

THE STATE OF SOUTH CAROLINA

In the Supreme Court

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S.C. SUPREME COURT

APPEAL FROM THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Appellate Case No. 2020-000266

Commission Docket No. 2017-292-WS

In Re: Application of Carolina Water Service, Inc.
for Approval of an Increase in its Rates for
Water and Sewer Services

RECORD ON APPEAL
VOLUME II OF II

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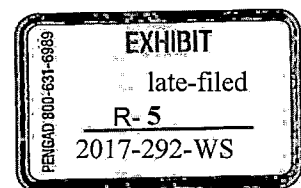
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ROBERT M. HUNTER

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**Appraisal Report Of The
Carolina Water Service, Inc.
I-20 Wastewater System
Lexington County, South Carolina**

Prepared for: Mr. John M.S. Hoefer, Esq.
Mr. Joe Conner, Esq.
Attorneys for Carolina Water Services, Inc.

Effective Date: October 9, 2017

Date of Report: February 14, 2018

HC #: 16021.02

Prepared by: Hartman Consultants, LLC
300 S. Interlachen Avenue # 503
Winter Park, Florida 32789

and Winthrop Real Estate
Advisors, Inc.,
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Columbia, SC 29260

Hartman Consultants, LLC

www.hartmanconsultant.com

February 14, 2018

HC #16021.02

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RE: I-20 Wastewater System Appraisal Report
Date of Valuation 10/9/2017

Dear Conner:

Attached please find the Appraisal Report of the Carolina Water Service, Inc. (CWS) I-20 Wastewater System in Lexington County, South Carolina.

The Date of Valuation is October 9, 2017.

All three (3) approaches to value were considered and evaluated.

The results of each approach are:

- Cost Approach \$ 13,300,000
- Income Approach \$ 12,000,000
- Market Approach..... \$ 11,000,000

The opinion of value for the I-20 Wastewater System owned by CWS is:

\$ 12,900,000

Twelve Million and Nine Hundred Thousand Dollars

Under the industry standard set of terms and conditions being assumed with no special financing, payments, "holdbacks", etc. Real Estate value opinions were prepared and provided by Mrs. Deborah Haskell, CRE, FRICS, MAI. These opinions were relied upon by Hartman Consultants, LLC (HC) for the Cost Approach.

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ELECTRONICALLY FILED - 2018 September 14 3:49 PM - SCPSC - Docket # 2017-292-WS - Page 3 of 160

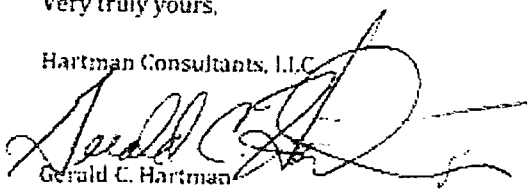
The opinion of value is a cash paid at closing amount. The exposure time for this project was taken at two (2) years. The construction time for the cost approach was taken as three (3) years.

This report does include the opinion of value for real tangible property (fee simple land ownership) (RP) or its associated IP (i.e. easements, etc.) and the necessary aggregation to create this wastewater system was determined by Winthrop Real Estate Advisors, Inc. (WREA).

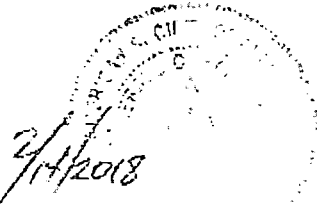
The data sources for this work which I wish to recognize are the administrative, engineering, operations and financial staff of CWS and I-20 operators, public sources, contractor information, as well as the files of HC.

Very truly yours,

Hartman Consultants, LLC



Gerald C. Hartman
South Carolina P.E. #15389
BCBE (Water/Wastewater) #88-10034
Accredited Senior Appraiser #7542



Attachment: Appraisal Report

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APPRAISAL REPORT OF THE I-20 WASTEWATER SYSTEM

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Section 1

SECTION 1 INTRODUCTION

1.1 BACKGROUND

The Carolina Water Service, Inc. (CWS) is a privately owned utility that furnishes water and sewer services in the Oak Grove area of Lexington County, SC. CWS is a wholly owned subsidiary of Utilities, Inc. (UI), which is the one of the three largest private water and/or wastewater utility operators in the United States, across 15 states. CWS originated in 1970's to provide water and sewer service in Lexington County, SC. The utility customers within the CWS service area described herein as the I-20 service area are primarily residential. Only the wastewater system is being condemned by the Town of Lexington, S.C. thereby severing this system from the accompanying water system, the overall statewide operations and the parent company.

