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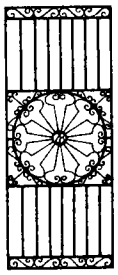

YOUNG CLEMENT RIVERS LLP
ATTORNEYS AT LAW

Michael A. Molony

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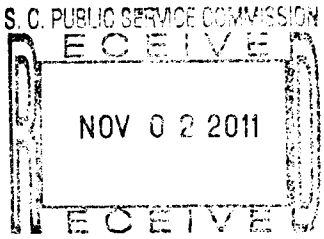

November 1, 2011

Via U.S. Mail
Jocelyn Boyd
Chief Clerk & Administrator
South Carolina Public Service Commission
P. O. Box 11649
Columbia, SC 29211

Re: Application for Rate Increase of Kiawah Island Utility
PSC Docket No. 2011-317-W/S
YCR: 2589-20110772

Dear Ms. Boyd:

I am enclosing letters from members of Kiawah Property Owner Group ("KOPG") reflecting comments that were offered during the Public Night hearing on Kiawah Island on October 20, 2011. All parties agreed to Bates number these letters and serve them on all parties. We request that these documents be made part of the hearing record and exhibits submitted on behalf of the Intervener KPOG.

By copy of this letter we are serving all parties on record with copies of these letters.

With kind regards, I am

Sincerely,

Young Clement Rivers, LLP

Michael A. Molony

MAM/tro
Enclosure(s)
cc: G. Trenholm Walker, Esquire
Shannon Bowyer Hudson, Esq. (ORS)
Jeffrey Nelson, Esq. (ORS)
John P. Seibels, Jr. Esq. (KICA)
Jason Luck, Esq. (KICA)
Diane Z. Lehder
Wendy Kulick

Diane G. Bennett

333 Winged Foot Ct., Kiawah Island, SC 29455
(843) 768-5926
liveoak333@bellsouth.net

October 19, 2011

RECEIVED
NOV 0 2 2011

South Carolina Utility Commission,

I have been a resident on Kiawah for 12 years.

When I first arrived the utility rates on Kiawah were well below those of the Island of Seabrook. Kiawah Island Utility would annually mail its customers comparisons pointing out to us that our rates were lower than those of Seabrook.

In the last 12 year period the Kiawah Island Utility Company has steadily raised its rates to the point where the rates now exceed those of Seabrook. Of course, rate comparisons no longer include Seabrook...even though both companies obtain their water from the same source...CPW via pipeline operated by the St. Johns Island Water Company.

Over the years the SC PUC has been more than generous with the Kiawah Island Utility Company. The PUC has ignored the massive conflicts of interest in having the developer and the Utility company owned by the same entity. The people of Kiawah have suffered financial penalties because of this. The developer has continuously foisted upon us development costs that everywhere else are paid for by developers through impact fees.

As how it is now very clear that the developer intends to sell the utility at the earliest possible opportunity, I call upon you to deny Kiawah Utility the requested rate increases. The new owner in cooperation with our elected officials should be permitted to make these important future decisions.

I call upon this new Commission to begin to right wrongs of the past and reject the rate request.

Regards,

Diane G. Bennett

Diane G. Bennett
333 Winged Foot Ct.,
Kiawah Island, SC 29455

Greg A. VanDerwerker
510 Ruddy Turnstone Dr.
Kiawah Island, SC 29455

Phone: 843-768-2574
E-mail: vanderwerker@gmail.com

October 20, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: PSC docket number **2011-317-WS**

Dear Chairman Howard and Commissioners,

I do not claim to have any special or detailed knowledge of the proposed rate increase that Kiawah Island Utility (KIU) has submitted to the Public Service Commission (PSC).

Nevertheless, I request that the PSC examine the proposed rate increase very closely in order to assure that ALL assumptions and costs put forth by KIU in its rate increase application are verified, legitimate, and appropriate.

Also please be certain to separate the two issues that have been combined in the request: 1/ general rate increase, and 2/ rate increase to fund a second waterline to supply Kiawah Island, so that one does not influence the other.

Respectfully,

Greg A. VanDerwerker

October 20, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: PSC docket number **2011-317-WS**

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Nevertheless, I request that the PSC examine the proposed rate increase very closely in order to assure that ALL assumptions and costs put forth by KIU in its rate increase application are verified, legitimate, and appropriate.

Also please be certain to separate the two issues that have been combined in the request: 1/ general rate increase, and 2/ rate increase to fund a second waterline to supply Kiawah Island so that one does not influence the other.

Thank you.

Laura VanDerwerker
510 Ruddy Turnstone Drive
Kiawah Island, SC 29455

10/19/11

Re: The Kiawah Island Utility's Proposed Rate Increase

As a property owner at 5517 Green Dolphin Way, Kiawah Island, I would like to voice my concern about the KIU's proposed rate increase. The proposed 39% increase in water rates seems draconian. Further, the timing of the proposed increase – coming at approximately the same time as the proposed sale of the utility – raises obvious questions. Thus I would encourage the PSC to ONLY consider that section of the application that relates to operating expenses. Please let the future owner of the utility determine how much of a rate increase would be necessary, for instance, to build a second water line.

I would like to that the PSC for holding a public hearing at Kiawah on 10/20/11. I appreciate that it requires considerable effort to make yourselves available to hear our questions and concerns.

Madeleine Kaye
5517 Green Dolphin Way
Kiawah Island SC 29455

Your address

Date

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard;

Kiawah Island Utility is requesting a 39% increase in water rates and a 5.4 % increase in sewer rates. The proposed operating margin is more than double that granted to this utility by the PSC in any previous rate applications.

Any increases granted will inflate the value of the utility. With KIU currently for sale, it seems this is not the appropriate time to be adjusting rates. Ideally, the Commission would defer any decision in this matter until after the question of future ownership is decided.

The fact that the Utility is wholly owned by Kiawah's Developer complicates the issue as this is a very unusual business model. Cross collateralization, the payment of significant management fees to the parent company, and other transactions which are not at arm's length require careful scrutiny to evaluate exactly what increase in rates can be justified.

Please examine this rate application carefully to assure that whatever is granted is fair not only to the utility, but to the ratepayers who have no alternative supplier.

Very truly yours,

2 & 2 SEA MARSH DR
11 CLUB COTTAGE LANE

11/19/11

Your address

Date
10/17/11

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard;

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Any increases granted will inflate the value of the utility. With KIU currently for sale, it seems this is not the appropriate time to be adjusting rates. Ideally, the Commission would defer any decision in this matter until after the question of future ownership is decided.

The fact that the Utility is wholly owned by Kiawah's Developer complicates the issue as this is a very unusual business model. Cross collateralization, the payment of significant management fees to the parent company, and other transactions which are not at arm's length require careful scrutiny to evaluate exactly what increase in rates can be justified.

Please examine this rate application carefully to assure that whatever is granted is fair not only to the utility, but to the ratepayers who have no alternative supplier.

Very truly yours,

Elaine M. Nicholas
250 Seamarsh Dr.
Kiawah Island, SC
29455

Your address

Date
10/19/11

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard;

Kiawah Island Utility is requesting a 39% increase in water rates and a 5.4 % increase in sewer rates. The proposed operating margin is more than double that granted to this utility by the PSC in any previous rate applications.

Any increases granted will inflate the value of the utility. With KIU currently for sale, it seems this is not the appropriate time to be adjusting rates. Ideally, the Commission would defer any decision in this matter until after the question of future ownership is decided.

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Please examine this rate application carefully to assure that whatever is granted is fair not only to the utility, but to the ratepayers who have no alternative supplier.

Very truly yours,

[illegible] 350 Sea Marsh Dr.
67 LEGARE ST. #102
Re: 350 Sea Marsh

Richard T. Bennett

333 Winged Foot Ct., Kiawah Island, SC 29455
(843) 768-5926
liveoak333@bellsouth.net

October 20, 2011

Dear SC Utility Commission,

It is my view that the South Carolina Utility Commission should not grant this rate increase to the Kiawah Island Utility.

The Owner of the utility has made it known that he intends to sell the utility. If the Town of Kiawah Island does not buy the utility the owner has stated (to our elected officials) that he will sell the utility to some unknown utility holding company.

It is my view with a sale imminent....the Commission should recognize the benefits to the residents of Kiawah in having the next owner of the utility make the upcoming major investment decisions...which could well be the town. Even if a 3rd party were to buy the Utility, it is very likely that the Town would then condemn it at that 3rd party purchase price.

Questions for the next owner of the Utility...

Is the second pipeline absolutely necessary?

Is it necessary now or could the expense be deferred?

If the pipeline and other improvements are needed fairly soon, is there a better, more efficient, less costly way to accomplish bringing more CPW water to the island? The owner of the utility, who happens also to be the developer of the island, is more interested in getting this pipeline located as close as possible to his future development to minimize his future development costs. The developer's record in this respect over a period of many years has shown that he has attempted and succeeded in having Kiawah Island Utility customers pay for portions of his future development costs that rightfully should accrue to him.

We ask the Commission to finally say...No...enough is enough...and deny the rate increase request

R. T. Bennett

Richard Bennett
333 Winged Foot
Kiawah Island, SC

cc: KPOG

Larry & Patricia Rutkowski
232 Sparrow Hawk Road
Kiawah Island, SC 29455

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

October 19, 2011

Re: Kiawah Island Utility ("KIU") Proposed Rate Increase

Dear Sirs:

We are writing to you in respect of the application filed by KIU for an extraordinary increase in their water rates on Kiawah Island. We are writing to you because we will not be able to make your planned meeting on Kiawah this Thursday. This is a subject of significant import to Kiawah property owners, resident and non-resident. While it may be the KIU has not requested an increase in some time, the amount of this increase is of huge concern and, to say the least, the timing of the application is curious.

As to the latter point first, KIU's owners have put the utility up for sale and are essentially looking to the residents of Kiawah Island to purchase it. How can an enormous increase (39% for water!) be viewed as anything more than an extreme bargaining tactic, e.g., "if you don't buy it, we will charge you so much for its use you will wish you had". Indeed, the timing of the increase – and its size – in this context clearly call for an enhanced level of scrutiny.

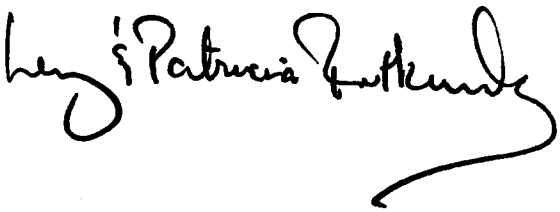
Regarding the size of the increase, a careful analysis must be made of the relevant factors purporting to support this increase. These include:

- How much of the increase in operating costs of the utility is due to the cost of operating being more expensive versus the increase in costs required to service a growing rate base? If the latter is the majority, the utility is also receiving additional revenue because of a larger number of rate payers.
- What are the appropriate benchmarks? The letter we received from KIU about the rate increase included a comparison chart that included a "South Region" (Arkansas, Louisiana, Kentucky and Texas) as a benchmark. Would not statistics from South Carolina be more relevant?
- The operating margin KIU is requesting is more than twice what the PSC has granted KIU in previous rate applications. It's hard to believe there isn't some padding in there. We note that KRA, the owner of KIU, is required to pay impact fees to the Seabrook Island Utility for its development at Cassique and Freshfields. KRA, however, pays no impact fees to KIU for any of its development on Kiawah. This does not seem appropriate to us.

- Most people would agree that Kiawah needs a second water line for redundancy. We also know it's needed for the Developer to build out his remaining property. Please carefully examine, though, whether ratepayers should bear the entire burden of installing this new water line. Because of the complexity of this application and its combination of an increase for operating expenses, as well as paying for new infrastructure (the new water line), we urge the PSC to review and analyze the application thoroughly. Because Kiawah Island Utility does not operate independently from its owner, as most other privately owned utilities do, but is a wholly owned subsidiary of Kiawah's master developer, Kiawah Resort Associates, we urge you to provide even greater scrutiny to the requested rate increase in order to protect property owners' interests.
- In connection with the foregoing and as mentioned by us previously, Kiawah Resort Associates, the Developer on Kiawah Island and sole owner of Kiawah Island Utility, has made it clear it does not plan to continue to own the utility going forward. The future owner of the utility may not be determined by the time the PSC is required to render a decision on KRA's rate increase application. Therefore, we urge the PSC to consider ONLY the part of the application relating to operating expenses. The future owner of the utility should be responsible for planning, funding, and installing the new water line.
- Rate increases in the current application apply equally to residential customers and commercial customers. As property owners on Kiawah, we are automatically members of the Kiawah Island Community Association. We will pay any increase granted at least twice: once as a residential ratepayer (actually, twice, since we own two properties) and once as a member of our community association. Additionally, those property owners (like us) who are members of private clubs like the Kiawah Island Club or the Governor's Club will pay again.

Thank you for your consideration.

Respectfully submitted,



38 Marsh Edge Lane
Kiawah Island, South Carolina
October 17, 2911

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Docket #2011-317-WS, Kiawah Island Utility (KIU) application for a rate increase in water and wastewater services

Dear Chairman Howard, Vice Chairman Wright and Commissioners Mitchell, Fleming, Hamilton, Hall and Whitfield:

I have been a full-time resident of Kiawah Island for more than 22 years and the Fire Commissioner representing Kiawah on the St. Johns Fire District Commission since January 2001. I'd like to thank you for holding a hearing on Kiawah on Thursday, October 20, 2011, to give me and my fellow property owners the opportunity to tell you in person how we feel about KIU's requested rate application.

I have numerous concerns about the 39% increase in water rates and the 5.4% increase in sewer rates the Kiawah Island Utility has requested. I recognize KIU has not requested an increase in ten years. Nevertheless, the size of the increase requested is extremely large and calls into question how much of it can be justified.

As a Fire Commissioner, I recognize the importance of having a reliable and sufficient water source for Kiawah. A second water line coming onto the Island to provide redundancy is important.

I also don't begrudge the utility earning a fair rate of return on its investment. However, the 39% increase for water rates and 5.4% increase in sewer rates, an almost 45% rise, seems excessive.

