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SC Court of Appeals

STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

APPEAL FROM THE ADMINISTRATIVE LAW COURT
S. Phillip Lenski, Administrative Law Judge

Appellate Case No. 2025-002447

Friends of Horse Creek Valley,

Appellant,

v.

South Carolina Department of Environmental Services and Rabbit Hill Class 2 Landfill,

Respondents.

REPLY BRIEF OF APPELLANT

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT

Michael G. Corley, Esq., S.C. Bar No. 76168

Mail: P.O. Box 1380, Pawleys Island, SC 29585

Physical: 407 Church Street, Unit E (29440)

michael@scelp.org | (843) 527-0078

Attorney for Appellant Friends of Horse Creek Valley

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Pawleys Island, South Carolina

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ARGUMENT

This appeal presents three closely related questions: first, whether DES's and the Administrative Law Court's interpretation of the replacement variance comports with the text and structure of the controlling regulations; second, whether that interpretation is consistent with the Solid Waste Policy and Management Act ("the Act"); and, finally, if Respondents' interpretation is correct, whether the replacement variance itself exceeds the authority granted by the General Assembly and must therefore yield to the Act. Because Respondents organized their brief in substantially the same manner, Appellant follows that framework here.

For all the side issues Respondents raise, their position in this appeal ultimately turns on a single premise advanced throughout their brief: because the replacement variance does not expressly prohibit a larger landfill, the Department may exempt any replacement landfill from the Demonstration of Need requirement regardless of its size or capacity. That premise cannot be reconciled with either the structure of Regulation 61-107.17 or the Solid Waste Act itself.

I. DES's Interpretation of the Replacement Variance is Contrary to the Plain Language of its own Regulations.

In several critical respects, Respondents' brief perpetuates the same strained interpretation of the Department's regulations that produced the facially absurd result challenged in this appeal.

A. The meaning of "replacement" is apparent from other DES regulations.

At the heart of this appeal lies a dispute over the meaning of a single word. As the parties' briefs demonstrate, considerable attention has been devoted to parsing the term "replacement." Respondents' interpretive argument rests on the premise that a "replacement" simply means a substitute performing the same general function, without any inherent limitation on size or scope, nor any requirement of regulatory comparability. Fortunately, the Court need not referee an abstract semantic contest in this regard, as that premise is thoroughly contradicted by the

Department's own regulations. That is to say, DES itself rejects the definition of replacement the Respondents advance in this case.

Whenever DES employs the term "replacement" in its regulations to describe the substitution of one regulated structure or activity for another, comparability is in fact the hallmark. Take, for example, the Agency's Critical Area Regulations, which govern a variety of beachfront activities, including the "replacement" of structures built seaward of the beachfront setback line. In the context of regulating the impacts of seaward construction, Regulation 30-13 makes clear that the "replacement" of a regulated residence can have no additional square footage; that the "replacement" for a regulated sidewalk must be built within the footprint of the previous one; and that the "replacement" for a regulated drainage structure can be no larger than the original:

E. Replacement or Rebuilding of Habitable Structures: A habitable structure located wholly or partially within the beaches and/or beach/dune system critical areas, which has been destroyed beyond repair due to natural causes, **may be replaced** or rebuilt provided all of the following requirements are ...:

(1) The total square footage of the replaced structure seaward of the setback line **does not exceed the total square footage of the original structure** seaward of the setback line.

(2) The linear footage of the replaced structure parallel to the coast **does not exceed the original linear footage** parallel to the coast.

(3) The replaced structure is **no farther seaward** than the original structure.

...

(6) **Replacement** of a habitable structure destroyed beyond repair due to manmade causes is allowed provided the rebuilt structure is **no larger than the original structure it replaces** and is constructed as far landward as possible, but the new structure **must not be farther seaward than the original structure**.

...

G. Fences, Lighting, Trash Receptacles, Sidewalks, and Signs. Within the beaches and/or beach/dune system critical areas, the placement, maintenance and repair, and **replacement** of fences, lighting, trash receptacles, sidewalks, and signs are allowed provided all of the following requirements are met:

(2) ... Existing concrete sidewalks attendant to public streets may be **replaced within their original footprint**;

...
K. Drainage Structures. Within the beaches and/or beach/dune system critical areas the placement, maintenance and repair, and **replacement** of drainage structures are allowed provided the following requirements are met:

...
(2) The **replacement of drainage structures shall not involve an increase in the size of the existing structures....**

Id. (emphasis added).