The wastewater is collected in the Service Area from approximately 2,220 wastewater customers. The wastewater treatment plant (WWTP) is a secondary treatment system. Its permitted treatment capacity is 0.80 MGD. The WWTP effluent is pumped approximately 2.1 miles, through a de-chlorination and flow measurement facility before being discharged to the Saluda River.

Hartman Consultants, LLC (HC) has prepared this appraisal report determining the value of the CWS wastewater utility system as of October 9, 2017. This report and its contents will be considered by CWS, its legal counsel, and other advisors in the potential acquisition of the utility by a buyer. The records, reports, and other documentation furnished by CWS or through its separate consultants form a substantial portion of the database for HC's work efforts. In addition, field inspections of the wastewater facilities were conducted by Mr. Hartman. The real property appraisal is included in this report and is addressed separately in Appendix F.

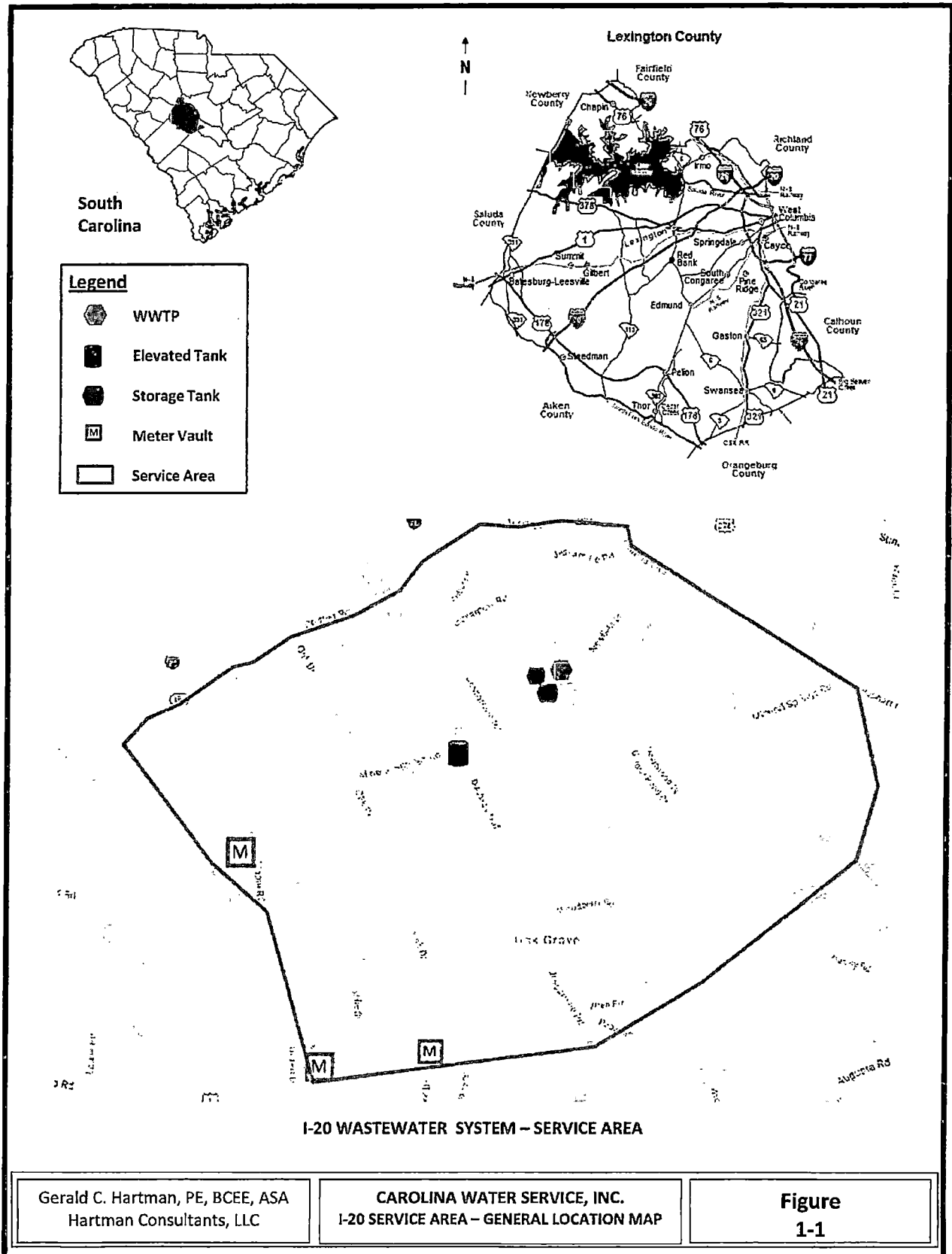
The scope of services of this valuation report consists of acquiring the necessary background information and available documentation, performing field inspections and asset verifications and evaluating the operating results. HC has performed the valuation analyses and value determinations that allow an opinion of value to be rendered by Mr. Hartman. The results of HC's work efforts, analyses, and evaluations are presented in this Appraisal Report. This report is for the I-20 wastewater property only and the associated going concern/intangible property.