Thank you for consideration of my concerns.

Very truly yours,

Thomas M. Kulick

14 Airy Hall
Kiawah Island, South Carolina 29455
October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard, Commissioners and Members:

Thank you for holding a public hearing on Kiawah. Unfortunately, I will be in Washington, D.C. and unable to attend. I do, however, appreciate the opportunity to share some concerns with you about the proposed rate increase Kiawah Island Utility has requested.

I recognize KI Utility has had an increase in water rates in ten years, except for "pass through" increases from St. Johns Water Company. While it is understandable that this has raised the company's costs, I have friends who live on neighboring Seabrook Island, and the utility company there has not passed these increases on to them.

I, therefore, have to consider how efficiently and effectively the management of our utility company is. If its operations were better controlled, would a 39% increase in water rates and a 5.4% increase in sewer rates be necessary? Together this is almost a 45% increase in water rates, which seems excessive.

And, while private entities operate in order to make money, it appears from the application that KI Utility is seeking an operating (profit) margin of almost 14%. Given today's economic circumstances, this appears to be excessive and almost double the operating margins the PSC has granted in the past.

Thank you for considering the issues I have raised. I believe when you carefully examine the rate application, you will not grant the full increase KI Utility has requested.

Very truly yours,

Dirck T B Born

Dirck T. B. Born

William D. Rogers, CFA
432 Snowy Egret
Kiawah, South Carolina 29455

Commissioners
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

Dear Commissioners:

I am writing to ask for your thoughtful consideration on several matters relating to the Rate Application of Kiawah Island Utility, Inc seeking an adjustment of rates for its water and sewer services as filed with the Commission in August 2011.

I have had the good fortune to be a part time resident on Kiawah since 2003 and a registered voter in South Carolina since 2010. I have also had the opportunity to work for and with water, electric and gas utilities over the course of my corporate life.

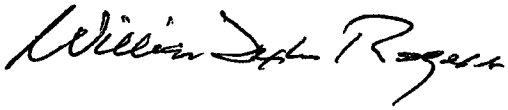
I respectfully request that you consider the following items as you and your staff consider the aforementioned rate application:

- **Size of the increase** – although I recognize that operating costs may have increased, a rate increase of nearly 40% on customers is inappropriate given the current economic environment. This is simply too much rate shock for any customer base.
- **Financial information** – although I assume that Kiawah Island Utility, Inc has filed its schedules as required by the Commission, there is too little historical, and no audited information, to gain comfort with the financial and operating management over the last several years. Given that this is a historic test year state; this data would appear to be necessary for any judgment of prudency on cost of service by the Commission.
- **Capital structure** – I encourage you to evaluate the efficacy of a 46% equity content in the capital structure given the low risk nature of this utility and the financing it receives from contributions in aid of construction. It would appear that this utility could attract debt financing with a capital structure with an equity content of 40% or even less.
- **Equity rate of return** – Based upon the utility's operating margin request, the implied rate of return on the equity in the capital structure is over 10%. This is markedly higher than appropriate for a utility with this risk profile, the trend of allowed returns on equity throughout the United States, and the returns currently available in risk free investments (and therefore an allowed return on equity in a capital asset pricing model ("CAPM") approach).

- **Water supply line** – It is inappropriate to pre determine prudence on a new water supply line for Kiawah Island: complete engineering studies have not been conducted or disclosed, alternatives such as more efficient pumping and larger main lines have not been debated, and the need for this water supply for existing customers on the island has not been justified. At best, the Commission should consider a small funding for a studies account to be allowed in rates. The ask for an implied or specific pre prudency determination on an estimated and maybe unnecessary $6.5 million with an existing water rate base of $9.1 million is simply an egregious reach on the part of Kiawah Island Utility.

Thank you for your consideration of the above as you deliberate this application.

Respectfully,



Robert L. Clement, Jr.
One Bishop Gadsden Way
Apartment A-115
Charleston, SC 29412

October 20, 2011

Public Service Commission of South Carolina Attn:
John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members 101 Executive Center
Drive, Suite 100 Columbia, SC 29210

Dear Mr. Howard, Commissioners and Members:

I would like to thank you for holding a public hearing on Kiawah. I am a longtime property owner on Kiawah. I have served as a Municipal Court Judge for the City of Charleston, Chairman of the Charleston County Council, and Assistant Corporation Counsel for the City of Charleston. I have also been a member of Charleston's Planning and Zoning Commission. From 1965 to 1992 I was managing partner of Young Clement Rivers, LLP, and currently am Of Counsel to Young Clement Rivers, LLP in the areas of business and corporate law.

I ask you today to consider how significant an increase is being requested, 39% water rate increase and 5.4% sewer rate increase and to take into account that while the proposed water and sewer rate increase appears to be an increase of only a few dollars more each month, this rate increase should not be approved based solely upon the ability of customers to pay, but rather about what costs and expenses are justified by Kiawah Island Utility Company ("KIU") in the proposed water and sewer rate increase application.

I believe it is important to note that KIU is wholly owned subsidiary of Kiawah Resort Associates ("KRA"), Kiawah's master developer, and KIU does not operate independently from KRA, as most other privately owned utilities do. KRA has expressed its intent to sell KIU and is in the process of identifying a prospective buyer for the utility. The future owner of the KIU may not be determined by the time the Public Service Commission is required to render a decision on KIU's proposed water and sewer rate increase application; however the sale of KIU could take place shortly after a decision has been reached by the Public Service Commission with regards to the proposed water and sewer rate increase application. Therefore, I urge you to provide even greater scrutiny to the proposed water and sewer rate increase application in order to protect property owners' interests.

Additionally, I am concerned that the proposed water and sewer rate increase requested by KIU places an unfair burden on all customers not affiliated with KRA. In

essence KIU is requiring these customers to pay for all the majority of infrastructure needed by KRA for expansion of its real estate development activities.

While I support an additional water line to serve Kiawah, so that we, the KIU customers, are not without a backup water line, it is also my understanding that without the additional water line KRA may be unable to develop land located within the town of Kiawah.

Finally, in my opinion, the cost associated to develop these areas and provide the needed infrastructure to support the new development should be shouldered by KRA, and not the KIU customers as proposed in the water and sewer rate increase application.

Thank you for considering the issues I have raised. I believe when you carefully examine the rate application, you will not grant the full increase KIU has requested.

With kind regards, I am

Sincerely,

Robert L. Clement, Jr.

Oct. 19, 2011

Mr. John E. Howard
Chairman PSC of SC
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Chairman and Members of the Commission,

This letter is written in opposition to the proposed rate hike of 39% for the KIU. Our reasons are:

1. An increase of 39% at one time is an unexpected burden. If such an increase is needed why were rates not being raised incrementally over the last few years?
2. The KIU may have submitted justification in the past that may be in question now that the Utility is up for sale. Have the possibilities for lower operating costs been updated? It is my understanding that a referendum will be held Oct. 25, 2011 for the Town of Kiawah Island to purchase KIU. If this occurs costs could come down. A similar takeover by the Town of Seabrook has resulted in lower costs to those citizens.
3. It is my understanding that owners of managed properties may be subject to multiple raises either directly or indirectly.
4. Granting such a significant increment at one time would set a precedent for other utility organizations placing an undue burden on citizens throughout the state.

We appreciate your holding the hearing on this matter. Thank you.

Sincerely,

Armand B. Glassman

Armand B. Glassman

Alberta C. Glassman

Alberta C. Glassman
14 Rhett's Bluff Rd.
Kiawah Island, SC 29455

October 20, 2011

Public Service Commission of South Carolina

Attn: John E. "Butch" Howard, Chairman (District 1)

101 Executive Center Drive, Suite 100

Columbia, SC 29210

Re: Kiawah Island Proposed Rate Increase – Water (39.2%) & Sewer (5.4%)

Chairman Howard and Fellow Commissioners:

Thank you for the opportunity to present my views regarding the above topic and also for traveling to Kiawah Island to discuss this important subject.

I have lived on Kiawah for 15+ years and during that time I have experienced a great many rate/price increases that have shocked and saddened me. I am strongly opposed to this proposed 39.2% increase and I would like to present my reasons.

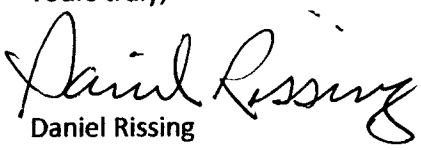
They are as follows:

1. The Operating Margin embedded in the KIU request is more than twice what the PSC has granted KIU in the 5 previous rate applications – Is this typical in your rate review experiences and can you test such application requests for "Reasonableness" and "Need?"
2. My current rates from KIU (aka "KRA") are inflated above normal since KRA pays no "Impact Fees" to KIU – this does not seem fair;
3. Does the PSC evaluate the KIU rate application request with a critical focus on the ability of the Utility to "Justify" the request?
4. KRA has made it clear that it does not intend to own KIU in the near future. Can you consider evaluating just the requested rate increase pertaining to the Utilities Operating Expenses (therefore allowing the new KIU Owner to account for infrastructure needs like new water lines)?
5. The Town of Kiawah Island is currently considering purchasing KIU – would there be wisdom in allowing these discussions to conclude prior to any final PSC determination of the KIU request?

6. The Kiawah Island Community Association as well as the Kiawah Island Property Owners Group has intervened in this rate request. I see their actions as reflective of concerns primarily due to the magnitude of the 39.2% request;
7. What is the history in PSC reviews of rate requests in/near the amount as proposed by KIU? Do you consider this to be "Normal" in these economic times?

Thank you for your consideration of this request to either deny or significantly reduce the requested rate increase. I would appreciate learning of your intentions.

Yours truly,



Daniel Rissing

20 Sweet Grass Lane

Kiawah Island, SC 29455

20 Sweetgrass Lane

Kiawah Island, SC 29455

October 19, 2011

Dear Mr. Howard, Commissioners, and Members:

We have been full time residents of Kiawah Island for almost 15 years. We have seen many changes and much growth. We experience an ever increasing cost of living here; however, we have been shocked at the request for such a large rate increase in water and sewer rates at the Kiawah Island Utility. It seems that increases should only be justified when operating costs have risen above what customers are paying, and this appears to be quite excessive. This rate increase is not just one increase that property owners will pay. It will be passed through to us in community association dues, various club dues, and other consumer services and businesses.

Since the utility is for sale it seems prudent for the commission to consider only the necessary expenses for a rate increase. It is obvious that such a large rate increase would raise the price/value of the company to a future purchaser and profits to the seller.

We definitely feel that water supply and quality must keep up with the demand and public health guidelines and that a second line will be needed with future development. However, rates for future uses should be separated and rate increase based on current costs.

We trust that your decision will be fair to all. Thank you for your service.

Sincerely,

Jo Ellen Rissing

Jo Ellen Rissing

To: South Carolina Public Service Commission

From: James B. Findley, 56 Goldenrod, Kiawah Island, SC 29455

Re: Requested rate increase for Kiawah Island Utility

The amount of the requested increase has to be brought into question by the fact that KIU is intended to be sold by the current owners. It would appear that some portion of the requested increase is for the sole purpose of increasing the sale value.

I would urge that the commission limit any current increase to an amount consistent with the need to operate KIU on a sound basis for the near term. The appropriate rates for the longer term will be easier to discern after the sale of KIU takes place. Thank you,

James B. Findley

October 19, 2011
1304 Sea Elder Court
Kiawah Island, SC 29455

Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Att: John E. "Butch" Howard, Chairman, District 1,
Commissioners and Members

Subject: Request for Rate Increase by Kiawah Island Utility

Welcome to Kiawah and thank you for holding this hearing on Kiawah which gives us the opportunity to better understand the issues by directly addressing comments and questions to the Commission.

Kiawah Island Utility (KIU) has not had a rate increase in ten years; therefore, I am not opposed to an increase. However, I do question the timing of the request and the drastic amount of the requested rate increase.

The timing of the requested rate increase is suspect. As you know, Kiawah Resort Associates, the Developer on Kiawah Island and the sole owner of KIU, intends to sell KIU. There is no question but that increased rates will inflate KIU's value when KRA places an asking price on the utility. The requested rate increase includes funding for new infrastructure (a new water line onto Kiawah from Johns Island to support KRA's future development on Kiawah), While I support the new water line, the cost to the new owner of KIU is likely to be much lower than the costs projected by the developer owned KIU. Because we don't know at this time who the future owner of KIU will be, I request that the rate application be split to rule out the second phase which applies to the new water line, and rule only on the request for an increase for current operating expenses.

In KIU's current application, rate increases applies to residential customers and commercial customers. As a Kiawah Island property owner, I am automatically a member of Kiawah Island Community Association, a condominium owner which is managed by a regime, and a member of The Governor's Club. These commercial entities will pass the rate increase along to me, which means that I will be paying for the increase several times over.

In a letter to its customers dated August 23rd, which announced its application to PSC for a two-phase water and sewer rate increase, KIU presented a chart comparing KIU's rates against rates in the "South Region" which included Arkansas, Louisiana, Kentucky and Texas as a benchmark. These comparisons would be more valid if compared to privately-owned utilities in South Carolina.

In summary, due to the fact that KIU is solely owned by the Master Developer of Kiawah Island, I urge (1) PSC to give an even closer scrutiny to this application to insure that any increased rate is justified and fair to KIU and its customers; (2) and to rule only on the request for an increase for operating expenses. The future owner of the utility should be responsible for planning, funding and installing the new water line.

The Town of Kiawah Island is currently studying whether it will make an offer to purchase KIU. Should the Town become the new owner of KIU, it would become a non-profit utility, would be eligible for federal grants, and would be able to borrow money at a lower rate than a privately-held company, and would not be required to pay taxes on the utility. And finally It would not need the high operating margin KRA is seeking.

It is clear that KIU has applied for the rate increase to increase the value of the utility as the Town of Kiawah Island considers whether to make an offer to purchase it. With the question of ownership unknown at this time, it is premature to consider rate increases more than that actually substantiated for current operating costs.