These regulations strongly support the proposition that, when used throughout DES's regulatory code, the term "replacement" carries an implicit requirement of comparability. Their significance, however, extends beyond confirming the ordinary meaning of that term. Rather, these regulations demonstrate that DES consistently employs "replacement" as a term of limitation to preserve the existing scope of a regulated facility or activity. In doing so, DES ensures that any regulatory preference afforded to a "replacement" for a regulated activity does not become a means of expanding the very impacts the regulatory scheme is intended to limit.

To wit, these Critical Area Regulations are designed to regulate the impacts associated with the most seaward development along the coast. Accordingly, a regulated "replacement" structure is one that remains substantially comparable with respect to the metrics by which those impacts are measured (seaward footprint, square footage, linear ocean frontage, and similar physical attributes). A dramatically larger seaward structure would fundamentally alter the impacts the Critical Area Regulations are designed to control. Therefore, such a structure would not constitute a "replacement" within the meaning of those regulations.

The same principle applies here. The Demonstration of Need regulations exist to limit unnecessary landfill development and the environmental and public impacts that flow therefrom. Accordingly, whether a landfill qualifies as a "replacement" must likewise be measured by the characteristics that define those impacts. That is to say, it is irrational in the context of regulations

designed to limit landfill impacts to interpret “replacement” in a manner permitting a substantial expansion of those very impacts. A landfill’s overall size and disposal capacity bear directly on whether it is truly replacing an existing landfill or instead facilitates an increase in the regulated impacts. In both regulatory schemes, the term “replacement” preserves the existing level of the regulated activity rather than authorizing a fundamentally different or substantially more impactful regulated facility. Indeed, throughout the Department’s regulatory code, whenever the term “replacement” is used in connection with a regulated facility or activity, it functions as a term of limitation, ensuring comparability as to the regulated impact. Sometimes the regulations make that limitation explicit, as with the Critical Area Regulations. Other times, they do not, relying instead on the ordinary understanding that a replacement remains substantially comparable to what it replaces.

DES’s regulations governing animal agriculture facilities provide another instructive example. Much like landfills, swine and poultry houses are heavily regulated because of their significant environmental and public impacts. Yet the regulations applicable to those facilities provide that existing permitted swine and poultry facilities “are not required to obtain a new permit if they decide to **replace in kind** any of the animal growing houses.” S.C. Code Ann. Regs. 61-43 Part 200.30 (emphasis added).

The regulation does not define “replace in kind,” just as Regulation 61-107.17(D)(6) does not define “replacement.” But the absence of an express definition does not deprive the term of its essential limiting function. Under Respondents’ reasoning, the Department could authorize a replacement swine house that is 127 times larger than its predecessor without requiring a new permit, simply because both facilities serve the same general function of housing swine. After all, there is no *explicit* requirement that the replacement swine house have a comparable size or

capacity. However, surely no reasonable reader would understand the regulation to permit such an extraordinary increase in environmental and public health impacts within the scope of the “replace in kind” exception.

As with the Critical Area Regulations, the concept of “replace” or “replacement” in these regulations carries an implicit requirement of comparability as to regulated impacts because only that understanding gives coherent effect to the regulatory scheme. This is true not because the regulations expressly define “replacement” every time, but because that is the only interpretation consistent with how DES uses the term throughout its regulatory code.

By now, the common thread should be apparent. The meaning of “replacement” cannot be divorced from the regulatory context in which it appears. In ordinary parlance, a “replacement” very well may simply denote something that performs the same general function as the original item. But when the term is employed within a regulatory scheme governing a particular activity or facility, it necessarily carries a more precise meaning. That is, the “replacement” must remain substantially comparable with respect to the very characteristics the regulation exists to control. Throughout its regulatory code, DES consistently uses “replacement” in precisely that manner. Regulation 61-107.17(D)(6) should be interpreted no differently, and it would therefore be a significant error to ignore the size of a landfill in assessing whether it constitutes a “replacement.”

B. Respondents’ “Phase 2” deference has no legal basis and is a litigation construct.

Respondents further contend that the Department’s regulations specifically require consideration of landfill size and capacity to be deferred until a later “second phase” of the permitting process. According to Respondents’ brief, “phase one” of permitting, which includes DON review, establishes only whether a landfill is approved for its proposed location, while all the landfill’s physical characteristics, including its size, are limited to consideration in a “phase

two” technical review. Under this strictly bifurcated conception of the permitting process, Rabbit Hill landfill is currently approved as a facility of indeterminate size, and the Agency has no authority to consider or impose size limitations at this juncture, even though final replacement variance approval has been issued.