The CWS I-20 regional wastewater utility system is located in Lexington County in the State of South Carolina near Columbia. Its Service Area is generally depicted in Figure 1-1. The CWS I-20 wastewater utility system is described in Section 2. It is an active and operating utility system and is permitted for operations by the State of South Carolina for wastewater service.

The ownership interest valued herein is fee simple ownership of the assets and of certain real tangible personal property, the wastewater operational rights, the exclusive certificated area rights, as well as of other tangible and intangible property.

A fee simple property is the most comprehensive type of ownership since the owner may dispose of the property in any manner he selects. One possessing this property has no restrictions or limitations upon ownership except those imposed by governmental entities and those which were willfully created by agreement.

The purpose of this valuation is to provide CWS the appraised fair market value in continued use of its I-20 wastewater system property and the associated intangible property in its highest and best use as a public utility. The context is a fair market value appraisal for purposes of acquisition by a buyer with the right of eminent domain.



1.2 UTILITY IDENTIFICATION

The wastewater system is described in Section 2. The wastewater system has active and operating systems and are permitted for operations by the SC DHEC.

1.3 OWNERSHIP INTEREST

For the report, the property to be valued is the TPP (tangible personal property) of the wastewater system the real tangible property (RP) and other rights with the going concern all grouped as the IP (Intangible Property) associated with the tangible property as of the date of the valuation. We have performed these services for the entire property in "fee simple" which includes all rights (the bundle of rights) that can be legally vested in an owner, subject to encumbrances whatever they may be. This fee simple ownership includes ownership of the TPP, RP and IP with the wastewater rights, exclusive service rights, exclusive certificated area rights, as well as other intangible property. Moreover, the fee simple value has been determined, without deduction for any liens or other encumbrances that may exist.

1.4 PURPOSE AND USE OF UTILITY APPRAISAL

The purpose of this Utility Appraisal is to provide the Client with the appraisal of the severed wastewater system. The I-20 system consists of both the water and wastewater systems. The Town of Lexington's condemnation complaint severs the wastewater system from the water system owned by CWS serving the I-20 customer base. The condemnation also severs the I-20 system from the statewide CWS and the parent company activity. The use of the valuation is for the Client's use.

1.5 IMPORTANT VALUATION DEFINITIONS

Appraisal (noun) – the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.¹

Client – the party or parties who engage, by employment of contract, an appraiser in a specific assignment.²

Cost – the amount required to create, produce, or obtain a property.³

¹ Uniform Standards of Professional Appraisal Practice ("USPAP"), 2016-2017 Edition, Published by the Appraisal Foundation, page 1 (lines 8-10)

² *Ibid*, page 2 (line 50)

³ *Ibid*, page 2 (line 57)

Easement – an interest in real property that transfers use, but not ownership, of a portion of an owner's property. ⁴

Extraordinary Assumption – an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusions. ⁵

Fee Simple - absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁶

Highest and Best Use (in appraising real property) – is the reasonably probable and legal use of vacant land or an approved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.⁷

Hypothetical Condition – a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁸

Intended Use – the use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.⁹

Intended User - the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.¹⁰

Jurisdictional Exception – an assignment condition established by applicable law regulation, which precludes an appraiser from complying with a part of Uniform Standards of Professional Appraisal Practice (USPAP).¹¹

⁴ The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 71

⁵ Uniform Standards of Professional Appraisal Practice, ("USPAP") 2016-2017 Edition, page 3 (lines 67-69)

⁶ The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 69

⁷ *Ibid*, page 305

⁸ USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, page 3, (lines 75-77)

⁹ *Ibid*, page 3, (lines 84-86)

¹⁰ *Ibid*, page 3 (lines 87-89)

¹¹ *Ibid*, page 3 (lines 91-91)

Leased Fee Interest – a lessor's, or landlord's, interest with specified rights that include the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specified by contract terms contained within the lease.¹²

Market Value - a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.¹³

Market Value (noun) – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.¹⁴

Regulated Industry – industry that is regulated by government to a significant extent.