Thank you for your consideration,

Betty J. Walker

Betty J. Walker

Roland H. Webb
Renee H. Webb
1437 Crosby Drive
Fort Washington, PA 19034
215-643-4169
Rwebb12@comcast.net

October 20, 2011

Diane Lehder
306 Palm Warbler
Kiawah Island SC
843-243-9005 fax

Wendy Kulick
38 Marsh Edge Lane
Kiawah Island SC
843-768-4651 fax

Re: KI Utility Rate Increase
Property Owner: 1236 Kiawah Beach Drive

Ladies and Gentlemen:

Most people would agree that we need a second water line for redundancy. We also know it's needed for the Developer to build out his remaining property. Please carefully examine whether ratepayers should bear the entire burden of installing this new water line.

How much of the increase in operating costs of the utility is due to the cost of operating being more expensive versus the increase in costs required to service a growing rate base? If the latter is the majority, the utility is also receiving additional revenue because of a larger number of rate payers.

KRA, the owner of KIU, is required to pay impact fees to the Seabrook Island Utility for its development at Cassique and Freshfields. KRA, however, pays no impact fees to KIU for any of its development on Kiawah. This means that my rates are already inflated.

Because Kiawah Island Utility does not operate independently from its owner, as most other privately owned utilities do, but is a wholly owned subsidiary of Kiawah's master developer, Kiawah Resort Associates, we urge you to provide even greater scrutiny to the requested rate increase in order to protect property owners' interests.

KIU has not had a rate increase in ten years, but the question really is "how much is truly reasonable"? Do keep in mind as well, most of the homes are owned by non-residents which includes little or no use a large part of the year.

Rate increases in the current application apply equally to residential customers and commercial customers. As a property owner on Kiawah, I am also automatically a member of Kiawah Island Community Association. I will pay any increase granted at least twice: once as a residential ratepayer and once as a member of our community association. Those property owners who are members of private clubs like the Kiawah Island Club or the Governor's Club will pay again. Please think carefully before you grant all that the utility has requested.

In addition, I own a cottage which is managed by a regime. I will pay any increase granted at least three times: once as a residential ratepayer; once as a member of our community association, which will have to shoulder additional expenses because of all its irrigation costs; and once as a regime member because our regime also has irrigation costs. Please think carefully before you grant all that the utility has requested. I hope you will limit any rate increase only to that which is fully justified.

Kiawah Resort Associates, the Developer on Kiawah Island and sole owner of Kiawah Island Utility, has made it clear it does not plan to continue to own the utility going forward. The future owner of the

utility may not be determined by the time the PSC is required to render a decision on KRA's rate increase application. Therefore, we urge the PSC to consider ONLY the part of the application relating to operating expenses. The future owner of the utility should be responsible for planning, funding, and installing the new water line.

The Town of Kiawah Island is currently studying whether it will make an offer to purchase KIU. If it does, and if KRA accepts the offer or the Town decides to condemn the utility, the PSC will no longer be involved in rate setting. The scope of any proposed rate increase application should be limited to current expenses only.

If the Town, as a municipality, purchases or condemns KIU, it would be eligible for federal grants not available to privately-owned utilities. The town would also be able to borrow money at a lower rate than a privately-held company. In addition, the town would not need to generate money to pay taxes, as the current utility owner does, because the town would not be paying taxes on the utility. Finally, because the town would operate the utility as a not-for-profit company, it would not need the high operating margin KRA is seeking for the utility. Doesn't this make the current deliberations premature?

Clearly the utility has applied for the rate increase to raise the value of the utility as the Town of Kiawah Island considers whether to make an offer to purchase it. Hopefully, the town will look only at <u>existing</u> utility assets and not potential, future ones. While we wish it were possible for you to ask the utility to withdraw its application until such time as ownership of the utility is settled, we recognize you cannot. We do hope the PSC will not consider the increases the utility is requesting which may well not take effect until after the ownership of the utility is settled.

With the question of ownership in limbo, any increase more than that actually substantiated only raises the cost of the utility to a potential purchaser.

Respectfully yours,

Roland H. Webb and Renee H. Webb
Property Owners
1236 Kiawah Beach Drive
Kiawah Island, SC

10-20-2011

Public Service Commission of South Carolina
Attn: John E. "Butch Howard, Chairman, District 1

Dear Commission Members:

We would ask you to delay consideration of the KIU applications for rate increases as the Town of Kiawah is actively pursuing the purchase of the system.

If negotiations between the town and KIU result in the town purchasing the utility company, any rate increase for KIU would have to be revaluated.

The cost structure for a municipality would be more favorable than a privately held company as owner.

Sincerely,

Richard H Shober

R. H. SHOBER

17 Grey Widgeon Lane
Kiawah Island, SC 29455

Public Service Commission of South Carolina
Attn: John E. "Butch Howard, Chairman, District 1

10-20-2011

Dear Commission Members:

We would ask you to delay consideration of the KIU applications for rate increases as the Town of Kiawah is actively pursuing the purchase of the system.

If negotiations between the town and KIU result in the town purchasing the utility company, any rate increase for KIU would have to be revaluated.

The cost structure for a municipality would be more favorable than a privately held company as owner.

Sincerely,

Sandra J. Shober

17 Grey Widgeon Lane
Kiawah Island, SC 29455

137 Hooded Merganser Ct.
Kiawah Island, SC 29455
October 19, 2011

Public Service Commission of South Carolina
Attn: Mr. John E. Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear PSC Commissioners:
As a resident of Kiawah Island, a customer of Kiawah Island Utility, Inc. (KIU) and both an advocate and intervener on behalf of the Kiawah Island Property Owners Group (KPOG) in some of the past KIU's requests for rate increases I would like to bring the following to your attention.

You may or may not be aware, that the Kiawah Development Partners (KDP), the developers of Kiawah Island and owners of the Kiawah Island Utility, Inc., has offered, under the right of first refusal, to sell KIU to the Town of Kiawah Island. Should the Town decide not to purchase KIU, then it is my understanding that it would be offered for sale to an outside company.

In view of the likelihood that the Utility will be under new ownership, in the not too distant future, the Phase II portion of the application which covers the costs of the proposed new pipeline should be rejected. Let the new owners review the alternatives available and determine what they believe is the most appropriate way to go. Presumably this would be done without the influence and bias of the developer.

As you know, if the Town acquired the Utility there would be no need for a rate application. or the involvement of the PSC.

Sincerely,

Wallace R. DuBois

Wallace R. DuBois.

I apologize for the "red." My printer would not print in black.

HETRICK, HARVIN & BONDS

ATTORNEYS AT LAW
P.O. BOX 139
125 WALTER STREET
WALTERBORO, SOUTH CAROLINA 29488

JOHN R. HETRICK
L. SCOTT HARVIN
ROBERT J. BONDS

(843) 549-6432
FAX (843) 549-1973

October 19, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Water Rate Adjustment Hearing
Kiawah Island Utility

Dear Mr. Howard:

Please accept this letter as a request that you reject the aforementioned rate increase application. I have reviewed the application request on your website, and I am requesting that you reject the request because it is insufficiently specific as to justify a nearly forty percent (40%) water rate increase.

I understand the necessity for some increase relating to a second water line. However, given the fact that the utility is currently for sale, and that the utility's parent company is one of the largest customers, I believe that the application requires special scrutiny.

In particular before the rate increase is granted, I would ask the utility specify with particularity the needs for the planned water line beyond redundancy. The area to be serviced is near build out, and there is no documented need for increase capacity beyond redundancy. If there is another need for a capacity increase, the utility's parent company (the developer) should fund the increased capacity rather than the customers through a rate increase.

Thank you for your time and attention in this matter. If you should have any further questions or concerns regarding this matter, please do not hesitate to contact me.

With warmest regards, I am

Very truly yours,

L. Scott Harvin

LSH/tmc

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210
October 19, 2011

To Whom It May Concern:

While not a permanent resident on Kiawah, we are impacted by the decisions that are made....and we cannot vote on. That is why I hope my few concerns are looked at seriously.

My Kiawah home is in a regime and as a board member, I am very aware of our costs for keeping all of our entrances irrigated. In these economic times our board looks carefully at all costs trying to avoid any increases in dues. An increase in the water rates would take that out of our hands.

My husband and I pay at least $40 a month for water -when we are not even on Kiawah. We have never complained. That $40 is $10-15 a month MORE than we pay in our permanent home. Obviously we use a lot more water here than we do on Kiawah.

I also do not understand asking for a rate increase while trying to sell the utility. I have never seen any statistics for the increase. I cannot know if it is justified. Has anyone given reasons for the proposed increase? Can that not be delayed until the decision to sell is finalized and let the new owners decide on any increase?

From reading about this I can see the need for replacing some (all?) of the infrastructure. I personally know of incidents where a valve has malfunctioned and flooded a yard and street. So, I am not against that.

I know that we will be impacted several times with the increase....as owners, as community association members, and as residents in a regime.

This is a very important decision and I hope we can hear the justification....but more so, I hope the decision for an increase is delayed until new owners take over and let them make the decisions they feel are necessary.

Sincerely,

Dorothy V. Toney

Dottie (Dorothy V.) Toney
4164 Summer Duck Way
Kiawah

1125 S. Kings Drive
Charlotte, NC 28207

ROBERT B. GILMORE

10 Surfsong Road, Kiawah Island, South Carolina 29455
Tel: (843) 768 3511 Cell: (843) 870 1451
Email: randygilmore@bellsouth.net

October 18, 2011

South Carolina Public Service Commission

Re: Proposed Kiawah Island Utility
Water and Sewer Rate Increase

Dear Sirs;

My wife and I reside at 10 Surfsong Road, Kiawah Island, South Carolina. We have owned our 10 Surfsong residence for 20 years.

The Developer of the undeveloped land on Kiawah Island owns the Kiawah Island Utility. Said Developer has made its desire to sell the utility company known and the Town of Kiawah Island has begun the process of seeking voter approval to begin negations with the Developer regarding such sale.

We are not opposed to Kiawah Island Utility or any other public utility for that matter, making an industry standard profit on its business operations. However, we are opposed to the water and sewer rate increases currently before the commission. In view of the fact that Kiawah Island Utility is "up for sale", we believe that consideration for any rate increases should be set aside until such sale is finalized or the Developer takes the Utility off the market. We believe strongly that it should be the purview of the "long term" owner to set the new water and sewer rate.

Sincerely,

GWEN A. GILMORE

10 Surfsong Road, Kiawah Island, South Carolina 29455
Tel: (843) 768 3511 Cell: (843) 870 1451
Email: gwengilmore@bellsouth.net

October 18, 2011

South Carolina Public Service Commission

Re: Proposed Kiawah Island Utility
Water and Sewer Rate Increase

Dear Sirs;

My wife and I reside at 10 Surfsong Road, Kiawah Island, South Carolina. We have owned our 10 Surfsong residence for 20 years.

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We are not opposed to Kiawah Island Utility or any other public utility for that matter, making an industry standard profit on its business operations. However, we are opposed to the water and sewer rate increases currently before the commission. In view of the fact that Kiawah Island Utility is "up for sale", we believe that consideration for any rate increases should be set aside until such sale is finalized or the Developer takes the Utility off the market. We believe strongly that it should be the purview of the "long term" owner to set the new water and sewer rate.

Sincerely,

Gwen Gilmore

92 Goldeneye
Kiawah Island, SC 29455
October 18, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard and Public Service Commission Members:

I appreciate the fact that you have scheduled a public hearing on Kiawah on Thursday, October 20, 2011, regarding the application of Kiawah Island Utility for a rate increase for water and sewer services on Kiawah. Unfortunately, I have a conflict and will not be able to attend. Therefore, I am writing to you to ask you to consider my concerns about this application as you deliberate whether to grant all or part of the requested increase.

I think most people would agree we need a second water line serving Kiawah for redundancy. But we also know the Developer needs a second line to build out his remaining property. And the utility company is owned by the Developer, which totally controls how the utility operates. So I have to wonder if the utility is making its decisions based on what is best for its rate payers or what is best for its parent company. I hope you will carefully consider whether ratepayers should bear the entire burden of installing this new water line.

In addition, I believe you are aware that the Town of Kiawah Island is considering purchasing the utility company from the Developer. If this happens, as I understand it, it would be the town and not the Developer, which would install the new water line. Therefore, I would respectfully request that you eliminate a new water line from your consideration until such time as ownership of the utility company has been determined.

I know the commission will be considering what a fair increase is for the utility company. Please also look at the requested rate increase with an eye towards protecting rate payers.

Sincerely,

Ray Khayali

92 Goldeneye
Kiawah Island, SC 29455
October 18, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard and Public Service Commission Members:

I appreciate the fact that you have scheduled a public hearing on Kiawah on Thursday, October 20, 2011, regarding the application of Kiawah Island Utility for a rate increase for water and sewer services on Kiawah. Unfortunately, I have a conflict and will not be able to attend. Therefore, I am writing to you to ask you to consider my concerns about this application as you deliberate whether to grant all or part of the requested increase.

I think most people would agree we need a second water line serving Kiawah for redundancy. But we also know the Developer needs a second line to build out his remaining property. And the utility company is owned by the Developer, which totally controls how the utility operates. So I have to wonder if the utility is making its decisions based on what is best for its rate payers or what is best for its parent company. I hope you will carefully consider whether ratepayers should bear the entire burden of installing this new water line.

In addition, I believe you are aware that the Town of Kiawah Island is considering purchasing the utility company from the Developer. If this happens, as I understand it, it would be the town and not the Developer, which would install the new water line. Therefore, I would respectfully request that you eliminate a new water line from your consideration until such time as ownership of the utility company has been determined.

I know the commission will be considering what a fair increase is for the utility company. Please also look at the requested rate increase with an eye towards protecting rate payers.

