Commission to determine the appropriate amount of surcharges.

DIUC has calculated the average amount for each type of the customers' surcharges. These amounts are averages because calculating the specific amounts for every account is complicated and the calculations also depend upon when a final Order might be entered on this issue and how much water usage a customer had over the period of time at issue. For reference, the average amount for each type of the customers' surcharges is illustrated in SCHEDULE II, which assumes a final Order before DIUC's January 1, 2023, billing. SCHEDULE II also includes a statement of the maximum possible surcharges for the following types of accounts: Residential Customer (Domestic), Residential Customer (Domestic and Irrigation), Commercial Customer, Commercial Customer (Including Irrigation), and Availability Customer.

Again, the specific amounts for each customer's account will be calculated after a final Order. Any customers seeking a calculation of their accounts' potential surcharge may contact DIUC to request a calculation their accounts' potential surcharge. Customers may contact DIUC online at https://www.daufuskieislandutility.com or by telephone at 1-888-635-7878.

NOTICE OF FUTURE PROCEEDINGS AND OPPORTUNITY TO BE HEARD

The settlement agreement does not end this proceeding. Docket No. 2014-346-WS remains open. DIUC, ORS, and the POAs will remain parties to the proceeding as it continues.

Any additional entity or person who wishes to participate in the future proceedings in this matter as a party of record should file Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **April 30, 2021**. You must file the Petition to Intervene with the Commission, provide a copy to the Office of Regulatory Staff, and provide a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2014-346-WS and mail a copy to all other parties in this docket.***

Any person who seeks to intervene and who wishes to testify and present evidence at a hearing, if scheduled, should notify, in writing, DIUC; the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201, on or before **April 30, 2021**. ***Please refer to Docket No. 2014-346-WS.***

A public hearing on the remaining issues in this docket, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Suite 100, Columbia, South Carolina 29210. The time and date of this hearing will be furnished to all interested parties at a later date.

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to www.psc.sc.gov and Commission Docket No. 2014-346-WS.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.

SCHEDULE I Rates, effective March 1, 2021

SCHEDULE II Average Surcharges with Maximum Amount of Possible Surcharges (Assuming a Billing Date of January 1, 2023)

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Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS

SCHEDULE I
Rates Effective March 1, 2021

			Rates
I. Residential Rates			
A. Water:			
1)	**Base Quarterly Charge**		**$155.88**
2)	**Consumption Charge (per 1,000 gallons)**	**0 to 22,500 gallons per quarter**	**$4.47**
		Over 22,500 gallons	**$4.47**
B. Sewer:			
1)	**Base Quarterly Charge**		**$226.37**
2)	**Volumetric Charge (per 1,000 gallons)**	**0 to 22,500 gallons per quarter**	**$2.41**
		Over 22,500 gallons	**$2.41**
C. Irrigation:			
1)	**Consumption Charge (per 1,000 gallons)**	**0 to 18,000 gallons per quarter**	**$4.91**
		18,001 to 60,000 gallons	**$5.80**
		Over 60,000 gallons	**$6.69**
II. Commercial Rates			
A. Water:			
1)	**Base Quarterly Charge**		**$218.23**
2)	**Consumption Charge (per 1,000 gallons)**	**0 to 22,500 gallons per quarter**	**$4.47**
		Over 22,500 gallons	**$4.47**
B. Sewer:			
1)	**Base Quarterly Charge**		**$316.91**
2)	**Volumetric Charge (per 1,000 gallons)**	**0 to 22,500 gallons per quarter**	**$2.41**
		Over 22,500 gallons	**$2.41**
C. Irrigation:			
1)	**Consumption Charge (per 1,000 gallons)**	**0 to 18,000 gallons per quarter**	**$4.91**
		18,001 to 60,000 gallons	**$5.80**
		Over 60,000 gallons	**$6.69**
III. Availability Charge			
A. Water:			
1)	**Base Quarterly Charge**		**$112.23**
B. Sewer:			
1)	**Base Quarterly Charge**		**$146.01**

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Daufuskie Island Utility Company
Docket No. 14-346-WS

SCHEDULE II
Average and Maximum Surcharges – Assuming a Billing Date of January 1, 2023

	Surcharges	
Correction for Rates Permitted 10/1/2017 to 3/1/2021	**Water**	**Sewer**
Average[1] Residential Customer – Domestic Use	**$424**	**$590**
Maximum Residential Customer – Domestic Use	**$1,220**	**$1,134**
Average[2] Residential Customer – Domestic and Irrigation Use	**$1,372**	**N/A**
Maximum Residential Customer – Domestic and Irrigation Use	**$3,681**	**N/A**
Average[3] Commercial Customer	**$622**	**$845**
Maximum Commercial Customer	**$26,285**	**$29,611**
Maximum Commercial Customer – Including irrigation Use	**$44,848**	**N/A**
Availability Customers	**$129**	**$207**

	Surcharges	
January 1, 2018 Credit/Refund Reimbursements to DIUC:	**Water**	**Sewer**
Residential Usage Domestic – Average	**$232**	**$323**
Residential Usage Domestic – Maximum	**$626**	**$449**
Residential Customer – Domestic and Irrigation Use Average	**$519**	**N/A**
Residential Customer – Domestic and Irrigation Use Maximum	**$1,294**	**N/A**
Commercial Customer – Average	**$340**	**$462**
Commercial Customer – Maximum	**$11,031**	**$9,305**
Availability	**$70**	**$113**

Note: The above amounts are estimates that will vary depending upon when the Surcharges become effective. The specific amounts for each customer's account will be calculated after a final Order.

[1] Using 12,000 Gallons of Water per Quarter
[2] Using 85,000 Gallons of Water per Quarter for Irrigation
[3] Using 20,000 Gallons of Water per Quarter

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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2022-142-WS

In RE:	)	
	)	
Application of Daufuskie Island Utility Company, Inc. for Approval to Adjust Its Rate Schedules and Increased Rates	)	**APPLICATION**

NOW COMES THE APPLICANT, DAUFUSKIE ISLAND UTILITY COMPANY, INC., In accordance with S.C. Code Sections 58-5-210 et seq., R. 103-514.4, R. 103-712.4, R. Ch. 103, Art. 8, et seq., and all applicable rules and regulations of this Commission requests adjustment of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its Application.

All communications and inquiries regarding this application should be directed to counsel, as set forth below.

/s/ Thomas P. Gressette, Jr.
Thomas P. Gressette, Jr. (SC Bar #14065)
Direct: (843) 727-2249
Email: Gressette@WGLFIRM.com
G. Trenholm Walker (SC Bar # 5777)
Direct: (843) 727-2208
Email: Walker@WGLFIRM.com
WALKER GRESSETTE & LINTON, LLC
Mail: P.O. Drawer 22167, Charleston, SC 29413
Office: 66 Hasell Street, Charleston, SC 29401
Phone: (843) 727-2200

ATTORNEYS FOR THE APPLICANT
DAUFUSKIE ISLAND UTILITY COMPANY, INC.

June 24, 2022
Charleston, South Carolina

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1. **Overview and Justification**

2. **Statement of Proposed Rates**

3. **Current Form of Customer Billing**

4. **Copy of Performance Bonds**

5. **Latest Evaluation by S.C. DHEC**

6. **Service Area Maps**

7. **Required Financial Statements and Analyses**

8. **Verification**

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1. OVERVIEW AND JUSTIFICATION

The Daufuskie Island Utility Company, Inc. ("DIUC" or "Company") formerly known as the Haig Point Utility Company, Inc., was established to provide water and sewer utility service to the 1,050-acre planned development with 750 single family homes and club, known as Haig Point, and the Cedar Cove Subdivision consisting of 18 single family residential lots, located on Daufuskie Island in Beaufort County, South Carolina.

In March of 2010, DIUC acquired the Melrose Utility Company ("MUC"), which was established to provide water and sewer service to the planned developments known as Melrose and Bloody Point, consisting of approximately 580 residential lots and 60 commercial lots.

DIUC is the only provider of water and wastewater services to residential and commercial customers on Daufuskie Island. The Applicant last applied for a rate increase in June of 2015. There were two appeals in that rate proceeding. See *DIUC v. S.C. ORS,* 420 S.C. 305, 803 S.E.2d 280 (2017) and *DIUC v. S.C. ORS,* 427 S.C. 458, 832 S.E.2d 572 (2019), *reh'g denied* (Sept. 27, 2019). Accordingly, the proposed rates did not become effective until March 1, 2021. Docket No. 2014-346-WS, is still pending via DIUC's appeal to the South Carolina Supreme Court of the Commission's denial of reparations related to the rates in effect from October 1, 2017, until March 1, 2021. *See DIUC v. S.C. ORS*, Appellate Case No. 2022-000463. The general service rates proposed with this application do not include the amounts for reparations that would be collected through separate one-time surcharges if DIUC is successful in its appeal.

This application is necessary because the current rates do not enable the Applicant to cover its cost of providing adequate and safe service to its customers. The proposed rates are necessary so that the Applicant may provide adequate and safe service, cover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and to attract capital for future improvements The proposed rates are also necessary to allow the Applicant to comply with the standards and regulations set by DHEC and other environmental regulatory authorities, to preserve the financial integrity of Applicant, promote continued investment in and maintenance of its facilities, and thereby permit Applicant to continue providing reliable and high-quality water and sewer services.

This application for approval of new rates and charges is based on the historical test year ending December 31, 2021. The test year is representative of DIUC's normal utilities operation, which is currently producing insufficient annual income. The pro forma rate period is based on the projected operations for the twelve months ending December 31, 2022, adjusted for known and measurable changes.

The pro forma water operations under present rates and annualized revenues, result in a net operating loss of $71,516 for the water operations or a negative 2.06 % overall return on its net investment. The pro forma sewer operations under present rates reflect net operating income of $36,770 or a 0.87% return on its net investment.

The proposed rate design is based on an across-the-board percentage increase to all rates as set forth in the attached Statement of Proposed Rates.

DIUC has experienced additional costs of operations in excess of those reflected in the 2015 rate filing, plus significant additional rate case expenses for the seven-year period of the pending rate case. The proposed rates developed for and submitted with this application are essential for the Daufuskie Island Utility Company to cover its cost of operations and continue to provide its customers with adequate water and wastewater service.

R-1418

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2. STATEMENT OF PROPOSED RATES

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Daufuskie Island Utility Company, Inc.

Statement of Proposed Rates

Residential Rates

	Exisitng Rates	Proposed Rates
Water		
Tapping Fees & 3/4" Meter	$500.00	$500.00
Base Quarterly Charge	$155.88	$230.43
Consumption Charge (per 1,000 gallons)	$4.47	$6.61
Sewer		
Tapping Fees & Service Lateral	$500.00	$500.00
Base Quarterly Charge	$226.37	$327.75
Volumetric Charge (per 1,000 gallons)	$2.41	$3.49
Irrigation		
Tapping Fees & 3/4" Meter	$500.00	$500.00
Consumption Charge (per 1,000 gallons)		
0-18,000 gallons per quarter	$4.91	$7.26
18,001-60,000 gallons	$5.80	$8.57
Over 60,000 gallons	$6.69	$9.89

Commercial Rates

Water		
Tapping Fees per Hotel or Inn Room	$250.00	$250.00
Tapping Fees up to 1-1/2" Meter	$500.00	$500.00
Tapping Fees 2"-3" Meter	$1,500.00	$1,500.00
Tapping Fees for 6" Meter	$3,500.00	$3,500.00
Note: Larger meters on case by case basis		
Base Quarterly Charge	$218.23	$322.61
Consumption Charge (per 1,000 gallons)	$4.47	$6.61
Sewer		
Tapping Fees per Hotel or Inn Room	$250.00	$250.00
Tapping Fees 4"-8" Sewer Pipe	$500.00	$500.00
Base Quarterly Charge	$316.91	$458.84
Volumetric Charge (per 1,000 gallons)	$2.41	$3.49
Irrigation		
Tapping Fees & 3/4" Meter	$500.00	$500.00
Consumption Charge (per 1,000 gallons)		
0-18,000 gallons per quarter	$4.91	$7.26
18,001-60,000 gallons	$5.80	$8.57
Over 60,000 gallons	$6.60	$9.89
Availability Rates (Quarterly)		
Water	$112.23	$165.90
Sewer	$146.01	$211.40

3. CURRENT FORM OF CUSTOMER BILLING

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DAUFUSKIE ISLAND UTILITY COMPANY
PO BOX 4043
TEQUESTA, FL 33469
888-635-7878

TEMP-RETURN SERVICE REQUESTED

General Inquiries: 888-635-7878 M-F 9-5
Water and Sewer Emergencies: 843-247-3135

Daufuskie Island Utility is under the jurisdiction of the Public Service Commission of South Carolina ("PSC"). Charges are based on a rate schedule filed and approved by the PSC. The applicable rate schedule is available for your inspection upon request and posted on our website www.daufuskieislandutility.com. If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Service Division at 803-737-5230 or within S.C. at 800-922-1531.

320 1 MB 0.485
ABSHER HENRY G. 24
1890 BAYHAM DR.
DUNWOODY GA 30338-3602

YYNNNN

ACCOUNT#	LOCATION#	SERVICE ADDRESS	SERVICE DATES
100700	D0004	1187 HAIG POINT ROAD	01/02/2022 - 04/01/2022

POSTED DATE	DESCRIPTION	CURRENT	PREVIOUS	USAGE	READING DATES	DAYS	AMOUNT
	Balance Forward: 03/31/2022						0.00
03/31/2022	Irrigation Charge	835350	813260	22090	12/16/2021 - 03/24/2022	90	112.10
03/31/2022	Water Charge	158980	157720	1260	12/16/2021 - 03/24/2022	90	161.51
03/31/2022	Sewer Charge						229.41

PAYMENT LATE AFTER	AFTER DUE DATE PAY	PAY ON TIME AND SAVE	STATEMENT DATE	PAY THIS AMOUNT
04/30/2022	510.56	7.54	03/29/2022	**503.02**

PLEASE RETURN THIS STUB WITH PAYMENT

PAY ONLINE:
www.daufuskieislandutility.com
PAY BY PHONE:
877-256-4694

VISA MasterCard DISCOVER

ACCOUNT#	**100700**
CUSTOMER	ABSHER HENRY G.
AMOUNT DUE	**503.02**
LATE AFTER	04/30/2022
AFTER DUE DATE	510.56

PLEASE MAKE CHECKS PAYABLE TO:

DAUFUSKIE ISLAND UTILITY COMPANY
PO BOX 4043
TEQUESTA FL 33469-1016

If this symbol (^) is next to your reading, it is an estimated read.

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DAUFUSKIE ISLAND UTILITY COMPANY
PO BOX 4043
TEQUESTA, FL 33469
888-635-7878

TEMP-RETURN SERVICE REQUESTED

General Inquiries: 888-635-7878 M-F 9-5
Water and Sewer Emergencies: 843-247-3135

Daufuskie Island Utility is under the jurisdiction of the Public Service Commission of South Carolina ("PSC"). Charges are based on a rate schedule filed and approved by the PSC. The applicable rate schedule is available for your inspection upon request and posted on our website www.daufuskieislandutility.com. If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Service Division at 803-737-5230 or within S.C. at 800-922-1531.

532 1 MB 0.485
TODD THOMAS 36
2031 W AUGUSTA BLVD UNIT 3
CHICAGO IL 60622-5312

YYNNNN

ACCOUNT#	LOCATION#	SERVICE ADDRESS	SERVICE DATES
102001	M2	108 MARTINANGEL LANE	01/02/2022 - 04/01/2022

POSTED DATE	DESCRIPTION	CURRENT	PREVIOUS	USAGE	READING DATES	DAYS	AMOUNT
	Balance Forward: 03/31/2022						0.00
	Sewer Availability						146.01
	Water Availability						112.23

PAYMENT LATE AFTER	AFTER DUE DATE PAY	PAY ON TIME AND SAVE	STATEMENT DATE	PAY THIS AMOUNT
04/30/2022	262.11	3.87	03/29/2022	**258.24**

PLEASE RETURN THIS STUB WITH PAYMENT

PAY ONLINE:
www.daufuskieislandutility.com
PAY BY PHONE:
877-256-4694

VISA MasterCard DISCOVER

ACCOUNT#	**102001**
CUSTOMER	TODD THOMAS
AMOUNT DUE	**258.24**
LATE AFTER	04/30/2022
AFTER DUE DATE	262.11

PLEASE MAKE CHECKS PAYABLE TO:

DAUFUSKIE ISLAND UTILITY COMPANY
PO BOX 4043
TEQUESTA FL 33469-1016

If this symbol (^) is next to your reading, it is an estimated read.

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4. COPY OF PERFORMANCE BONDS

ELECTRONICALLY RECORDED
Document Number: 5
Page: 1 of 2
Date: 06-29-2022
Time: 04:21:49 PM

The Hanover Insurance Company | 440 Lincoln Street, Worcester, MA 01653
Citizens Insurance Company of America | 645 West Grand River Avenue, Howell, MI 48843
Massachusetts Bay Insurance Company | 440 Lincoln Street, Worcester, MA 01653

BOND EXECUTION REPORT AND INVOICE

The Hanover Insurance Company
440 Lincoln St
Worcester, MA 01653

Insurance Office of America
100 Galleria Pkwy Se Ste 600
Atlanta, GA 30339-5947

Daufuskie Island Utility Company, Inc.

9688 Speedway Blvd
Hardeeville, SC 29227

Agency Code #: 2909489
Agency Telephone No.: 678-919-1150

Bond Number: BMA1942391
Type of Bond: Sewer Utilities Operation - SC Public Service Commission
Bond Amount: 350,000.00
Written By: The Hanover Insurance Company
Effective Date: February 14, 2022
Expiration Date: February 14, 2023

Date of Billing: December 15, 2021
Name of Obligee: Public Service Commission of South Carolina

Billing Type for this bond version: B
(D = Direct Bill; B = Agency Bill)

Bond Premium: $5,250.00
State Surcharge: $0.00
Total Premium: $5,250.00
Commission: 30%

Thank you for using Hanover's BONDirect online point of sale application!

Agent: The INVOICE below may be used as a Billing Notice to your Customer.

INVOICE

Daufuskie Island Utility Company, Inc.

9688 Speedway Blvd
Hardeeville, SC 29227

Insurance Office of America
100 Galleria Pkwy Se Ste 600
Atlanta, GA 30339-5947

Agency Code #: 2909489
Agency Telephone No.: 678-919-1150

Date of Invoice: December 15, 2021
Bond Number: BMA1942391
Type of Bond: Sewer Utilities Operation - SC Public Service Commission
Name of Obligee: Public Service Commission of South Carolina
Bond Amount: 350,000.00
Written By: The Hanover Insurance Company
Effective Date: February 14, 2022
Expiration Date: February 14, 2023

Total Premium Due: $5,250.00

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The Hanover Insurance Company | 440 Lincoln Street, Worcester, MA 01653
Citizens Insurance Company of America | 645 West Grand River Avenue, Howell, MI 48843
Massachusetts Bay Insurance Company | 440 Lincoln Street, Worcester, MA 01653

BOND EXECUTION REPORT AND INVOICE

The Hanover Insurance Company
440 Lincoln St
Worcester, MA 01653

Insurance Office of America
100 Galleria Pkwy Se Ste 600
Atlanta, GA 30339-5947

Daufuskie Island Utility Company, Inc.