Replacement Cost New ("RCN") – the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.¹⁵

Reproduction Cost New – the current cost of producing a new replica of a property with the same, or closely similar materials, as of a specific date.¹⁶

Appraisal Report – a written report prepared under Standards Rule 2-2(a) or 8-2(a) of a Complete or Limited Appraisal performed under STANDARD 1 or STANDARD 7.¹⁷

Taking – is the acquisition of a parcel of land (or other property) through condemnation.¹⁸

Value – is the amount, relative worth, functionality, or importance of an item, which may or may not be equal to price or cost.¹⁹

¹² The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 81

¹³ USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, page 3 (lines 92-94)

¹⁴ International Valuation Standards, 2000 Edition, Published by the International Valuation Standards Committee, pages 92-93

¹⁵ Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Published by American Society of Appraisers, page 585

¹⁶ *Ibid*

¹⁷ USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, pages A0-11, pages 98-99

¹⁸ The Dictionary of Real Estate Appraisal, 4th Edition, Published by the Appraisal Institute, Page 285

¹⁹ Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Published by American Society of Appraisers, Page 594

1.6 EFFECTIVE DATE OF UTILITY APPRAISAL

The effective date of this Report is October 9, 2017.

1.7 TYPE OF PROPERTY

The subject property is a special purpose property. The wastewater system is provided the rights thereof by the State of South Carolina, and by contract, assemblage, and other means. Such properties have the configuration of the customer base and utilize the local natural resources for the provision of utility service to the specific community that the facilities, operations, and management serve.

1.8 SPECIALTY PURPOSE PROPERTY – AN ONGOING UTILITY BUSINESS

The system includes assets, customers, its service area and all other attributes of a fully functioning utility business. The Utility is considered a special purpose property. There are four (4) criteria, which establish whether a property should be considered special purpose property:

- a. Uniqueness;
- b. Property must be used for a special purpose;
- c. No widespread market for the type of property;
- d. The property's use must be economically feasible and reasonably expected to be replaced.

The function of this utility property is to provide wastewater services in specific service areas. The wastewater system was specially built for the specific purposes for which it was designed, and continues to be used for those purposes.

There is no question that with the contemplated condemnation of the System's Property, the wastewater service would continue to be substantially used for utility purposes and they would continue to be renewed, replaced and/or maintained for such purposes. If the wastewater property was not condemned, the integrated water and wastewater system would continue in its present use.

1.9 WATER RIGHTS

Not included.

1.10 ONGOING BUSINESS (INTANGIBLE PROPERTY)

While this appraisal of the utility property is accomplished in part by using the cost approach, it must be recognized that the replacement cost new less depreciation (RCNLD) only represents the component of value of the physical assets.

This property is an on-going profitable business with established customers; rates, fees and charges; operations and maintenance activities; established billing, management, and other overhead functions; and has developed significant records and business practices for the on-going business. The summation of the above is classified as intangible property (IP) which is addressed later in Section 4.

1.11 SUMMARY OF DATA COLLECTION

Data collection on this assignment involved records of CWS as well as, records provided by others, HC and public information.

1.12 SUMMARY OF CONFIRMATION ACTIVITIES

Some analyses and surveys were used to confirm and/or cross-check the data and information provided. Limited calls, comparisons of reports and comparisons of source information were accomplished.

1.13 SUMMARY OF REPORTING MEASURES

The Report is a Utility Appraisal Report of the I-20 Utility Wastewater with disclosures included.

No analysis of severance damages or other damages are included in this work.

1.14 ASSUMPTIONS AND LIMITING CONDITIONS

- a. No responsibility is assumed for legal matters.
- b. The appraiser has made no land survey of the property and, unless specifically stated, it is assumed there are no encroachments involved.
- c. Any sketches and maps in this Report are included to assist the reader in visualizing the property and are not necessarily to scale or depict all items above or below ground.

- d. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in this Report. It is recognized that DHEC has not granted a permit renewal to the existing WWTP.
- e. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in this Report.
- f. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or public entity or organization have been or can be obtained or renewed for any use on which the value estimate in this Report is based.
- g. Proposed improvements, if any, on or off-site, as well as any repairs required, are considered for purposes of this appraisal to be completed in a good and workmanlike manner.
- h. Responsible ownership and competent property management are assumed.
- i. It is assumed that there are no hidden or unapparent conditions of the property, soil, or structures which would render it more or less valuable.