Sincerely,

Coleen Khayali

October 18, 2011

Mary S. Carven
111 Bufflehead Drive
Johns Island, S. C. 29455

Public Service Commisssion of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, S. C. 29210

Dear Commission Members;

I am in favor of granting a rate increase to KIU but feel that a 39% hike for water and a sewer fee increase of 5.4% in addition is excessive.
While I support a need for a second water line on Kiawah, I would ask that you separate that issue from the water rate request. The utility is going to be sold and the new owner may not be determined by the time the PSC must render a decision on the KIU rate increase application. The future owner should be responsible for planning, funding and installing the new water line.
KRA, the owner of KIU, is required to pay impact fees to the Seabrook Island Utility for its development at Cassique and Fresh Fields. KRA, however, pays no impact fees to KIU for any of its development on Kiawah. This means our rate is already inflated and should be taken into consideration when determining the amount of rate increase.
I thank you all for holding this hearing on Kiawah, so more residents could participate.

Sincerely,

Mary S. Carven

Mary S. Carven

68 Persimmon Court
Kiawah Island. SC 29455
October 18. 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1).
Commissioners and Members
101 Executive Center Drive. Suite 100
Columbia. SC 29210

Dear Sirs:

I wish to comment on the current rate increase application from Kiawah Island Utility (2011-317-WS). The situation is a strange one, considering that the owner of the utility, Kiawah Resort Associates, has made it clear that it does not plan to continue owning the utility going forward. It has offered to sell the utility to the Town of Kiawah Island. The future owner of the utility may not be determined by the time the PSC is ready to make a decision on KRA's rate increase application. Therefore, we urge the PSC to consider only that part of the application relating to operating expenses.

Let us say that the town of Kiawah Island decides to purchase the utility. In the future the new owner of the utility should be responsible for making necessary plans for further development. These might or might not include planning, funding, and installing a new water line for the island. But that project is called for in this KIU rate request. To me this seems premature, given the current unsettled state of near future ownership of the utility.

For these reasons it seems to me that any rate increase that your commission considers should only involve current operating expenses.

I appreciate your consideration of my letter. We are glad that you have come to the island to talk with us at this time of uncertain change for the utility.

Yours truly.

Elizabeth W. Oakman

Elizabeth W. Oakman

68 Persimmon Court
Kiawah Island. SC 29455
October 18. 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1).
Commissioners. and Members
101 Executive Center Drive. Suite 100
Columbia. SC 29210

Dear Sirs:

I write to comment on the request for a rate increase by Kiawah Island Utility that amounts to a 31 per cent increase in water rates and an increase in sewer rates of 5.4 per cent. These are hard times everywhere, and the rate of national inflation is very low. Most people are trying to hold the line on personal spending. I cannot think of anything that has gone up by these amounts of increase in recent years. This big request seems particularly strange given that Kiawah Resort Associates, the owner of the utility, is trying to sell it to the Town of Kiawah Island. How can a utility justify raising rates by such a large amount at the same time it is being offered for sale?

It is true that the utility has not had a rate increase in a number of years. Yet a careful reading of the rate increase application shows that the increase represents at least two kinds of monies: both a normal increase after several years and the additional costs for a new planned water line to the island from Johns Island. It seems to me that a modest increase is justified for the current costs of water for residents. But we do not know who will own the utility in the future. What is the rush to plan and finance an additional water line for a company that is trying to go out of business? Wouldn't it seem better to wait for the sale before making the current customers pay for something that the new company will not deem necessary at this time? The population of the island is not growing, given the depressed state of real estate on the island, and I wonder if the new line is really needed at present.

In sum, there are several questions about the current application that call for more scrutiny and careful moving forward, given that the future of the utility is very much up in the air.

Sincerely yours,

Robert L. Oakman

Robert L. Oakman

589 Oyster Rake Rd.
Kiawah Island, SC 29455
October 17, 2011

Public Service Commission of SC
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 20210

Re: Rate Increase Application filed by Kiawah Island Utility,Docket # 2011-317-WS

Dear Chairman Howard and Commission Members,

I am writing as a permanent resident of Kiawah Island for the past 20 years. As a longtime home owner and member of the Kiawah Island Community Association (KICA),I am deeply concerned about the logistics and reasonableness of the current KIU rate application-- specifically, the exorbitant amount of the proposed rate increase, the timing of the application, and the fact that I will pay doubly for any rate increase, as a homeowner and as a member of KICA.

My understanding is that the 2-phase rate increase will amount to a whopping 39% increase in my home water rate, in addition to a 5.4 % sewer rate increase. Since a rate increase has not been approved for KIU for the past 10 years,I can accept that some increase in my water rate might be justified. However, a 39% increase at this time seems extreme and excessive by any measure and certainly warrants a deeper look. My fellow Kiawah residents and I urge the PSC to investigate and gauge the real, legitimate increase in operational costs compared to the huge rate increase being requested by KIU.

Much of the rate increase is based on the utility's stated need to repair infrastructure and add a second water line. I have no argument with either of these objectives, as I think they are reasonable goals for the near future. However, the timing of this rate hike application, in my view, could not be more inappropriate and questionable, given that the current utility owner, the developer Kiawah Resort Associates, has initiated the process of selling the utility. Clearly,if the Town does, in fact, buy and run the utility, the cost of a second water line and infrastructure improvements is likely to be considerably less than the costs projected by the current privately owned company in the rate application. (It is my understanding that because of its nonprofit status, the Town would be able to obtain grants, loans, and tax breaks not available to the current for-profit company.) We look to the PSC to examine and question the true costs of maintaining a quality utility company versus the potential profit to the current developer owner, who is poised to sell.

Lastly,I would like to request that the Commission consider that any rate increase will affect all property owners at Kiawah on not one, but at least 2 levels: first, in our at-home water costs and second, in the common property irrigation costs paid by KICA and passed on to property owner members. In fact, some property owners who are members of private clubs on the island will pay multiple times for any rate increases.

I appreciate the willingness of the PSC to meet with property owners and to consider our concerns. The very large rate increase request, coupled with the timing of the imminent sale of the utility by its present for-profit owner, certainly raises red flags and warrants a careful eye.

Sincerely,

Carolyn N. Bernard

Carolyn N. Bernard

RHONWEN L. NEWTON

1635 Kathwood Drive
Columbia, South Carolina 29206

Telephone: (H) (803) 782-5979
(M) (803) 960-8777
E-mail: RNewton@sc.rr.com

October 17, 2011

Dear Public Service Committee Members,

I own two condos on Kiawah Island and am concerned about the proposed rate increase requested by the owners of Kiawah Island Utility. Unfortunately I am not able to attend the hearing on Thursday, October 20, 2011, but I would like for you to know my concerns about the proposed rate increase.

1. It seems that I, as an owner of a villa in a regime, would be paying the increase four different times - 1) as a homeowner, 2) as a member of the Kiawah Island Community Association, 3) as a member of a regime, and 4) as a member of the Kiawah Island Club. Isn't that a little excessive?

2. In my calculations, the proposed rate increase requested approaches 39% for water and 5% for sewer. That seems a little excessive too. Do the increased costs and expenses of the utility justify the need for this tremendous increase? If so, why didn't the utility request an increase sooner?

3. Also my understanding is that the utility is for sale? Doesn't this make the request for an increase a little suspicious? Kiawah Resort Associates, the Developer on Kiawah Island and the sole owner of Kiawah Island Utility, has made it clear it does not plan to continue to own the utility going forward and has asked the Town of Kiawah Island of its interest to purchase the utility. With that in mind, at time you render a decision on the rate increase application, you may not know who the future owner of the utility will be. For that reason I either urge you to defer the request until the future status of the utility is known or consider only the part of the application relating to operating expenses.

4. The future owner of the utility should be responsible for planning, funding, and installing the new water line. Also if the Town purchases the utility, it would be eligible for federal grants not available to privately-owned utilities and would also be able to borrow money at a lower rate than a privately-held company. The town would operate the utility as a non-profit company and would not need the high operating margin KRA is seeking for the utility. So isn't it a little premature to be discussing the parts of the proposed rate increase that apply to future infrastructure costs?
5. I do agree that we need a second water line onto Kiawah to make sure we have an adequate

water supply in the future especially with continued development by KRA and in case our current water supply is severely damaged by age, a hurricane or other natural disaster.

6. It is also interesting to me that the two non-governmental organizations on Kiawah which represent property owners - Kiawah Island Community Association and the Kiawah Property Owners Group - have both intervened in this rate increase case. Doesn't that send a strong message to you that organizations representing property owners believe it important to carefully scrutinize this application to determine what parts can be supported and which requests should be denied.

Thank you for considering these concerns I have about the proposed rate increase.

Sincerely,

Rhonwen L Newton

Rhonwen L. Newton
President - Duneside II Regime

October 17, 2011

Public Service Commission of SC
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RE: Kiawah Island Utilities Proposed Rate Increases

To Whom It May Concern:

The 39% increase KIU has requested does not make sense. It is more than twice that of previous requests and there is no way their costs have gone up that much this year. Common sense tells me that what they are trying to do is to have the residents of Kiawah help fund the Developer's future build-outs.

I really am surprised that KIU would present something that even a person who isn't that good in math, would know he or she is being taken advantage of.

The residents of Kiawah realize that unconscious biases can occur but even behind close door meetings, everyone takes the approach of trying to be fair. We don't want to take advantage of any company; but we expect the same in return.

We would greatly appreciate your assistance in this matter.

Sincerely,

Margaret G. Mann

Margaret Mann

5562 Green Dolphin Way
Kiawah Island, SC 29455
Phone: (704) 618-1737

October 17, 2011

Public Service Commission of SC
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RE: Kiawah Island Utilities Proposed Rate Increases

To Whom It May Concern:

Being a businessman I strongly believe in paying what is *fair* for a product and/or service. In my opinion the proposed increases don't make sense on many levels.

First of all, the criteria they used for substantiating their increase aren't legitimate. It reminds of political spin. Referencing other states when all of them have various regulations isn't a fair benchmark. KIA pay's impact fees associated with the development of Freshfields and Cassique to Seabrook Island Utility yet there were no impact fees for Kiawah Island Development. Common sense tells me that there is built in inflation rates for what I'm paying now.

It also doesn't make sense to me that KIU would come in requesting more than two times what they have applied for in the past. This would sound strange to me if it weren't for applying common sense.

Being a businessman and knowing the increases of everything imaginable (my company does over $1B in sales), they can't tell me they need a 39% increase because of operating costs going up so much. It is so apparent that it is for cash flow reasons due to the Developer needing funding for the upcoming build-out of their remaining properties.

There are times when things are difficult to figure out because of the complexities of the situation. I find this issue one of the easiest I've encountered in a long time. The bottom line is that they want the residents of Kiawah Island to invest in their development endeavors with us having no equity in their future revenues.

I would very much appreciate your support in this matter. I truly don't mind paying what is fair but we are definitely being taken advantage of by KIU in this situation.

Thanks.

John Mann

5562 Green Dolphin Way
Kiawah Island, SC 29455
Phone: (704) 993-7777

3029 Edenvale Road
Johns Island, South Carolina

October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard, Commissioners and Members:

Thank you for holding a public hearing on Kiawah. Unfortunately, I will be unable to attend. I do, however, appreciate the opportunity to share some concerns with you about the proposed rate increase Kiawah Island Utility has requested.

I was a Property Owner Director on the KICA Board of Directors from 1993 – 1996. In that position, I came to understand first hand when the interests of the Developer (Kiawah Resort Associates) converged with those of property owners and when they diverged.

Kiawah Island Utility is one area where what was best for KRA was clearly not in the interests of property owners. As you are aware, the utility company is a wholly owned subsidiary of KRA. The efficiency and cost effectiveness was never an issue for KRA because it benefited directly from any revenue the Utility generated.

I have to question whether a 39% increase in water rates and a 5.4% increase in sewer rates is necessary, even though I recognize the Utility has not requested a rate increase in the last ten years, except for "pass through" increases from St. Johns Water Company. Together this is almost a 45% increase in water rates, which seems excessive.

I also recognize that private corporations operate in order to make money. However, the application of KI Utility appears to indicate it is seeking an operating (profit) margin of almost 14%. This seems excessive in today's economic climate. It is almost double the operating margins the PSC has granted to the Utility in the past.

Thank you for considering the issues I have raised. I hope when you carefully examine the rate application, you will not grant the full increase KI Utility has requested.

Very truly yours,

Laura Pulleyn

Laura Pulleyn

14 Airy Hall
Kiawah Island, South Carolina 29455
October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard, Commissioners and Members:

Thank you for holding a public hearing on Kiawah. Unfortunately, I will be in Washington, D.C. and unable to attend. I do, however, appreciate the opportunity to share some concerns with you about the proposed rate increase Kiawah Island Utility has requested.

I recognize KI Utility has had an increase in water rates in ten years, except for "pass through" increases from St. Johns Water Company. While it is understandable that this has raised the company's costs, I have friends who live on neighboring Seabrook Island, and the utility company there has not passed these increases on to them.

I, therefore, have to consider how efficiently and effectively the management of our utility company is. If its operations were better controlled, would a 39% increase in water rates and a 5.4% increase in sewer rates be necessary? Together this is almost a 45% increase in water rates, which seems excessive.

And, while private entities operate in order to make money, it appears from the application that KI Utility is seeking an operating (profit) margin of almost 14%. Given today's economic circumstances, this appears to be excessive and almost double the operating margins the PSC has granted in the past.

Thank you for considering the issues I have raised. I believe when you carefully examine the rate application, you will not grant the full increase KI Utility has requested.

Very truly yours,

Emelie S Born

Emelie S. Born

23 Sunlet Bend
Inlet Cove
Kiawah Island, SC 29455

October 16, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch"Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir, Commissioners and Members:

I wish to make reference to Docket # 2011-90-WS Application of Kiawah Island Utility, Incorporated for Adjustment of Rates and Charges.

My wife and I own a cottage in a regime on Kiawah Island. We are pleased to hear that PSC is holding hearings on the reference Docket on Kiawah Island making it easier for property owners to attend. Unfortunately neither one of us will be at Kiawah on the 20th of this month.
We agree that a second water line is needed both for backup and for the developer to complete the build-out of his remaining properties. However, we feel that you must consider whether it is economically fair for rate- payers to pay the entire cost of installing the new water line.
We also believe that operating cost increase is also a function of the growing number of ratepayers and that this needs to be examined and clearly delineated. Also, comparisons with other "South Region" utilities may not be a reasonable benchmark unless they are regulated the same as privately owned utilities in South Carolina.