9688 Speedway Blvd
Hardeeville, SC 29927

Agency Code #: 2909489
Agency Telephone No.: 678-919-1150

Bond Number: BMA1942392
Type of Bond: Water Utilities Operation - SC Public Service Commission
Bond Amount: 350,000.00
Written By: The Hanover Insurance Company
Effective Date: February 14, 2022
Expiration Date: February 14, 2023

Date of Billing: December 15, 2021
Name of Obligee: Public Service Commission of South Carolina

Billing Type for this bond version: B
(D = Direct Bill; B = Agency Bill)

Bond Premium: $5,250.00
State Surcharge: $0.00
Total Premium: $5,250.00
Commission: 30%

Thank you for using Hanover's BONDirect online point of sale application!

Agent: The INVOICE below may be used as a Billing Notice to your Customer.

INVOICE

Daufuskie Island Utility Company, Inc.

9688 Speedway Blvd
Hardeeville, SC 29927

Insurance Office of America
100 Galleria Pkwy Se Ste 600
Atlanta, GA 30339-5947

Agency Code #: 2909489
Agency Telephone No.: 678-919-1150

Date of Invoice: December 15, 2021
Bond Number: BMA1942392
Type of Bond: Water Utilities Operation - SC Public Service Commission
Name of Obligee: Public Service Commission of South Carolina
Bond Amount: 350,000.00
Written By: The Hanover Insurance Company
Effective Date: February 14, 2022
Expiration Date: February 14, 2023

Total Premium Due: $5,250.00

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5. LATEST EVALUATION BY S.C. DHEC

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WALKER GRESSETTE LINTON LLC

G. Trenholm Walker
Thomas P. Gressette, Jr.
John P. Linton, Jr.
Charles P. Summerall, IV
Jennifer Ivey
James W. Clement

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGLFIRM.com

June 22, 2022

Mr. Shawn M. Clarke, PE
Director, Water Facilities Permitting Division
Email To: CLARKESM@dhec.sc.gov

RE: DIUC Application for Approval to Adjust Its Rate Schedules and Increased Rates
Docket No. 2022-142-WS -- DHEC Letter of Approval

Dear Mr. Clarke:

Our office represents Daufuskie Island Utility Company, Inc. ("DIUC") in the above-referenced rate proceeding before the Public Service Commission of South Carolina.

I write today to ask for your assistance in obtaining a letter of approval from the Department of Health and Environmental Control as required by Regulations 103-512.4(13) and 103-712.4(13). More specifically, I write to ask for a letter confirming that the DIUC systems all have the valid SCDHEC permits required to operate, including:

Daufuskie Island Club Development WW	Permit ND0068179
Haig Point Melrose WW	Permit ND0062286
Daufuskie Island –Melrose System W	SC0750043
Daufuskie Island – Haig Point System W	SC0750036

The Clerk of the Public Service Commission requires a letter of approval from DHEC before the Application can be officially processed.

It would be most appreciated if you could provide the requested letter of approval as soon as possible – today would be great. I apologize for the short notice, but hope you will be able to accommodate this request. I will call your office this morning and hopefully be able to answer any questions you might have. My firect number is 843-727-2249.

In the event you confirm the permits and wish to sign below and return this letter, please feel free to do so. I have provided a signature block below.

Sincerely,

/s/
Thomas P. Gressette, Jr.

I, Shawn M. Clarke, PE, Director, Water Facilities Permitting Division, hereby affirm that the DIUC systems above all have valid SCDHEC permits and approvals needed to operate.

SM Clarke
Signature

6/24/2022
Date

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Healthy People. Healthy Communities.

12/8/2021

Attn: MIKE GUASTELLA
DAUFUSKIE ISLAND UTILITY COMPANY INC
PO BOX 4043
TEQUESTA, FL 33469

RE: PERMIT # ND0062286
HAIG POINT MELROSE WWTP
BEAUFORT COUNTY

Dear MIKE GUASTELLA :

Thank you for your assistance provided to the South Carolina Department of Health and Environmental Control (Department) representatives during the **Compliance Evaluation Inspection (SC/ND)** conducted at your facility on **11/17/2021**.

The review indicates that the permit requirements evaluated during the inspection were being met, resulting in a rating of **Satisfactory**. Therefore, no response is necessary.

If you have any questions regarding this inspection, please contact the inspector Jacob A. Terry at (843) 473-6192 or TERRYJA@dhec.sc.gov.

Sincerely,

Ashley Auerbach
Charleston Environmental Affairs Office
Water Pollution Compliance Section
Bureau of Water

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Healthy People. Healthy Communities.

4/9/2021

Attn: MIKE GUASTELLA
DAUFUSKIE ISLAND PROPERTIES LLC
PO BOX 23527
HILTON HEAD ISLAND, SC 29925

RE: PERMIT # ND0068179
DAUFUSKIE ISLAND CLUB DEVELOPMENT
BEAUFORT COUNTY

Dear MIKE GUASTELLA :

Thank you for your assistance provided to the South Carolina Department of Health and Environmental Control (Department) representatives during the **Compliance Evaluation Inspection (SC/ND)** conducted at your facility on **3/16/2021**.

The review indicates that the permit requirements evaluated during the inspection were being met, resulting in a rating of **Satisfactory**. Therefore, no response is necessary.

If you have any questions regarding this inspection, please contact the inspector Jacob Terry at (843) 473-6192 or TERRYJA@dhec.sc.gov.

Sincerely,

Ashley Auerbach
Charleston Environmental Affairs Office
Water Pollution Compliance Section
Bureau of Water

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2021 Water Quality Report
Daufuskie Island Utility – Haig Point
System # 0750036

We're pleased to provide you with this year's Water Quality Report. We want to keep you informed about the water and services we have delivered to you over the past year. Our goal is to provide to you a safe and dependable supply of drinking water. We are committed to ensuring the quality of your water. The source of our water is ground water produced from the three active wells located within the Haig Point Community. A Source Water Assessment Plan has been prepared for our system. If you have any questions about this report or concerning your water utility, please contact Eric Johanson at 843-686-9249. We want you, our neighbors and valued customers, to be informed about your water utility.

This report shows our water quality and what it means. Daufuskie Island Utility – Haig Point routinely monitors for constituents in your drinking water according to Federal and State laws. As water travels over the land or underground, it can pick up substances or contaminants such as microbes and chemicals. It's important to remember that the presence of these constituents does not necessarily pose a health risk.

The table below shows the results of our monitoring for the period of January 1st to December 31st, 2021. In this table you will find the following terms and abbreviations:

Action Level (AL) - the concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.
Parts per million (ppm) or Milligrams per liter (mg/l) - one part per million corresponds to one minute in two years or a single penny in $10,000.
Parts per billion (ppb) or Micrograms per liter - one part per billion corresponds to one minute in 2,000 years, or a single penny in $10,000,000.
Maximum Contaminant Level - The "Maximum Allowed" (MCL) is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology. MCL's are set at very stringent levels. To understand the possible health effects described for many regulated constituents, a person would have to drink 2 liters of water every day at the MCL level for a lifetime to have a one-in-a-million chance of having the described health effect.
Maximum Contaminant Level Goal - The "Goal"(MCLG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

SCRWA

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Daufuskie Island Utility – Haig Point # SC0750036

LEAD AND COPPER TEST RESULTS

Contaminant	Violation Y/N	90th percentile	Unit Measurement	MCLG	Action Level	Sites over action level	Likely Source of Contamination
Copper 2019	N	0.079	ppm	1.3	1.3	0	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Lead 2019	N	2.2	ppb	0	15	0	Corrosion of household plumbing Systems; erosion of natural deposits

REGULATED CONTAMINANTS

Disinfectants and Disinfection By-Products	Collection Date	Highest level	Range of Levels Detected	MCLG	MCL	Units	Violation	Likely Source of Contamination
Chlorine	2021	RAA 0	0.187-0.62	MRDLG 4	MRDL 4	ppm	N	Water additive used to control microbes
Total Trihalomethanes (TTHM)	2021	10	10.06-10.06	No goal for the total	80	ppb	N	By-product of drinking water disinfection
Haloacetic Acids HAA5	2021	2	2.4-2.4	No goal for the total	60	ppb	N	By-product of drinking water disinfection

Inorganic Contaminants	Collection Date	Highest Level Detected	Range of Levels Detected	MCLG	MCL	Units	Violation	Likely Source of Contamination
Fluoride	2020	0.44	0.39 – 0.44	4	4.0	ppm	N	Erosion of natural deposits; Water additive which promotes strong teeth; Discharge from fertilizer and aluminum factories

UNREGULATED CONTAMINANTS

NAME	REPORTED LEVEL ppm	RANGE Low - High
Sodium 2020	13 (average)	12 - 14

All sources of drinking water are subject to potential contamination by substances that are naturally occurring or man made. These substances can be microbes, inorganic or organic chemicals and radioactive substances. All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791.

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If you have special health needs--

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by cryptosporidium and other microbiological contaminants are available from the Safe Drinking Water Hotline (800-426-4791).

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Daufuskie Island Utility – Haig Point is responsible for providing high quality drinking water but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your drinking water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.

Did You Know?

- Utility Employees work for you 365 days a year, 7 days a week, 24 hours a day to provide you with good safe water each time your tap is opened.
- Tap water is the best value for your money. A 16 ounce of bottled water cost about $1.50, whereas 1000 gallons of tap water cost about $2.00.
- The water we have today is all the water there will ever be.
- Drinking water in the Unites States is among the safest in the world.
- You can refill an 8-ounce glass of water 15,000 times for the same cost as a 6 pack of soda. And, water has no sugar or caffeine.
- The average family turns on the tap between 70 and 100 times per day.
- Americans drink more than 1 billion glasses of water per day.
- Lack of water is the #1 trigger of daytime fatigue.

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DAUFUSKIE ISL UTIL-MELROSE (SC0750043)
Consumer Confidence Report CY2021

Spanish (Española)
Este informe contiene informacion muy importante sobre la calidad de su agua beber. Traduscalo o hable con alguien que lo entienda bien.

Is my water safe?
We are pleased to present this year's Annual Water Quality Report (Consumer Confidence Report) as required by the Safe Drinking Water Act (SDWA). This report is designed to provide details about where your water comes from, what it contains, and how it compares to standards set by regulatory agencies. This report is a snapshot of last year's water quality. We are committed to providing you with information because informed customers are our best allies.

Do I need to take special precautions?
Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno- compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Water Drinking Hotline (800-426-4791).

Where does my water come from?
Our water comes from three (3) groundwater well drilled into an underground source of water.

Source water assessment and its availability
Raw water sources are most susceptible to contamination from runoff or environmental conditions.

Why are there contaminants in my drinking water?
Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's (EPA) Safe Drinking Water Hotline (800-426-4791). The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity: microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife; inorganic contaminants, such as salts and metals, which can be naturally occurring or result from urban storm water runoff, industrial, or domestic wastewater discharges, oil and gas production, mining, or farming; pesticides and herbicides, which may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses; organic Chemical Contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, and septic systems; and radioactive contaminants, which can be naturally occurring or be the result of oil and gas production and mining activities. To ensure that tap water is safe to drink, EPA prescribes regulations that limit the amount of certain contaminants in water provided by public water systems. Food and Drug Administration (FDA) regulations establish limits for contaminants in bottled water which must provide the same protection for public health.

Water Conservation Tips
Did you know that the average U.S. household uses approximately 400 gallons of water per day or 100 gallons per person per day? Luckily, there are many low-cost and no-cost ways to conserve water. Small changes can make a big difference - try one today and soon it will become second nature. Visit www.epa.gov/watersense for more information.

- Take short showers.
- Shut off water while brushing your teeth.
- Use a water-efficient showerhead.
- Run clothes washer and dishwasher only when full.
- Water plants only when necessary.
- Fix leaky toilets and faucets.
- Adjust sprinklers so only your lawn is watered.
- Teach your kids about water conservation.

Source Water Protection Tips
Protection of drinking water is everyone's responsibility. You can help protect your community's drinking water source in several ways:

- Eliminate excess use of lawn and garden fertilizers and pesticides.
- Pick up after your pets.
- If you use a septic system, properly maintain your system to reduce leaching to water sources or consider connecting to a public system.
- Dispose of chemicals properly.
- Volunteer in your community. Find a watershed organization and volunteer to help. Use EPA's Adopt Your Watershed to locate groups in your community.
- Organize a storm drain stenciling project with your local government or water provider.

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Additional Information for Lead

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. **DAUFUSKIE ISL UTIL-MELROSE (SC0750043)** is responsible for providing high quality drinking water but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.

Water Quality Data Table

In order to ensure that tap water is safe to drink, EPA prescribes regulations which limit the amount of contaminants in water provided by public water systems. The table below lists all the drinking water contaminants that we detected during the calendar year of this report. Although many more contaminants were tested, only those substances listed below were found in your water. All sources of drinking water contain some naturally occurring contaminants. At low levels, these substances are generally not harmful in our drinking water. Removing all contaminants would be extremely expensive, and in most cases, would not provide increased protection of public health. A few naturally occurring minerals may improve the taste of drinking water and have nutritional value at low levels. Unless otherwise noted, the data presented in this table is from testing done in the calendar year of the report. The EPA or the State requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants do not vary significantly from year to year, or the system is not considered vulnerable to this type of contamination. As such, some of our data, though representative, may be more than one year old. In this table you will find terms and abbreviations that might not be familiar to you. To help you better understand these terms, we have provided the definitions below the table.

WATER QUALITY DATA TABLE

Lead and Copper – Inorganic Contaminants

Contaminants (unit of measure)	MCLG or MRDLG	AL	Your Water	# Samples Exceeding AL	Exceeds AL (Yes/No)	Sample Date	Typical Source
Copper-action level at consumer taps (ppm)	1.3	1.3	0.0170	0	No	2021	Corrosion of household plumbing systems. Erosion of natural deposits.
Lead-action level at consumer taps (ppb)	0	15	0.8000	0	No	2021	Corrosion of household plumbing systems. Erosion of natural deposits.

Chemical and Radionuclide Constituents

Contaminants (unit of measure)	MCLG or MRDLG	MCL, TT, or MRDL	Detect in Your Water	Range	Violation (Yes or No)	Sample Date	Typical Source
Fluoride (ppm)	4	4	0.48	0.44 – 0.48	No	2020	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
Sodium (ppm)	NA	NA	14	NA	No	2020	Erosion of natural deposits.

Compliance with Other Drinking Water Regulations

DAUFUSKIE ISL UTIL-MELROSE (SC0750043) did not incur any health-based violations for the calendar year. We met all required compliance monitoring.

Tables for Unit Descriptions and Important Drinking Water Definitions

Unit Descriptions	
Term	**Definition**
ppm	ppm: parts per million, or milligrams per liter (mg/L)
ppb	ppb: parts per billion, or micrograms per liter (µg/L)
NA	NA: not applicable
ND	ND: Not detected
NR	NR: Monitoring not required but recommended.

Important Drinking Water Definitions	
Term	**Definition**
MCLG	MCLG: Maximum Contaminant Level Goal: The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
MCL	MCL: Maximum Contaminant Level: The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
TT	TT: Treatment Technique: A required process intended to reduce the level of a contaminant in drinking water.
AL	AL: Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.
Variances and Exemptions	Variances and Exemptions: State or EPA permission not to meet an MCL or a treatment technique under certain conditions.
MRDLG	MRDLG: Maximum residual disinfection level goal. The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
MRDL	MRDL: Maximum residual disinfectant level. The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MNR	MNR: Monitored Not Regulated
MPL	MPL: State Assigned Maximum Permissible Level

For more information please contact:

DAUFUSKIE ISL UTIL-MELROSE (SC0750043)
GUASTELLA, JOHN F
PO BOX 4043
TEQUESTA, FL 33469
Phone: 888-635-7878
Email: admin@guastella.com

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DAUFUSKIE ISLAND CLUB DEVELOPMENT : 2QCN-K8A3-64P

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Completed Date: 04/09/2021

Compliance Evaluation Inspection Cover: Site Information

Permit No.:	ND0068179
Start Date of Inspection	03/16/2021
Entry Time:	12:10 PM
End Date of Inspection (including sampling)	03/16/2021
Exit Time:	01:37 PM
Permit Effective Date:	01/01/2020
Permit Expiration Date:	12/31/2029
Name of Facility	DAUFUSKIE ISLAND CLUB DEVELOPMENT
Location of Facility	APPROX 850 FT S OF INTRS OF, HILTON HEAD ISL, SC 29925
County of Facility	Beaufort

Compliance Evaluation Inspection Cover: Representative Information

Facility/Department On-Site Representative Information

Name	Title	Telephone Number	Attended Closing Conference
Eric Johanson		843-247-3135	X

Compliance Evaluation Inspection Cover: Responsible Official Information

Name	Mike Guastella
Responsible Official Address	PO Box 23527 Hilton Head Island, SC 29925; PO Box 4042 Tequesta, FL 33469
Responsible Official Title	Manager of Daufuskie Island Utility Company, Inc.
Responsible Official Phone	888-635-7878
Roles	Responsible Official

DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Completed Date: 04/09/2021

Permit General Requirements	
1. Responsible Official/Permittee Name is correct? [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Responsible Official mailing address is correct? [Minor (Required)]	☑ Yes ☐ No
3. Location and number of discharge points are as described in the permit? [Minor (Required)]	☑ Yes ☐ No ☐ NA
4. Name and location of receiving water is correct on the permit? [Minor (Required)]	☐ Yes ☐ No ☑ NA
Compliance Schedule, Administrative Order, or Consent Order	
This Section applies to Enforcement, Compliance Schedules, AO's, CO's, and Permit Compliance Schedules.	
1. Is the Permittee under a Compliance Schedule, Administrative Order, or Consent Order?	☑ Yes ☐ No
2. Is the permittee meeting the permit compliance schedule, administrative order, or consent order? If no, list correction in comments.	Yes
Operator Information	
1. Does this facility have an operator requirement?	☑ Yes ☐ No
Group II-B(Biological) which corresponds with a Grade of C	
2. Is the operator of proper grade performing the required inspections? [Critical]	☑ Yes ☐ No ☐ NA
3. Is a Trainee operator being utilized at this facility?	☐ Yes ☑ No ☐ NA
3a. Is the Trainee accompanied onsite by at least a level D licensed operator?	☐ Yes ☐ No ☑ NA
Records and Reports	
1. Plant and laboratory records and results maintained for required period and include all permitted parameters? (Bio-solids 5 years, all other records 3 years). [Major]	☑ Yes ☐ No ☐ NA
2. Operator's log contains documentation of daily maintenance activities, name of operator performing tasks and time activities performed? [Major]	☑ Yes ☐ No ☐ NA
3. Is this facility required to submit DMRs?	☑ Yes ☐ No
3a. Are all DMR records accurately completed?	☑ Yes ☐ No ☐ NA
3b. Laboratory analytical results are consistent with DMR?	Yes

