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CALLISON  TIGHE

March 5, 2015

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HAND-DELIVERED

Honorable Daniel E. Shearouse
Clerk of Court
Supreme Court Building
1231 Gervais Street
Columbia, SC 29201

S.C. Supreme Court

**RE: Sensor Enterprises, Inc. and J-Ray, Inc. v. Palmetto Utilities,
Incorporated and South Carolina Office of Regulatory Staff
Appellate Tracking No. 2013-002492
Our File No. 5999.001**

Dear Mr. Shearouse:

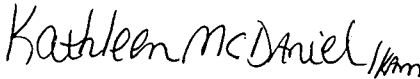
On October 1, 2014, the Supreme Court issued an Order remanding the above-referenced matter to the Public Service Commission to consider the proposed settlement agreement. This correspondence is to notify the Court that the Public Service Commission has issued an Order Approving the Settlement Agreement on Appeal. The Order was issued on March 3, 2015, a copy of which is enclosed for the record. As such, the remanded matter has been completed.

If you should have any questions, please do not hesitate to contact me.

With kind regards, I am

Sincerely,

CALLISON TIGHE & ROBINSON, LLC


Kathleen M. McDaniel

KMM:kam
Enclosure

cc: (w/o encl.) Jeffrey M. Nelson, Esquire
John M.S. Hoefler, Esquire
Florence P. Belser, Esquire
South Carolina Public Service Commission

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2013-42-S - ORDER NO. 2015-153

RECEIVED

MAR - 5 2015

S.C. Supreme Court

MARCH 3, 2015

IN RE: Application of Palmetto Utilities, Inc. for) ORDER APPROVING
Adjustment of Rates and Charges for Sewer) SETTLEMENT
Service) AGREEMENT ON
) APPEAL

This matter comes before the Public Service Commission of South Carolina (“Commission”) by Order of the Supreme Court of South Carolina (“Court”) dated October 1, 2014, remanding this case to the Commission so that it may consider a proposed settlement that was reached between the parties of record in this matter while it was pending on appeal before the Court.

I. PRIOR PROCEEDINGS BEFORE THE COMMISSION

Palmetto Utilities, Inc. (“PUI” or the “Company”) is a South Carolina corporation that provides sewer service to the public for compensation in certain areas of South Carolina. PUI’s previously approved rates were set by the Commission in its Order No. 2011-617, issued September 14, 2011, in Docket No. 2011-24-S. PUI’s provision of utility service to its sewer customers in South Carolina is subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. §§ 58-5-10, *et. seq.* (1976, as amended).

On March 12, 2013, PUI filed with the Commission an Application for approval of a new schedule of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service (“Application”). By its Application, PUI

sought, *inter alia*, an increase in its annual revenues of \$1,471,758. By operation of S.C. Code Ann. § 58-4-10(B) (Supp. 2013), the South Carolina Office of Regulatory Staff (“ORS”) was a party of record in the proceeding. By Petitions to Intervene filed April 23, 2013, Sensor Enterprises, Inc. (“Sensor”) and J-Ray, Inc. (“J-Ray”), collectively referred to hereafter as “Intervenors,” became parties of record. No other person or entity intervened as a party of record.

A public hearing to receive testimony from PUI, ORS, the Intervenors and any public witnesses was conducted in the Commission’s hearing room on August 13, 2013. At this hearing, PUI and ORS submitted for the Commission’s consideration a settlement agreement between themselves in which the Intervenors did not join (“Settlement Agreement”). The Commission took the Application and Settlement Agreement under advisement and directed that the parties submit proposed orders.

The joint proposed order submitted by PUI and ORS adopted the terms of the Settlement Agreement and provided for an increase in total annual revenues of \$609,897 and approval of proposed modifications to certain terms and conditions of the Company’s rate schedule. The most notable modification set out in this joint proposed order pertained to the previously approved rate design for PUI, which sets equivalencies for commercial customers based upon wastewater facility capacity design guidelines under Appendix A to 25 S.C. Code Regs. 61-67. Under this rate design, commercial customer equivalencies are based upon the number of gallons required to be constructed and installed to serve the various types of commercial customers connected to the system.