As stated above we own a cottage in a regime and will have to pay any increase granted three times. Once as a residential rate-payer; once as a member of Kiawah Island Community Association and once as a regime member because both the Community Association and the regime have irrigation costs. It appears to us that a 39% increase in water rates needs serious justification. If expenditures increased at such a rapid rate since the last increase why didn't KIU apply for an increase sooner?

Finally, we believe that this complicated application with its increase in operating expenses plus new water line on Kiawah clouds the issue and therefore request that PSC analyze the application in detail. We would like to see the rate application separated from the water line and hold the water line application until the new owner is aboard.

Sincerely Yours,

Robert J Feldman

23 Sunlet Bend
Inlet Cove
Kiawah Island, SC 29455

October 16, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch"Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir, Commissioners and Members:

I wish to make reference to Docket # 2011-90-WS Application of Kiawah Island Utility, Incorporated for Adjustment of Rates and Charges.

My husband and I own a cottage in a regime on Kiawah Island. We are pleased to hear that PSC is holding hearings on the reference Docket on Kiawah Island making it easier for property owners to attend. Unfortunately neither one of us will be at Kiawah on the 20th of this month.

We agree that a second water line is needed both for backup and for the developer to complete the build-out of his remaining properties. However, we feel that you must consider whether it is economically fair for rate- payers to pay the entire cost of installing the new water line.

We also believe that operating cost increase is also a function of the growing number of ratepayers and that this needs to be examined and clearly delineated.

As stated above we own a cottage in a regime and will have to pay any increase granted three times. Once as a *residential rate-payer*; once as a member of Kiawah Island Community Association and once as a regime member because both the Community Association and the regime have irrigation costs. It appears to us that a 39% increase in water rates needs serious justification. If expenditures were increasing at such a rapid rate over the last 10 years why didn't KIU apply for an increase sooner? Also, should not the rate increase wait until it is known who will be the next owner of the utility? If it is the Town of Kiawah Island PSC will no longer be involved in rate setting. Also, a municipality would be eligible for federal grants, not need to pay taxes as the present utility does, and borrow money at lower interest rates and thus have a lower utility operating cost.

Finally, we believe that this complicated application with its increase in operating expenses plus new water line on Kiawah clouds the issue and therefore request that PSC analyze the application in detail. We would like to see the rate application separated from the water line and hold the water line application until the new owner is aboard.

Sincerely Yours,

Felice B Feldman

591 Oyster Rake
Kiawah Island, SC 29455
October 15, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard and Public Service Commission Members:

I appreciate the fact that you have scheduled a public hearing you on Kiawah on Thursday, October 20, 2011, regarding the application of Kiawah Island Utility for a rate increase for water and sewer services on Kiawah. Because I am recuperating from an accident, I am unable to attend. Therefore, I am writing to you to ask you to consider my concerns about this application as you deliberate whether to grant all or part of the requested increase.

I think most people would agree we need a second water line serving Kiawah for redundancy. But we also know the Developer needs a second line to build out his remaining property. And the utility company is owned by the Developer, which totally controls how the utility operates. So I have to wonder if the utility is making its decisions based on what is best for its rate payers or what is best for its parent company. I hope you will carefully consider whether ratepayers should bear the entire burden of installing this new water line.

In addition, I believe you are aware that the Town of Kiawah Island is considering purchasing the utility company from the Developer. If this happens, as I understand it, it would be the town and not the Developer, which would install the new water line. Therefore, I would respectfully request that you eliminate a new water line from your consideration until such time as ownership of the utility company has been determined.

I know the commission will be considering what a fair increase is for the utility company. Please also look at the requested rate increase with an eye towards protecting rate payers.

Sincerely,

(Mrs) Maryanne McGough

Maryanne McGough

1082 Terrapin Court
Kiawah Island, SC 29455-5671
October 15, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard and Fellow PSC Commissioners:

I am a ratepayer to the Kiawah Island Utility (KIU) and a full-time resident of SC. I write to protest KIU's request for a 39% increase in the water rate at a time when the utility itself is up for sale.

Is this massive water rate increase necessary to ensure the functioning of the utility itself or to facilitate the utility's sale at the highest possible price for the owners? If the full rate increase is granted by your commission, then KIU's operating margin will be set at more than twice the operating margin it has been awarded in the past. Is this reasonable or fair to the ratepayers?

I thank you for your time and consideration.

Sincerely yours,

Marilyn Green Larach

Marilyn Green Larach

1082 Terrapin Court
Kiawah Island, SC 29455-5671
October 15, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard and Fellow PSC Commissioners:

I am a full-time resident of SC and a ratepayer of the Kiawah Island Utility (KIU). I write to question KIU's request for a 39% increase in water rates when KIU is up for sale.

Is this extremely large water rate increase necessary to ensure the continued functioning of the utility or is the increase necessary to ensure the utility's sale at the highest possible price for the owners? If the PSC grants KIU's rate increase request, then KIU's operating margin will be set at more than twice the operating margin it has been awarded in the past. Is this appropriate when overall inflation is so low?

I thank you for your deliberations on this important matter.

Sincerely yours,

David Ross Larach

David Rynecki
31 Rhett's Bluff
Kiawah Island, SC 29455

October 19,2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard:

As a resident of Kiawah Island, I am writing to express my concern regarding the proposed water and sewer rate increases by the Kiawah Island Utility. While I do respect that it has been a number of years since the last increase, the timing and the magnitude of the proposed hikes need to be fully examined.

My understanding is that KDP is trying to sell the utility. There are many good business reasons for doing this. But you should also fully consider the motivations behind the rate increase. The implications are two-fold: Raising rates during a difficult economic time and creating the appearance of a higher valuation that KDP will then expect to earn on the sale of the utility. In effect, it could be a shell game.

Again, there are likely valid reasons. But the timing is suspect. I encourage you to listen to our vocal residents on this matter.

Respectfully,

David Rynecki

38 Marsh Edge Lane
Kiawah Island, South Carolina
October 17, 2911

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard, Vice Chairman Wright and Commissioners Mitchell, Fleming, Hamilton, Hall and Whitfield:

Kiawah Island has been my full-time home for more than 22 years and this is the first time I recall the Public Service Commission ("PSC") holding a public hearing on Kiawah. Thank you for providing me and my fellow property owners the opportunity to express directly to you the concerns we have about KIU's requested rate increase.

I am a past president of the Kiawah Property Owners Group, one of the intervenors in this case, and as such have testified before the PSC in a previous Kiawah Island Utility ("KIU" or "the Utility") rate case. I am also the current chair of KPOG's Research Committee, which is directly involved in analyzing the current application.

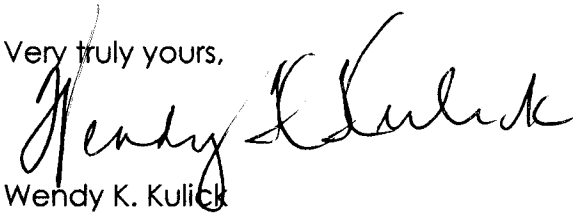
My concerns about the Utility's request fall into several categories:

- There are no arms-length transactions between KIU and its parent company, Kiawah Development Partners ("the Developer"), the successor organization to Kiawah Resort Associates, which purchased Kiawah from the Kuwaiti government in 1988. This arrangement is different from virtually every other privately-owned utility in South Carolina
- The size of the increase requested – 39% for water services – appears excessive, even considering that KIU has not filed for an increase, save for "pass through" increases on the cost of water from St. John's Water Company – in ten years.
- The operating margin KIU is requesting is greater than the largest approved by the PSC in the past.
- The financial burden placed on individual residential rate payers because the Utility receives no impact fees from the Developer for additional development and because KIU leases rather property from the Developer for its facilities. This would be compounded if KIU, and by extension its rate payers, are expected to bear the entire cost of installing a second water line to bring water to Kiawah. Since this additional line is necessary to complete development on the Island, at the very least its cost should be shared between the Developer and the Utility.

- Ownership of the Utility going forward Is in question, but what is certain is that KDP will not be in the utility business for the long term. Until we know who will own and operate KIU going forward, please limit the scope of the increase granted to current, not future, projects and costs which will affect KDP directly.

I very much appreciate your consideration of my concerns and those of my fellow property owners and rate payers.

Very truly yours,



Wendy K. Kulick

4153 Bank Swallow Lane
Kiawah Island, SC 29455
October 13, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard Chairman (District 1), Commissioners and Members
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Dear Mr. Howard:

I write this letter to express my objection to the 39% water rate increase requested by Kiawah Island Utility, of which I am a customer. The primary basis for my stance is that the utility has provided no supporting information for the $6.5 million cost of the new water line, despite admitting this represents 44% of the current net investment in the combined water and sewer systems. Please note that I am not necessarily opposed to the new line itself, but rather the cost associated with it and how that cost will be borne. In particular:

1. Exactly how is this cost computed? What are the costs for materials, construction, payment for rights of way, etc.?

2. Is this one cost or does it represent the most attractive bid from multiple proposals? I would think that with the size of this project, competitive bidding is in order. Given the current state of the economy, it would seem that multiple firms might have an interest in bidding on this work.

3. The new line will be routed to the Down Island Pumping Station. How was this decision made and what are the comparative costs to having it routed to the Primary Pumping Station? What property owners might receive compensation to allow line routing over their property?

4. The existing line will not be abandoned in place but rather will continue to be used as a water supply to Kiawah. While I agree that two lines provide auxiliary water sources to Kiawah, they also increase the capacity of the utility. While it's proper for existing users to pay for more integrity of their water supply, it's not at all appropriate for them to pay for increases in capacity to serve new users. To the extent that multiple lines provide more capacity, rather than increase integrity, existing users should not pay for this. Growth, not existing customers, should pay for growth.

I respectfully request that you and the other commission members take the needed steps to insure the increase requested the Kiawah Island Utility is not only justified, but also is justified for existing rather than new users. My thanks to the commission for considering my arguments.

Sincerely yours,

Steven A. Lapp

Steven A. Lapp

1 Bishop Gadsden Way, Apt. #116
Charleston, SC 29412
October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard, Commissioners and Members:

I appreciate your holding a public hearing on Kiawah. It provides a convenient forum for property owners to voice their concerns about the proposed rate increase Kiawah Island Utility has requested.

I served two terms as the Mayor of the Town of Kiawah Island (1998-2002) and I also had the privilege of serving as President of the Kiawah Property Owners Group from 2004 – 2006. My tenure in those two positions enabled me to become very familiar with the operations of Kiawah Island Utility.

One of my major concerns about the proposed water and sewer rate increase requested by the utility company is the burden it places on rate payers to pay for needed infrastructure additions and repairs, rather than sharing it with the Developer, who, I understand, needs the additional water line proposed in order to develop Cougar Island and Captain Sams Spit on Kiawah Island. If the actual cost of new water line is in fact $6.5 million, rather than the $5.5 million cited in the first rate application KIU filed this year (docket #2011-90-WS), that cost should not be borne totally by current rate payers.

In addition, I have great concerns because the Utility is a wholly owned subsidiary of the Developer. Therefore, I believe, numerous costs which a Developer usually bears, e.g., impact fees and the donation of additional infrastructure for newly developed areas, are not shouldered by KRA, Kiawah's master developer. The Utility and its rate payers are the ones who are forced to absorb these costs. This just doesn't seem fair to me.

Thank you for considering the issues I have raised. I believe when you carefully examine the rate application, you will not grant the full increase KI Utility has requested.

Very truly yours,

James V. Piet

James V. Piet

284 Woodcock Court
Kiawah Island, SC 29455

October 19, 2011

Public Service Commission of South Carolina
Columbia, SC 29210.
Attn : John E. "Butch" Howard, Chairman (District 1)

Subject :- Kiawah Island Utility (KIU) rate increase request

Dear Chairman Howard,

We have been property owners on Kiawah Island, and customers of KIU, for 17 years – and consider its current rate increase requests both excessive and ill-timed.

The financial situation of KIU is always difficult to judge because of its status as a wholly owned subsidiary of our developer, Kiawah Development Partners (KDP) – who pays it no impact fees, who passes on to it numerous costs a normal "arms-length" developer would have to absorb, and who charges it an exorbitant annual management fee. All this makes KIU's record appear worse than it should be.

At the present time, KDP is actively trying to sell KIU. Subject to a referendum to be held next week, negotiations will begin with the Town of Kiawah Island, which has the right to make the first purchase offer. We sincerely believe this would be the best option for Kiawah ratepayers, and hope this effort succeeds. However, even if the eventual purchaser is a third party, there is no doubt the financial structure of KIU will radically change.

For this reason alone, this rate increase request – to whatever extent justified – is definitely premature. It should be up to the purchaser to apply to the PSC for the increase it can justify in the new circumstances. This is especially true of the second phase relating to financing a new water line.

On this basis, we strongly urge you to reject KIU's current rate increase request.

Sincerely,

Lawrence Burpee

Anne Burpee

39 Marsh Edge Lane
Kiawah Island, SC 29455
October 18, 2011

Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, SC 29211

Subject: Docket No. 2011-317-WS

Dear Commission Members,

I am a property owner in Kiawah Island, SC and a customer of Kiawah Island Utility, Inc (KIU). I am writing to express my concern about KIU's request for a 39% increase in my water rates. This is a very large increase to be imposed on its customers during the severe economic climate and appears to be most financially profitable to KIU's present owner, the Kiawah Development Partners (KDP).

