

Appendix 1 3-Part Phase-in Plan

Palmetto Utilities, Inc.
Docket No. 2019-281-S

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Palmetto Utilities, Inc. proposes a 3-Part Phase-in Plan for the annual service revenue increase being sought in this docket. The rates for such a phase-in plan are as follows:

	Part 1	Part 2	Part 3
Service Revenue	\$23,267,051	\$25,244,791	\$27,222,531
ERCs	34,052	34,052	34,052
Rate/ERC/Month	\$56.94	\$61.78	\$66.62

Part 1 of the phase-in would be implemented upon issuance of a PSC order in Docket No. 2018-281-S approving the requested annual service revenue increase.

Part 2 of the phase-in would be implemented on the first anniversary date of a PSC order approving the requested increase in annual service revenue.

Part 3 of the phase-in would be implemented on the second anniversary date of a PSC order approving the requested increase in annual service revenue.

ALTERNATIVE

In lieu of the three-year phase-in reference above, and in an effort to lessen the effect of the increase on customers, Applicant would prefer to proceed as follows:

- a. Applicant would obtain an increase in annual revenues that implements the net rate impact of the inclusion in PUI's rate base of the former PRC System (\$2,442,000 in additional revenues) less the change in any expense categories that declined since the Company's last rate case - Order No. 2018-155 (a reduction of \$228,258).
- b. The effect of this would be take into account expenses that went down, but postpone the impact of expenses that increased.
- c. This Alternative would result in a one-time rate increase of \$5.42 per month per ERC if adopted.
- d. Applicant would seek these increased expenses in a subsequent rate case, which it would agree not to file for at least a period of 18 months.

Please note that this Alternative is provide for discussion purposes only, and if the PSC finds it objectionable in any respect, it can be ignored.