Further, unless otherwise stated in this Report, the existence of hazardous material or any other environmental problems or conditions, which may or may not be present on the property, was not observed or disclosed. We have no knowledge of the existence of such materials or conditions on or in such close proximity that it would cause a loss in value. We, however, did not search to detect such substances or conditions. The presence of substances such as asbestos, ureaformaldehyde foam insulation, radon, or potentially hazardous materials which could have an adverse effect on the value of the property were not observed or detected in our inspections. The value estimate is predicated on the assumption that there is no such material or condition on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or knowledge required to discover them.

- j. No responsibility is assumed for the absence or presence of any endangered species on this property. This appraisal assumed that there are no endangered species which would prevent, restrict, or adversely affect any development or improvement of this property.
- k. No impact studies and/or special market, or feasibility analysis or studies have been required or made unless otherwise specified. We reserve the right to alter, amend, revise, or rescind any of the statement, findings,

opinion, value estimates, or conclusions contained herein if any unknown study requires it.

- l. Certain data used in compiling this report was furnished from sources which we consider reliable; however, we do not guarantee the correctness of such data.
- m. We have accepted as correct and reliable all information provided by the owner and Client, or the owner's Client's agents, which was used in the preparation of this Report. All data came from sources deemed reliable, but no liability is assumed for omissions or inaccuracies that subsequently may be disclosed in any data used in the completion of the appraisal.
- n. Neither I, nor anyone employed by me, has any present or contemplated interest in the property appraised.
- o. Possession of this Report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone except for the client without the prior written consent of client and in any event, only in its entirety and with proper qualification.
- p. Neither all nor any part of the contents of this Report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author excepting appropriate Freedom of Information Act requests.
- q. Acceptance of, and/or use of, this Report constitutes acceptance of the above conditions and assumptions.
- r. No legal agreements, customer agreements, developer agreements or other utility-related agreements were disclosed or provided and therefore have not been included in this Report.
- s. It is assumed that any and all permits and easements can be transferred in the event of an acquisition with minimal effort. The renewal of the WWTP permit or other future action may require investment which is caused by regulatory action and that investment would be considered future rate base.

1.15 EXTRAORDINARY ASSUMPTIONS

The following significant assumptions were used in this work:

- a. HC did inspect the System. The Client, and HC were significant contributors as they provided photographs of the System as well as communicated their opinion of the general condition of the System. To the extent that the

inventory or the RCNLD differ, the results found therein would differ. My inspection was limited and the condition assessment was found to be average condition for their age and use for several components of the system impacting my findings. I relied upon this information when forming my opinion of value.

- b. No construction work in progress and no hypothecated corrective future construction activity are considered in this Report.

1.16 PROCESS AND PROCEDURES FOLLOWED

The methodology utilized to develop this valuation report was confirming the valuation assignment; gathering the necessary information for the appraisal activities; conducting, evaluating and considering 1.) the cost approach under a replacement cost new less depreciation in continued use, 2.) the income approach, and 3.) the sales comparison/market approach. Following the determinations from each distinct approach, Mr. Hartman weighed the approaches utilizing his training, experience and knowledge of the market and the subject system assets. Following the weighting of the approaches, an Opinion of Value was determined and reported in this utility appraisal.

1.17 HIGHEST AND BEST USE

The highest and best use for the Special-Purpose Property is as a public wastewater utility system. That use is a monopoly and is also an essential use both of which are characteristic of a special purpose property. Since the Property is specifically designed/configured/constructed solely for the use as a public wastewater utility system use, no alternate highest and best use was considered.

1.18 APPROPRIATE MARKET USED

The appropriate market for this Special-Purpose Property is the non-for-profit market. The non-for-profit marketplace does not limit the asset relative to the rate return on rate base. Rather, it provides for the attributes of full and fair market value.

1.19 EXCLUSIONS

This valuation report has excluded the following aspects of the subject system and those aspects are not included in the Opinion of Value delineated herein:

- Assets owned by other associated parties.
- CWS cash equivalents, accounts receivable and deferred tax assets.

- Activities, rights, and privileges of other associated parties.
- Assumption of liabilities of CWS; it is assumed CWS will satisfy all its liabilities with the proceeds from the sale without the transfer of such liabilities to the buyer.

1.20 DEPARTURES/SCOPE LIMITATIONS

This appraisal has no known departures other than the summary and limited nature of this report.