Inspector: Jacob Terry
Completed Date: 04/09/2021

Records and Reports	
3c. DMR dates and parameters checked: DMR dates: September, November, and December of 2020 DMR parameters: DO, BOD5, pH, TSS, Nitrate Nitrogen, Flow, Fecal Coliform (O&P)	
4. If facility monitors more frequently than required, are results reported on DMR? [Critical]	☑ Yes ☐ No ☐ NA
5. O&M manual available onsite?	Yes
5a. O&M manual last updated:	08/01/2017
6. Are BMPs required for the facility's treatment plan?	☐ Yes ☑ No
6a. Is the BMP manual available for review? (if required)	N/A
6b. BMP manual last updated:	
7. Is an Odor Abatement Plan required for this facility?	☑ Yes ☐ No
7a. Is the Odor abatement plan available for review? (if required)	Yes
7b. Odor abatement plan last updated:	8/1/2017
8. Is Groundwater monitoring required for this facility?	☐ Yes ☑ No
8a. Are Groundwater monitoring records maintained? (if required) [Minor (Required)]	☐ Yes ☐ No ☑ NA
9. Is Soil monitoring required for this facility?	☐ Yes ☑ No
9a. Are Soil monitoring records available? (if required) [Minor (Required)]	☐ Yes ☐ No ☑ NA
Sampling and Analysis Data: Onsite Laboratory (1)	
Onsite Laboratory: (not applicable only if evaluated within the last 6 months)	Applicable
Expiration Date:	7/3/2022
Date of last certification inspection:	7/16/2020
CWA Certification Number: [Critical]	07009
Are onsite labs certified for all parameters contracted under CWA? [Critical]	Satisfactory
Solid and Hazardous Waste Act Certification Number: [Critical]	N/A
Are onsite labs certified for all parameters contracted under the Solid and Hazardous Waste Act? [Critical]	N/A
1. Date, times, location, and individual collecting sample listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA

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Sampling and Analysis Data: Onsite Laboratory (1)	
2. Date, time, analytical methods used, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
3. Sampler environment temp for composite samples is correct? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Sample preservatives are correct? (H2SO4, ice, etc) Bacteria samples must indicate Sodium Thiosulfate for dechlorination. Explain deficiencies in the comments. [Major]	☐ Yes ☐ No ☑ NA
5. Program area, sample matrix, and analytical methods are listed and correct? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA

Sampling and Analysis Data: Outside Laboratory (1)	
Outside Laboratory	Applicable
Lab Name:	General Environmental Laboratories Inc.
CWA Certification Number: [Critical]	27553
Parameters Contracted:	BOD5, TSS, Fecal Coliform
Are outside labs certified for all parameters contracted under CWA? [Critical]	Satisfactory
Solid and Hazardous Waste Act Certification Number: [Critical]	N/A
Parameters Contracted:	N/A
Are outside labs certified for all parameters contracted under the Solid and Hazardous Waste Act? [Critical]	N/A
1. Date, times, location, and signature of sampler listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Sample type (eg. Grab), # of containers and type (eg. Plastic) listed? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
3. Sampler environment temp for composite samples is correct? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Sample preservatives are correct? (H2SO4, ice, etc) Bacteria samples must indicate Sodium Thiosulfate for dechlorination. Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
5. Program area, sample, matrix, and analytical methods are listed and correct? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA

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Sampling and Analysis Data: Outside Laboratory (1)	
6. Date, time, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
Sampling and Analysis Data: Outside Laboratory (15)	
Outside Laboratory	Applicable
Lab Name:	TestAmerica Laboratories Inc Savannah
CWA Certification Number: [Critical]	98001
Parameters Contracted:	Nitrate Nitrogen
Are outside labs certified for all parameters contracted under CWA? [Critical]	Satisfactory
Solid and Hazardous Waste Act Certification Number: [Critical]	N/A
Parameters Contracted:	N/A
Are outside labs certified for all parameters contracted under the Solid and Hazardous Waste Act? [Critical]	N/A
1. Date, times, location, and signature of sampler listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Sample type (eg. Grab), # of containers and type (eg. Plastic) listed? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
3. Sampler environment temp for composite samples is correct? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Sample preservatives are correct? (H2SO4, ice, etc) Bacteria samples must indicate Sodium Thiosulfate for dechlorination. Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
5. Program area, sample, matrix, and analytical methods are listed and correct? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
6. Date, time, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
Flow Measurement: General Requirements (1)	
1. Does this facility have a Flow measurement device?	☑ Yes ☐ No ☐ NA
2. Outfall designation.	001
3. Facility design flow: (in MGD)	0.080

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Flow Measurement: General Requirements (1)	
4. Average facility flow: (in MGD)	0.005
5. Routine calibration check frequency:	As Needed
6. Flow meter calibration frequency:	Annually
7. Recorded Flow: (in MGD)	0.002
8. Actual Flow: (in MGD)	
9. Error: (in %) [Critical]	
10. Is primary flow measurement equipment located in a confined space?	☑ Yes ☐ No ☐ NA
11. Date of last calibration:	6/10/2020
Flow Measurement: Flow	
1. Proper flow tables used by facility? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
2. Effluent flow measured after all return lines? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
3. Flow measurement equipment adequate to handle expected ranges of flow? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
Flow Measurement: Flumes (0)	
Does this facility have a flume?	☐ Yes ☐ No
1. Outfall designation.	
2. Type of flume:	
2a. Size of Flume:	
3. Flow well distributed and free of turbulence across flume channel and cross-sectional velocities appear relatively uniform? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☐ NA
4. Flume appears to be properly installed and maintained? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☐ NA
5. Flume walls and throat appear vertical and smooth with correct dimensions? Explain deficiencies in the comments. [Minor (Required)]	
6. Flume clean and free of debris or deposits? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☐ NA
7. Operating under free-flow conditions? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☐ NA

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Flow Measurement: Weirs (1)	
Does this facility have a weir?	☑ Yes ☐ No ☐ NA
1. Outfall designation.	001
2. Type of weir:	Triangular V-Notch Weir score='null'
2a. Size of weir:	60*
3. Is the weir properly installed and maintained? Explain deficiencies in the comments. [Major]	Yes
4. Weir is level and weir plate is plumb, top edges sharp and clean? Explain deficiencies in the comments. [Minor (Required)]	Yes
5. Free access for air below the nappe of the weir? [Minor (Required)]	☑ Yes ☐ No ☐ NA
6. Upstream channel is free of disturbing influences. Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
7. Stilling basin is of sufficient size and clear of debris? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
8. Head measurements are made at proper location? Explain deficiencies in the comments. [Minor (Required)]	Yes
Flow Measurement: Other Types	
1. Does this facility have another type of flow measurement?	☐ Yes ☑ No
2. Describe the type of flow measurement facility uses. N/A	
Self-monitoring Program	
Does this facility require Self-Monitoring?	☑ Yes ☐ No
1. Was composite sampler set up properly?	Yes
2. DO, pH, TRC analyses performed within 15 minutes of collection? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
3. Sampling and analyses completed at required frequencies and on day specified in permit? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
4. Composite sample method used as defined in permit? (Flow proportional unless the flow varies by 15% and they have Department approval.) Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA

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Self-monitoring Program	
5. Composite sampler refrigerated or iced and sample environment temp recorded? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	Yes
6. Proper sample preservation techniques used? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
7. Sample collection time consistent with permit? (eg. 8, 16, or 24 hours) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
8. Sample containers and holding times conform to 40 CFR 136.3? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
9. Sampler tubing and container clean and intake header located in proper position to collect representative sample? Explain deficiencies in the comments. [Minor (Recommended)]	
10. Fecal/E. Coli samples collected directly into sterilized container and sample incubation started no later than 8 hours from collection? Explain deficiencies in the comments. [Critical]	☐ Yes ☐ No ☐ NA
Facility Site Review: General Requirements	
1. Standby power or equivalent available and able to power entire plant? Explain deficiencies in the comments. Equivalent could be a shut-down plan. [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Does this facility use Chlorine gas?	☑ Yes ☐ No
2a. Chlorine safety precautions (standing cylinders chained, leak detector with alarm, stored in ventilated area) in place? Explain deficiencies in the comments. [Minor (Recommended)]	☑ Yes ☐ No ☐ NA
3. Facility marked with weather durable sign w/ 24 hour emergency phone #? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
4. Is the facility secure? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
5. Is this facility required to have a Back Flow Prevention device?	☑ Yes ☐ No
5a. Backflow prevention devices installed and inspected by a certified tester annually? Explain deficiencies in the comments. [Minor (Recommended)]	☑ Yes ☐ No ☐ NA
5b. Date of last inspection or replacement:	05/01/2020
6. Facility grounds and access road are maintained? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
7. Sludge dewatering type: [Minor (Required)]	N/A

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DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Completed Date: 04/09/2021

Facility Site Review: General Requirements	
7a. Is the Sludge Dewatering being performed satisfactorily?	N/A
Facility Site Review: Monitoring Wells	
Does this facility have monitoring wells	☐ Yes ☑ No
Complete this section if evaluating monitoring wells required by the permit.	
1. Were the facility monitoring wells evaluated?	☐ Yes ☐ No ☑ NA
2. Do all wells have secure locking caps? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☑ NA
3. Do all wells have permanent ID plate? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☑ NA
4. Concrete pad surface is free of cracks or damage? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No ☑ NA
5. Wells were free of deficiencies or problems? (Explain in comments and include well ID # below if answered "No") [Minor (Required)]	☐ Yes ☐ No ☑ NA
Operation and Maintenance	
1. All treatment units in service or operational? Explain deficiencies in the comments. [Critical]	☑ Yes ☐ No ☐ NA
1a. All backup units capable of being in service or operational? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Routine and preventive maintenance performed on equipment? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
Treatment Units [Major]	
3a. Screening	Satisfactory
3b. Grinder/Comminutor	N/A
3c. Grit Chamber	N/A
3d. Primary Sedimentation	Satisfactory
3e. Trickling Filters	N/A
3f. Rotating Biological Contactor	N/A
3g. Aeration:	Satisfactory
3g.A. What is the aeration type?	Surface
3h. Secondary Sedimentation	N/A

DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Completed Date: 04/09/2021

Operation and Maintenance

3i. Digester:	N/A
3j. Pond(s):	Satisfactory
3j.A. What is the pond type?	Holding
3k. Disinfection:	Satisfactory
3k.A. What is the disinfection type?	Chlorine gas
3k.B. If Chlorine, are 150lbs or ton cylinders being used?	150 lbs
3l. Contact Chamber	Satisfactory
3m. Dechlorination:	N/A
3m.A. What is the dechlorination type?	N/A
3m.B. If SO2, are 150lbs or ton cylinders being used?	

3n. Other process:

Process Type	Satisfactory	Unsatisfactory

3n.1. Were all added processes Satisfactory? (If no, specify which process(s) were Unsatisfactory and why in comments.)	☐ Yes ☐ No ☑ NA
4. Effluent appearance [Critical] (Describe in comments if Unsatisfactory.)	Satisfactory
5. Facility receives other waste (e.g. Septic waste)? If yes, list: [Not Rated]	☐ Yes ☑ No ☐ NA

Closing Conference

1. Has a closing conference with the Responsible Party been performed?	☑ Yes ☐ No
1a. If no closing conference was performed with the Responsible Party during the inspection, was contact made with the Responsible Party afterwards to perform the closing conference? Only if a closing conference with the RP was performed onsite, enter NA.	☐ Yes ☐ No ☑ NA

1b. If no closing conference was able to be performed, explain why and what efforts were made to perform one. Only if a closing conference was performed, enter NA.

N/A

DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Supplement 3 (CEI/CSI) - Effluent Land App.

Inspector: Jacob Terry
Completed Date: 04/09/2021

Wastewater Effluent Land Application Site: Land Application			
1. Groundwater monitoring required by permit? Explain deficiencies in the comments. [Not Rated]	☑ Yes	☐ No	☐ NA
2. Groundwater monitoring records available? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
3. Agronomic plan required, available, and followed? Explain deficiencies in the comments. [Major]	☐ Yes	☐ No	☑ NA
The effluent is discharged to the golf course at Bloody Point. Bloody Point is no longer in operations but is being maintained by the residents.			
4. Application site is free of ponding issues? If no, explain. [Minor (Required)]	☑ Yes	☐ No	☐ NA
5. Application area is free of surface water runoff issues? If no, explain. [Critical]	☑ Yes	☐ No	☐ NA
6. Cover crop displays even distribution of effluent? (e.g. no dead areas, even crop growth) Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
7. Spray heads maintained in good condition? Explain deficiencies in the comments. [Major]	☑ Yes	☐ No	☐ NA
8. Cover crop harvested and removed from site if required? Explain deficiencies in the comments. [Major]	☐ Yes	☐ No	☑ NA
9. No signs of stressed vegetation surrounding the site? No contamination migrating away from site? (e.g. dead trees down gradient) Explain deficiencies in the comments. [Critical]	☐ Yes	☐ No	☑ NA
10. Permitted buffers suitable for site boundaries, water bodies, or drinking water wells? Explain deficiencies in the comments. [Major]	☑ Yes	☐ No	☐ NA
Wastewater Effluent Land Application Site: Monitoring Wells, Well Condition			
Complete this section if evaluating land application monitoring wells.			
1. Do all wells have secure locking caps? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
Observed well # 5, 7, and 9			
2. Do all wells have permanent ID place? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
3. Concrete surface pad free of cracks or damage? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA

DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Supplement 3 (CEI/CSI) - Effluent Land App.

Inspector: Jacob Terry
Completed Date: 04/09/2021

Wastewater Effluent Land Application Site: Monitoring Wells, Well Condition	
4. Wells were free of deficiencies or problems? (Explain and include well ID# in the comment area if answered "No")	Yes

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DAUFUSKIE ISLAND CLUB DEVELOPMENT : 2QCN-K8A3-64P

WW Supplement 4 (CEI/CSI) – Field Parameters

Inspector: Jacob Terry
Completed Date: 04/09/2021

pH

Complete the following Supplement 4 sections if conducting a Compliance Sampling Inspection or a detailed review of the field parameter equipment and procedures is warranted.	
pH Instrument make and model:	Accumet Basic AB15
1. Meter calibration and analysis is performed by a properly certified laboratory? [Critical]	Yes
1a. Analysis performed placing probe in effluent stream? Explain deficiencies in the comments section. [Major]	Yes
1b. If not performed in effluent stream, 15 minute holding time met? Explain deficiencies in the comments. [Major]	NA
2. Meter calibrated each day of use? Explain deficiencies in the comments. [Major]	Yes
3. Records include: date, time, analyst, temp of buffers and slope (if appl.)? Explain deficiencies in the comments. [Major]	Yes
4. Fresh buffers used for each calibration? Explain deficiencies in the comments. [Major]	Yes
4a. Buffers used:	4, 7, 10
5. Buffers bracket the expected pH of samples? Explain deficiencies in the comments. [Major]	Yes
6. Buffers labeled with date received and opened? Explain deficiencies in the comments. [Minor (Required)]	Yes
7. Buffers not expired (1 yr after opening if not specified)? Explain deficiencies in the comments. [Minor (Required)]	Yes
8. Electrode in good repair (filling solution at proper level, no excess crystallization, bulb in proper solution, etc.) Explain deficiencies in the comments. [Major]	Yes
9. If equipped w/ ATC, device checked against NIST or NIST traceable thermometer. Explain deficiencies in the comments. [Major]	Yes
10. Continuous pH monitoring required? Explain deficiencies in the comments. [Not Rated]	NA
11. If continuous required, facility is certified for EPA method 150.2? Explain deficiencies in the comments. [Major]	NA
12. Continuous monitoring calibration method followed? Explain deficiencies in the comments. [Major]	NA

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DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Supplement 4 (CEI/CSI) – Field Parameters

Inspector: Jacob Terry
Completed Date: 04/09/2021

Dissolved Oxygen	
DO Instrument make and model:	YSI 20i
1. Meter calibration and analysis is performed by a properly certified laboratory? [Critical]	Yes
2a. DO measurement performed placing probe in the effluent stream? Explain deficiencies in the comments. [Major]	Yes
2b. If not performed in effluent stream, 15 minute holding time met and sample collected and transported in a zero headspace container? Explain deficiencies in the comments. [Major, Must be yes if 2a was answered no]	NA
3. Meter calibrated each day of use? Explain deficiencies in the comments. [Major]	Yes
4. Records include date, time, air temp, initial DO, analyst, membrane and battery, zero altitude adjustment and adjusted DO (if applicable)? Explain deficiencies in the comments. [Major]	Yes
5. Temperature sensor checked against NIST or NIST traceable thermometer? Explain deficiencies in the comments. [Major]	Yes
6. Electrode tagged with: date of check, analyst, and adjustment? Explain deficiencies in the comments. [Major]	Yes
7. Lab corrected altitude or barometric pressure for height above sea level? Explain deficiencies in the comments. [Major]	Yes
8. Air calibrations conducted in closed chamber with 100% humidity? Explain deficiencies in the comments. [Major]	Yes
9. Membrane changed regularly (approximately monthly)? Explain deficiencies in the comments. [Minor (Required)]	Yes
10. Probe membrane is free of air bubbles? Explain deficiencies in the comments. [Major]	Yes
11. Anode (A) is free of discoloration? Explain deficiencies in the comments. [Major]	Yes
Luminescent Dissolved Oxygen	
LDO/ODO Instrument make and model:	N/A
1a. DO measurement performed placing probe in the effluent stream? (Major)	NA
1b. If not performed in effluent stream, 15 minute holding time met and sample collected and transported in a zero headspace container? (Major, Required if 1a was answered no)	NA

Luminescent Dissolved Oxygen	
1c. Sample is stirred during analysis? (Major)	NA
2. All appropriate QA/QC has been performed each day of use? (Cleaning, IDOC with 4 replicates, Water/Air calibration, LCS and dup., CV/ORP check samples,…) (Major)	NA
3. Records include date, time, calibration temp, meter ID, instrument reading after calibration, solubility table reading, LCS/CV results, barometric pressure/altitude, and analyst's initials? (Major)	NA
4. Temperature sensor checked against NIST or NIST traceable thermometer? (Major)	NA
5. Probe tagged with: date of check, analyst, and adjustment. (Major)	NA
6. Laboratory is documenting routine maintenance such as battery or sensor changes? (Major)	NA
7. Meter calibration and analysis is performed by a properly certified laboratory? [Critical]	NA
Temperature	
Temperature	Yes
1. Meter calibration and analysis is performed by a properly certified laboratory? [Critical]	Yes
2. Thermometer/sensors checked against NIST or NIST traceable thermometer? Explain deficiencies in the comments. [Major]	Yes
3. Thermometer/sensors tagged: Date of check, analyst, adjustment? Explain deficiencies in the comments. [Major]	Yes
Chlorine	
Chlorine instrument make and model:	N/A
1. Meter calibration and analysis is performed by a properly certified laboratory? [Critical]	NA
2. Vials clean and free of cracks and scratches? Explain deficiencies in the comments. [Major]	NA
3. Samples analyzed within 15 minutes holding time? Explain deficiencies in the comments. [Major]	NA
4. Primary stock solution protected from light, refrigerated and <6 months old? Explain deficiencies in the comments. [Major]	NA