The timing of this request is very inappropriate. In June, 2011 Kiawah Development Partners (KDP) announced their intentions to sell KIU. Two months later KIU applied for this very large rate increase that serves to drive up the value and potential selling price of KIU. The Town of Kiawah Island has the right of first offer and is seriously evaluating the potential purchase. If the Town should conclude the purchase, the financial structure of KIU could change dramatically and thus impact the need for or the size of any rate increase. Some of the numerous financial advantages that would be gained by municipality ownership would lower the operating costs and could be passed on to the KIU customers. Saving will be gained by the absence of federal, state or local taxes, lower insurance costs, lower cost for borrowing money, eligibility for state and federal grants and no requirement for a profit (return on investment).

Any consideration for a rate increase should be reserved for the new owner's evaluation. This is especially applicable for the requested second phase increase to cover the debt service of a future secondary line. Such long term plans should be left to the decision of the new owner. If you approve a rate increase before the purchase price is negotiated, you will be contributing to artificially driving up that purchase price. This will force me, the customer, to pay double---the water rate increase you approve as well as the additional cost of the inflated purchase price.

Given the unknown future circumstances of KIU, I encourage you not to approve any rate increase at this time and leave it to the discretion of the new owner to apply for a rate increase in the future, if needed.

Thank you for your consideration in this matter.

Sincerely,

Ben G. Farabee

Ann D. Farabee

Quentin & Sue Jackson

54 Goldenrod Court
Kiawah Island SC 29455-5758

Telephone: 843-768-8562 (home)
843-513-0604 (mobile)
E-mail: cqsj1014@gmail.com (Quentin)
sjackson8562@aol.com (Sue)

October 18, 2011

South Carolina Public Service Commission
Columbia SC

To Whom It May Concern

Kiawah Island Utility Rate Increase

As property owners on Kiawah Island we write to protest the significant rate increase being propose by the Kiawah Island Utility for providing water to our home at the above address.

In today's economy, increases of the size being requested are unrealistic and should be rejected.

Yours sincerely

Quentin Jackson

307 Surfsong Road
Kiawah Island
South Carolina 29455
October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman
Commissions and Members
101 Executive Center Drive
Suite 100
Columbia, SC 29210

Dear Mr. Howard,

I am writing to request that the PSC deny any part of Kiawah Island Utility's (KIU) water rate increase application which relates to investments not yet made, or expenses not yet incurred but merely projected.

In fact, the owners of KIU are negotiating with the Town of Kiawah Island regarding the sale of KIU to the Town or potentially to others. It is clear that the increase in projected profits occasioned by the rate increase would be used as a selling point to competitive buyers, and raise unfairly the amount the Town would have to pay. There will be time enough to consider any necessary rate increase once the new owner (who will have to make and pay for any actual investments) is in place.

I urge you to consider the public interest by not biasing these negotiations in favor of the seller. Thank you.

Sincerely yours,

J. Peter Grant

J. Peter Grant

Public Service Commission of S.C.
Attn: John E (Butch) Howard – District 1
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

The purpose of this letter is to ask the public service commission not to increase the water and sewerage rates for the Kiawah Island Utility.

The application by Kiawah Island Utility requests an increase in operating margin almost twice the previous operating margin charged by the public service commission in the last five rate cases. As a property owner on Kiawah Island, I find a 39% water rate increase and a 5.4% sewerage increase very unreasonable.

Thank you for your consideration.

Sincerely,

Richard W. Rieger

Richard W. Rieger

Public Service Commission of S.C.
Attn: John E (Butch) Howard – District 1
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

The purpose of this letter is to ask the public service commission not to increase the water and sewerage rates for the Kiawah Island Utility.

The application by Kiawah Island Utility requests an increase in operating margin almost twice the previous operating margin charged by the public service commission in the last five rate cases. As a property owner on Kiawah Island, I find a 39% water rate increase and a 5.4% sewerage increase very unreasonable.

Thank you for your consideration.

Sincerely,

Juliana B. Rieger

Juliana B. Rieger

21 Rhetts Bluff Road
Kiawah Island, SC 29455

October 17, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia. SC 29210

Dear Chairman Howard:

The Kiawah Island Utility Company, which is owned by KRA, the developer of this island, runs the water company to suit its development needs and secondarily the requirements of the residents. A request for a 39% water rate increase and a 5.4% sewer fee increase is excessive and we request you, the Public Service Commission, analyze the need for these increases. The Utility is for sale, and a large rate increase will only inflate the sales price. If a rate increase is even justifiable, it should exclude all future infrastructure costs, the cost to prepare their request, and any other costs that should be associated with the pending sale.

The Utility has always passed Johns Island Water Company rate increases along to the residents as opposed to our neighbors at Seabrook. The developer and owner of the Utility does not pay impact fees as it should for new development and this cozy relationship costs me, a resident, something from which I receive no benefit.

Please look after us, the residents, as you deliberate on what I consider an already excessive cost versus a neighboring utility at Seabrook. Stop or delay this rate increase until new ownership is resolved in this very complex issue.

Very truly yours,

Joseph H. Healey, Jr.

Joseph H. Healey, Jr.

21 Rhetts Bluff Road
Kiawah Island, SC 29455

October 17, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia. SC 29210

Dear Chairman Howard:

The Kiawah Island Utility Company, which is owned by KRA, the developer of this island, runs the water company to suit its development needs and secondarily the requirements of the residents. A request for a 39% water rate increase and a 5.4% sewer fee increase is excessive and we request you, the Public Service Commission, analyze the need for these increases. The Utility is for sale, and a large rate increase will only inflate the sales price. If a rate increase is even justifiable, it should exclude all future infrastructure costs, the cost to prepare their request, and any other costs that should be associated with the pending sale.

The Utility has always passed Johns Island Water Company rate increases along to the residents as opposed to our neighbors at Seabrook. The developer and owner of the Utility does not pay impact fees as it should for new development and this cozy relationship costs me, a resident, something from which I receive no benefit.

Please look after us, the residents, as you deliberate on what I consider an already excessive cost versus a neighboring utility at Seabrook. Stop or delay this rate increase until new ownership is resolved in this very complex issue.

Very truly yours,

Lorraine C. Healey

Lorraine C. Healey

21 Rhetts Bluff Road
Kiawah Island, SC 29455

October 17, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia. SC 29210

Dear Chairman Howard:

The Kiawah Island Utility Company, which is owned by KRA, the developer of this island, runs the water company to suit its development needs and secondarily the requirements of the residents. A request for a 39% water rate increase and a 5.4% sewer fee increase is excessive and we request you, the Public Service Commission, analyze the need for these increases. The Utility is for sale, and a large rate increase will only inflate the sales price. If a rate increase is even justifiable, it should exclude all future infrastructure costs, the cost to prepare their request, and any other costs that should be associated with the pending sale.

The Utility has always passed Johns Island Water Company rate increases along to the residents as opposed to our neighbors at Seabrook. The developer and owner of the Utility does not pay impact fees as it should for new development and this cozy relationship costs me, a resident, something from which I receive no benefit.

Please look after us, the residents, as you deliberate on what I consider an already excessive cost versus a neighboring utility at Seabrook. Stop or delay this rate increase until new ownership is resolved in this very complex issue.

Very truly yours,

Joseph H. Healey

Joseph H. Healey

161 Marsh Island Drive
Kiawah Island, SC 29455
October 19, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive Suite 100
Columbia , SC 29210

Dear Commissioners and Members,

As a long time homeowner on Kiawah Island, I strongly voice my opposition to the requested 39% water rate increase and 5.4% sewer rate increase. While I agree with the need for the additional waterline on to Kiawah Island and the expenses it would incur, I seriously question the justification for such substantial increases.

I urge the Commission to take a careful look at the rate application and trust that you will rule fairly, both to the Utility as well as to its customers.

Thank you for holding the hearing on Kiawah to discuss this matter.

Yours truly,

Jane Hirsch

161 Marsh Island Drive
Kiawah Island, SC 29455
October 19, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive Suite 100
Columbia , SC 29210

Dear Commissioners and Members,

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I urge the Commission to take a careful look at the rate application and trust that you will rule fairly, both to the Utility as well as to its customers.

Thank you for holding the hearing on Kiawah to discuss this matter.

Yours truly,

Stuart Hirsch

October 20, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir:

I am writing to you concerning the rate application submitted by KIU. I respectfully ask you to consider that there is more than just a rate hike involved here. The present ownership of the utility is going to be changed in the very near future, as Kiawah Resort Associates, the Kiawah Island developer and owner of the utility, is in the process of selling the utility. The new owners should be able to make the decision about a new water line. Since the future plans are uncertain, please don't base a rate hike on possibilities alone. Basing a rate hike on current operating expenses is fair.

If the town of Kiawah ends up buying the utility, the costs of future water lines would be quite different, as it would now be owned by a municipality rather than a private company. Costs would be greatly reduced, as revenue to pay taxes would not be necessary and borrowing cost for infrastructure improvements would be much lower.

I thank you for holding the hearing on Kiawah. I am sorry that I could not be there for this important meeting. There are many facets to this rate hike application. In my opinion, the best solution for all Kiawah property owners would be for the PSC to rule on the increase request based on operating expenses, NOT a new water line. Please leave this opportunity for funding to the new owners.

Yours truly,

Thomas Fetter
21 Falcon Point Road
Kiawah Island, SC 29455

October 20, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir or Madam::

I am writing to you concerning the rate application submitted by KIU. I respectfully ask you to consider that there is more than just a rate hike involved here. The present ownership of the utility is going to be changed in the very near future, as Kiawah Resort Associates, the Kiawah Island developer and owner of the utility, is in the process of selling the utility. The new owners should be able to make the decision about a new water line. Since the future plans are uncertain, please don't base a rate hike on possibilities alone. Basing a rate hike on current operating expenses is fair.

If the town of Kiawah ends up buying the utility, the costs of future water lines would be quite different, as it would now be owned by a municipality rather than a private company. Costs would be greatly reduced, as revenue to pay taxes would not be necessary and borrowing cost for infrastructure improvements would be much lower.

I thank you for holding the hearing on Kiawah. I am sorry that I could not be there for this important meeting. There are many facets to this rate hike application. In my opinion, the best solution for all Kiawah property owners would be for the PSC to rule on the increase request based on operating expenses, NOT a new water line. Please leave this opportunity for funding to the new owners.

Yours truly,

Janet Fetter

Janet Fetter
21 Falcon Point Road
Kiawah Island, SC 29455

306 Palm Warbler
Kiawah Island, SC 29455

October 20, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard, Vice Chairman Wright and Commissioners Mitchell, Fleming, Hamilton, Hall and Whitfield:

Kiawah Island Utility has just applied for a significant increase in water and sewer rates. We welcome the opportunity to share our concerns with you at a hearing held on Kiawah.

There is a lot that can and will be said about this application concerning the Developer's relationship to KIU, its wholly owned subsidiary, the magnitude of the increase, and the proposed new water main and who should be responsible for funding it. I expect you will also hear a great deal about how any increases granted will be paid by property owners at least twice, once as owners of residential property, and once as members of the Kiawah Island Community Association, one of the largest commercial customers of the Utility.

I'd like to share some concerns about the lengthy explanation for the proposed increase which KIU shared with its ratepayers. The mailing was a creative attempt to show us why, even with the proposed increase, KIU's rates will remain competitive in comparison to customers of other water companies.

I'm still trying to understand why they needed to benchmark their rates against utilities in Arkansas, Louisiana, Kentucky, and Texas. Why not utilities right here in SC? And what about the 11k gallon consumption point at which they make their comparison? My wife and I use approximately 4k gallons of water a month – and we both shower and bathe daily. If I add in another 4k gallons for irrigation in the summer, that's still significantly less than the 11k comparison point.

Further, we are gone three to four months during the summer, yet our bills for those months are but a few dollars cheaper than when we are here full time. In fact, more than 80% of residents on Kiawah are here at most a few months of the year. If their bills look anything like mine, KIU's getting a lot of revenue from people even when they're not using water.

Last thing I'd like to say about the increase in operating costs is really a question. If these costs are fully justified, why wait until such an enormous increase in rates is required? It seems that coming in sooner – and perhaps more often – with a smaller increase would be easier to sell and justify.

I urge you to look at KIU's application carefully and grant only those costs that can be fully justified.

Very truly yours,

W. E. Lehder

306 Palm Warbler
Kiawah Island, SC 29455

20 October 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard, Vice Chairman Wright and Commissioners Mitchell, Fleming, Hamilton, Hall and Whitfield:

I am writing this letter to express my concern regarding Kiawah Island Utility's application for a significant increase in our water and sewer rates. In addition to being a ratepayer, I am also President of the Kiawah Property Owners Group, one of the interveners in this matter.

As you know, KIU is a wholly owned subsidiary of Kiawah's Developer. Because KIU is not operated independently, the business model is unusual, with ratepayers footing the bill for the Developer's water and sewer infrastructure. The most recent "twist" is the potential sale of the Utility.

KIU has invested over $100,000 in an application for a rate increase it will realize briefly at best, and for a capital project it is very unlikely to ever construct. From where I stand, all of this looks upside down, because while the PSC sets rates prospectively, KIU – as it exists today – is not a long term player.

The operating margin KIU is requesting is approximately double that granted the Utility in previous rate cases, and there is not enough historical information in the application to fully understand the justification for it. It would seem that while expenses have increased, a growing rate base would certainly have offset some of those costs.

I do understand that the main water line to the Island is deteriorating and that redundancy is critical. I also know that without a new line, the Developer will not have the capacity he will need for build out.

Because the Developer does not pay any impact fees to KIU, the cost of this new line will be borne solely by Kiawah Island property owners. It is ironic that this same Developer pays hefty impact fees to Seabrook Island Utility for its development at Cassique and Freshfields Village. As a result of those impact fees, the Seabrook Island Utility has been able to make three rebates to its customers in recent years.

Since it is likely to take a considerable amount of time to acquire easements and to obtain the necessary permits to construct a new line across the river and marsh, there is little doubt that this new water main is a long term project. At the same time, the Developer has made it clear it is a short time owner. I urge you dismiss this part of the application and rule only on the operating cost portion of the request.

