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S.C. SUPREME COURT

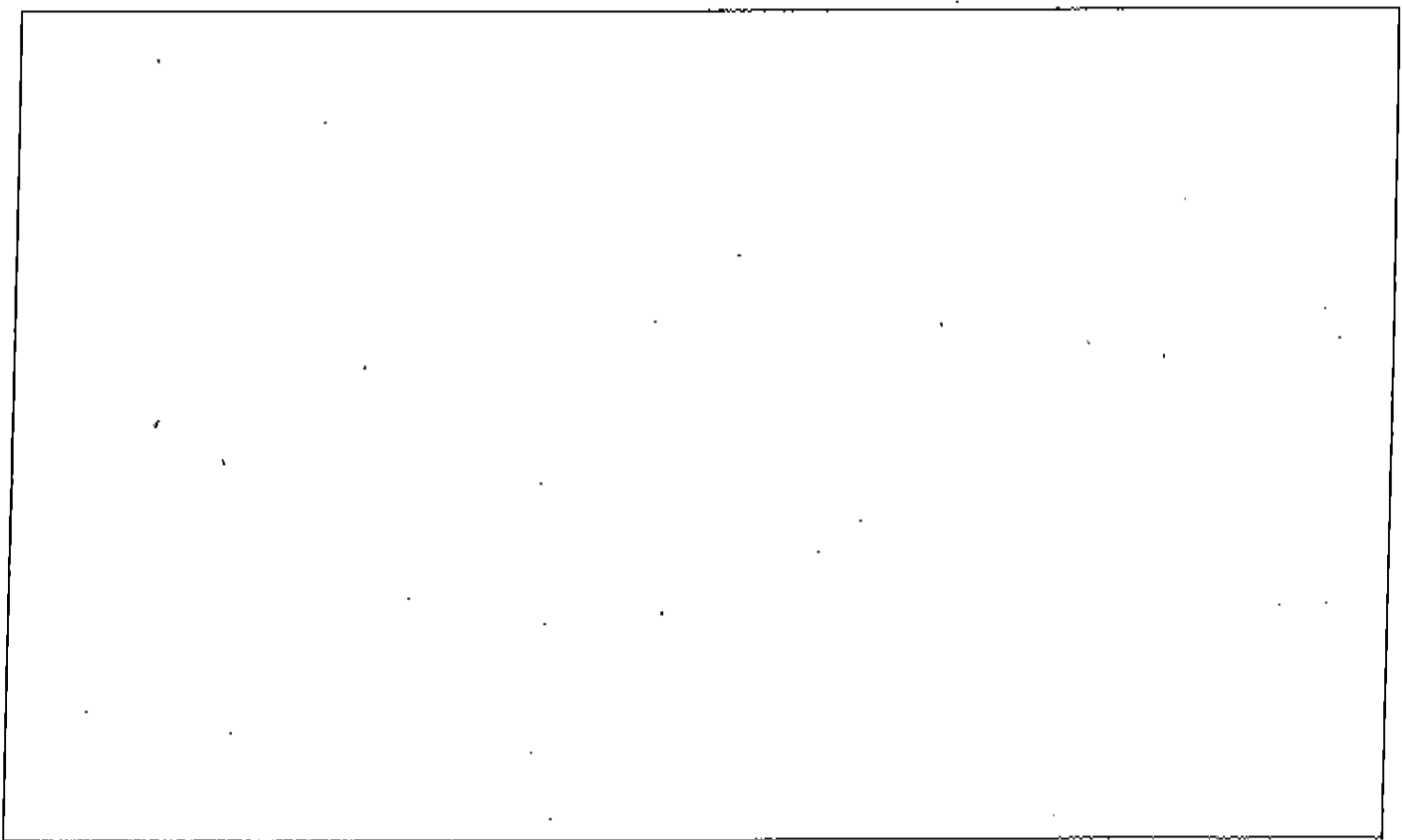
To: MS. DEE From: JOEY

Fax: 803-734-1499 Pages: 2

Phone: Date: 8-16-23

Subject:

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**Notice to Customers on the Public Service Commission's Decision in Docket 2019-290-WS
S.C. SUPREME COURT**

The Public Service Commission of South Carolina ("PSC") approved the implementation of a Rider surcharge ("Rider") for the South Carolina retail rate schedule of Blue Granite Water Company ("BGWC" or "Company") resulting from a final ruling on appeal of the Company's 2019 rate case. The rate case began on October 2, 2019, when the Company filed an Application for Approval to Adjust Its Rate Schedules and Increase Rates. Six customer public hearings were held in early 2020. The PSC held a hearing on the Company's request from February 26, 2020, to March 2, 2020. On April 9, 2020, the PSC issued Order No. 2020-306, which denied a large portion of the Company's rate request, and the Company appealed.

On June 8, 2020, the Company filed a motion pursuant to S.C. Code Ann. § 58-5-240(D) for approval of a bond to secure rates BGWC planned to implement pending an appeal. The Company's motion was initially approved, but subsequently stayed. Ultimately, BGWC filed a petition to defer with carrying costs, the rates under appeal, rather than charge rates under bond subject to refund with interest. On September 1, 2020, while the appeal was pending, BGWC increased its rates to those approved by the PSC. On September 1, 2021, the Supreme Court of South Carolina issued an order on the appeal. The Court agreed with the PSC on some issues, reversed and sent other issues back to the PSC to review. *In re Blue Granite Water Co.*, 434 S.C. 180, 862 S.E.2d 887 (2021). On April 21, 2022, the PSC issued Order No. 2022-287 which approved a stipulation amongst several parties of the procedure to resolve the issues remanded to the Commission.

The Rider approved by the Commission will recover the revenues under appeal that the Company would have collected since Order No. 2020-306 went into effect, had the currently approved rates been in effect during the appeal period. Had the Company's motion to implement rates under bond not been stayed, BGWC would have charged the full rates under appeal, subject to customer refund plus interest, dependent upon final ruling in the case. The Rider is a percentage of total bill charge that will apply to Customer's bills until the deferred revenue balance approved by the Commission has been fully recovered. The Company anticipates this Rider will be in effect for 36 months to recover the approved balance.

The Rider surcharge approved by the Commission was determined by calculating the difference in rates approved by the Commission in Orders 2020-306 and 2022-287 and applying that rate difference to Customer's actual billed amounts in the period between the issuance of those two orders. The resulting principal deferred balances are \$67,672 for Water Territory 2, and \$1,170,782 for Consolidated Sewer. Carrying costs were calculated on the principal balances using BGWC's Commission approved weighted average cost of capital of 6.65% for carrying costs totaling \$14,951 for Water Territory 2, and \$259,308 for Consolidated Sewer.

The Rider surcharge amounts are 0.4403% for Water Territory 2, and 6.5869% for Consolidated Sewer. Examples of the impact to an average customer's bill are shown below:

Service Territory	Customer Group	Current Rates Effective 4/22/2022					Average Surcharge Impact	
		Avg Use/ Month	Volume Rate per 1,000 gal	Base Charge	Volume Charge	Total Bill	Surcharge Rate	Average Bill w/ Surcharge
Water Territory #2	Residential - Wells	3,900	\$ 12.84	\$ 28.59	\$ 50.08	\$ 78.67	0.4403%	\$ 79.01
	Residential - Purchased Water	3,600	\$ 14.82	\$ 28.59	\$ 53.35	\$ 81.94	0.4403%	\$ 82.30
Consolidated Sewer	Residential - Per SFE	n/a	n/a	\$ 86.47		\$ 86.47	6.5869%	\$ 92.17

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