1.21 ASSUMED STANDARD TERMS AND CONDITIONS

The standard terms and conditions commonly used in the water and wastewater industry are assumed for this appraisal as shown in Appendix E. The purchase price would be as a cash purchase in U.S. Dollars at the time of closing. It is assumed that the Property has sufficient time on the market for proper and complete disclosure and investigation by the not-for-profit marketplace. There are no limitations relative to exposure, financing, futures, prepaid or discounted connections, or other factors. It is assumed that the unconnected properties, potential home sites, commercial properties, etc. which are not active customers of the System would at the time of closing then be required to meet the tariff requirements for the connection and initiation of service to such properties. We assume that no properties are vested or prepaid or discounted in any fashion whatsoever.

1.22 CLIENT

The Client is Mr. John M.S. Hoefer, Esq. of the firm of Willoughby & Hoefer, P.A. located at 930 Richland Street, P.O. Box 8416, Columbia, SC 29202-8416 and Mr. Joe Conner, Esq. of the firm of Baker Donnelson located at 633 Chestnut Street, Chattanooga, TN 34750.

1.23 EFFECTIVE DATE

The effective date is October 9, 2017.

1.24 REPORT DATE

The report date is February 14, 2018.

1.25 FAIR MARKET VALUE DEFINITION

Fair Market Value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act and both having reasonable knowledge of the relevant facts. (Source IRS Pub. 561).

The United States and South Carolina Constitutions provide that private property shall not be taken for public use without just compensation. Just compensation is usually determined as the fair market value.

Section 2

SECTION 2 WASTEWATER FACILITIES DESCRIPTION AND CONDITION

2.1 GENERAL

The Carolina Water Service, Inc. (CWS), a subsidiary of Utilities, Inc., owns and operates significant water and wastewater assets in South Carolina. In this appraisal report, the I-20 regional wastewater system, its corresponding service area and its operations as integrated into the CWS South Carolina Operations are defined as the "System". The system serves approximately 2,220 wastewater customers in the Oak Grove area of Lexington County, SC. The System's service area generally extends from Leaphart Road & Cromer Road on the North to Hwy 1 on the south, from Mineral Spring Circle on the East to Dickert Drive & Timbergate Road on the West, and is generally presented in Figure 1-1.

2.2 WASTEWATER SYSTEM

CWS provides service to its wastewater utility customers in the Service Area. The wastewater system is generally comprised of collection, flow equalization, transmission, treatment and disposal components. The descriptions presented herein are based upon field inspections conducted on December 4th, 2017 by HC; information provided by CWS and their consultants including engineering drawings, overall utility maps and regulatory permits; limited interviews with CWS personnel and with CWS consultants; and information filed with the South Carolina State Public Service Commission.

The wastewater system consists of the following components:

- 2,220 Customer Services and 2,325 ERC's
- 137,000 linear feet (lf) Gravity Collection System including Services
- 578 Manholes
- 16 Lift Stations
- 3 Flow Equalization Facilities (Satellite)
- 53,000 lf Force Mains
- 0.8 MGD Wastewater Treatment Plant
- Effluent Disposal Facilities (flow metering, dechlorination, discharge structure, etc.)

2.2.1 Wastewater Services

The customer wastewater services collect wastewater from the customers conveying it to the gravity collection system. Wastewater services connect the customer to the local gravity system. As of October 9, 2017, there were approximately 2,220 wastewater customers in the CWS wastewater service area.

2.2.2 Gravity Collection System

The individual segments of CWS wastewater gravity collection system comprised of pipelines and manholes, collect wastewater from the customer services along the pipe routing of the segments. This wastewater collection continues until the pipe routing conveys the wastewater to a lift station to be pumped for further conveyance within the system. Ultimately, the wastewater is conveyed to a wastewater treatment plant (WWTP). The collection system consists of approximately 137,000 feet of gravity piping (the 2,220 services average 17 feet of 4" gravity to the 8" gravity collection). The construction drawings show that the entire collection system is constructed of either 8-inch PVC or vitrified clay pipe. The gravity pipes are installed at varying depths for gravity flow of the wastewater within the system.

There are 578 sanitary manholes in the wastewater collection system. The depths of the manholes correspond to the depths of the intersecting gravity pipeline. The manholes are constructed of precast concrete and are equipped with cast iron access covers. Section 4 presents an inventory of the collection system pipe by total length, material, and diameter.

Due to the age of the collection system and the material used in construction, it is anticipated that the wastewater collection system is in average condition.