Appellant submits that, if accepted, Respondents’ bifurcation theory would significantly undermine the State’s landfill permitting process.

To start, if DES has truly structured its permitting process to prevent consideration of a landfill’s size and capacity during the DON and “phase 1” review, that decision reflects a fundamental misapplication of the Agency’s regulatory authority. The Respondents have advanced their bifurcation theory as if it shields DES’s decision to grant a replacement variance—DES cannot account for size and capacity in assessing that variance, say the Respondents. Yet, as laid out in the Appellant’s briefing, the regulations and the Act stand for the proposition that DES *must* account for size and capacity in order to effectively evaluate the replacement variance. While the Respondents wield their bifurcation theory as a sword, Appellant submits that it is more akin to an admission of legal deficiency. According to its position in this litigation, DES has deliberately removed any consideration of landfill size and capacity from the replacement variance determination and what it dubs “phase 1.” The Agency has thereby stripped itself of the very information necessary to make the determination in a reasoned and principled manner.

To be clear, nothing in the Department’s regulations require the strict bifurcation Respondents advocate. If landfill size and capacity are excluded from the Demonstration of Need analysis, it is because the Department has elected to administer its regulations that way, not because the regulations compel that result. Notably, the landfill regulations contain no actual reference to a “phase 1,” “phase 2,” or any phase of permitting. More significantly, the landfill regulations

contain no provision limiting consideration of landfill size and capacity to the technical review process nor excluding those considerations from the DON process. Fundamentally, nothing in the regulations suggests that the size of a landfill can't or shouldn't be a consideration at *all* phases of review. Respondents' either-or framing is an expedient and false dichotomy that is not grounded in the text of the governing regulations.

Moreover, the DON regulations certainly do not treat landfill capacity as a matter reserved exclusively for technical review. Rather, they place total landfill capacity at the heart of the DON framework, including its variance provisions. The regulatory DON requirement is indeed triggered by the addition of landfill capacity: "No permit to construct a new or to **expand the volume or capacity** of an existing [facility] ... shall be issued until a final demonstration-of-need ... [is] approved by the Department." R.61-107.17(C)(1) (emphasis added). Furthermore, the expansion variance (counterpart to the replacement variance) is defined within the DON regulations in terms of total capacity: "'Expand' or 'Expansion' means **any increase in the permitted volumetric capacity** of an existing solid waste management facility." R.61-107.17(B)(8) (emphasis added).

Respondents' position once again cannot be reconciled with the structure of these regulations. It is irrational to maintain, as the Respondents do, that total landfill capacity falls outside the scope of DON review when that same regulatory process expressly governs variances authorizing increases in total landfill capacity. Capacity is woven throughout Regulation 61-107.17, defining when the DON requirements apply, when variances are available, and how those variances operate. Given the central role capacity plays throughout the DON regulation, it is impossible to meaningfully evaluate a DON replacement variance while simultaneously treating the size and capacity of the proposed landfill as legally irrelevant.

While Appellant can certainly concede that not every engineered detail of a landfill should be worked out during the DON review, this is a far cry from concluding that DES can't consider a landfill's size in relation to DON or that DES shouldn't impose size limitations when approving a replacement variance.

Finally, and perhaps most fundamentally, Respondents' position on bifurcated consideration of capacity also creates an insurmountable procedural problem. This appeal concerns the Department's determination that Rabbit Hill qualifies for the replacement variance. Respondents nevertheless contend that the landfill's size and capacity cannot be considered because those issues belong to a later stage of permitting. But the later technical permitting process is not where the applicability of the replacement variance is determined. By then, the DON determination and the Department's conclusion that the variance applies has already been made.

Respondents' interpretation therefore leaves no point in the permitting process at which the size and capacity of the proposed replacement landfill may be challenged in connection with application of the replacement variance. During this DON proceeding, Respondents contend consideration of size and capacity is premature. During the next stage of permitting, Respondents will undoubtedly contend issues related to need are no longer relevant because the replacement determination has already been made. In other words, Respondents' position is not one of deferral but of exclusion. They do not contend that the proposed landfill's size and capacity will become relevant to the replacement variance determination later in the permitting process. Rather, they contend those characteristics play no role whatsoever in determining whether the replacement variance applies. The regulations do not establish such a procedural void, and this Court should decline to create one.