The equivalencies are determined based upon the number of gallons assigned to

the various factors attributable to the type of commercial customer as compared to the 400 gallons per day which are assigned to a residential customer under Appendix A. In their joint proposed order, PUI and ORS requested that the Commission approve a modification to the factors associated with cars served through drive-thru facilities by fast food restaurants by reducing the number of gallons per car from forty (40) to ten (10).

By contrast, the Intervenors' proposed order provided for either (1) an alternative rate design which would allow Intervenors to have their sewer rates set by reference to their potable water consumption or (2) a decrease in the number of gallons associated with cars served by their drive-thru facilities from ten (10) gallons as proposed by the original PUI-ORS Settlement Agreement to two (2) gallons and a decrease in the number of gallons associated with seats in their restaurants from forty (40) to ten (10) gallons, with a resulting decrease in their total equivalencies under the previously approved rate design.

On September 17, 2013, the Commission issued Order No. 2013-660 approving the Settlement Agreement. The Intervenors petitioned the Commission to rehear or reconsider the matter on October 7, 2013. On October 23, 2013, the Commission issued Order No. 2013-771 denying Intervenors' Petition for Rehearing or Reconsideration. On March 21, 2014, Intervenors filed a Petition for Writ of Supersedeas and/or Equitable Stay. On April 8, 2014, PUI filed an Answer in response to this Petition as directed by the Commission. On May 1, 2014, the Commission issued Order No. 2014-403 denying Intervenors' Petition for Writ of Supersedeas and/or Equitable Stay.

II. INTERVENORS' APPEAL TO THE SUPREME COURT

On November 22, 2013, Intervenors filed a Notice of Appeal from Commission Order Nos. 2013-660 and 2013-771 with the Supreme Court. While this Appeal was pending, PUI, ORS, and Intervenors arrived at a settlement, which was reflected in a settlement agreement dated September 30, 2014 (“Settlement Agreement on Appeal”) that was submitted to the Court with a motion requesting the matter be remanded to the Commission for consideration and approval of the Settlement Agreement on Appeal. The Court granted the parties’ motion in its October 1, 2014, Order referenced above, held Intervenors’ appeal in abeyance, and remanded the matter to the Commission for consideration of the proposed Settlement Agreement on Appeal. Per the terms of the Court’s order, the parties are required to notify the Court when the Commission has taken action on the Settlement Agreement on Appeal.

III. THE SETTLEMENT AGREEMENT ON APPEAL

On October 6, 2014, ORS filed the proposed Settlement Agreement on Appeal with the Commission. The Settlement Agreement on Appeal provides, *inter alia*, that PUI shall be allowed to earn additional revenues which will result in the operating margin of 17.98% that was approved by the Commission in Order No. 2013-660, while at the same time providing for a reduction in SFEs for all fast-food restaurants by eliminating from the equivalency factors attributable to such commercial customers the ten (10) gallons of wastewater associated with cars served in drive-thrus. To accomplish this, the Settlement Agreement on Appeal further provides that the Intervenors would receive a refund of the portion of their bills paid since the issuance of Order No. 2013-660

(\$13,608.06 for Sensor and \$5,141.68 for J-Ray) which exceeds the rate contemplated by the Settlement Agreement on Appeal. Further, the Agreement provides several components affecting PUI's revenue and rate, including (a) recovery of \$18,749.74 for the aforementioned refunds to Sensor and J-Ray; (b) a redistribution of \$60,846.66 of the previously approved revenue requirement among all customers to eliminate the application of R. 61-67.FF.3 to cars served through drive-thru facilities, and (c) recovery of \$37,779.95 for PUI's additional rate case expenses incurred in the appeal by Sensor and J-Ray to the Supreme Court, to be amortized over three (3) years. In order to give effect to the foregoing terms, the Settlement Agreement on Appeal requires a fifty cent increase in PUI's monthly rate to \$36.50 per single family equivalent (SFE) which would allow it to earn additional total annual service revenues of \$654,395.