2.2.3 Lift Stations

Wastewater flows to individual lift stations from the gravity collection system that serves a specific segment of the Service Area. Wastewater flows by the gravity system to a lift station, is either pumped to another lift station, another segment of the collection system, another force main, or directly to the wastewater treatment plant. Regardless of the routing, ultimately all wastewater flows are conveyed to the wastewater treatment plant.

There are a total of sixteen (16) lift stations, including three (3) pump stations at the flow equalization/pretreatment ponds and one (1) effluent pump station at the WWTP, that serve the CWS I-20 wastewater Service Area. All lift stations are electrically powered via underground electric service and each lift station is equipped with an auxiliary connection for an emergency portable generator in the event of a power failure. In addition, the lift stations also have emergency pump out connections, and audible and visual alarms. The lift stations are constructed of concrete wetwells, stainless steel control panels, aluminum checkplate hatches, pump guide rails, and float switches. An inventory of the lift stations within the wastewater system is included in Section 4.

Overall, the lift stations appeared to be in average condition.

2.2.4 Force Mains

As previously described, collected wastewater is conveyed to the lift stations and is then pumped through the system ultimately to the wastewater treatment plant by a system of force mains. The force main system is made up of approximately 53,000 feet of pipe ranging in size from 4 to 10 inches. The pipe material used for construction is primarily PVC. Section 4 presents an inventory of the force mains in the system along with its diameter, length and material. Due to the age of the system and the material used in construction of the force mains, the transmission system is expected to be in average condition.

2.2.5 Wastewater Treatment Plant

The wastewater treatment plant site is located in center of the Service Area, on the north end of Pear Court. The wastewater treatment plant is referred to as the I-20 Regional Wastewater Treatment Plant (WWTP) and its NPDES Permit number is SC0035564.

The WWTP is currently operating as a secondary treatment system. The plant was originally built in 1968 and modified in 1981 and 1994 to treat the flow from several small treatment plants that were in the area but now are no longer in service. The plant's current capacity is 0.800 million gallons per day (MGD) with a proposed future pending upgrade to tertiary treatment. The upgrade will also increase the WWTP treatment capacity to 1.051 MGD.

The WWTP is a 2.1 acre step aeration oxidation pond with a post air cell. The onsite facility includes the oxidation pond with several aerators, an effluent pump station with two (2) pumps, and a chlorination tank for disinfection. The off-site facility includes a flow measurement device and a sulfur dioxide gas de-chlorination chamber. The facility also has a 0.31 acre pond on the WWTP plant site that is currently available for high flow conditions storage. There are steel tanks on site also.

The WWTP receives some of the wastewater from three (3) separate aerated pretreatment ponds (Spring Hill Subdivision, Oakgrove Estates and Woodsen Subdivision), which were converted from small individual wastewater treatment plants to pretreatment/equalization ponds (EQ) and discharge to the I-20 Regional WWTP via force mains. The Spring Hill EQ pond consists of one pond with one (1) operating aerator and another as a back up. The system also has an underground effluent pump station and two (2) ground water monitoring wells. The Oakgrove Estates EQ pond consists of two (2) ponds; one is an aerated lagoon with two aerators, and the second pond is polishing pond with three (3) aerators; an above ground effluent pump station and two (2) ground water monitoring wells. The Woodsen subdivision EQ pond consists of an aerated lagoon with two (2) aerators, and effluent pump station with two pumps and two (2) ground water monitoring wells.

2.2.6 Effluent Disposal

The effluent disposal from the WWTP is pumped approximately 2.1 miles generally parallel with Interstate I-20 to the Saluda River. The effluent flows through a de-chlorination by sulfur dioxide and flow measurement facility (a 5' rectangular weir with end contractions) prior to being discharged into the Saluda River.

2.2.7 Land and Land Rights

Land and land rights are presented in Appendix F.

2.2.8 Historic Wastewater Data

The historic wastewater flows and effluent quality for the WWTP were reviewed. The wastewater flows for the Service Area follow a slight seasonal trend. This pattern has remained relatively constant and is indicative of a utility with a rural customer base.

2.2.9 Regulatory Analysis

The South Carolina Department of Health and Environment Control regulates the WWTP operation and compliance. The I-20 regional wastewater system operates under permit SC0035564 which was issued on September 10th, 2001 and expired on November 30th, 2006, yet continues to be effective since a timely renewal application was submitted. The CWS is in the process of upgrading the permit through SCDHEC. Based on conversations with SCDHEC a notice of intent to issue is being prepared by the Agency. SCDHEC'S review of the system revealed several operational practices that will require modification under the new permit, however, capacities and effluent limitations are not expected to change.