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DAUFUSKIE ISLAND CLUB DEVELOPMENT :
2QCN-K8A3-64P

WW Supplement 4 (CEI/CSI) – Field Parameters

Inspector: Jacob Terry
Completed Date: 04/09/2021

Chlorine

5. Volumetric glassware used to make secondary stock and working standards? Explain deficiencies in the comments. [Major]	NA
6. Secondary standards refrigerated and made fresh each week? Explain deficiencies in the comments. [Major]	NA
7. Working standards made daily? Explain deficiencies in the comments. [Major]	NA
8. Instrument calibrated each day it is used? Explain deficiencies in the comments. [Major]	NA
9. Records include date, time, true concentration, observed concentration, and analysts' initials? Explain deficiencies in the comments. [Major]	NA
10. Standard calibration verification generated with each lot or annually. Explain deficiencies in the comments. [Major]	NA
10a. Standards used: N/A	

Standard Laboratory Practices

1. Lab glassware appears to be clean, with no noticeable sheen or build up? Explain deficiencies in the comments. [Minor (Required)]	Yes
2. Laboratory is clean and orderly? Explain the deficiencies in the comments. [Minor (Required)]	Yes
3. Lab can control the facility temperature (between 60-80 degrees for stability of reagents)? Explain deficiencies in the comments. [Major]	Yes

Deficiencies

1. Is the facility in compliance with providing proper sample collection, preservation, and/or holding time(s).	☑ Yes ☐ No
2. Is the facility in compliance with ensuring the use of a certified laboratory?	☑ Yes ☐ No
3. Is the facility in compliance with ensuring suitable QA/QC procedures when conducting compliance analyses?	☑ Yes ☐ No

DAUFUSKIE ISLAND CLUB DEVELOPMENT
(2QCN-K8A3-64P)
Violation List

No Violations Found

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HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Compliance Evaluation Inspection Cover: Site Information

Permit No.:	ND0062286
Start Date of Inspection	11/17/2021
Entry Time:	12:15 PM
End Date of Inspection (including sampling)	11/17/2021
Exit Time:	1:45 PM
Permit Effective Date:	12/01/2019
Permit Expiration Date:	11/30/2029
Name of Facility	HAIG POINT MELROSE WWTP
Location of Facility	SW BOUNDARY OF HAIG POINT, HILTON HEAD, SC 29928
County of Facility	Beaufort

Compliance Evaluation Inspection Cover: Representative Information

Facility/Department On-Site Representative Information

Name	Title	Telephone Number	Attended Closing Conference
Eric Johanson	C-level Operator	8432473135	X
Tim Salem	Trainee Operator		X

Compliance Evaluation Inspection Cover: Responsible Official Information

Name	Mike Guastella
Responsible Official Address	PO BOX 4043 TEQUESTA, FL 33469
Responsible Official Title	VP of Operations
Responsible Official Phone	8886357878
Roles	Contact, Wastewater Billing, Wastewater Facility Contact

Permit General Requirements

1. Responsible Official/Permittee Name is correct? [Minor (Required)]	☑ Yes ☐ No ☐ NA

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HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Permit General Requirements			
2. Responsible Official mailing address is correct? [Minor (Required)]	☑ Yes	☐ No	
3. Location and number of discharge points are as described in the permit? [Minor (Required)]	☑ Yes	☐ No	☐ NA
4. Name and location of receiving water is correct on the permit? [Minor (Required)]	☐ Yes	☐ No	☑ NA
Compliance Schedule, Administrative Order, or Consent Order			
This Section applies to Enforcement, Compliance Schedules, AO's, CO's, and Permit Compliance Schedules.			
1. Is the Permittee under a Compliance Schedule, Administrative Order, or Consent Order?	☐ Yes	☑ No	
2. Is the permittee meeting the permit compliance schedule, administrative order, or consent order? If no, list correction in comments.			
Operator Information			
1. Does this facility have an operator requirement?	☑ Yes	☐ No	
2. Does this facility have a certified operator?	☑ Yes	☐ No	
2a. Is the operator of proper grade performing the required inspections? [Critical]	☑ Yes	☐ No	
2b. Is a Trainee operator being utilized at this facility?	☑ Yes	☐ No	
2c. Is the Trainee accompanied onsite by at least a level D licensed operator?	☑ Yes	☐ No	☐ NA
3. Are inspections performed as required?	☑ Yes	☐ No	
Records and Reports			
1. Plant and laboratory records and results maintained for required period and include all permitted parameters? (Bio-solids 5 years, all other records 3 years). [Major]	☑ Yes	☐ No	☐ NA
1a. Operator's log contains documentation of daily maintenance activities, name of operator performing tasks and time activities performed? [Major]	☑ Yes	☐ No	☐ NA
2. Is this facility required to submit DMRs?	☑ Yes	☐ No	
2a. Are all DMR records accurately completed?	☑ Yes	☐ No	
2b. Laboratory analytical results are consistent with DMR?	Yes		

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Records and Reports	
2c. List the DMR dates and parameters checked: DMR dates: August, September, and October 2021 DMR parameters: DO, BOD5, pH, TSS, Total Nitrogen, Flow, E Coli	
2d. If facility monitors more frequently than required, are results reported on DMR? [Critical]	☑ Yes ☐ No ☐ NA
3. O&M manual available onsite?	Yes
3a. O&M manual last updated:	08/22/2017
4. Are BMPs required for the facility's treatment plan?	☐ Yes ☑ No
4a. Is the BMP manual available for review? (if required)	
4b. BMP manual last updated:	
5. Is an Odor Abatement Plan required for this facility?	☐ Yes ☑ No
5a. Is the Odor abatement plan available for review? (if required)	
5b. Odor abatement plan last updated:	
6. Is Groundwater monitoring required for this facility?	☑ Yes ☐ No
6a. Are Groundwater monitoring records maintained? (if required) [Minor (Required)]	☑ Yes ☐ No
7. Is Soil monitoring required for this facility?	☐ Yes ☑ No
7a. Are Soil monitoring records available? (if required) [Minor (Required)]	☐ Yes ☐ No
8. Does this facility utilize an Onsite Laboratory?	☑ Yes ☐ No
8a. Has the onsite Laboratory, been inspected by Lab Certification section in the last 6 months?	☐ Yes ☑ No
9. Does this facility utilize an Outside Laboratory?	☑ Yes ☐ No
10. Does this facility utilize a Flow Measurement device?	☑ Yes ☐ No
Sampling and Analysis Data: Onsite Laboratory (1)	
Expiration Date:	11/03/2022
Date of last certification inspection:	11/16/2020
CWA Certification Number: [Critical]	07009
Is the onsite lab certified for all parameters contracted under CWA? [Critical]	Satisfactory
Solid and Hazardous Waste Act Certification Number: [Critical]	NA

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Sampling and Analysis Data: Onsite Laboratory (1)	
Is the onsite lab certified for all parameters contracted under the Solid and Hazardous Waste Act? [Critical] (Certification is required for soil samples for all parameters except nutrient samples.)	Not Applicable
1. Date, times, location, and individual collecting sample listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
2. Date, time, analytical methods used, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
3. Sampler environment temp for composite samples is correct? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Sample preservatives are correct? (H2SO4, ice, etc) Bacteria samples must indicate Sodium Thiosulfate for dechlorination. Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
5. Program area, sample matrix, and analytical methods are listed and correct? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
6. Date, time, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
Sampling and Analysis Data: Outside Laboratory (1)	
Lab Name:	General Environmental Laboratories Inc.
CWA Certification Number: [Critical]	27553
Parameters Contracted:	BOD5, TSS, Total Nitrogen, E. Coli
Are outside labs certified for all parameters contracted under CWA? [Critical]	Satisfactory
Solid and Hazardous Waste Act Certification Number (If not applicable, enter NA): [Critical]	NA
Parameters Contracted (If not applicable, enter NA):	NA
Are outside labs certified for all parameters contracted under the Solid and Hazardous Waste Act? [Critical] (Certification is required for soil samples for all parameters except nutrient samples.)	Not Applicable
1. Date, times, location, and signature of sampler listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
2. Sample type (eg. Grab), # of containers and type (eg. Plastic) listed? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Sampling and Analysis Data: Outside Laboratory (1)	
3. Sampler environment temp for composite samples is correct? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Sample preservatives are correct? (H2SO4, ice, etc) Bacteria samples must indicate Sodium Thiosulfate for dechlorination. Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
5. Program area, sample, matrix, and analytical methods are listed and correct? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No
6. Date, time, analyst, and analytical result listed? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
Flow Measurement	
1. Is this facility required to measure for Flow?	☑ Yes ☐ No
2. Does this facility have flow measurement devices?	☑ Yes ☐ No
2a. Does this facility utilize Flumes for flow measurement?	☐ Yes ☑ No
2b. Does this facility utilize weirs for flow measurement?	☑ Yes ☐ No
2c. Does this facility have another type of flow measurement? If yes, describe the type of flow measurement facility uses in the comment box.	☑ Yes ☐ No
Endress + Hauser FMU90 Ultrasonic	
Flow Measurement: General Requirements (1)	
1. Outfall designation.	001
2. Facility design flow: (In MGD)	0.640
3. Average facility flow: (in MGD)	0.100
4. Routine calibration check frequency:	As Needed
5. Flow meter calibration frequency:	Annually
6. Recorded Flow: (in MGD)	0.090
7. Actual Flow: (in MGD)	0
8. Error: (in %) [Critical]	0
9. Is primary flow measurement equipment located in a confined space?	Yes (Built before 2002)
10. Date of last calibration:	06/23/2021
Flow Measurement: Flow	
1. Proper flow tables used by facility? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Flow Measurement: Flow	
2. Effluent flow measured after all return lines? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No
3. Flow measurement equipment adequate to handle expected ranges of flow? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No
Flow Measurement: Flumes (0)	
1. Outfall designation.	
2. Type of flume:	
2a. Size of Flume:	
3. Flow well distributed and free of turbulence across flume channel and cross-sectional velocities appear relatively uniform? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
4. Flume appears to be properly installed and maintained? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
5. Flume walls and throat appear vertical and smooth with correct dimensions? Explain deficiencies in the comments. [Minor (Required)]	
6. Flume clean and free of debris or deposits? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
7. Operating under free-flow conditions? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
Flow Measurement: Weirs (1)	
1. Outfall designation.	001
2. Type of weir:	Triangular V-Notch Weir'
2a. Size of weir:	30 degree
3. Is the weir properly installed and maintained? Explain deficiencies in the comments. [Major]	Yes
4. Weir is level and weir plate is plumb, top edges sharp and clean? Explain deficiencies in the comments. [Minor (Required)]	Yes
5. Free access for air below the nappe of the weir? [Minor (Required)]	☑ Yes ☐ No
6. Upstream channel is free of disturbing influences. Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
7. Stilling basin is of sufficient size and clear of debris? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Flow Measurement: Weirs (1)	
8. Head measurements are made at proper location? Explain deficiencies in the comments. [Minor (Required)]	Yes
Self-monitoring Program	
1. Does this facility require Self-Monitoring?	☑ Yes ☐ No
2. Was composite sampler set up properly?	Yes
3. DO, pH, TRC analyses performed within 15 minutes of collection? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
4. Composite sample method used as defined in permit? (Flow proportional unless the flow varies by 15% and they have Department approval.) Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
5. Composite sampler refrigerated or iced and sample environment temp recorded? (0.5-6°C, no ice in sample) Explain deficiencies in the comments. [Major]	Yes
6. Sampling and analyses completed at required frequencies and on day specified in permit? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No ☐ NA
7. Sample collection time consistent with permit? (eg. 8, 16, or 24 hours) Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
8. Proper sample preservation techniques used? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No
9. Sample containers and holding times conform to 40 CFR 136.3? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No ☐ NA
10. Fecal/E. Coli samples collected directly into sterilized container and sample incubation started no later than 8 hours from collection? Explain deficiencies in the comments. [Critical]	☑ Yes ☐ No ☐ NA
11. Sampler tubing and container clean and intake header located in proper position to collect representative sample? Explain deficiencies in the comments. [Minor (Recommended)]	Yes
12. Is sampling performed at the nearest accessible point after final treatment but prior to actual discharge to the land application site or receiving waters?	☑ Yes ☐ No ☐ NA
Facility Site Review: General Requirements	
1. Standby power or equivalent available and able to power entire plant? Explain deficiencies in the comments. Equivalent could be a shut-down plan. [Minor (Required)]	☑ Yes ☐ No
2. Does this facility use Chlorine gas?	☑ Yes ☐ No

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF

WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Facility Site Review: General Requirements	
2a. Chlorine safety precautions (standing cylinders chained, leak detector with alarm, stored in ventilated area) in place? Explain deficiencies in the comments. [Minor (Recommended)]	☑ Yes ☐ No
3. Facility marked with weather durable sign w/ 24 hour emergency phone #? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
4. Is the facility secure? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
5. Is this facility required to have a Back Flow Prevention device?	☑ Yes ☐ No
5a. Backflow prevention devices installed and inspected by a certified tester annually? Explain deficiencies in the comments. [Minor (Recommended)]	☑ Yes ☐ No
5b. Date of last inspection or replacement:	05/05/2021
6. Facility grounds and access road are maintained? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes ☐ No
7. Sludge dewatering type: [Minor (Required)]	NA
7a. Is the Sludge Dewatering/Handling being performed satisfactorily?	Satisfactory
8. Does the facility have Monitoring Wells?	☐ Yes ☑ No
Facility Site Review: Monitoring Wells	
Complete this section if evaluating monitoring wells required by the permit.	
1. Were the facility monitoring wells evaluated? (In the comment area, explain why monitoring wells are not evaluated if answered No.)	☐ Yes ☐ No
2. Do all wells have secure locking caps? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
3. Do all wells have permanent ID plate? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
4. Concrete pad surface is free of cracks or damage? Explain deficiencies in the comments. [Minor (Required)]	☐ Yes ☐ No
5. Wells were free of deficiencies or problems? (Explain in comments and include well ID # below if answered "No") [Minor (Required)]	☐ Yes ☐ No
Operation and Maintenance	
1. All treatment units in service or operational? Explain deficiencies in the comments. [Critical]	Yes
1a. All backup units capable of being in service or operational? Explain deficiencies in the comments. [Minor (Required)]	Yes

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Operation and Maintenance

2. Routine and preventive maintenance performed on equipment? Explain deficiencies in the comments. [Major]	☑ Yes ☐ No
3. Select the treatment units that the facility utilizes	a. Screening, d. Primary Sedimentation, g. Aeration, j. Pond, k. Disinfection, l. Contact Chamber
3a. Screening	Satisfactory
3b. Grinder/Comminutor	
3c. Grit Chamber	
3d. Primary Sedimentation	Satisfactory
3e. Trickling Filter	
3f. Rotating Biological Contactor	
3g. Aeration:	Satisfactory
3g.A. What is the aeration type?	Surface aerator
3h. Secondary Sedimentation	
3i. Digester:	
3j. Pond(s):	Satisfactory
3j.A. What is the pond type?	Holding
3k. Disinfection:	Satisfactory
3k.A. If Chlorine, are 150lbs or ton cylinders being used?	150 lbs
3k.B. What is the disinfection type?	Chlorine gas
3l. Contact Chamber	Satisfactory
3m. Dechlorination:	
3m.A. What is the dechlorination type?	
3m.B. If SO2, are 150lbs or ton cylinders being used?	
3n. Other process:	

Process Type	Satisfactory	Unsatisfactory

3n.1. Were all added processes Satisfactory? (If no, specify which process(s) were Unsatisfactory and why in comments.)	☐ Yes ☐ No

HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF
WW Compliance Evaluation Inspection

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Operation and Maintenance	
4. Effluent appearance [Critical] (Describe in comments if Unsatisfactory.)	Satisfactory
5. Facility receives other waste (e.g. Septic waste)? If yes, list: [Not Rated]	☐ Yes ☑ No
Closing Conference	
1. Has a closing conference with the Responsible Party/Official been performed?	☑ Yes ☐ No
1a. If no closing conference was performed with the Responsible Party/Official during the inspection, was contact made with them afterwards to perform the closing conference? Only answer NA if a closing conference with the RP/RO was performed onsite.	☐ Yes ☐ No ☑ NA
1b. If no closing conference was able to be performed with the Responsible Party/Official, explain why and what efforts were made to perform one. Only answer NA if a closing conference was performed with the RP/RO.	☐ Yes ☐ No ☑ NA

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HAIG POINT MELROSE WWTP : 1P53-CWY9-SZF

WW Supplement 3 (CEI/CSI) - Effluent Land App.

Inspector: Jacob Terry
Start Date: 11/23/2021 Completed Date: 12/07/2021

Wastewater Effluent Land Application Site: Land Application			
1. Groundwater monitoring required by permit? Explain deficiencies in the comments. [Not Rated]	☑ Yes	☐ No	☐ NA
2. Groundwater monitoring records available? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
3. Agronomic plan required, available, and followed? Explain deficiencies in the comments. [Major]	☑ Yes	☐ No	☐ NA
4. Application site is free of ponding issues? If no, explain. [Minor (Required)]	☑ Yes	☐ No	☐ NA
5. Application area is free of surface water runoff issues? If no, explain. [Critical]	☑ Yes	☐ No	☐ NA
6. Cover crop displays even distribution of effluent? (e.g. no dead areas, even crop growth) Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
7. Spray heads maintained in good condition? Explain deficiencies in the comments. [Major]	☐ Yes	☐ No	☑ NA
Did not evaluate			
8. Cover crop harvested and removed from site if required? Explain deficiencies in the comments. [Major]	☐ Yes	☐ No	☑ NA
9. No signs of stressed vegetation surrounding the site? No contamination migrating away from site? (e.g. dead trees down gradient) Explain deficiencies in the comments. [Critical]	☑ Yes	☐ No	☐ NA
10. Permitted buffers suitable for site boundaries, water bodies, or drinking water wells? Explain deficiencies in the comments. [Major]	☑ Yes	☐ No	☐ NA
Wastewater Effluent Land Application Site: Monitoring Wells, Well Condition			
Complete this section if evaluating land application monitoring wells.			
1. Do all wells have secure locking caps? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
2. Do all wells have permanent ID place? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
3. Concrete surface pad free of cracks or damage? Explain deficiencies in the comments. [Minor (Required)]	☑ Yes	☐ No	☐ NA
4. Wells were free of deficiencies or problems? (Explain and include well ID# in the comment area if answered "No")	Yes		

HAIG POINT MELROSE WWTP (1P53-CWY9-SZF)

Violation List

No Violations Found

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6. SERVICE AREA MAPS

ELECTRONICALLY RECORDED: 5/5/2022 - 1:24:29 PM
DOC #: 2022R0005
P-IS MS

WATER DISTRIBUTION MAP FOR DAUFUSKIE ISLAND

DAUFUSKIE ISLAND, SOUTH CAROLINA

PREPARED FOR

HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER REALTY CORPORATION

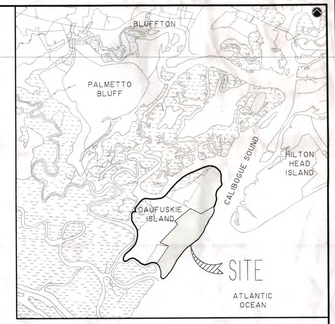
HILTON HEAD ISLAND, SOUTH CAROLINA

PREPARED BY

THOMAS & HUTTON ENGINEERING CO.