Looking past how Respondents frame their bifurcation argument in this case, it is not at all clear that DES actually ignored landfill size and capacity when applying the replacement variance. Though DES has adopted the litigation-driven position that size and capacity are purely a matter for later consideration, the reality is that the details of Rabbit Hill's extraordinary size were squarely before the Agency, were disclosed and presented to the public as part of the DON review, and undoubtedly were contemplated by the Agency during its review. The administrative record of the Agency's "phase 1" review is replete with information describing exactly what Rabbit Hill will be, including its acreage, boundaries and topography.¹ Indeed, contrary to what the Agency may assert here, it seems apparent from the record that DES did not *fail* to consider Rabbit Hill's size—as it suggests now with the proposition that size can only be considered in "phase 2." Rather, the Agency's error was concluding that a landfill of the size identified for Rabbit Hill could nevertheless qualify as a "replacement" landfill.

Ultimately, Respondents' bifurcation argument fails regardless of which explanation is correct. If it accurately describes DES's permitting process, then the Agency has fundamentally misconstrued the DON regulations by rendering the size and capacity of a proposed replacement landfill legally irrelevant to the replacement determination. If, instead, it is merely a litigation position designed to avoid review of the Department's decision in this case, it finds no support in the regulations and should be rejected for that reason alone. Either way, Respondents' bifurcation theory provides no basis for affirming the decision below.

¹ DES conducted a public hearing on the proposed replacement variance where it presented Rabbit Hill landfill as having a footprint of 292 acres. (R. p.), Respondents' Motion for Summary Judgment, exhibit 1, p. 6. DES further explained that the required buffer between the landfill and human-occupied spaces like residences, schools, churches, and parks are established during "phase 1," meaning that the boundaries of Rabbit Hill must be established contemporaneously with DON review. (R. p.), exhibit 1, p. 11. Indeed, DES's public presentation included a satellite image of the Rabbit Hill site, showing the boundaries of the proposed landfill. (R. p.), exhibit 1, p. 12. Moreover, the application packet submitted by Hilltop in order to secure the replacement variance included a detailed drawing of the proposed landfill, including topography and various regulatory boundaries. (R. p.) Respondents Motion for Summary Judgment, exhibit 3.

C. Agency deference does not resolve this appeal.

Respondents repeatedly invoke the principle that courts ordinarily defer to an agency's interpretation of its own regulations. That principle is undisputed. But deference does not relieve this Court of its duty to interpret the regulation according to its text and structure. As the South Carolina Supreme Court has explained, "[t]he court's role is to apply and interpret, not rewrite, regulations." Kiawah Dev. Partners II v. S.C. Dep't of Health & Env't Control, 411 S.C. 16, 39, 766 S.E.2d 707, 720 (2014). Likewise, while an agency's interpretation may be entitled to respect, it must yield where it conflicts with the governing law. Brown v. Bi-Lo, Inc., 354 S.C. 436, 440, 581 S.E.2d 836, 838 (2003); Davis v. S.C. Dep't of Corr., 444 S.C. 138, 150, 906 S.E.2d 569, 575 (2024).

Here, Respondents seek considerably more than judicial deference. Throughout their brief, they ask this Court to recognize procedural distinctions, exclusions, and limitations that Regulation 61-107.17 itself never creates. Agency deference does not authorize a court to adopt a regulatory interpretation that cannot be reconciled with the regulation's text and structure. The question before this Court is therefore not whether the Department's interpretation deserves deference in the abstract, but whether that interpretation faithfully implements Regulation 61-107.17. For the reasons discussed above, it does not.

II. The Replacement Variance Exceeds the Authority Granted by the General Assembly and Must Fall.

As an alternative ground for reversal, Appellant explained in its opening brief that, if Respondents have correctly interpreted and applied the replacement variance, then the regulation itself conflicts with the Solid Waste Act. The Respondents believe the variance regulation creates an exception to the Demonstration of Need requirement that contains no limitation on the size or capacity of a replacement landfill, allowing facilities many orders of magnitude larger than their

predecessors to be permitted without any showing of need. Appellant's opening brief examined how such a wholesale regulatory exception to a fundamental requirement of the Act² is invalid as a matter of law.