IV. PROCEEDINGS ON REMAND AT THE COMMISSION

The Commission issued Order No. 2014-866 in this docket on October 22, 2014, directing its Staff to establish testimony pre-filing deadlines and schedule a hearing to consider the Settlement Agreement on Appeal in this matter. A Notice of Hearing and pre-filed testimony deadlines were thereafter issued by the Commission Staff, which set a hearing on the Settlement Agreement on Appeal for January 22, 2015. Pre-filed testimony in support of the Settlement Agreement on Appeal was thereafter submitted by PUI and ORS.

A public hearing was held before the Commission on January 22, 2015, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina. No public witnesses appeared to testify at this hearing. PUI was represented by John

M.S. Hoefler, Esquire. ORS was represented by Jeffrey M. Nelson, Esquire, and Florence P. Belser, Esquire. Intervenors were represented by Kathleen M. McDaniel, Esquire. PUI presented the remand testimonies of Fred (Rick) Melcher, III, Manager of Public Relations for Ni America Operating LLC (a subsidiary of PUI's indirect parent, Ni America Capital Management LLC), and Gary E. Walsh of Walsh Consulting LLC, both of whom had previously testified in this docket. ORS presented the remand testimony of Dawn M. Hipp, Director of the Consumer Services, Transportation, and Water and Wastewater Department.

The parties assert in the Settlement Agreement on Appeal that it serves the public interest as defined by S.C. Code Ann. § 58-4-10(B)(1) (Supp. 2013) and that the Settlement constitutes a fair, reasonable and full resolution of all issues in the docket. This assertion was supported in the testimonies of the witnesses at the remand hearing. According to Exhibit 2 to the remand testimony of Ms. Hipp, the additional annual service revenue of \$654,395 agreed to by the parties results in an operating margin of 17.98% -- the same operating margin previously approved by the Commission in this docket.

V. FINDINGS AND CONCLUSIONS

Based upon the evidence of record in this proceeding, and considering the testimony provided by the Company and ORS during the hearing on remand, we find that the terms agreed to by the parties as specified in the Settlement Agreement on Appeal, which is hereby adopted and attached to this Remand Order as Exhibit 1, are just and reasonable and that such allow PUI to continue to provide its customers with adequate

wastewater service. The Commission finds that the witnesses offered by the parties offered satisfactory explanations of the Settlement Agreement on Appeal. The Commission also finds that the Company's customers have benefited from the financial and operational stability of the Company and that the proposed modification to the Company's previously approved rate design - a matter that is within the Commission's discretion - is consistent with the preservation of PUI's financial integrity and its continued investment in and maintenance of its facilities so as to provide reliable and high quality sewer service.

Therefore, after review and consideration by this Commission of the Settlement Agreement on Appeal, the evidence contained in the record of this case, the testimony of the witnesses, and the representations of counsel, the Commission concludes as a matter of law that the Settlement Agreement on Appeal results in just and reasonable rates and charges. The rates and charges reflected in the Settlement Agreement on Appeal, set forth on the rate schedule attached hereto as Remand Order Exhibit 2, are hereby adopted. Similarly, the modifications to the terms and conditions of service set out in the Settlement Agreement on Appeal which pertain to rate design are found to be just and reasonable and are also adopted as reflected in Remand Order Exhibit 2. Finally, we approve the other terms and conditions of the Settlement Agreement on Appeal including (a) the refunds to Intervenor and their recovery by PUI in rates and (b) the allowance of PUI's legal fees on appeal as additional rate case expenses and their recovery in rates.

Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 17.98%. *See* S.C. Code Ann. § 58-5-240(H) (Supp. 2014).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement on Appeal is incorporated into and made a part of this order by reference as Remand Order Exhibit 1.
2. The proposed rates reflected in the Settlement Agreement on Appeal have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions attached hereto as Remand Order Exhibit 2 is both just and reasonable and will allow the Company to continue to provide its customers with adequate wastewater services.
3. The schedule of rates and charges attached hereto as Remand Order Exhibit 2 is approved for service rendered on or after the date of this Remand Order.
4. An operating margin of 17.98% is approved for PUI.

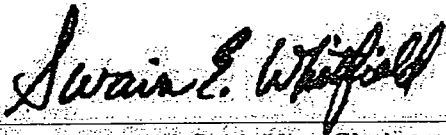
5. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Nikiya Hall, Chairman

ATTEST:



Swain E. Whitfield, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2013-42-S
September 22, 2014

IN RE:)
)
Application of Palmetto Utilities,)
Inc., for adjustment of rates and charges)
and modifications to certain terms and)
conditions for the provision of)
sewer service)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is submitted for Commission approval by Palmetto Utilities, Inc. ("PUI" or the Company"), Sensor Enterprises, Inc. ("Sensor"), J-Ray, Inc. ("J-Ray"), and the South Carolina Office of Regulatory Staff ("ORS") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, the above-captioned proceeding was initiated by the filing of an Application of the Company for an increase in its rates and charges for, and modifications to certain of the terms and conditions of, sewer service; and

WHEREAS, in its Order Nos. 2013-660 and 2013-771 the Public Service Commission of South Carolina (the "Commission") granted the Company's application in part and Sensor and J-Ray appealed the Commission's orders to the Supreme Court; and

WHEREAS, the Parties, who are the only parties of record in the above-captioned docket have varying legal positions regarding the issues in this case; and

Kumar
Full

WHEREAS, PUI, Sensor, J-Ray, and ORS have reached an agreement to settle the matter on appeal and as such seek Commission review and approval of this Agreement.

NOW, THEREFORE, the Parties hereby jointly propose the following terms of settlement which, if adopted by Commission Order, will address all issues arising from the above-captioned docket currently on appeal:

1. Revenue requirement. PUI, Sensor, J-Ray, and ORS agree that, under the terms of this Settlement Agreement, (a) the annual revenue requirement which will permit PUI an opportunity to earn the approved operating margin of 17.98% is \$7,639,810, (b) the monthly service rate required to permit PUI to earn this operating margin is \$36.50 per residential customer and per commercial customer Single Family Equivalent (SFE), and (c) this settlement rate generates additional annual revenue to PUI of \$654,395.

2. Provisions affecting Sensor. PUI shall bill Sensor based on 11.3 SFEs, which is equivalent to the sum of \$412.45 per month, retroactive to September 17, 2013. PUI shall refund to Sensor the amount of \$13,608.06. Any amounts paid by Sensor for monthly services in excess of \$412.45 from the date hereof shall be credited to Sensor's account. All past claims, issues, disputes, or matters which could be claimed or disputed by Sensor regarding this matter, as well as Sensor's complaint before the Commission in Docket No. 2013-148-S, are null and void and dismissed with prejudice.

3. Provisions affecting J-Ray. PUI shall bill J-Ray based on 7.9 SFEs, which is equivalent to the sum of \$288.35 per month, retroactive to September 17, 2013. PUI shall refund to J-Ray the amount of \$5,141.68. Any amounts paid by J-Ray for monthly services in excess of \$288.35 from the date hereof shall be credited to J-Ray's account. All past claims, issues,

disputes, or matters which could be claimed or disputed by J-Ray regarding this matter, as well as J-Ray's complaint before the Commission in Docket No. 2013-149-S, are null and void and dismissed with prejudice.

4. **Settlement Components.** The components of the settlement terms set forth herein affecting PUP's revenue requirement and rate consist of (a) recovery of \$18,749.74 for the aforementioned refunds to Sensor and J-Ray, (b) a redistribution of \$60,846.66 of the previously approved revenue requirement among all customers to eliminate the application of R. 61-67.FF.3 to cars served through drive-thru facilities, and (c) recovery of \$37,779.95 for PUI's additional rate case expenses incurred in the appeal by Sensor and J-Ray to the Supreme Court which is pending as Appellate Case 2013-002492, same to be amortized over three (3) years.