50 PARK OF COMMERCE WAY
POST OFFICE BOX 2727
SAVANNAH, GA 31402-2727 (912)234-5300
CHARLESTON, SC - MYRTLE BEACH, SC

JULY 2007
J-19733



COOPER RIVER

MELROSE LANDING

WEBB TRACT

HAIG POINT WWTP

WELL #3
125,000 GALLON
ELEVATED STORAGE TANK

WELL #2

WELL #1

HAIG POINT

FUTURE DEVELOPMENT SUBZONE (TYPICAL)

EIGELBERGER

MUNGEN CREEK

OAKRIDGE

FUTURE DEVELOPMENT

BLOODY POINT

FUTURE DEVELOPMENT ZONE, TYPICAL

ATLANTIC OCEAN

MELROSE

GRAPHIC SCALE
(IN FEET)
1 inch = 500 ft.

LEGEND

- 2" WATER MAIN
- 4" WATER MAIN
- 6" WATER MAIN
- 8" WATER MAIN
- 10" WATER MAIN
- 12" WATER MAIN
- 14" WATER MAIN
- POTABLE WELL
- FIRE HYDRANT
- YARD HYDRANT
- VALVE
- MELROSE UTILITY CO. SERVICE AREA

NOTE:
THIS EXHIBIT IS SCHEMATIC IN NATURE. THE INFORMATION SHOWN IS AS WAS DESIGNED AND PERMITTED. RECORD DRAWINGS DO NOT EXIST FOR THE SYSTEM.

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SEWER COLLECTION SYSTEM MAP FOR DAUFUSKIE ISLAND

DAUFUSKIE ISLAND, SOUTH CAROLINA

PREPARED FOR

HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER REALTY CORPORATION

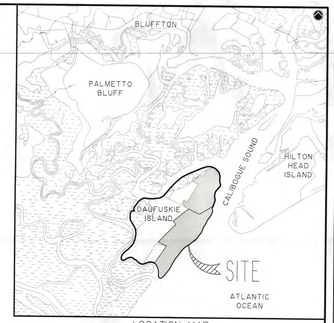
HILTON HEAD ISLAND, SOUTH CAROLINA

PREPARED BY

THOMAS & HUTTON ENGINEERING CO.

50 PARK OF COMMERCE WAY
POST OFFICE BOX 2727
SAVANNAH, GA 31402-2727 (912)234-5300
CHARLESTON, SC - MYRTLE BEACH, SC

JULY 2007
J-19733



LOCATION MAP
NOT TO SCALE

COOPER RIVER

MELROSE LANDING

WEBB TRACT

CEDAR COVE

HAIG POINT/MELROSE WASTEWATER TREATMENT PLANT

HAIG POINT WWTP

FUTURE DEVELOPMENT SUBZONE (TYPICAL)

EIGELBERGER

HAIG POINT

OAKRIDGE

MUNGEN CREEK

FUTURE DEVELOPMENT

BLOODY POINT

FUTURE DEVELOPMENT ZONE, TYPICAL

ATLANTIC OCEAN

MELROSE

LEGEND

- GRAVITY SEWER
- 10" EFFLUENT MAIN
- 1 1/2" FORCE MAIN
- 2" FORCE MAIN
- 2 1/2" FORCE MAIN
- 3" FORCE MAIN
- 4" FORCE MAIN
- 6" FORCE MAIN
- 8" FORCE MAIN
- MANHOLE
- JUNCTION
- IRRIGATION PUMP STATION
- PUMP STATION
- MELROSE UTILITY CO. SERVICE AREA

GRAPHIC SCALE
500 0 250 500 1000 2000
(IN FEET)
1 inch = 500 ft.

NOTE
THIS EXHIBIT IS SCHEMATIC IN NATURE. THE INFORMATION SHOWN IS AS WAS DESIGNED AND PERMITTED. RECORD DRAWINGS DO NOT EXIST FOR THE SYSTEM.

I:\19733\Master\Drawings\19733-01 - Sewer Master Plan.dwg - Jul 17, 2007 - 2:43:07 PM

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DIUC Application, 6-24-22
Page 055

R-1469

7. REQUIRED FINANCIAL STATEMENTS AND ANALYSES

ELECTRONICALLY RECEIVED: 5 MAY 2022 - 1:24 PM
ILCC Docket No. 22-0429

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Schedules in Support
of a
Rate Increase

Historical Test Year 12/31/2021

With Known and Measurable Changes through 12/31/2022

GUASTELLA ASSOCIATES LLC

JUNE 2022

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	S-C	Sewer Operating Statement
	S-C.1	Adjustments to Sewer Operating Statement
	S-C.2	Operating Expenses - Sewer
	S-C.3	Depreciation Expense - Sewer
	S-D	Sewer Capital Structure, Rate of Return
	S-E	Test Year Billing Analysis at Present Rates - Sewer
	S-E.1	Pro Forma Billing Analysis at Present Rates - Sewer
	S-E.2	Pro Forma Billing Analysis at Proposed Rates - Sewer
	S-F	Revenue Requirement Calculation - Sewer
Work Papers	1	Typical Residential Water & Sewer Bill Comparison
	2W	Water UPIS & Depreciation
	2S	Sewer UPIS & Depreciation
	3	Pro Forma Projections of Metered Customer Units and Demands
	4	Payroll Service Summary - Test Year
	5	Rate Case Expense Docket 2014-346

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Balance Sheets

	Water				
Assets	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**
Utility Plant	$4,082,766	$4,141,045	$4,167,293	$4,264,553	$4,318,966
Accumulated Depreciation	(514,391)	(570,417)	(635,846)	(708,929)	(785,456)
Construction Work in Progress					
Cash	50,277	283,812	171,791	60,655	40,943
Accounts Receivable	313,138	254,688	346,712	454,041	568,063
Receivables from Associated Co.					
Deferred Expenses	589,438	739,151	707,935	843,319	924,392
Accumulated Deferred Income Tax					
Total Assets	$4,521,228	$4,848,279	$4,757,885	$4,913,638	$5,066,907
Liabilities & Equity					
Common Stock	$1,000	$1,000	$1,000	$1,000	$1,000
Premium on Capital Stock	664,021	664,021	664,021	664,021	664,021
Paid in Capital	1,714,735	1,714,735	1,714,735	1,714,735	1,714,735
Retained Earnings	(549,446)	(482,022)	(325,840)	(172,246)	(66,647)
Notes and Loans Payable	1,308,611	1,837,652	1,754,030	1,666,090	1,570,736
Accounts Payable	463,646	386,362	277,139	257,034	384,460
Advances from Associated Co.	128,200	54,069	36,569	36,569	36,569
Accrued Taxes					
Deferred Credits	90,509	135,667	136,637	287,982	330,089
Misc Accrued Liabilities	178,358	145,431	112,503	76,831	43,904
Misc Operating Reserves	125,958	0	0	0	0
Contributions in Aid of Construction	460,025	460,025	460,025	460,025	472,025
Accum. Amortization of CIAC	(64,388)	(68,661)	(72,934)	(78,403)	(83,985)
Total Liabilities & Equity	$4,521,228	$4,848,279	$4,757,885	$4,913,638	$5,066,907

	Sewer				
Assets	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**
Utility Plant	$4,366,821	$4,546,224	$4,621,662	$4,710,012	$4,804,805
Accumulated Depreciation	(420,026)	(475,557)	(530,600)	(616,825)	(707,313)
Construction Work in Progress					
Cash	50,277	283,812	171,791	60,655	40,943
Accounts Receivable	279,820	271,213	352,431	461,509	604,418
Receivables from Associated Co.					
Deferred Expenses	589,438	739,151	707,935	843,319	924,392
Accumulated Deferred Income Tax					
Total Assets	$4,866,331	$5,364,843	$5,323,218	$5,458,669	$5,667,244
Liabilities & Equity					
Common Stock	$1,000	$1,000	$1,000	$1,000	$1,000
Premium on Capital Stock	664,021	664,021	664,021	664,021	664,021
Paid in Capital	2,459,067	2,459,067	2,459,067	2,459,067	2,459,067
Retained Earnings	(754,581)	(548,692)	(428,652)	(97,535)	54,112
Notes and Loans Payable	1,308,611	1,837,652	1,754,030	1,666,090	1,570,736
Accounts Payable	463,646	386,362	277,139	257,034	384,460
Advances from Associated Co.	128,200	54,069	36,569	36,569	36,569
Accrued Taxes					
Deferred Credits	114,738	186,619	269,803	220,270	273,045
Misc Accrued Liabilities	178,358	145,431	112,503	76,831	43,904
Misc Operating Reserves	122,382	0			0
Contributions in Aid of Construction	203,295	203,295	203,295	203,295	210,795
Accum. Amortization of CIAC	(22,406)	(23,980)	(25,556)	(27,973)	(30,464)
Total Liabilities & Equity	$4,866,331	$5,364,843	$5,323,218	$5,458,669	$5,667,244

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Income Statements for 12 Months Ended

	Water				
	12/31/2017	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**
Revenues:					
Metered Sales	$586,990	$532,341	$578,396	$573,057	$644,254
Availability Billing	386,479	376,211	375,054	372,393	388,509
Other Revenue	(554)	22,241	(75)	0	21,688
Total Operating Revenue	972,915	930,793	953,375	945,450	1,054,452
Expenses:					
O&M Expense	596,141	527,708	539,363	554,180	687,516
Depreciation	61,433	64,170	68,146	73,083	77,085
Amortization	(4,272)	(4,272)	(4,273)	(5,469)	(5,582)
Taxes, Other	112,200	134,143	119,497	127,039	116,193
Income Tax	251	0	0	0	0
Total Operating Expense	765,752	721,749	722,733	748,833	875,212
Net Operating Income	207,162	209,044	230,642	196,617	179,240
Other Income	(4,859)	(186)	(7,416)	(3,264)	0
Interest Expense	(86,114)	(92,873)	(112,825)	(114,933)	(108,153)
Other Expenses	(41,433)	(41,809)	(46,128)	(39,323)	(35,848)
Net Income	$74,757	$74,176	$64,273	$39,097	$35,239

	Sewer				
	12/31/2017	**12/31/2018**	**12/31/2019**	**12/31/2020**	**12/31/2021**
Revenues:					
Metered Sales	$479,019	$486,910	$489,476	$484,700	$546,129
Availability Billing	494,185	481,060	479,580	476,195	504,604
Other Revenue	0	22,980	0	0	10,845
Total Operating Revenue	973,204	990,949	969,056	960,896	1,061,578
Expenses:					
O&M Expense	431,487	512,985	579,808	437,609	562,214
Depreciation	62,758	64,387	81,201	86,225	90,488
Amortization	(1,574)	(1,574)	(1,576)	(2,417)	(2,491)
Taxes, Other	112,199	134,143	119,497	127,039	116,193
Income Tax	716	0	0	0	0
Total Operating Expense	605,586	709,940	778,930	648,456	766,404
Net Operating Income	367,618	281,009	190,126	312,440	295,174
Other Income	(4,859)	(186)	(7,416)	(3,264)	0
Interest Expense	(86,114)	(92,873)	(112,825)	(114,933)	(108,153)
Other Expenses	(73,524)	(56,202)	(38,025)	(62,488)	(59,035)
Net Income	$203,121	$131,748	$31,860	$131,755	$127,986

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water and Sewer Operations

Capital Structure and Rate of Return

Pro Forma:

	Amount	Ratio	Cost Rate	Weighted Cost	Return
L-T Debt	$2,946,388	35.1%	6.68%	2.34%	$196,629
S-T Debt	0	0.0%	0.00%	0.00%	0
Equity	5,456,562	64.9%	10.50%	6.82%	573,081
	$8,402,950	100.0%		9.16%	$769,710

Test-Year:

	Amount	Ratio	Cost Rate	Weighted Cost	Return
L-T Debt	$3,141,472	36.4%	6.68%	2.43%	$209,777
S-T Debt	0	0.0%	0.00%	0.00%	0
Equity	5,491,308	63.6%	10.50%	6.68%	576,670
	$8,632,780	100.0%		9.11%	$786,446

Massachusetts' DPU Return on Equity:

Maximum Percentage	14.50%
Minimum Percentage	11.50%

Connecticut DPUC Formula:

Average Large Company	9.69%
Small Company Adder	0.50%
Performance Adder	0.50%
	10.69%

Florida PSC Leverage Graph Formula:

6.05% + (1.8 / Equity Ratio) = ROE

Range	100%	=	7.85%
	40%	=	10.55%
Equity Ratio	64.9%	=	8.82%

Debt Cost:

Average Loan Balance	3,236,826	
Interest Expense	(216,306)	6.68%

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Year-End 12/31/2021	Adjustments	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	$734,737	$39,344	$774,081	$357,495	$1,131,577
Commercial	279,581	5,966	285,546	131,966	417,512
Irrigation	167,020	7,522	174,542	83,461	258,003
Availability Billing	913,710	3,558	917,268	422,901	1,340,170
Misc. Other Revenue	32,533	882	33,415	15,644	49,059
Billing Adjustments	(11,551)	11,551	0	0	0
Total Revenues	2,116,030	68,823	2,184,854	1,011,467	3,196,320
Operating Expense:					
Wages	187,278	51,716	238,994	0	238,994
Benefits	7,259	(2,348)	4,911	0	4,911
Director's Fees	16,500	0	16,500	0	16,500
Sludge Disposal	0	0	0	0	0
Power	79,749	11,286	91,034	0	91,034
Chemicals	6,626	437	7,064	0	7,064
Supplies & Maintenance	39,589	4,680	44,269	0	44,269
Outside Services-Mgmt	201,878	12,736	214,613	0	214,613
Outside Services-Engineering	0	6,368	0	0	0
Outside Services-Accounting	630	0	630	0	630
Outside Services-Legal	3,975	0	3,975	0	3,975
Outside Services-Testing	154,594	0	154,594	0	154,594
Outside Services-Other	21,565	0	21,565	0	21,565
Other Operating Expenses	0	0	0	0	0
Transportation	63,874	5,429	69,303	0	69,303
Bad Debt	204,599	6,672	211,271	97,773	309,044
Insurance	41,175	(5,162)	36,013	0	36,013
Regulatory Commission Expense	9,067	6,574	15,641	0	15,641
Other A&G Expenses	18,614	0	18,614	0	18,614
Total O&M Expense	1,056,971	98,387	1,148,990	97,773	1,246,763
Depreciation	159,500	659	160,159	0	160,159
Amortization	180,405	458,014	638,419	0	638,419
Revenue Taxes	19,380	(3,894)	15,486	7,169	22,655
Property Taxes	202,638	27,411	230,049	0	230,049
Payroll Taxes	16,074	3,773	19,847	0	19,847
State and Federal Income Taxes	6,650	0	6,650	167,631	174,281
Total Operating Expenses	1,641,617	584,351	2,219,600	272,573	2,492,173
Net Operating Income	$474,413		($34,746)		$704,147
Rate Base	$8,246,128		$7,686,820		$7,686,820
Rate of Return	5.75%		-0.45%		9.16%
				Revenue Increase	46.3%

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Schedule W-B

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Rate Base Calculation

	12/31/2021	Test Year Adjustments	Adjusted Test Year	Pro Forma Adjustment	Pro Forma
Plant in Service	$4,318,966	$0	$4,318,966	$28,500	$4,347,466
Accumulated Depreciation	(785,456)	0	(785,456)	(74,758)	(860,214)
Contributions in Aid of Construction	(472,025)	845	(471,180)	(8,500)	(479,680)
Accum. Amortization of CIAC	83,985	0	83,985	5,315	89,300
Net Plant	3,145,469	845	3,146,314	(49,442)	3,096,872
Working Capital (1/5th O&M)	0	116,992	116,992	18,860	135,852
Unamortized Balances	741,526	(417,391)	324,135	(90,203)	233,932
Rate Base	$3,886,996	($299,555)	$3,587,441	($120,785)	$3,466,656

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Water System Rate Base

1	Adjustments to Utility Plant in Service.			
	UPIS Pro Forma Additions			
	a) Meter & Meter Boxes (Customer Growth)	$ 5,000		
	b) Irrigation Meter & Meter Boxes (Customer Growth)	3,500		
	c) Land - Sabry Costs	20,000		
	Adjustment			$ 28,500
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.			
	a) Annual Depreciation (Schedule C-3)	$ 74,758		
	Adjustment			$ 74,758
3	Adjust CIAC for Tap Fees related to pro forma customer growth.			
	Adjustment			$ 8,500
4	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.			
	a) Annual Amortization (Schedule C-3)	$ (5,315)		
	Adjustment			$ (5,315)
5	Adjust working capital allowance for changes to O&M expenses.			
	Expense Adjustment	94,299		
	Working Capital Allowance (Qtrly Billing)	20%		
	Adjustment			$ 18,860
6	Adjustment to reflect the unamortized balance of rate case expense.			
	Unamortized Costs Docket 2014-346	124,135		
	Current of Current Case	200,000		
		324,135		
	Amortization of Prior Approved Costs (2nd yr)	(90,203)		
	Unamortized Balance	233,932		
	Adjustment			$ (90,203)

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Utility Plant in Service

	UPIS Acct	Orig. Cost Plant	Adjustment	Adjusted Test Year	Pro Forma Adjustment	Pro Forma
Organizational Costs	301	$ 73,597		$ 73,597		$ 73,597
Land	303	145,226		145,226	20,000	165,226
Structures T&D	304	96,066		96,066		96,066
Wells	307	793,556		793,556		793,556
Power Generation Equipmt	310	41,865		41,865		41,865
Misc Equipment-Source	339	20,888		20,888		20,888
Water Treatment Plant	320	329,428		329,428		329,428
Distribution Reservoirs	330	869,379		869,379		869,379
Storage - Other	330A	37,946		37,946		37,946
T&D Plant	311	109,142		109,142		109,142
Mains, Hydrts, Serv	331	1,487,971		1,487,971		1,487,971
Meters	334	199,941		199,941	8,500	208,441
Other Intangible Plant	348	404		404		404
Structures General	304	27,222		27,222		27,222
Office Equipmt	340	49,115		49,115		49,115
Transportation Equipmt	341	19,555		19,555		19,555
General Plant-Tools & Equip	343	17,666		17,666		17,666
Total Water Plant		$ 4,318,966	$ -	$ 4,318,966	$ 28,500	$ 4,347,466

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Accumulated Depreciation

	UPIS Acct	Depreciated Plant Cost	Adjustments	Adjusted Test Year	Pro Forma Adjustment	Pro Forma
Structures T&D	304	$ 14,887		$ 14,887	$ 1,601	$ 16,487
Wells	307	171,037		171,037	14,787	185,824
Power Generation Equipmt	310	5,440		5,440	1,170	6,610
Misc Equipment-Source	339	3,708		3,708	649	4,356
Water Treatment Plant	320	55,240		55,240	5,755	60,995
Distribution Reservoirs	330	137,002		137,002	9,720	146,721
Storage - Other	330A	23,716		23,716	3,162	26,878
T&D Plant	311	14,008		14,008	1,907	15,915
Mains, Hydrts, Serv	331	286,249		286,249	16,636	302,885
Meters	334	15,218		15,218	7,610	22,827
Other Intangible Plant	348	242		242	40	283
General Plant-Structures	304	6,582		6,582	811	7,394
Office Equipmt	340	16,715		16,715	6,549	23,264
Transportation Equipmt	341	27,010		27,010	3,259	30,269
General Plant-Tools & Equip	343	8,402		8,402	1,104	9,506
Total Water Plant		$ 785,456	$ -	$ 785,456	$ 74,758	$ 860,214