In response, Respondents devote comparatively little attention to the conflict between their interpretation of Regulation 61-107.17(D)(6) and the Solid Waste Act. Instead, their principal response is that the Act expressly authorizes the Department to adopt variances and exceptions to the Act's requirements. That general proposition is undisputed, as every administrative agency receives a measure of rulemaking discretion. The question, though, is not whether DES may adopt variances (it plainly may), but whether the legislature delegated authority to create a variance so sweeping that it effectively nullifies the Demonstration of Need requirement whenever a landfill of any size is advanced as a "replacement."

While Respondents place considerable weight on the Solid Waste Act's express authorization for the Department to promulgate variances, that language reflects little more than a routine delegation of rulemaking authority. The Act simply provides that the Department "may, by regulation, exempt certain facilities from all or part of the requirements of this section." S.C. Code Ann. § 44-96-290(A). This is a routine grant of rulemaking authority commonly found in enabling statutes. See, e.g., State Safe Drinking Water Act, S.C. Code Ann. § 44-55-40(G) ("The department may authorize variances or exemptions from the regulations issued pursuant to this section..."). Nothing in this text from the Act suggests the General Assembly was uniquely concerned with expanding the availability of variances or intended to authorize exceptions so broad that they could substantially undermine the Act's central Demonstration of Need requirement.

² "No permit to construct a new solid waste management facility or to expand an existing solid waste management facility may be issued until a demonstration of need is approved by the department." S.C. Code § 44-96-290(E).

Courts have long recognized that a general statutory authorization to promulgate regulations, including exceptions or variances, does not confer boundless authority. Rather, the scope of any regulatory exception an agency may be empowered to enact remains constrained by the statute itself and may not be exercised in a manner that frustrates or fundamentally alters the legislative scheme. Administrative agencies frequently possess authority to create limited regulatory exceptions or variances as part of implementing a statutory scheme. But those exceptions must remain faithful to the statute they implement. The Supreme Court’s decision in MCI Telecommunications Corp. v. AT&T illustrates this principle. There, Congress authorized the Federal Communications Commission to “modify any requirement” of a certain section of the Communications Act. The agency argued that this general grant of authority permitted it to exempt an entire class of carriers from the requirements of the statutory section. 512 U.S. 218, 224–25 (1994).

The Supreme Court rejected that interpretation, holding that although Congress had delegated authority to make modifications and grant exemptions, it had not authorized the Commission to make “basic and fundamental changes in the statutory scheme.” Id. at 225, 231. Instead, the Court explained that a general grant of regulatory authority must be construed in light of the statute as a whole and cannot be read to permit an agency to effectively rewrite the legislature’s chosen framework. Id. at 229–31. See also Util. Air Regul. Grp. v. E.P.A., 573 U.S. 302, 134 S. Ct. 2427, 189 L. Ed. 2d 372 (2014) (holding that an agency exceeded its statutory authority by creating regulatory exceptions that effectively rewrote an unambiguous statutory requirement).

The same principle of course applies here. Although the General Assembly authorized the Department to promulgate variances from the Act’s requirements, nothing in that general

delegation authorizes the Department to create a replacement variance that exempts landfills from the Act's central safeguard regardless of how many orders of magnitude larger they may be than the facilities they replace. Respondents' interpretation does not merely implement the Solid Waste Act; it fundamentally alters its operation. Clearly, the General Assembly empowered the Department to promulgate variances and exceptions necessary to carry out the objectives of the Solid Waste Act, not to undermine those objectives. The Act's express authorization of variances is far from a carte blanche to create sweeping exclusions. All that is to say, if the Respondents are correct in every other regard in this appeal, the regulation itself must be invalid to have facilitated the outcome at issue in this case.

CONCLUSION

This appeal presents an important question of statutory and regulatory interpretation with consequences extending well beyond this permit. The General Assembly adopted the Demonstration of Need requirement to ensure that significant new landfill capacity would be subject to public scrutiny and justified by actual need. Nothing in the Solid Waste Act or Regulation 61-107.17 authorizes that safeguard to be set aside whenever a landfill is denominated a "replacement," regardless of the magnitude of the proposed expansion. Because Respondents' interpretation cannot be reconciled with the governing statute and regulations, the decision below should be reversed.

Respectfully submitted,

s/Michael G. Corley
Michael G. Corley, Esq., S.C. Bar No. 76168
SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT
P.O. Box 1380, Pawleys Island, SC 29585
michael@scelp.org | (843) 527-0078
Attorney for Appellant Friends of Horse Creek Valley

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