



## Palmetto Utilities, Inc.

### FAQ's regarding the recently filed (including the former Palmetto of Richland County customers) rate request

#### 1. Who is covered by the proposed Rate Increase?

- On November 27, 2019 Palmetto Utilities Inc. filed for a base rate increase covering its more than 28,000 residential, commercial and multi-family customers. These customers include the former Palmetto of Richland County (PRC) customers, which were merged into Palmetto Utilities in July of 2017.

#### 2. How much is the rate increase?

- For investor-owned utilities such as Palmetto Utilities, Inc., the South Carolina Public Service Commission regulates the rates a utility is allowed to charge its customers; therefore, **any and all changes to the company's rates require their approval.**
- The total requested increase in the monthly flat-rate is **\$14.52**. This would increase rates from the current rate of \$52.10 to \$66.62.
- In an effort to minimize any burden as a result of the increase, the company has proposed to the South Carolina Public Service Commission, a phase-in of the new rates allowing 3 smaller increases of \$4.84 over a three-year period rather than a full increase up front:

	Monthly <u>Increase</u>	Total Cumulative <u>Increase</u>
● Beginning of year 1	\$4.84	\$4.84
● Beginning of year 2	\$4.84	\$9.68
● Beginning of year 3	\$4.84	\$14.52

#### 3. Why is an increase in wastewater rates necessary?

- The last rate case filed by Palmetto Utilities was over two years ago in 2017. Not all of the operating expenses of the newly refurbished/expanded Spears Creek Treatment Plant were allowed to be recovered in that case (because they occurred after the regulatory test-year period). Estimates were not allowed; therefore, this rate case is being filed to recover those expenses not previously granted. The company has been absorbing these increased operating expenses since that time, but it must now begin to recover the expenses.
- Since the last rate case, the company has invested over \$6 million to increase reliability, refurbish underground piping and comply with environmental regulations.
- Operating expenses also have increased due to the normal inflation of expenses.

- In the last rate case filed over two years ago, part of the assets for the underground pipes were not added to rate base; that issue was deferred to this case. This is one of the reasons the granted increase in the last case was not as large as requested. The company has been absorbing this loss since that time, but it must now begin to recover its investment.

#### **4. How will the Palmetto Utilities' rates compare to other wastewater providers?**

- Our rates are low compared to other utilities in the area (municipal and investor owned). Even after this increase, the company's rates will be competitive with (if not lower than) neighboring systems, which have been increasing rates over the last few years and are expected to continue increasing them.

#### **5. When will the proposed rate increase take effect?**

- By statute, new rates if granted must be determined by the South Carolina Public Service Commission within 6 months after the request for the increase is filed. Since the request was filed on November 27, 2019, this would put new rates in place around **early June 2020**.

#### **6. When was the last time you filed for a base rate increase?**

- We filed for a rate increase in August 2017 using a regulatory test year covering expenses generally for the period April 1, 2016 to March 31, 2017.

#### **7. How can I obtain additional information on Palmetto Utilities' proposed rate increase?**

- To inform our customers and to answer their questions, we have scheduled a series of Town Hall Meetings to be held in January 2020. Please attend one of these meetings to learn more about the company, the rate increase and the filed amount for the increase. The dates times and locations will be mailed to you shortly. Information can also be found on the South Carolina Public Service Commission website ([www.psc.sc.gov](http://www.psc.sc.gov))

#### **8. Where and when are the Town Hall Meetings?**

- Also, the dates and times of the meetings will be posted in this section shortly.