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water CIAC and Accumulated Amortization

	Balance 12/31/2021	Adjustment	Adjusted Test Year	Pro Forma Adjustment	Pro Forma
CIAC - Tap Fees	$ 353,025	$ (845)	$ 352,180	$ 8,500	$ 360,680
CIAC - Other	119,000		119,000	-	119,000
Water - CIAC	$ 472,025	$ (845)	$ 471,180	$ 8,500	$ 479,680
Accum. Amortization - Tap Fees	$ 62,812	$ -	$ 62,812	$ 3,985	$ 66,797
Accum. Amortization - Other	21,173	-	21,173	1,330	22,503
Water - CIAC Amortization	$ 83,985	$ -	$ 83,985	$ 5,315	$ 89,300

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Operating Statement

	Year-End 12/31/2021	Ref.	Adjustments		Pro Forma Present Rates	Adjustments		Pro Forma Proposed Rates
Operating Revenue:								
Residential	$337,135	E-1	$16,732	(1a)	$353,866	$169,287	(1b)	$523,153
Commercial	130,085	E-1	3,153	(1c)	133,238	63,747	(1d)	196,985
Irrigation	167,020	E-1	7,522	(1e)	174,542	83,461	(1f)	258,003
Availability Billing	397,680	E-1	961	(1g)	398,641	190,636	(1h)	589,277
Misc. Other Revenue	21,688	E-1	596	(1i)	22,284	10,658	(1j)	32,942
Metered Sales-Other	0		0		0	0		
Billing Adj	845		(845)		0	0		
Total Revenues	1,054,452		28,120		1,082,571	517,789		1,600,360
Operating Expense:								
Wages	93,639	C-2	25,858	(2)	119,497			119,497
Benefits	3,629	C-2	(1,174)	(3)	2,455			2,455
Officer & Director's Fees	8,250	C-2			8,250			8,250
Sludge Disposal	0	C-2			0			
Purchased Water	0	C-2			0			
Power	39,687	C-2	5,767	(4)	45,453			45,453
Chemicals	3,313	C-2	437	(5)	3,751			3,751
Supplies & Maintenance	24,983	C-2	2,936	(6)	27,919			27,919
Outside Services-Mgmt	100,939	C-2	6,368	(7)	107,307			107,307
Outside Services-Engineering	0	C-2			0			
Outside Services-Accounting	315	C-2			315			315
Outside Services-Legal	1,987	C-2			1,987			1,987
Outside Services-Testing	121,786	C-2			121,786			121,786
Outside Services-Other	10,695	C-2			10,695			10,695
Other Operating Expenses	0	C-2			0			
Transportation	31,909	C-2	2,712	(8)	34,621			34,621
Bad Debt	104,352	C-2	(232)	(9)	104,120	49,769	(18)	153,889
Insurance	20,588	C-2	(2,581)	(10)	18,007			18,007
Regulatory Commission Expense	9,067	C-2	4,439	(11)	13,506			13,506
Other A&G Expenses	9,820	C-2			9,820			9,820
Total O&M Expense	584,959		44,530		629,490	49,769		679,259
Depreciation, Net	71,503	C-2	(2,060)	(12)	69,442			69,442
Amortization	90,203	C-2	229,007	(13)	319,210			319,210
Revenue Taxes	12,542	C-2	(4,869)	(14)	7,673	3,670	(19)	11,343
Property Taxes	101,319	C-2	13,706	(15)	115,025			115,025
Payroll Taxes	8,037	C-2	1,886	(16)	9,924			9,924
State and Federal Income Taxes	6,650	C-2	(3,325)	(17)	3,325	75,274	(20)	78,599
Total Operating Expenses	875,212		278,876		1,154,088	128,712		1,282,800
Net Operating Income	$179,240				($71,516)			$317,560
Rate Base	$3,587,441				$3,466,656			$3,466,656
Rate of Return	5.00%				-2.06%			9.16%
					Revenue Increase			47.8%

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma growth and annualized customers at present rates.

Residential Revenue Per Schedule E.1	353,866	
Less: Residential Revenue - Test Year	337,135	
Adjustment		16,732

b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.

Residential Revenue Per Schedule E.2	523,153	
Less: Residential Revenue Per Schedule E.1	353,866	
Adjustment		169,287

c) Adjust residential revenue to reflect the pro forma annualized customers at present rates.

Commercial Revenue Per Schedule E.1	133,238	
Less: Commercial Revenue - Test Year	130,085	
Adjustment		3,153

d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.

Commercial Revenue Per Schedule E.2	196,985	
Less: Commercial Revenue Per Schedule E.1	133,238	
Adjustment		63,747

e) Adjust irrigation revenue to reflect the pro forma demand at present rates.

Irrigation Revenue Per Schedule E.1	174,542	
Less: Irrigation Revenue - Test Year	167,020	
Adjustment		7,522

f) Adjust irrigation revenue to reflect the pro forma demand at proposed rates.

Irrigation Revenue Per Schedule E.2	258,003	
Less: Irrigation Revenue Per Schedule E.1	174,542	
Adjustment		83,461

g) Adjust availability revenue to reflect the pro forma number of customers at present rates.

Availability Revenue Per Schedule E.1	398,641	
Less: Availability Revenue - Test Year	397,680	
Adjustment		961

h) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.

Availability Revenue Per Schedule E.2	589,277	
Less: Availability Revenue Per Schedule E.1	398,641	
Adjustment		190,636

i) Adjust miscellaneous revenues (Late Charges) to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.1	1,082,571	2.06%	22,284	
Less: Misc Revenue - Test Year	1,053,607	2.06%	21,688	
Adjustment				596

j) Adjust miscellaneous revenues (Late Charges) to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.2	1,600,360	2.06%	32,942	
Less: Misc Revenue Per Schedule E.1	1,082,571	2.06%	22,284	
Adjustment				10,658

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (2)
Increase the previous level of wages for cost-of-living increase and incentive (see WP4).

	Test Period	Pro Forma	
Wages	93,639	119,497	
Adjustment			25,858

Adjustment (3)
Adjust employee insurance benefits to reflect current premiums and covered employees.

Pro forma costs	2,455	
Less: Test period costs	3,629	
Adjustment		(1,174)

Adjustment (4)
Adjust the level of power costs relative to increased system demand with an inflationary adjustment.

			Test Period	Increased Load	Pro Forma	
Purchased Power			39,687	1.032	40,949	
Pricing change	11.0%	Electricity-US Bureau of Labor			4,504	
Adjustment						5,767

Adjustment (5)
Increase the level of chemical costs for increased system demand with an inflationary adjustment.

			Test Period	Increased Load	Pro Forma	
Chemicals			3,313	1.032	3,419	
Pricing change	9.7%	Commodities less food and energy-US Bureau of Labor			332	
Adjustment						437

Adjustment (6)
Increase the level of supplies and maintenance costs for increased number of customers and an inflationary adjustment.

Test period costs			24,983	
Factor for increase in customers			1.027	
			25,661	
Pricing change	8.8%	South Atlantic Region-US Bureau of Labor	2,258	
Adjustment				2,936

Adjustment (7)
Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs	100,939	
Factor for increase in customers	1.027	
	103,678	
Annual Increase	3.5%	
	107,307	
Adjustment		6,368

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (8)

Adjust transportation costs for inflationary pricing increases.

Test period costs		31,909	
Pricing change	8.5% Transportation Services-US Bureau of Labor	2,712	
Adjustment			2,712

Adjustment (9)

Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

General Service Sales	1,060,287		
Historical Level	9.82%	104,120	
Test period costs		104,352	
Adjustment			(232)

Adjustment (10)

Adjustment to record the most recent premium costs for all insurances.

	Vehicle	Op Bond	General	W. Comp	Total	
Pro Forma Expense	2,168	5,250	4,717	5,873	18,007	
Test Period Expense	1,860	2,625	4,914	11,189	20,588	
Adjustment						(2,581)

Adjustment (11)

Adjust Regulatory Expenses to reflect most recent DHEC drinking water annual bills.

	Melrose Area	Haig Pt.		
Pro Forma Expense	6,731	6,775	13,506	
Test Period Expense			9,067	
Adjustment				4,439

Adjustment (12)

Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	69,442	
Test period Depreciation Expense	71,503	
Adjustment		(2,060)

Adjustment (13)

Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Unamortized Settlement Costs - Docket 2014-346-WS	124,135	3	41,378	
Post Settlement Costs - Docket 2014-346-WS	534,712	3	178,237	
Current rate case cost	200,000	3	66,667	
Property Taxes	263,422	8	32,928	
Annual amortization			319,210	
Test Period Expense			90,203	229,007

Adjustment (14)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	1,082,571	
Revenue Tax Rate	0.70879%	
	7,673	
Less: Test Year Revenue Tax	12,542	
Adjustment		(4,869)

Adjustment (15)

Adjustment property taxes to reflect actual tax bills and rates for updated market values.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,812,475	400,310	0.28470	113,968	
Land				1,056	
Less: Test Year Property Taxes				101,319	
Adjustment					13,706

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (16)
Increase the level of payroll taxes to reflect pro forma wages (see WP4).

	Test Period		Pro Forma	
Payroll Taxes	8,037		9,924	
Adjustment				1,886

Adjustment (17)
Adjustment to reflect State and Federal Income Taxes.

Revenue	1,082,571			
O&M Expense	(629,490)			
Depreciation	(69,442)			
Amortization	(319,210)			
Taxes - Other	(132,621)			
Interest Expense	(81,120)			
State Taxable Income	(149,311)			
State Income Tax Rate		5.000%		
SIT (Minimum Corp State Tax)			3,325	
Federal Taxable Income	(152,636)			
Federal Income Tax Rate		21.000%		
FIT			0	
Pro Forma Income Tax			3,325	
Test Period Income Tax			6,650	
Adjustment				(3,325)

Adjustment (18)
Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates			104,120	
Rate Increase Percentage			47.8%	
Adjustment				49,769

Adjustment (19)
Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement			1,600,346	
Revenue Tax Rate			0.70879%	
Revenue Tax at Proposed Rates			11,343	
Revenue Tax at Present Rates			7,673	
Adjustment				3,670

Adjustment (20)
Adjustment to reflect State and Federal Income Taxes.

Revenue Requirement	1,600,346			
O&M Expense	(679,259)			
Depreciation	(69,442)			
Amortization	(319,210)			
Taxes - Other	(136,291)			
Interest Expense	(81,120)			
State Taxable Income	315,024			
State Income Tax Rate		5.000%		
SIT			15,751	
Federal Taxable Income	299,273			
Federal Income Tax Rate		21.000%		
FIT			62,847	
Pro Forma Income Tax-Proposed Rates			78,599	
Pro Forma Income Tax-Present Rates			3,325	
Adjustment				75,274

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Water

	Acct	12 Months Ended 12/31/20 Expense	12 Months Ended 12/31/21 Expense	Adjusted Rate Year Expense
Wages	601	93,510	93,639	119,497
Benefits	603	1,181	3,629	2,455
Officer & Director's Fees	604	8,250	8,250	8,250
Sludge Disposal		0	0	0
Purchased Water		0	0	0
Power	615	37,595	39,687	45,453
Chemicals	618	3,576	3,313	3,751
Supplies & Maintenance	620	14,003	24,983	27,919
Outside Services-Mgmt	634	97,525	100,939	107,307
Outside Services-Engineering	631	0	0	0
Outside Services-Accounting	632	313	315	315
Outside Services-Legal	633	10,120	1,987	1,987
Outside Services-Testing	635	111,806	121,786	121,786
Outside Services-Other	636	15,210	10,695	10,695
Other Operating Expenses		0	0	0
Transportation	650	23,352	31,909	34,621
Bad Debt	670	92,843	104,352	104,120
Auto Insurance	656	1,782	1,860	2,168
Insurance	657	10,500	7,539	9,967
Workers Comp	658	5,746	11,189	5,873
Rate Case Amortization	666	0	90,203	319,210
Regulatory Commission Expense	667	7,517	9,067	13,506
Other A&G Expenses	675	9,480	9,820	9,820
Total O&M Expense		544,309	675,162	948,699
Depreciation	403	73,083	77,085	74,758
Amortization, CIAC	407	(5,469)	(5,582)	(5,315)
Other Taxes, Licenses, Permits	408	0	0	0
a) Reclass from Reg. Comm. Exp.	408	10,193	12,542	7,673
Property Taxes	408	112,345	101,319	115,025
Payroll Taxes	408	7,847	8,037	9,924
State and Federal Income Taxes	409	6,525	6,650	3,325
Total Operating Expenses		748,833	875,212	1,154,088

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Depreciation Expense - Water

	Pro Forma Avg Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Structures T&D	$ 96,066	2.981%	55.90%	$ 1,601
Wells	793,556	3.333%	55.90%	14,787
Power Generation Equipmt	41,865	5.000%	55.90%	1,170
Misc Equipment-Source	20,888	5.556%	55.90%	649
Water Treatment Plant	329,428	3.125%	55.90%	5,755
Distribution Reservoirs	869,379	2.000%	55.90%	9,720
Storage - Other	37,946	8.333%	100.00%	3,162
T&D Plant	109,142	3.125%	55.90%	1,907
Mains, Hydrts, Serv	1,487,971	2.000%	55.90%	16,636
Meters	204,191	6.667%	55.90%	7,610
Other Intangible Plant	404	10.000%	100.00%	40
General Plant-Structures	27,222	2.981%	100.00%	811
Office Equipmt	49,115	13.333%	100.00%	6,549
Transportation Equipmt	19,555	16.667%	100.00%	3,259
General Plant-Equipment	17,666	6.250%	100.00%	1,104
CIAC - Tap Fees	(356,430)	2.000%	55.90%	(3,985)
CIAC - Other	(119,000)	2.000%	55.90%	(1,330)
	3,628,962			69,442
Depreciation Expense				$ 74,758
Amortization of CIAC				(5,315)
Net Depreciation				$ 69,442

Schedule W-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water Capital Structure and Rate of Return

	Amount	Ratio	Cost Rate	Weighted Cost
L-T Debt	$1,215,539	35.1%	6.68%	2.34%
S-T Debt	0	0.0%	0.00%	0.00%
Equity	2,251,117	64.9%	10.50%	6.82%
	$3,466,656	100.0%		9.16%

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
12/31/2021

	Quarterly Bills		Usage (tg)		Quarterly Base Chg		Usage Charge		Base Chg	Usage	Total
	Qtr 1	Qtrs 2-4	Qtr 1	Qtrs 2-4	Composite	Existing	Composite	Existing	Revenue	Revenue	Revenue
Residential	390.0	1,191.0			$144.83	$155.88			$242,135		$242,135
Total gals			4,644.628	16,912.832			$4.18	$4.47		$94,999	$94,999
	390.0	1,191.0	4,644.628	16,912.832					$242,135	$94,999	$337,134
Commercial	61.0	180.0			$202.74	$218.23			$51,648		$51,648
Total gals			1,267.261	8,103.527			$4.18	$4.47		$41,516	$41,516
Multi-Unit	42.0	126.0			$202.74	$218.23			$36,012		$36,012
Total gals			32.530	172.900			$4.18	$4.47		$909	$909
	103.0	306.0	1,299.791	8,276.427					$87,660	$42,424	$130,085
Irrigation-DIUC											
0 to 18,000 gals (quarterly)	241.0	730.0	728.807	6,601.561			$4.59	$4.91		$35,759	$35,759
18,001 to 60,000 gals			619.652	7,924.286			$5.42	$5.80		$49,319	$49,319
Over 60,000 gals			1,491.556	10,853.476			$6.26	$6.69		$81,942	$81,942
	241.0	730.0	2,840.015	25,379.323						$167,020	$167,020
Total Water Revenues	734.0	2,227.0	8,784.434	50,568.582					$329,796	$304,444	$634,240
									52.0%	48.0%	
Availability Billing	901.0	2,705.0			$104.44	$112.23			$397,680		$397,680
	901.0	2,705.0									$397,680
Misc. Revenue (Late Chgs)										2.06%	$21,680
Total Water Operating Revenue											$1,053,600
Revenue Per Books											$1,054,452
Difference											-$849
											-0.08%

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2022

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	1,632.0		$155.88		$254,396		$254,396
Total gals		22,252.862		$4.47		$99,470	$99,470
	1,632.0	22,252.862			$254,396	$99,470	$353,866
Commercial	244.0		$218.23		$53,248		$53,248
Total gals		9,487.437		$4.47		$42,409	$42,409
Multi-Unit	168.0		$218.23		$36,663		$36,663
Total gals		205.430		$4.47		$918	$918
	412.0	9,692.867			$89,911	$43,327	$133,238
Irrigation							
0 to 18,000 gals (quarterly)	1,008.0	7,609.692		$4.91		$37,364	$37,364
18,001 to 60,000 gals		8,869.505		$5.80		$51,443	$51,443
Over 60,000 gals		12,815.440		$6.69		$85,735	$85,735
	1,008.0	29,294.637				$174,542	$174,542
Total Water Revenues	3,052.0	61,240.366			$344,307	$317,339	$661,646
					52.04%	47.96%	
Availability Billing	3,552.0		$112.23				$398,641
	3,552.0						$398,641
Misc. Revenue (Late Chgs)						2.06%	$22,284
Total Water Operating Revenue							$1,082,571

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2022

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	1,632.0		$230.43		$376,062		$376,062
Total gals		22,252.862		$6.61		$147,091	$147,091
	1,632.0	22,252.862			$376,062	$147,091	$523,153
Commercial	244.0		$322.61		$78,717		$78,717
Total gals		9,487.437		$6.61		$62,712	$62,712
Multi-Unit	168.0		$322.61		$54,198		$54,198
Total gals		205.430		$6.61		$1,358	$1,358
	412.0	9,692.867			$132,915	$64,070	$196,985
Irrigation							
0 to 18,000 gals (quarterly)	1,008.0	7,609.692		$7.26		$55,246	$55,246
18,001 to 60,000 gals		8,869.505		$8.57		$76,012	$76,012
Over 60,000 gals		12,815.440		$9.89		$126,745	$126,745
	1,008.0	29,294.637				$258,003	$258,003
Total Water Revenues	3,052.0	61,240.366			$508,977	$469,164	$978,141
					31.80%	29.32%	
Availability Billing	3,552.0		$165.90				$589,277
	3,552.0						$589,277
Misc. Revenue (Late Chgs)						2.06%	$32,942
Total Water Operating Revenue							$1,600,360

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Daufuskie Island Utility Company, Inc.

