

THE STATE OF SOUTH CAROLINA  
In the Supreme Court

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APPEAL FROM  
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
S.C. SUPREME COURT

Docket No. 2014-346-WS  
Appellate Case No. 2018-001107

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., and  
Bloody Point Property Owner's Association, ..... Respondents,

**REPLY TO APPELLANT'S RETURN TO PETITION FOR REHEARING OF THE  
SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

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ATTORNEYS FOR RESPONDENT  
SOUTH CAROLINA OFFICE OF  
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September 16, 2019

Pursuant to Rules 221 and 240(f), SCACR, the South Carolina Office of Regulatory Staff (“ORS” or “Respondent”) respectfully submits this reply to the Return of Daufuskie Island Utility Company, Inc. (“DIUC” or “Company”) to ORS’s Motion for Reconsideration of Supreme Court Opinion No. 27905 (“Opinion”) filed July 24, 2019. ORS petitioned this Court to reconsider its finding that the Commission’s Order and ORS’s conduct were retaliatory.

The Company’s twenty-two (22) page return fails to address the issue for reconsideration raised by ORS of the Court’s finding of retaliatory conduct. Rather, DIUC misdirects the Court as to the facts in the record. DIUC inaccurately characterizes an exchange between ORS witness Gearhart and a Commissioner in citing the Record on page 4 of its Return. As is clear in the record, the quoted exchange between what DIUC Counsel claims to be “ORS COUNSEL” and ORS witness Gearhart, was in fact a series of questions and answers between Commissioner Fleming and Ms. Gearhart. (R. pp.1816-1817). This exchange is misrepresented as “unequivocally” establishing that ORS “supported paying GA for work it had completed.” (Return, pg. 4). However, what it does unequivocally establish, is that ORS recommended in the initial hearing that the Commission award \$75,000 (out of \$471,000 claimed) in rate case expenses to DIUC based on the Commission’s awarding of that same amount in DIUC’s 2011 rate case.

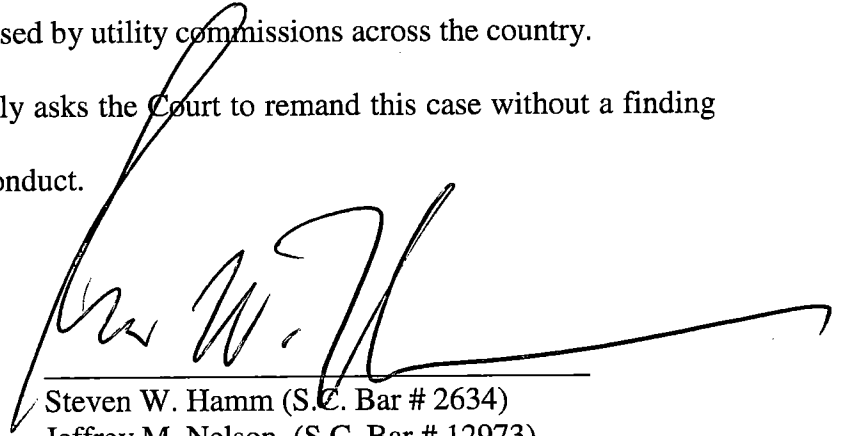
Notwithstanding anything contained in DIUC’s Return, the record shows that the Company was allowed a total of \$272,382 in rate case expenses, well in excess of the initial \$75,000 ordered in the first Commission Order. (R. pp. 0128 - 0130). DIUC was thus allowed \$75,000 in rate case expenses and an additional \$197,382 for a total recovery of rate case expenses of \$272,382. (R. p. 0128 – 0130. DIUC may additionally seek to

recover any other claimed rate case expenses, by filing a new rate case, as it has the statutory right to do every twelve months under S.C. Code Ann. §58-5-240(F). The Company thus may immediately seek recovery of these costs in a new rate case filing with the Commission.

ORS followed its established standards for reviewing the expenses and investments incurred by the Company to determine whether they should be properly paid for by DIUC's customers. The standards applied by ORS in the hearing on remand are the same as those applied to all other water, sewer, electric and natural gas utilities seeking rate relief. Those standards are established by the National Association of Regulatory Utility Commissioners (R. p. 1070, lines 14-19) and are used by utility commissions across the country.

Therefore, ORS respectfully asks the Court to remand this case without a finding that ORS engaged in retaliatory conduct.

Respectfully submitted,



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Melrose Property Owner's Association, Inc.,  
Bloody Point Property Owner's Association, and  
Beach Field Properties, LLC, Respondents.

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**CERTIFICATE OF SERVICE**

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This is to certify that I have caused to be served this day one (1) copy of the **REPLY TO APPELLANT'S RETURN TO PETITION FOR REHEARING OF THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF** by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

[LIST OF PARTIES SERVED ON THE FOLLOWING PAGE]

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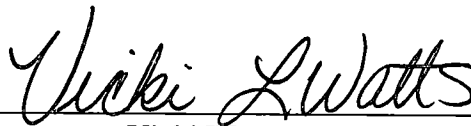
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Vicki Watts

September 16, 2019

Columbia, South Carolina