5. **Public Interest.** ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10 (B) (Supp. 2013). Section 58-4-10(B)(1-3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The Settlement Agreement reached among the Parties serves the public interest as defined above.

6. **Submission of Settlement to the Commission.** The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the

Handwritten signature and initials in black ink, appearing to be 'KVA' and 'J. Ray'.


Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

7. Approval/Disapproval of Settlement. If this Settlement Agreement is approved by the Commission, Sensor and J-Ray agree to dismiss with prejudice their aforementioned appeal and pending complaints before the Commission. If the Commission should decline to approve the Agreement in its entirety, then this Settlement Agreement shall be deemed null and void.

8. Limited Effect of Settlement. Except as otherwise expressly provided herein, the Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other proceedings, nor will it constitute a precedent or evidence of acceptable practice or terms in future proceedings.

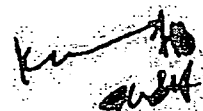
9. Governing Law. The Agreement shall be interpreted according to South Carolina law.

10. Entire Agreement. The above terms and conditions fully represent the entire agreement of the Parties hereto and supersede any prior agreements or understandings regarding the subject matter hereof whether written or oral. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the

A handwritten signature in black ink, appearing to be "C. Ray" or similar, with a date "3/3/15" written below it.

agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

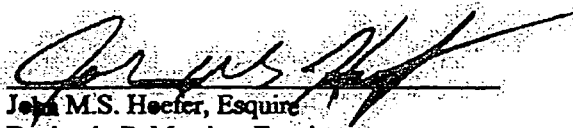
[SIGNATURE PAGES FOLLOW]

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Remand Order Exhibit 1
Docket No. 2013-42-S
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March 3, 2015
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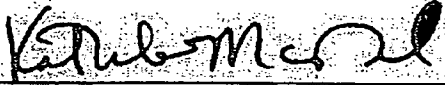
JOINT PROPOSED ORDER EXHIBIT NO. 1
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Representing Palmetto Utilities, Inc.



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Remand Order Exhibit 1
Docket No. 2013-42-S
Order No. 2015-153
March 3, 2015
Page 8 of 8

JOINT PROPOSED ORDER EXHIBIT NO. 1
Page 9

Representing the South Carolina Office of Regulatory Staff



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PALMETTO UTILITIES, INC.
1710 WOODCREEK FARMS ROAD
COLUMBIA, SC 29045
(803) 699-2422

SEWER RATE SCHEDULE

1. MONTHLY CHARGE

- a. Residential - Monthly charge per single-family house, condominium, villa or apartment unit \$36.50
- b. Commercial - Monthly charge per single-family equivalent \$36.50
- c. The monthly charges listed above are minimum charges and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly charges may be calculated by multiplying the equivalency rating by the monthly charge of \$36.50.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility may, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. NONRECURRING CHARGES

- a. Sewer service connection charge per single-family equivalent \$250.00
- b. Plant Impact fee per single-family equivalent \$800.00
- c. The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency

rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. **BULK TREATMENT SERVICES**

The utility will provide bulk treatment services to Richland County ("County") upon request by the County. The rates for such bulk treatment services shall be as set forth above for both monthly charges and nonrecurring charges per single-family equivalent. The County shall certify to the Utility the number of units or taps (residential and commercial) which discharge wastewater into the County's collection system and shall provide all other information required by the Utility in order that the Utility may accurately determine the proper charges to be made to the County. The County shall insure that all commercial customers comply with the Utility's toxic and pretreatment effluent guidelines and refrain from discharging any toxic or hazardous materials or substances into the collection system. The County will maintain the authority to interrupt service immediately where customers violate the Utility's toxic or pretreatment effluent standards of discharge prohibited wastes into the sewer system. The Utility shall have the unfettered right to interrupt bulk service to the County if it determines that forbidden wastes are being or are about to be discharged into the Utility's sewer system.