Revenue Requirement

		Water
Equity Return		$236,426
Gross Revenue Tax	0.70879%	2,249
Effective Income Tax Rate	24.9500%	78,599
Equity Grossed-Up	25.4819%	317,273
O&M Expenses		679,259
Depreciation		69,442
Amortization		319,210
Property Taxes		115,025
Payroll Taxes		9,924
Interest Expense		81,120
		1,273,978
Gross Revenue Tax		9,094
		1,283,073
Revenue Requirement		$1,600,346
Revenue @ Present Rates		1,082,571
Percentage Increase		47.8%

Metered Sales

	PRESENT Quarterly Rates	PROPOSED Quarterly Rates	Percentage Change
Base Service:			
Residential	$ 155.88	$ 230.43	47.8%
Commercial	$ 218.23	$ 322.61	47.8%
Multi-Family	$ 218.23	$ 322.61	47.8%
Availability Billing	$ 112.23	$ 165.90	47.8%
Usage:			
Residential	$ 4.47	$ 6.61	47.9%
Commercial	$ 4.47	$ 6.61	47.9%
Multi-Family	$ 4.47	$ 6.61	47.9%
Irrigation			
0 to 18,000 gals (quarterly)	$ 4.91	$ 7.26	47.9%
18,001 to 60,000 gals	$ 5.80	$ 8.57	47.8%
Over 60,000 gals	$ 6.69	$ 9.89	47.8%

PROOF:	
Revenue Requirement	$1,600,346
Pro Forma Revenue (SchW-E.2)	1,600,360
Variant	-$14

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Rate Base Calculation

	12/31/2021	Test Year Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2022
Plant in Service	$4,804,805	$26,000	$4,830,805	$5,000	$4,835,805
Accumulated Depreciation	(707,313)	(2,303)	(709,616)	(93,337)	(802,953)
Contributions in Aid of Construction	(210,795)	0	(210,795)	(5,000)	(215,795)
Accum. Amortization of CIAC	30,464	0	30,464	2,620	33,084
Net Plant	3,917,161	23,697	3,940,857	(90,716)	3,850,141
Working Capital (1/5th O&M)	0	116,992	116,992	19,099	136,091
Unamortized Balances	741,526	(417,391)	324,135	(90,203)	233,932
Rate Base	$4,658,687	($276,703)	$4,381,984	($161,820)	$4,220,165

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Sewer System Rate Base

1	Adjustments to Utility Plant in Service.			
	a) Cost of Added Customer Tap	$ 5,000		
	b) Pump Station Rehabs (prior years, not booked)	26,000		
	Adjustment			$ 31,000
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.			
	a) Annual Depreciation (Schedule C-3)	$ 93,337		
	b) Pump Station Rehab (prior years, not booked)	$ 2,303		
	Adjustment			$ 95,640
3	Adjust CIAC for Tap Fees related to pro forma customer growth.			
	Adjustment			$ 5,000
4	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.			
	Annual Amortization (Schedule C-3)	$ (2,620)		
	Adjustment			$ 2,620
5	Adjust working capital allowance for changes to O&M expenses.			
	Expense Adjustment	$ 95,493		
	Working Capital Allowance (Qtrly Billing)	20%		
	Adjustment			$ 19,099
6	Adjustment to reflect the unamortized balance of rate case expense.			
	Unamortized Costs Docket 2014-346	124,135		
	Current of Current Case	200,000		
		324,135		
	Amortization of Prior Approved Costs (2nd yr)	(90,203)		
	Unamortized Balance	233,932		
	Adjustment			$ (90,203)

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Utility Plant in Service

	UPIS Acct	Orig. Cost Plant	Adjustment	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2022
Organizational Costs	351	$ 73,597		$ 73,597	$ -	$ 73,597
Land	353	63,710		63,710		63,710
Collection Mains	361	2,118,279		2,118,279	5,000	2,123,279
Flow Measuring Device	367	1,956		1,956		1,956
T&D-Structures	354	666,473		666,473		666,473
WW Pumping Plant	371	498,814	26,000	524,814		524,814
WW Treatment & Disposal Plant	380	138,188		138,188		138,188
T&D-Aeration Motors	380A	109,208		109,208		109,208
Plant Sewers	381	855,881		855,881		855,881
Outfall Sewer Lines	382	66,704		66,704		66,704
Power Generation Equip	355	99,078		99,078		99,078
Other Intangible Plant	398	204		204		204
General Plant-Structures	354	27,534		27,534		27,534
Office Equipment	390	23,619		23,619		23,619
Transportation Equipmt	391	6,591		6,591		6,591
General Plant-Tools & Equip	393	50,225		50,225		50,225
Lab Equipment	394	4,089		4,089		4,089
Misc. Equipment - General	397	655		655		655
Total Sewer Plant		$ 4,804,805	$ 26,000	$ 4,830,805	$ 5,000	$ 4,835,805

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Accumulated Depreciation

	UPIS Acct	Depreciated Plant Cost	Adjustment	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2022
Collection Mains	361	$ 399,831		$ 399,831	$ 26,055	$ 425,887
Flow Measuring Device	367	333		333	55	388
T&D-Structures	354	64,398		64,398	18,160	82,558
WW Pumping Plant	371	9,552	2,303	11,855	11,735	23,590
WW Treatment & Disposal Plant	380	(125,615)		(125,615)	1,919	(123,696)
T&D-Aeration Motors	380A	62,758		62,758	12,134	74,892
Plant Sewers	381	218,992		218,992	11,887	230,878
Outfall Sewer Lines	382	15,349		15,349	746	16,095
Power Generation Equip	355	14,481		14,481	2,408	16,889
Other Intangible Plant	398	122		122	20	143
General Plant-Structures	354	6,608		6,608	750	7,358
Office Equipment	390	12,738		12,738	3,149	15,887
Transportation Equipmt	391	7,842		7,842	1,098	8,940
General Plant-Tools & Equip	393	19,602		19,602	2,954	22,556
Lab Equipment	394	271		271	229	499
Misc. Equipment - General	397	53		53	37	89
Total Sewer Plant		$707,313	$2,303	$709,616	$93,337	$802,953

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer CIAC and Accumulated Amortization

	12/31/2021	Adjustment	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2022
CIAC - Tap Fees	$ 210,795	$ -	$ 210,795	$ 5,000	$ 215,795
CIAC - Other	-	-		-	-
Water - CIAC	$ 210,795	$ -	$ 210,795	$ 5,000	$ 215,795
Accum. Amortization - Tap Fees	$ 30,464	$ -	$ 30,464	$ 2,620	$ 33,084
Accum. Amortization - Other	-			-	-
Water - CIAC Amortization	$ 30,464	$ -	$ 30,464	$ 2,620	$ 33,084

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Operating Statement

	Year-End 12/31/2021	Ref.	Adjustments		12/31/2022 Pro Forma Present Rates	Adjustments		Pro Forma Proposed Rates
Operating Revenue:								
Residential	$397,602	E.1	$22,613	(1a)	$420,215	$188,208	(1b)	$608,423
Commercial	149,496	E.1	2,813	(1c)	152,309	68,219	(1d)	220,527
Availability Billing	516,030	E.1	2,597	(1e)	518,628	232,265	(1f)	750,893
Misc. Other Revenue	10,845	E.1	286	(1g)	11,131	4,985	(1h)	16,116
Billing Adj	(12,396)		12,396		0	0		0
Total Revenues	1,061,578		40,704		1,102,282	493,678		1,595,960
Operating Expense:								
Wages	93,639	C.2	25,858	(2)	119,497			119,497
Benefits	3,629	C.2	(1,174)	(3)	2,455			2,455
Officer & Director's Fees	8,250	C.2			8,250			8,250
Sludge Disposal	0	C.2			0			0
Power	40,062	C.2	5,519	(4)	45,581			45,581
Chemicals	3,313	C.2	0	(5)	3,313			3,313
Supplies & Maintenance	14,606	C.2	1,744	(6)	16,349			16,349
Outside Services-Mgmt	100,939	C.2	6,368	(7)	107,306			107,306
Outside Services-Engineering	0	C.2			0			0
Outside Services-Accounting	315	C.2			315			315
Outside Services-Legal	1,987	C.2			1,987			1,987
Outside Services-Testing	32,808	C.2			32,808			32,808
Outside Services-Other	10,870	C.2			10,870			10,870
Other Operating Expenses	0	C.2			0			0
Transportation	31,965	C.2	2,717	(8)	34,682			34,682
Bad Debt	100,248	C.2	6,903	(9)	107,151	48,004	(18)	155,155
Insurance	20,588	C.2	(2,581)	(10)	18,007			18,007
Regulatory Commission Expense	0	C.2	2,135	(11)	2,135			2,135
Other A&G Expenses	8,793	C.2			8,793			8,793
Total O&M Expense	472,011		47,489		519,500	48,004		567,504
Depreciation, Net	87,997	C.2	2,719	(12)	90,716			90,716
Amortization	90,203	C.2	229,007	(13)	319,210			319,210
Revenue Taxes	6,837	C.2	975	(14)	7,813	3,499	(19)	11,312
Property Taxes	101,319	C.2	13,706	(15)	115,025			115,025
Payroll Taxes	8,037	C.2	1,886	(16)	9,924			9,924
State and Federal Income Taxes	0	C.2	3,325	(17)	3,325	92,358	(20)	95,683
Total Operating Expenses	766,404		299,107		1,065,512			1,209,373
Net Operating Income	$295,174				$36,770			$386,587
Rate Base	$4,658,687				$4,220,165			$4,220,165
Rate of Return	6.34%				0.87%			9.16%
						Revenue Increase		44.8%

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma growth and annualized customers at present rates.

Residential Revenue Per Schedule E.1	420,215	
Less: Residential Revenue Per Books (Test Year)	397,602	
		22,613

b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.

Residential Revenue Per Schedule E.2	608,423	
Less: Residential Revenue Per Schedule E.1	420,215	
		188,208

c) Adjust commercial revenue to reflect the pro forma annualized customers at present rates.

Commercial Revenue Per Schedule E.1	152,309	
Less: Commercial Revenue Per Books (Test Year)	149,496	
		2,813

d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.

Commercial Revenue Per Schedule E.2	220,527	
Less: Commercial Revenue Per Schedule E.1	152,309	
		68,219

e) Adjust availability revenue to reflect the pro forma number of customers at present rates.

Availability Revenue Per Schedule E.1	518,628	
Less: Availability Revenue - Test Year	516,030	
Adjustment		2,597

f) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.

Availability Revenue Per Schedule E.2	750,893	
Less: Availability Revenue Per Schedule E.1	518,628	
Adjustment		232,265

g) Adjust miscellaneous revenues (Late Charges) to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.1	1,102,282	1.01%	11,131	
Less: Misc Revenue - Test Year	1,073,974	1.01%	10,845	
Adjustment				286

h) Adjust miscellaneous revenues (Late Charges) to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.

	Total Rev.		Misc. Rev.	
Misc Revenue Per Schedule E.2	1,595,960	1.01%	16,116	
Less: Misc Revenue Per Schedule E.1	1,102,282	1.01%	11,131	
Adjustment				4,985

Adjustment (2)

Increase the previous level of wages for cost-of-living increase and incentive(see WP4).

	Test Period	Pro Forma	
Wages	93,639	119,497	
Adjustment			25,858

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums and covered employees.

Pro forma costs	2,455	
Less: Test period costs	3,629	
Adjustment		(1,174)

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (4)

Adjust the level of power costs relative to increased system demand with an inflationary adjustment.

			Test Period	Increased Load	Pro Forma	
Purchased Power			40,062	1.025	41,064	
Pricing change	11.0%	Electricity-US Bureau of Labor			4,517	
Adjustment						5,519

Adjustment (5)

Increase the level of chemical costs for increased system demand with an inflationary adjustment.

			Test Period	Increased Load	Pro Forma	
Chemicals			3,313	1.025	3,396	
Pricing change	9.7%	Commodities less food and energy-US Bureau of Labor			329	
Adjustment						412

Adjustment (6)

Increase the level of supplies and maintenance costs for increased number of customers and an inflationary adjustment.

Test period costs			14,606	
Factor for increase in customers			1.029	
			15,027	
Pricing change	8.8%	South Atlantic Region-US Bureau of Labor	1,322	
Adjustment				1,744

Adjustment (7)

Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs			100,939	
Factor for increase in customers			1.027	
			103,678	
Annual Increase			3.5%	
			107,306	
Adjustment				6,368

Adjustment (8)

Adjust transportation costs for inflationary pricing increases.

Test period costs			31,965	
Pricing change	8.5%	Transportation Services-US Bureau of Labor	2,717	
Adjustment				2,717

Adjustment (9)

Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

General Service Sales		1,091,151		
Historical Level		9.82%	107,151	
Test period costs			100,248	
Adjustment				6,903

Adjustment (10)

Adjustment to record the most recent premium costs for all insurances.

	Vehicle	Op Bond	General	W. Comp	Total	
Pro Forma Expense	2,168	5,250	4,717	5,873	18,007	
Test Period Expense	1,860	2,625	4,914	11,189	20,588	
Adjustment						(2,581)

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Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (11)
Adjust Regulatory Expenses to reflect most recent DHEC land application permits.

	Golf Course	WWTP		
Pro Forma Expense	803	1,333	2,135	
Test Period Expense			0	
Adjustment				2,135

Adjustment (12)
Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	90,716	
Test period Depreciation Expnse	87,997	
Adjustment		2,719

Adjustment (13)
Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Unamortized Settlement Costs - Docket 2014-346-WS	124,135	3	41,378	
Post Settlement Costs - Docket 2014-346-WS	534,712	3	178,237	
Current rate case cost	200,000	3	66,667	
Property Taxes	263,422	8	32,928	
Annual amortization			319,210	
Test Period Expense			90,203	229,007

Adjustment (14)
Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	1,102,282	
Revenue Tax Rate	0.70879%	
	7,813	
Less: Test Year Revenue Tax	6,837	
Adjustment		975

Adjustment (15)
Adjustment property taxes to reflect actual tax bills and rates for updated market values.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,812,475	400,310	0.28470	113,968	
Land				1,056	
Less: Test Year Property Taxes				101,319	
Adjustment					13,706

Adjustment (16)
Increase the level of payroll taxes to reflect pro forma wages (see WP4).

	Test Period	Pro Forma	
Payroll Taxes	8,037	9,924	
Adjustment			1,886

Adjustment (17)
Adjustment to reflect State and Federal Income Taxes.

Revenue	1,102,282			
O&M Expense	(519,500)			
Depreciation	(90,716)			
Amortization	(319,210)			
Taxes - Other	(132,761)			
Interest Expense	(98,752)			
State Taxable Income	(58,657)			
State Income Tax Rate		5.000%		
SIT			3,325	
Federal Taxable Income	(55,332)			
Federal Income Tax Rate		21.000%		
FIT			0	
Pro Forma Income Tax			3,325	
Test Period Income Tax			0	
Adjustment				3,325

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (18)				
Adjust bad debt expense to reflect rate increase.				
Pro forma Bad Debt at Present Rates			107,151	
Rate Increase Percentage			44.8%	
Adjustment				48,004
Adjustment (19)				
Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.				
Revenue Requirement			1,595,940	
Revenue Tax Rate			0.70879%	
Revenue Tax at Proposed Rates			11,312	
Revenue Tax at Present Rates			7,813	
Adjustment				3,499
Adjustment (20)				
Adjustment to reflect State and Federal Income Taxes.				
Revenue	1,595,940			
O&M Expense	(567,504)			
Depreciation	(90,716)			
Amortization	(319,210)			
Taxes - Other	(136,260)			
Interest Expense	(98,752)			
State Taxable Income	383,498			
State Income Tax Rate		5.000%		
SIT			19,175	
Federal Taxable Income	364,323			
Federal Income Tax Rate		21.000%		
FIT			76,508	
Pro Forma Income Tax-Proposed Rates			95,683	
Pro Forma Income Tax-Present Rates			3,325	
Adjustment				92,358

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Sewer

	Acct	12 Months Ended 12/31/20 Expense	12 Months Ended 12/31/21 Expense	Adjusted Rate Year Expense
Wages	701	93,510	93,639	119,497
Benefits	703	1,181	3,629	2,455
Officer & Director's Fees	704	8,250	8,250	8,250
Sludge Disposal		0	0	0
Power	715	38,049	40,062	45,581
Chemicals	718	3,576	3,313	3,313
Supplies & Maintenance	720	9,733	14,606	16,349
Outside Services-Mgmt	734	97,525	100,939	107,306
Outside Services-Engineering	731	0	0	0
Outside Services-Accounting	732	313	315	315
Outside Services-Legal	733	10,120	1,987	1,987
Outside Services-Testing	735	21,672	32,808	32,808
Outside Services-Other	736	11,652	10,870	10,870
Other Operating Expenses		0	0	0
Transportation	750	23,352	31,965	34,682
Bad Debt	770	94,360	100,248	107,151
Auto Insurance	756	1,782	1,860	2,168
Insurance	757	10,500	7,539	9,967
Workers Comp	758	5,746	11,189	5,873
Rate Case Amortization	766	0	90,203	319,210
Regulatory Commission Exp	767	0	0	2,135
a) Reclass from Revenue Tax	767			
Other A&G Expenses	775	6,288	8,793	8,793
Total O&M Expense		437,609	562,214	838,710
Depreciation	403	86,225	90,488	93,337
Amortization	407	(2,417)	(2,491)	(2,620)
Revenue Taxes (Permits)	408	6,847	6,837	0
a) Reclass from Reg. Comm. Exp.	408			7,813
Property Taxes	408	112,345	101,319	115,025
Payroll Taxes	408	7,847	8,037	9,924
State and Federal Income Taxes	409	0	0	3,325
Total Operating Expenses		648,456	766,404	1,065,512

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Schedule S-C.3

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Depreciation Expense - Sewer

	Pro Forma Avg Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Collection Mains	$ 2,120,779	2.198%	55.90%	$ 26,055
Flow Measuring Device	1,956	5.000%	55.90%	55
T&D-Structures	666,473	2.725%	100.00%	18,160
WW Pumping Plant	524,814	4.000%	55.90%	11,735
WW Treatment & Disposal Plant	138,188	2.484%	55.90%	1,919
T&D-Aeration Motors	109,208	11.111%	100.00%	12,134
Plant Sewers	855,881	2.484%	55.90%	11,887
Outfall Sewer Lines	66,704	2.000%	55.90%	746
Power Generation Equip	99,078	4.348%	55.90%	2,408
Other Intangible Plant	204	10.000%	100.00%	20
General Plant-Structures	27,534	2.725%	100.00%	750
Office Equipment	23,619	13.333%	100.00%	3,149
Transportation Equipmt	6,591	16.667%	100.00%	1,098
General Plant-Tools & Equip	50,225	5.882%	100.00%	2,954
Lab Equipment	4,089	10.000%	55.90%	229
Misc. Equipment-General	655	10.000%	55.90%	37
CIAC - Tap Fees	(213,295)	2.198%	55.90%	(2,620)
CIAC - Other	-	2.000%	55.90%	-
	4,482,703			90,716
Depreciation Expense				$ 93,337
Amortization of CIAC				(2,620)
Net Depreciation				$ 90,716

Schedule S-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Sewer Capital Structure and Rate of Return

	Amount	Ratio	Cost Rate	Weighted Cost
L-T Debt	$1,479,747	35.1%	6.68%	2.34%
S-T Debt	0	0.0%	0.00%	0.00%
Equity	2,740,417	64.9%	10.50%	6.82%
	$4,220,165	100.0%		9.16%