KIU hasn't had a rate increase in 10 years and surely deserves an adjustment. The question is – how much of an increase can be justified? My concern about this matter, and KPOG's intervention in this matter is NOT about the ability of Kiawah's owners to pay a few extra dollars a month. It's about fairness. It's about making certain KIU gets the rate increase it can justify. No more. No less.

Thank you for your thoughtful consideration in this matter and for conducting a public hearing on Kiawah so that KIU's ratepayers can express their concerns personally.

Very truly yours,

Diane Z. Lehder

241 Sea Marsh Drive
Kiawah Island, SC 29455

To: Public Works Commission of South Carolina
Re: Rate applications of Kiawah Island Utility (KIU)

We are concerned about the size of the rate increase KIU has requested.

We ask you to limit the size of the rate increase based on the operating expenses and defer consideration of a rate increase due to a new water line which is a project for which the future owner of the utility should be responsible. The cost to the future owner could be less. For example, if the new owner were the town of Kiawah we understand it would be eligible for federal grants not available to privately held companies.

Thank you for holding your hearing on Kiawah and for your consideration of property owners' concerns.

Yours truly,

James & Phyllis Wills

229 Sea Marsh Drive
Kiawah Island, SC 29455

October 12, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Docket No. 2011-317-ws

Commissioner Howard;

We have lived on Kiawah Island since 1996. We are writing to you with reference to Docket No. 2011-317-ws, Kiawah Island Utility's application for an increase in water and sewer rates.

We understand that the last rate increase the utility was granted was in 2001, and that increasing expenses probably justify a rate increase of some type. The size of the increase requested, however, sounds extremely large in comparison to increases we have seen in other services we use.

Please examine this request carefully to be certain any increase granted is fair to both the utility and the utility's ratepayers.

Very truly yours,

David L. Bacon

David L. Bacon

229 Sea Marsh Drive
Kiawah Island, SC 29455

October 12, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Docket No. 2011-317-ws

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Please examine this request carefully to be certain any increase granted is fair to both the utility and the utility's ratepayers.

Very truly yours,

Sylvia W. Bacon

Sylvia W. Bacon

October 14, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Commissioner Howard;

Kiawah Island Utility has just applied for a significant increase in water and sewer rates. Thank you for conducting a public hearing on this matter on Kiawah Island so that KIU's ratepayers have an opportunity to express their feelings in this matter. I regret that I am unable to be physically present at this hearing.

During the last 10 years – since KIU's last increase – all of our expenses have increased. The fact that KIU is wholly owned by the Developer of Kiawah Island certainly complicates any analysis. It is difficult for me, as a ratepayer, to know exactly what portion of KIU's increase can be justified.

Kiawah's ratepayers are looking to this Commission to carefully evaluate the justification for these increases and to reach a decision that is fair to both the utility and its customers.

Very truly yours,

Johanna Miller

Johanna Miller
258 Cord Grass Court
Kiawah Island, SC 29455

October 14, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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Kiawah's ratepayers are looking to this Commission to carefully evaluate the justification for these increases and to reach a decision that is fair to both the utility and its customers.

Very truly yours,

Donald C Miller

Donald C Miller
258 Cord Grass Court
Kiawah Island, SC 29455

343 Low Oak Woods Road
Kiawah Island, SC 29455
October 17, 2011

Public Service Commission of South Carolina
ATTN: Clerk's Office
Post Office Drawer 11649
Columbia, SC 29211

Dear Sirs:

I am writing this letter in response to the information I received from Kiawah Island Utility, Inc. (KIU) which advertised its intention to request a significant rate increase in both my water and sewer services. This request has been identified as PSC Docket No. 2011-317-WS. After studying this request, I find that I have significant questions/reservations regarding its underlying motivations, the suggested sequence of increase application, and the magnitude of the increases themselves.

KIU has not seen the need to request a rate increase due to increases in operating costs in 10 years with the exception of "pass-throughs" of the cost of purchased water from the St. Johns Water Company. It would appear that both true operating costs and an acceptable profit margin have been maintained during this period, probably due to new customers being added regularly until the recent slowing of the building industry. The ramifications of this economic downturn would argue for the need of a modest increase in revenue. The need for a second supply line to the Island is valid for more than one reason. The benefit of redundancy that a second water main would provide is ideal for all users. Secondly, the additional supply line would ensure plenty of water for KRA's future development, an item that should not be overlooked. A final issue that should not be ignored is that KRA has announced its intention to sell the Utility in the near future. Should the rate increases requested be approved, the asking price to potential buyers would probably go up significantly.

KIU has asked that the requested new rate schedule be applied in two steps. Initially, the increase to cover operating costs would take effect. The requested increase for installing the second supply line would not be applied until its construction was completed. This seems reasonable in terms of a timeline. Since KIU will be operating the Utility until it sells it, they should be entitled to collect the appropriate increases as soon as – and if – they are awarded by the PSC. However, since KRA has put the Utility on the market, the issue of the second main should not be considered by the PSC. The new operator should be free to deal with the PSC when appropriate. If it is the Town of Kiawah Island, the PSC will not even be involved in the issue. Additionally, funding opportunities would most likely assist in reducing the cost of construction and greatly reduce the financial impact on users.

Regarding the magnitude of the requested increases, based upon my comments above we can eliminate the increases associated with the projected second supply line.

As to the increases aimed at increased operating costs, I find the 23 percent for water disturbingly high, especially given the requested 5.4 percent increase in sewer service. Between 1990 and 2001, the PSC approved KIU- requested rate increases by an average of 7.8 percent according to public records. A similar increase this time around seems reasonable, certainly no more that 10 percent.

RICHARD L. SULA

343 Low Oak Woods Road
Kiawah Island, SC 29455
October 17, 2011

Public Service Commission of South Carolina
ATTN: Clerk's Office
Post Office Drawer 11649
Columbia, SC 29211

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Diane E. Sula

DIANE E. SULA

October 17, 2011

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sirs,

I am a property owner and have a residence at 99 Belmeade Hall in Inlet Cove.

In times when property owners have been hit by increases for all services, it seems reasonable to expect a rate increase request for water and sewer service. Economic pressures dictate when a business must change cost structures to meet growing expenses of doing business. However, a 39% increase is not justifiable when compared to other rate increases in similar areas for similar services. The only area where this kind of inflationary increase has existed has been in the area of college tuition and those increases are now being looked upon as unreasonable and unjustified. All other increases have been more modest (and more justifiable!) in keeping with other similar businesses. I also wonder why the large increase in rates as the owners of this utility are preparing to sell the facility. Of course a larger income for services rendered makes the value of the company grow as well, allowing the sellers to command a larger selling price.

I also question why the second water line to Kiawah is being coupled to the rate increase proposal. It seems obvious that the owners of the water company (KRA and KIU) want the extra line to service future land development. Why were no impact fees proposed to cover such projects as Cougar Island or, more importantly, the proposed development of Captain Sam's Spit? It would seem that this kind of profit motive is not in the same line of providing better service for present landowners. Instead it seems as if the motive is to assure that KRA will not have to pay any impact fees (such as those paid for large improvements to develop Cassique on Seabrook Island) when they proceed with their proposed developments and for their future projects. I would ask that you separate the rate request from the second water line from Johns Island for a truer method of setting fair fee increases.

I therefore wish to voice my strong objection to this outrageous rate increase and hope the PSC will see its way to allowing a reasonable and fair rate increase instead.

Sincerely,

George Zack, Ph. D.

99 Belmeade Hall

843-768-2281

Public Service Commission of South Carolina October 17, 2011
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sirs,

I am a property owner on Kiawah Island and have been notified that the PSC will be reviewing an application for a very large increase in water rates on Kiawah.

I am writing to express my objection for the following reasons:

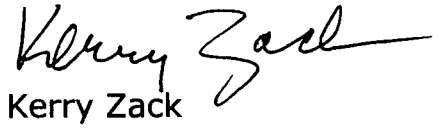
--The timing of this request is highly suspicious because it comes just as KRA is offering to sell the utility. Why wait until now and ask for an exorbitant price increase? It sounds like a very likely bid to increase the price of the utility for sale.

--The increase requested in outrageous. Not only is the amount excessive, but we customers will be hit three different ways by any increase: through our dues to KICA, our individual water and sewage bills and through our regime dues. We are the ones paying for the watering of common areas as well as all the KICA facilities.

--Again, timing is highly suspect. Why did KIU (i.e. KRA) wait until this moment to request this heavy increase in rates? They may well be entitled to an increase, but given the fact that they are in the process of selling the utility what possible justification could they have for asking for it now? The amount of increase at this time should be limited to current expenses, not the cost an added water line or any other improvements.

I respectfully request that the PSC consider this request with a high level of scrutiny to determine what exactly is warranted and what should be denied.

Sincerely,



Kerry Zack

99 Belmead Hall

843-768-2281

October 18, 2011

Mr. John E. Howard, Chairman
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 101
Columbia, SC 29210

Dear Chairman Howard:

I have been reading about the proposal from the Kiawah Island Utility to increase the water and sewer rates on our island by a very significant amount. While I as a retired nurse do not profess to be an expert in the utilities area I find an increase by the amount proposed to be excessive given any rational yardstick.

Since becoming aware of this request I decided to become a bit educated on the subject. In doing so I find that as a property owner here any rate increase really hits me twice first as a user and secondly as a property owner. Given my residence here automatically become a member of the KI Community Association and any rate increase would also apply to this entity would automatically be reflected in an increase in association dues to me. Sort of a double whammy.

As a reasonable person I understand that some type of increase is probably appropriate given the span of time since the last rate increase but 38% is a big, big stretch. I would ask you in considering their application to critically look at all the facts that they may have given you with a jaundiced eye.

I would also point out that as a housewife I am pretty frugal with my use of water. Despite my efforts to limit consumption to the bare minimum my monthly water bill already is one you might expect if living in Arizona not South Carolina.

I sincerely appreciate your taking the time to read my letter.

Sincerely,

MaryEllen Ritchie

MaryEllen Ritchie
157 Governors Drive
Kiawah Island

157 Governors Drive
Kiawah Island, SC 29455
October 17, 2011

Public Service Commission of South Carolina
Attn: John E. Howard, Chairman
District 1 Commission and Members
101 Executive Center Drive, Suite 101
Columbia, Sc 29210

Dear Mr. Howard & Commission Members:

I am writing to you to express my concern over the water and sewer rate increases proposed by the Kiawah Island Utility. As a long time resident of this community I find it shocking that an increase of this magnitude is being proposed. While I recognize that a rate increase has not been requested for the past ten years I believe an increase in the amount being proposed is far in excess of what is appropriate.

If I have my facts correct this proposed increase is more than double what the PSC has granted to this utility in the last four or five rate increase applications. If such a large increase in water rates is justified why did the utility wait so long to request an increase? Does the fact that the utility has been put up for sale have anything to do with this?

I recognize that the eventual owner of the utility may not be determined by the time you render a decision on this application. However, I would ask that you only consider the part of the utilities application that relates to operating expenses and do not factor in any projected costs that may loom in the future to replace items such as water lines etc.

While I recognize that many consider this to be an upscale community (which it is) I find it bizarre that you have to pay $90 - $100 a month to wash your clothes and dishes, brush your teeth and water your lawn one a week. A rate increase of such a significant amount will only significantly increase the monthly tab and is especially unrealistic given the current economic climate

Appreciate your considering my comments as your make a determination on this application.

Very truly yours,

Ronald Ritchie

Public Service Commission of South Carolina
101 Executive Center Drive,
Suite 100, Columbia, SC 29210

51 Crested Flycatcher Lane
Kiawah Island, SC, 29455

October 17th, 2011

Attn: John E. "Butch" Howard, Chairman (District 1),
Commissions and Members

Gentlemen:

Re: Kiawah Island Utility (KIU) 2011 Application for a Rate Increase

As a full-time resident of Kiawah Island and thus a client of the Kiawah Island Utility, I submit this letter to oppose approval of the Kiawah Island Utility application at the present time.

Reasons for rejecting the application or, at least, approving an increase in line with the increase in the cost of living projected for the next 5 years is that the utility justifies it's rate hike request by the need to run a second water line to the utility center. Indeed, I agree that an expansion will be needed as the island is built out. However, building has essentially come to a halt on the island and there is a "glut" of houses for resale. As a consequence, water demand on the utility will not increase until the recession is over, probably 3 to 5 years from now. Even then recovery will be slow, so the demand increase is at least 5 years away and perhaps 10 years off.

As the Commissioners are aware, the Kiawah Island Utility is up for sale. Clearly, the request for a rate increase is part of the present owner's scheme to raise the value of the utility. The Public Service Commission should not be a party to such sales tactics. Indeed, it should be the new owners who should submit any rate increase application.

Consequently, I ask the Commissioners to either reject the Kiawah Island Utility 2011 Application, or, at least, approve just an increase in line with expected cost of living increase over the next five years.

Sincerely,

Peter L. Silveston, P.Eng.

18 Airy Hall
Kiawah Island, SC 29455
October 17, 2011

Public Services Commission of South Carolina
ATTN: John E "Butch" Howard, Chairman
District 1
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir:

I am writing in reference to the proposed 39% increase in water rates by the Kiawah Island Utility. The operating margin being requested is more than twice what the PSC has granted KIU in previous rate applications. Is this large an increase really justified? To me it looks suspicious with the utility for sale.

KIU hasn't had a rate increase in ten years, so it would be hard to argue that they aren't entitled to something. The question is really, how much is reasonable?
I also understand that ultimately a second water line to the island will be necessary. However, since at this time we don't know who the future owner of the utility will be, I am asking that you rule only on a necessary increase in operating expenses and leave the second water line phase until KIU has a new owner.

Sincerely,

Alan D. Williams

18 Airy Hall
Kiawah Island, SC 29455
October 17, 2011

Public Services Commission of South Carolina
ATTN: John E "Butch" Howard, Chairman
District 1
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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I also understand that ultimately a second water line to the island will be necessary. However, since at this time we don't know who the future owner of the utility will be, I am asking that you rule only on a necessary increase in operating expenses and leave the second water line phase until KIU has a new owner.