The County shall pay for all costs of connecting its collection lines into the Utility's mains, installing a meter of quality acceptable to the Utility to measure flows, and constructing a sampling station according to the Utility's construction requirements.

4. **NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES**

- a. Notification Fee: A fee of \$25.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R.103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service.
- c. Reconnection charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time.

5. **BILLING CYCLE**

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

6. **LATE PAYMENT CHARGES**

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1½%) percent.

7. **TOXIC AND PRETREATMENT EFFLUENT GUIDELINES**

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §§ 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §§ 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

8. **REQUIREMENTS AND CHARGES PERTAINING TO SATELLITE SYSTEMS**

- a. Where there is connected to the Utility's system a satellite system, as defined in DHEC Regulation 61-9.505.8 or other pertinent law, rule or regulation, the owner or operator of such satellite system shall operate and maintain same in accordance with all applicable laws, rules or regulations.
- b. The owner or operator of a satellite system shall construct, maintain, and operate such satellite system in a manner that the prohibited or untreated materials referred to in Section 7 of this rate schedule (including but not limited to Fats, Oils, Sand or Grease), stormwater, and groundwater are not introduced into the Utility's system.
- c. The owner or operator of a satellite system shall provide Utility with access to such satellite system and the property upon which it is situated in accordance with the requirements of Commission Regulation 103-537.
- d. The owner or operator of a satellite system shall not less than annually inspect such satellite system and make such repairs, replacements, modifications, cleanings, or other undertakings necessary to meet the requirements of this Section 8 of the rate schedule. Such inspection shall be documented by

written reports and video recordings of television inspections of lines and a copy of the inspection report received by the owner or operator of a satellite system, including video of the inspection, shall be provided to Utility. Should the owner or operator fail to undertake such inspection, Utility shall have the right to arrange for such inspection and to recover the cost of same, without mark-up, from the owner or operator of the satellite system.

- e. Should Utility determine that the owner or operator of a satellite system has failed to comply with the requirements of this Section 8 of the rate schedule, with the exception of the requirement that a satellite system be cleaned, the Utility may initiate disconnection of the satellite system in accordance with the Commission's regulations, said disconnection to endure until such time as said requirements are met and all charges, costs and expenses to which Utility is entitled are paid. With respect to the cleaning of a satellite system, the owner or operator of a satellite system shall have the option of cleaning same within five (5) business days after receiving written notice from Utility that an inspection reveals that a cleaning is required. Should the owner or operator of such a satellite system fail to have the necessary cleaning performed within that time frame, Utility may arrange for cleaning by a qualified contractor and the cost of same, without mark-up, may be billed to the owner or operator of said system.

9. **CONSTRUCTION STANDARDS**

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the system.

10. **EXTENSION OF UTILITY SERVICE LINES AND MAINS**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in this rate schedule, complying with the guidelines and standards hereof, and, where appropriate, agreeing to pay an acceptable amount for multi-tap capacity.

11. **CONTRACTS FOR MULTI-TAP CAPACITY**

The Utility shall have no obligation to modify or expand its plant, other facilities or mains to treat the sewerage of any person or entity requesting multi-taps (a

commitment for five or more taps) unless such person or entity first agrees to pay an acceptable amount to the Utility to defray all or a portion of the Utility's costs to make modifications or expansions thereto.

12. **SINGLE FAMILY EQUIVALENT**

A Single Family Equivalent (SFE) shall be determined by using the wastewater design loading guidelines found in 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2013), as may be amended from time to time, except that commercial customers described in sub-part FF 3 of the foregoing regulation shall have their number of SFE's calculated only on the basis of cars served in a drive-in. Where the Utility has reason to suspect that a person or entity is exceeding design loadings established by the Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities, the Utility shall have the right to request and receive water usage records from the provider of water to such person or entity. Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.