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Present Rates
12/31/2021

	Quarterly Bills		Usage (tg)		Quarterly Base Chg		Usage Charge		Base Chg	Usage	Total
	Qtr 1	Qtrs 2-4	Qtr 1	Qtrs 2-4	Composite	Existing	Composite	Existing	Revenue	Revenue	Revenue
Residential	388.0	1,179.0			$208.34	$226.37			$347,725		$347,725
Total gals			4,643.087	16,412.625			$2.22	$2.41		$49,878	$49,878
	388.0	1,179.0	4,643.087	16,412.625					$347,725	$49,878	$397,603
Commercial	60.0	180.0			$291.64	$316.91			$74,542		$74,542
Total gals			1,225.711	8,116.287			$2.22	$2.41		$22,285	$22,285
Multi-Unit	42.0	126.0			$291.64	$316.91			$52,179		$52,179
Total gals			32.530	172.900			$2.22	$2.41		$489	$489
	102.0	306.0	1,258.241	8,289.187					$126,721	$22,774	$149,496
Total Sewer Revenues	490.0	1,485.0	5,901.328	24,701.812					$474,446	$72,652	$547,099
									86.7%	13.3%	
Availability Billing	901.0	2,705.0			$134.38	$146.01					$516,030
	901.0	2,705.0									$516,030
Misc. Revenue (Late Chgs)										1.01%	$10,845
Total Sewer Operating Revenue											$1,073,974
Revenue Per Books											$1,061,578
Difference											$12,396
											1.17%

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2022

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential	1,624.0		$226.37		$367,625		$367,625
Total gals		21,821.619		$2.41		$52,590	$52,590
	1,624.0	21,821.619			$367,625	$52,590	$420,215
Commercial	240.0		$316.91		$76,058		$76,058
Total gals		9,341.998		$2.41		$22,514	$22,514
Multi-Unit	168.0		$316.91		$53,241		$53,241
Total gals		205.430		$2.41		$495	$495
	408.0	9,547.428			$129,299	$23,009	$152,309
Total Sewer Revenues	2,032.0	31,369.047			$496,924	$75,599	$572,524
					86.8%	13.2%	
Availability Billing	3,552.0		$146.01				$518,628
	3,552.0						$518,628
Misc. Revenue (Late Chgs)						1.01%	$11,131
Total Sewer Operating Revenue							$1,102,282

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Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2022

	Quarterly Bills	Annual Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,624.0		$327.75		$532,266		$532,266
Total gals		21,821.619		$3.49		$76,157	$76,157
	1,624.0	21,821.619			$532,266	$76,157	$608,423
Commercial-DIUC	240.0		$458.84		$110,122		$110,122
Total gals		9,341.998		$3.49		$32,604	$32,604
Multi-Unit-MUC/BP	168.0		$458.84		$77,085		$77,085
Total gals		205.430		$3.49		$717	$717
	408.0	9,547.428			$187,207	$33,321	$220,527
Total Sewer Revenues	2,032.0	31,369.047			$719,473	$109,478	$828,951
					86.79%	13.21%	
Availability Billing-MUC/BP	3,552.0		$211.40				$750,893
	3,552.0						$750,893
Misc. Revenue (Late Chgs)						1.01%	$16,116
Total Sewer Operating Revenue							$1,595,960

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Daufuskie Island Utility Company, Inc.

Revenue Requirement

		Sewer
Equity Return		$287,815
Gross Revenue Tax	0.70879%	2,738
Effective Income Tax Rate	24.9500%	95,683
Equity Grossed-Up	25.4819%	386,236
O&M Expenses		567,504
Depreciation		90,716
Amortization		319,210
Property Taxes		115,025
Payroll Taxes		9,924
Interest Expense		98,752
		1,201,130
Gross Revenue Tax		8,574
		1,209,704
Revenue Requirement		$1,595,940
Revenue @ Present Rates		1,102,282
Percentage Increase		44.8%

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Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Work Papers
Supporting
Rate Study Schedules

GUASTELLA ASSOCIATES LLC

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Typical Residential Water Bill Comparison

	PRESENT RATES				PROPOSED NO USAGE ALLOWANCE RATES				
	Base Gals. Over Allowance	Usage Charge $4.47	Base Charge $155.88	Quarterly Bill	Base Gals. Over Allowance	Usage Charge $6.61	Base Charge $230.43	Quarterly Bill	Percent Increase
0	0	$0.00	$155.88	$155.88	0	$0.00	$230.43	$230.43	47.83%
2,500	2,500	$11.18	$155.88	$167.06	2,500	$16.53	$230.43	$246.96	47.83%
5,000	5,000	$22.35	$155.88	$178.23	5,000	$33.05	$230.43	$263.48	47.83%
7,500	7,500	$33.53	$155.88	$189.41	7,500	$49.58	$230.43	$280.01	47.83%
10,000	10,000	$44.70	$155.88	$200.58	10,000	$66.10	$230.43	$296.53	47.84%
12,500	12,500	$55.88	$155.88	$211.76	12,500	$82.63	$230.43	$313.06	47.84%
15,000	15,000	$67.05	$155.88	$222.93	15,000	$99.15	$230.43	$329.58	47.84%
17,000	17,000	$75.99	$155.88	$231.87	17,000	$112.37	$230.43	$342.80	47.84%
18,250 *	18,250	$81.58	$155.88	$237.46	18,250	$120.63	$230.43	$351.06	47.84%
20,000	20,000	$89.40	$155.88	$245.28	20,000	$132.20	$230.43	$362.63	47.84%
22,500	22,500	$100.58	$155.88	$256.46	22,500	$148.73	$230.43	$379.16	47.84%
25,000	25,000	$111.75	$155.88	$267.63	25,000	$165.25	$230.43	$395.68	47.85%
30,000	30,000	$134.10	$155.88	$289.98	30,000	$198.30	$230.43	$428.73	47.85%
35,000	35,000	$156.45	$155.88	$312.33	35,000	$231.35	$230.43	$461.78	47.85%
40,000	40,000	$178.80	$155.88	$334.68	40,000	$264.40	$230.43	$494.83	47.85%
45,000	45,000	$201.15	$155.88	$357.03	45,000	$297.45	$230.43	$527.88	47.85%
50,000	50,000	$223.50	$155.88	$379.38	50,000	$330.50	$230.43	$560.93	47.85%
Note(*):	Typical residential bill at 200 gpd of water usage.				18,250				
		Annual Water Bill		$949.83				$1,404.25	47.84%

Typical Residential Sewer Bill Comparison

	PRESENT RATES				PROPOSED NO USAGE ALLOWANCE RATES				
	Base Gals. Over Allowance	Usage Charge $2.41	Base Charge $226.37	Quarterly Bill	Base Gals. Over Allowance	Usage Charge $3.49	Base Charge $327.75	Quarterly Bill	Percent Increase
0	0	$0.00	$226.37	$226.37	0	$0.00	$327.75	$327.75	44.79%
2,500	2,500	$6.03	$226.37	$232.40	2,500	$8.73	$327.75	$336.48	44.79%
5,000	5,000	$12.05	$226.37	$238.42	5,000	$17.45	$327.75	$345.20	44.79%
7,500	7,500	$18.08	$226.37	$244.45	7,500	$26.18	$327.75	$353.93	44.79%
10,000	10,000	$24.10	$226.37	$250.47	10,000	$34.90	$327.75	$362.65	44.79%
12,500	12,500	$30.13	$226.37	$256.50	12,500	$43.63	$327.75	$371.38	44.79%
15,000	15,000	$36.15	$226.37	$262.52	15,000	$52.35	$327.75	$380.10	44.79%
17,000	17,000	$40.97	$226.37	$267.34	17,000	$59.33	$327.75	$387.08	44.79%
18,250 *	18,250	$43.98	$226.37	$270.35	18,250	$63.69	$327.75	$391.44	44.79%
20,000	20,000	$48.20	$226.37	$274.57	20,000	$69.80	$327.75	$397.55	44.79%
22,500	22,500	$54.23	$226.37	$280.60	22,500	$78.53	$327.75	$406.28	44.79%
25,000	25,000	$60.25	$226.37	$286.62	25,000	$87.25	$327.75	$415.00	44.79%
30,000	30,000	$72.30	$226.37	$298.67	30,000	$104.70	$327.75	$432.45	44.79%
35,000	35,000	$84.35	$226.37	$310.72	35,000	$122.15	$327.75	$449.90	44.79%
40,000	40,000	$96.40	$226.37	$322.77	40,000	$139.60	$327.75	$467.35	44.79%
45,000	45,000	$108.45	$226.37	$334.82	45,000	$157.05	$327.75	$484.80	44.79%
50,000	50,000	$120.50	$226.37	$346.87	50,000	$174.50	$327.75	$502.25	44.79%
Note(*):	Typical residential bill at 200 gpd of water usage.								
		Annual Sewer Bill		$1,081.41				$1,565.77	44.79%
		Total Annual Bill		$2,031.24			$938.78	$2,970.02	46.22%

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Daufuskie Island Utility Company, Inc.
Water Plant in Service

		12/31/2021 Test Year	
		Original Cost DIUC System	Accum. Deprec. DIUC System
301	**Organization Costs**	20,592.50	-
	Acquisition-Legal Fees	53,004.59	-
		73,597.09	-
303	**Land**	145,226.22	-
		145,226.22	-
304	**T&D - Structures**	96,065.57	14,886.71
	General - Structures	27,221.50	6,582.25
		123,287.07	21,468.96
307	**Wells, Supply Main & Appert**	794,864.67	172,345.76
	Retirement Unit (Flow Meter)	(1,308.80)	(1,308.80)
		793,555.87	171,036.96
310	**Power Generation Equipment**	41,865.48	5,439.96
		41,865.48	5,439.96
311	**Transmission & Distrib.Plant**	115,769.79	20,636.27
	Retirement	(6,628.00)	(6,628.00)
		109,141.79	14,008.27
320	**Water Treatment Plant**	332,618.42	58,430.93
	Retirement	(3,190.46)	(3,190.46)
		329,427.96	55,240.47
330	**Reservoirs & Standpipes**	869,379.00	137,001.65
	Repaint Tank	37,945.74	23,716.13
		907,324.74	160,717.78
331.4	**Water Mains**	1,532,641.50	330,919.77
	Retirement Units (Meters/Services)	(44,670.54)	(44,670.54)
		1,487,970.96	286,249.23
334	**Meters**	199,940.55	15,217.95
		199,940.55	15,217.95
339	**Misc. Equipment**	20,888.25	3,707.77
		20,888.25	3,707.77
340	**Office Furniture**	51,965.00	19,565.19
	Retirement Unit (Billing Software)	(2,850.00)	(2,850.00)
		49,115.00	16,715.19
341	**Transportation Equipment**	23,757.10	31,212.13
	Retirement Unit (P/U Truck)	(4,202.50)	(4,202.50)
		19,554.60	27,009.63
343	**Tools**	17,666.28	8,401.57
		17,666.28	8,401.57
348	**Other Intangible Plant**	403.66	242.23
		403.66	242.23
	Total UPIS - Water	4,318,965.52	785,455.97

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Daufuskie Island Utility Company, Inc.
Sewer Plant in Service

		12/31/2021 Test Year	
		Original Cost DIUC System	Accum. Deprec. DIUC System
351	**Organization Costs**	20,592.50	-
	Acquisition-Legal Fees	53,004.59	-
		73,597.09	-
353	**Land**	63,710.00	-
		63,710.00	-
354	**General Plant - Structures**	27,534.47	6,608.23
	T&D - Structures	666,473.43	64,397.55
		694,007.90	71,005.78
355	**Power Generation Equipment**	99,077.73	14,480.54
		99,077.73	14,480.54
361	**Sewer Mains**	2,118,278.80	399,831.26
		2,118,278.80	399,831.26
367	**Reuse Meter**	1,955.63	332.93
		1,955.63	332.93
371	**Pumping Equipment**	541,035.96	51,773.25
	Retirement Units	(42,221.65)	(42,221.65)
		498,814.31	9,551.60
380	**WW Treatment Plant**	301,765.81	37,963.06
	Retirement Units	(163,577.85)	(163,577.85)
	380A - Aeration Equip & Lagoon	109,208.14	62,758.16
		247,396.10	(62,856.63)
381	**WW Treatment Plant**		
	Plant Sewers	855,881.00	218,991.78
		855,881.00	218,991.78
382	**Outfall Main**	66,703.75	15,349.28
		66,703.75	15,349.28
390	**Office Furniture**	26,468.65	15,587.95
	Retirement Unit (Billing Software)	(2,850.00)	(2,850.00)
		23,618.65	12,737.95
391	**Transportation Equipment**	10,793.10	12,044.29
	Retirement Unit (P/U Truck)	(4,202.50)	(4,202.50)
		6,590.60	7,841.79
393	**Tools**	50,225.40	19,601.71
		50,225.40	19,601.71
394	**Laboratory Equipment**	4,089.05	270.56
		4,089.05	270.56
397	**Misc. Equipment-General**	655.35	52.60
		655.35	52.60
398	**Other Intangible Plant**	203.66	122.23
		203.66	122.23
	Total UPIS - Sewer	4,804,805.02	707,313.38

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Daufuskie Island Utility Company, Inc.
Pro Forma Metered Customer Billing Projections

		TEST YEAR				PRO FORMA			
	Water	Year-End Connections	Actual # Bills	Usage (tg) Total	Avg/Bill	Year-End Connections	Annualized Bills	Usage (tg) Total	Avg/Bill
R8	Res	398.0	1,581	21,557.5	13.635	408	1,632	22,252.9	13.635
C8	Comm	61	241	9,370.8	38.883	61	244	9,487.4	38.883
S3	MultiUnit-MUC	42	168	205.4	1.223	42	168	205.4	1.223
IRR	IRR	245	971			252	1,008		
	Tier 1			7,330.4				7,609.7	
	Tier 2			8,543.9				8,869.5	
	Tier 3			12,345.0				12,815.4	
		746	2,961	59,353.0		763	3,052	61,240.4	

		TEST YEAR				PRO FORMA			
	Sewer	Year-End Connections	Actual # Bills	Usage (tg) Total	Avg/Bill	Year-End Connections	Annualized Bills	Usage (tg) Total	Avg/Bill
S1	Res	396.0	1,567	21,055.7	13.437	406	1,624	21,821.6	13.437
C8	Comm	60	240	9,342.0	38.925	60	240	9,342.0	38.925
S3	MultiUnit-MUC	42	168	205.4	1.223	42	168	205.4	1.223
		498	1,975	30,603.1		508	2,032	31,369.0	

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Daufuskie Island Utility Company, Inc.
Payroll Service Summary - Test Year

Work Paper 4

			Hours	Avg Rate	Max Taxable Gross Wages	$ 142,800 6.20% SS	1.45% Med	FIT	SIT	Net Wages	Employers FICA	$ 7,000 0.600% FUTA	$ 12,000 2.9085% SUI
KF	Full	Reg	2120.0	$ 17.00	$ 36,040.00	$ 2,506.94	$ 586.30	$ 3,712.82	$ 1,896.57	$ 31,731.87	$ 3,093.24	$ 42.00	$ 349.02
active		H	32.0	$ 17.00	$ 544.00								
		OT	151.0	$ 25.50	$ 3,850.50								
WD	Full	Reg	1305.0	$ 21.30	$ 27,792.10	$ 1,763.54	$ 412.44	$ 4,321.27	$ 1,130.26	$ 20,816.71	$ 2,175.98	$ 42.00	$ 349.02
		H	24.0	$ 21.53	$ 516.64								
active		OT	4.0	$ 33.87	$ 135.48								
EJ	Full	Reg	2120.0	salary	$ 58,050.00	$ 3,599.10	$ 841.73	$ 14,538.02	$ 3,591.80	$ 35,479.35	$ 4,440.83	$ 42.00	$ 349.02
active		H	0.0		$ -								
		OT	0.0		$ -								
TS	Full	Reg	2120.0	$ 20.28	$ 43,000.00	$ 3,741.64	$ 875.06	$ 5,350.81	$ 3,752.77	$ 46,628.72	$ 4,616.70	$ 42.00	$ 349.02
active		H	24.0	$ 20.50	$ 492.00								
		OT	552.0	$ 30.54	$ 16,857.00								
			8452.0		$ 187,277.72	$ 11,611.22	$ 2,715.53	$ 27,922.92	$ 10,371.40	$ 134,656.65	$ 14,326.75	$ 168.00	$ 1,396.08

	Wages	Payroll Tax	Payroll Tax	
Accts	601.8 / 701.5	408.12 w/s	408.12 w/s	
Amts	$ 187,277.72	$ 8,037.10	$ 8,037.19	$ 16,074.29
				$ 15,890.83
				$ 183.46

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Daufuskie Island Utility Company, Inc. Work Paper 5
Rate Case Expense Docket No. 2014-346-WS

	Total	Effective Date	Amortization Period	Annual Amortization	Amortized Thru 12/31/2022	Pro Forma Unamortized Balance
Settlement Allowance						
Unamortized Prior Case	$ 22,500	1/1/2018	3	$ 7,500	$ (22,500)	$ -
Bond Costs	60,782	1/1/2018	3	20,261	(60,782)	-
Legal thru 9/30/17	189,100	1/1/2018	3	63,033	(189,100)	-
Legal Post 9/30/17	95,430	3/1/2021	3	31,810	(58,318)	37,112
GA Incl Amt	542,978	3/1/2021	3	180,993	(331,820)	211,158
	$ 910,790					$ 248,270
Post Settlement Costs						
Legal To-Date	$ 339,083					
Estimated Remaining	50,000					
GA To-Date	645,341					
Estimated Remaining	35,000					
	$ 1,069,424	1/1/2023	3	$ 356,475	$ -	$ 1,069,424
TOTAL					TOTAL	$ 1,317,694
					Years	3
					Annual Amort	$ 439,231

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8. VERIFICATION

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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2022-142-WS

In RE:	)	
	)	
Application of Daufuskie Island Utility Company, Inc. for Approval to Adjust Its Rate Schedules and Increased Rates	)	**VERIFICATION OF APPLICATION**

John F. Guastella, being first duly sworn, deposes and says that he is the President of Guastella Associates, Inc, the manager of Daufuskie Island Utility Company, Inc., and that he is duly authorized to and does hereby verify the foregoing Application of Daufuskie Island Utility Company, Inc. for Approval to Adjust Its Rate Schedules and Increased Rates; he has read the Application and knows the contents thereof, and verifies that the statements and representations included therein are true and correct to the best of his knowledge.

John F. Guastella

Subscribed and verifies before me
on this 16 day of June, 2022.

Cari L Multary
Notary Public for Florida
My commission expires 03/07/2026

Notary Public State of Florida
Cari L Multary
My Commission
HH 237135
Exp. 3/7/2026

RECEIVED

Nov 29 2022

S.C. SUPREME COURT

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

Thomas P. Gressette, Jr. (S.C. Bar #14065)
Email: Gressette@WGLFIRM.com
Walker Gressette & Linton, LLC
P.O. Box 22167
Charleston, SC 29413
(843) 727-2200 telephone
(843) 727-2238 facsimile

ATTORNEYS FOR APPELLANT
DAUFUSKIE ISLAND UTILITY CO., INC.

November 9, 2022
Charleston, South Carolina