Sincerely,

Sandra P Williams

October 17, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Sir:

I am sending you this communication to seek your support in reducing the rate increase recently requested by Kiawah Island Utility (KIU). KIU has filed for a rate increase in our water and sewer rates totaling 39%.

While I understand that normal wear and tear does occur and that a business has an expectation to make a reasonable return on its investments, I believe a rate increase of this magnitude is excessive. I do not pretend to be knowledgeable about this type of business venture and the related cost issues that it confronts, but I do know, based on the returns that I have realized on my own investments, that 39% is very generous.

Before you would rubber stamp such a request, I encourage you to do your proper due diligence and see the proof justifying a rate increase of this magnitude. I know that the rate requestor has not had a rate increase since 2001 but I also know that they have "passed through" several cost increases that they received during this time. Unfortunately, I have no such luxury and have had to absorb these increases even though KIU has not.

I respectfully request that you keep this reality in mind as you consider the rate increase request that is before you.

Respectfully,

Richard Johnson
Property Owner
269 Tallow Tree Lane
Kiawah Island, SC 29455

October 17, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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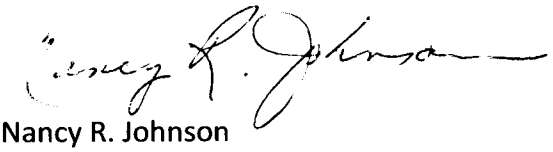

Nancy R. Johnson
Property Owner
269 Tallow Tree Lane
Kiawah Island, SC 29455

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioner and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

87 Dungannon Hall
Kiawah Island, SC 29455
October 18, 2011

Dear Chairman Howard and Commission Members:

Please carefully scrutinize the request by Kiawah Island Utility for a 39% increase in water rates and a 5.4% sewer rate increase. Please consider the position of the property owners who would be subjected to such a drastic increase in their water and sewer bills. These are difficult economic times and many of us are retirees of ordinary means living on fixed incomes. I am a retired public school teacher.

The timing of this request seems to have been made to enhance the sale ability of KIU. There are too many issues irresolvable before this decision has to be made to adequately consider all aspects and impacts of the decision. Please understand that as a property owner, I can appreciate the need for a second water line to provide an adequate and dependable water supply. However, how much of that demand comes from KRA the developer and current owner of KIU? We, the property owners, are dependent upon you to protect our interests in this matter.

Thank you for your attention and consideration.

Sincerely,

Eleanor B. Harris

Eleanor B. Harris

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioner and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

87 Dungannon Hall
Kiawah Island, SC 29455
October 18, 2011

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Thank you for your attention and consideration.

Sincerely,

Alastair V. Harris, PhD

322 Palm Warbler Road
Road Kiawah Island, South Carolina 29455
October 18, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Chairman Howard:

I am writing this letter because I am concerned about the rate increase that Kiawah Island Utility (KIU) is requesting. What concerns me is that KIU is requesting more than twice the operating margin it has been awarded in the past. This seems excessive and makes me wonder why they would ask for such an exorbitant rate hike. If a 39% increase in the rate of water is really needed, why didn't the Developer come in for an increase sooner?

I recognize there is a need for a second water line on Kiawah, but this is necessary to provide added capacity for the Developer's expansion. Nonetheless, current rate payers are paying for it.

As you may know, KIU is currently for sale. This makes the timing of the excessive rate hike questionable. Any increase, let alone one of this scale, will only inflate the price of the utility for potential buyers.

After 10 years without an increase, (except for pass through increases for the cost of water), KIU is certainly entitled to something. The question I would ask the Public Service Commission is how much is justified? In my view, 39% is not.

As an owner of developed property on Seabrook Island and well as Kiawah, I can tell you that the Seabrook utility has sent three rebates to customers since the town purchased it. That has never happened on Kiawah. Over the past 10 years, every time the cost of water has gone up, that cost has been passed along to the property owners. On Seabrook, the utility absorbs those costs.

The rates on Kiawah Island are already inflated because the Developer (who owns the utility) pays no impact fees here on Kiawah. On the other hand, the Developer has paid impact fees to Seabrook Island Utility for development in the Cassique neighborhood and at Freshfields.

I appreciate the work that you do. Thanks for your consideration and for your help with this matter.

Sincerely yours,

William R. Perry

William R. Perry

322 Palm Warbler Road
Road Kiawah Island, South Carolina 29455
October 18, 2011

Public Service Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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I appreciate the work that you do. Thanks for your consideration and for your help with this matter.

Sincerely yours,

Cynthia G. Perry

To the Public Service Commission of S.C.
ATTN: JOHN HOWARD

MR HOWARD,
I am a resident of Kiawah Island (365) and am writing about the proposed RATE increase in water and the addition of a second water line — I question the fact that the town needs to pay 100% for a second water line when the developer needs the second line to continue is developing process. To me this falls into the category of "Not fair" and a compromise should be easy to put together —
The 39% rate increase is obviously jack up and again a knowledgable group should be able to sift thru what

would be a "fair" increase —

In my opinion, this type of "issue" should be a NO BRAINER when one party asks for something way out of line —

With respect,

Steve Berry
260 Governors Dr
Kiawah Island

To: Public Service Commission Of South Carolina
Attn: John E "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Mr. Howard,

We are writing to you regarding Kiawah Island Utilities request for a rate increase. We would advise that the following must be considered before approving such request.

1) We agree that a second line is needed for the redundancy and is a must for Developer to build out his remaining property. We do not feel that its fair for us to bear the total cost for the above.

2) Since it is not known who will be the future owner of the utility, please split the rate application, throw out the second phase which applies to the new water line, and just rule on the request for an increase for operating expenses.

3) Since we are member of Kiawah Island Community Association and Kiawah home owners, we will end up paying rate increases two or three times. We are hoping you will limit any rate increase only to what is fully justified

4) The future owner of the utility should be responsible for planning, funding, and installing the new water line. The cost of the water line

October 18, 2011

Mr. John E. Howard, Chairman
Public Services Commission (PSC) of South Carolina
101 Executive Center Drive, Ste 100
Columbia, SC 29210

Dear Mr. Howard:

I am writing in regard to the complex Kiawah Island Utility (KIU) water/sewer rate request now before the PSC. As you know, this involves a two phase total 39% increase in water rates which seems exorbitant. As I understand it, the first phase involves the normal process of addressing increased operating expenses and the desired operating margin. The second phase concerns adding a redundant water line to Kiawah to provide a margin of security for the water main installed in 1978.

I believe the two phases should be separated and the second phase deferred in consideration of the following:

--the final Phase 1 approval may impact on the Phase 2 request
--the owner of the for-profit KIU is the island developer who plans to sell the utility in the near term and would benefit from the rate increase with a higher utility value
--the possible benefits for linking the two phases are not evident in the application.

Regarding the Phase 1 rate increase of a hefty 23%:

--is this increase needed to maintain (or does it increase?) the average 8% operating margin evident in the 5 requested increases during 1990-2001?
--how and why did KIU wait 10 years from the last rate request?
--what in-state rate comparisons are used to support the size of this increase?

Water is a survival commodity and the price we pay is largely dependent on the work the PSC does to protect the citizens of South Carolina. I would appreciate your careful consideration of the KIU Phase 1 request and determination of the increase that is necessary and justified before moving onto Phase 2.

Sincerely,

Ron A. Oye

Ron A. Oye
Resident, Kiawah Island, SC

October 19, 2011

Mr. John E. Howard, Chairman
Public Services Commission (PSC) of South Carolina
101 Executive Center Drive, Ste 100
Columbia, SC 29210

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Water is a survival commodity and the price we pay is largely dependent on the work the PSC does to protect the citizens of South Carolina. I would appreciate your careful consideration of the KIU Phase 1 request and determination of the increase that is necessary and justified before moving onto Phase 2.

Sincerely,

Deborah C. Oye

Deborah C. Oye
Resident, Kiawah Island, SC

To The Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: 2011-317-WS Application Of Kiawah Island Utility, incorporated for adjustment and rates and charges.
2011-90-WS

As a property owners of Kiawah Island I am asking the Public Service Commission of S.C. not to increase the price rate of water and sewage for the Kiawah Island Utilities. I find that a 39% water increase rate and the sewage increase rate is way out of line and unreasonable.

I hope that you realize, what a hardship this will cause for many law abiding citizens of Kiawah. I do not believe that property owners should be the only party having to pay for another water line.

I hope that you can help prevent this from happening and I thank you for reading my letter.

Sincerely,

Stanley Morganstein
296 Salt meadow Cove
Kiawah, S.C. 29455

To The Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1),
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

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I hope that you realize, what a hardship this will cause for many law abiding citizens of Kiawah. The operating margin KIU is requesting is more than twice the PSC has granted KIU in five prior rate applications. This definitely seems way out of line.

I hope that you can help prevent this from happening and I thank you for reading my letter.

Sincerely,

Linda Morganstein
296 Salt meadow Cove
Kiawah, S.C. 29455

Linda Morganstein

SOPHIA C. MCALLISTER
21 SUNLET BEND
JOHNS ISLAND, SC 29455
Sophia41@bellsouth.net
843 437-2313

October 15, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Kiawah Island rate increase

Dear Sir,

I urge you to carefully consider the proposed increase that I and other homeowners will be facing. We all feel that the matter needs to be examined in depth since there are a number of issues that are not clear. As a member of a homeowners' association as well as Kiawah Island Community Association, I stand to pay a large increase several times over; therefore, I hope that you will ask for confirmation that the increase is reasonable and justified.

Sincerely,

Sophia C. McAllister

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Commissioners and Members;

Thank you for your willingness to hold a public hearing here on Kiawah. You will certainly have a better cross section of property owners in attendance.

While you are considering the present active request for a rate increase for Kiawah Island Utility from KRA, I hope you will be mindful of a number of issues.

KIU is for sale and the Town of Kiawah Island is considering the possibility of purchasing the utility. KIU is asking for a rate increase of 39%. The utility has not had an increase in about ten years. No one is suggesting that a rate increase should not be approved. Rather it is the concern of the property owners that this rate application is excessive. Is it possible that KRA is hoping for that large increase which would make the utility more attractive to a prospective buyer? Is the rate increase predicated upon growth on the island and if so wouldn't the increased customer base take care of the additional revenues needed?

Property owners pay twice for the water, once as individual property owners and secondly as members of Kiawah Island Community Association. Should this very substantial increase be approved, property owners will be paying twice as the cost to KICA will be passed on to its members.

Again, thank you for your willingness to hold a public hearing on Kiawah. We appreciate your effort to hear all sides of the issue.

Sincerely,

Richard Redmond
131 Conifer Lane, Kiawah Island

Public Service Commission of South Carolina
Attn: John E. "Butch" Howard, Chairman (District 1)
Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Commissioners and Members;

Thank you for holding a hearing on Kiawah concerning the recent rate increase application by KRA. This hearing makes it possible for more property owners to voice their concerns and opinions about the application.

Although I believe that a second water line is necessary for our island, I question whether the financial burden is the sole responsibility of the property owners. Because the developer needs this line for build out of his remaining property, should he not share the cost with the property owners? I hope that the commission will consider the rate increase in light of operating expenses only, since the cost of a second water line will impact the new owner of the utility, not KRA.

KRA is required to pay impact fees to the Seabrook Utility for the development of Cassique and Freshfields but is not required to pay similar fees to KIU for developments on Kiawah. Should the property owners on Kiawah continue to shoulder the cost of these developments or should KRA assume some of the cost?

I also am concerned about the timing of the rate increase request. It is interesting that this increase is being requested as we learn that the utility is for sale. I am suspicious that a large increase at this time would make the utility far more expensive to purchase. I am in favor of the Town of Kiawah Island purchasing the utility but in the present economic downturn, the purchase price should reflect a reasonable and fair value.

Sincerely,

Cynthia Redmond
131 Conifer Lane, Kiawah Island

Public Service Commission of South Carolina
ATTN: John "Butch" Howard
Chairman (District 1), Commissioners and Members
101 Executive Center Drive
Suite 100
Columbia, SC 29210

To Whom It May Concern:

We are writing to express concern about the water and sewer service fee increases requested by the ownership of Kiawah Island Utility, Inc. (KIU).

Following is a brief delineation of our questions/concerns:

- The increase requested seems to us to be excessive. It appears that KIU has inflated their request for the purpose of establishing a "negotiating" position.
- The infrastructure of the water/sewer system has not been addressed by KIU on an ongoing basis. Should property owners have to fund KIU's repair and maintenance of the water/sewer systems at a time when it is well known that they intend to sell the Utility? Are they positioning themselves to be able to inflate their asking price through this process?
- An analysis of comparable utility fees should be limited to South Carolina. Using out of state data is irrelevant, and should be rejected by the PSC.

We appreciate your consideration of our concerns, and your willingness to hold a hearing on Kiawah. That act alone lends creditability to the PSC, and causes us to have confidence that you will be thorough and objective during these deliberations.

Respectfully,

Arthur Jones Sarah Jones

Arthur and Sarah Jones
64 Surfwatch Drive
Kiawah Island, SC

Katherine R. Kotz
31 Greensward Rd.
Kiawah Island, SC 29455

October 15, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
Columbia, SC 29210

OPPOSE RATE HIKE

Dear Mr. Howard:

I am writing in opposition to the request for water rate hike by Kiawah Island Utility.

If you look at their history of requests you will find they have always requested far more than might be necessary and the Public Services Commission has always denied or reduced the amount they will be allowed to increase. And still they are running at a profit.

Further, the are interested in selling the utility and are requesting a very hefty increase so they can show they will make further profits and ask a larger price for the company. I do not see that this will profit anyone except the current owners of the company and will definitely hurt those who must purchase water from them.

Sincerely,

Katherine Kotz

Katherine Kotz

John C. Kotz
31 Greensward Rd.
Kiawah Island, SC 29455

October 15, 2011

Public Services Commission of South Carolina
ATTN: John E. "Butch" Howard, Chairman
(District 1), Commissioners and Members
101 Executive Center Drive, Suite 100
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