The facilities are currently operating under the old permit while issuance of the new permit is pending. The permit establishes the WWTP treatment capacity at 0.800 MGD. The pending upgrade for the WWTP will raise the capacity to 1.051 MGD. Appendix D provides a summary of the WWTP and NPDES permitting. Currently, the WWTP facilities are operating under the old permit until the conclusion of the pending condemnation case.

2.2.10 Other Tangible Property

The other tangible property taken by the Town of Lexington, S.C. includes the following:

- Customer Database – Electronic File (Excel)
 - Name
 - Service Address
 - Billing Address
 - Customer Type – Residential, Commercial, Mobile Home
 - Billing Amount
 - Billing Period

- Other Customer Data
 - Billing Records
 - Any Service Agreements
 - Any Customer Correspondence
 - Taps Sold Buy not yet Installed
- Utility Information – Service Address & Provider
 - Electricity
 - Phone
 - Other
- Property Records
 - List all properties associated with System including address, deeds, easements, surveys, encroachment permits (SCDOT, Lex, County)
 - Occupancy Agreements (Central Electric Co-op, SCE&G, Dominion, etc.)
- Copies of Regulatory Records:
 - DMRs, Permits, SCDHEC Correspondence, ORS Records including filings and correspondence, Closed-out consent degrees, etc. from January 1, 2016 forward.
- Maintenance Records including Work Orders, O&M Manuals, copies of service contracts, and Preventative Maintenance Records.
- Any emergency response plans that have been developed for the System.
- Any GIS mapping that has been developed for the System.
- Record Drawings.
- Copies of any outstanding contracts or agreements.
- A list of any items or areas that are known to need immediate maintenance or repair.
- List of supplies, specifically for chemicals.
- Spare parts.
- Any keys associated with cylinder locks (not padlocks)

2.2.11 Additional Tangible Property

The additional tangible property which is taken include:

- Property Records
 - Plans and Specifications for the Wastewater System
 - Engineering Reports, Studies, Investigations, Soil Borings, Monitor Wells, etc.
 - Operational Reports, Studies, and Investigations
- Financial Records
 - Financial Reports, Studies, and Investigations
- Administrative Records

2.2.12 Intangible Property

That intangible property associated with the wastewater utility including but not limited to:

- Certifications
- Goodwill
- Securities
- Contracts and Contract Rights
- Exclusive Service Area
- Permits
- Management Procedures and Practices
- Engineering, Planning, Technical Determinations
- SOP's
- Customer Lists/Data/Financial/Admin., etc.
- Cost to Grow the Customer Base

2.3 SUMMARY

In general, based on inspections and document review, the CWS 1-20 regional wastewater facilities are in average condition. There are some facilities related cost liabilities identified with the wastewater facilities which include minor deficiencies, and/or maintenance items.

Deficiencies are identified as those items that directly affect the operations, level of service, regulatory compliance, or other issues associated with a utility. Deferred maintenance is considered to be work required on the system that does not currently affect its operation or level of service but is nevertheless required to keep the facilities functioning properly.

The pipes and valves in most of the lift stations require general corrosion removal, repainting and minor deferred maintenance. A total of \$16,000 is allocated to this maintenance.

The wastewater treatment facilities are scheduled to receive improvements and additions in response to a System Options Analysis that is currently under review. The aerators in the three EQ ponds and oxidation ponds require general clean up and other minor deferred maintenance items. A total of \$23,200 is allocated to these improvement and maintenance activities.

The additions, deletions and depreciation thereon as well as items consumed for 2017 through 10/9/2017 resulted in an adjustment of (\$121,332).

No damages to the integrated I-20 water system, to the CWS statewide system, or to the Utilities, Inc. operations are included herein.

TABLE 2-1
CAROLINA WATER SERVICE, INC.
I-20 SYSTEM
CONDITION OF WASTEWATER FACILITIES

Wastewater System

I. Gravity Collection System	Average
II. Transmission System	Average
III. Treatment Facility	Average
IV. Effluent Disposal	Good

Note: (1) Excellent Facilities are in proper working order, well-maintained, and no deferred maintenance.

Good Facilities are in proper working order and well-maintained with only minor deferred maintenance identified.

Average Facilities are in proper working order, maintained at industry standards with some deficiencies and deferred maintenance identified.

Fair Facilities may not be in proper working order and are not maintained at industry standards with significant deficiencies and deferred maintenance.

Poor Facilities cannot properly function due to excessive deficiencies and deferred maintenance.

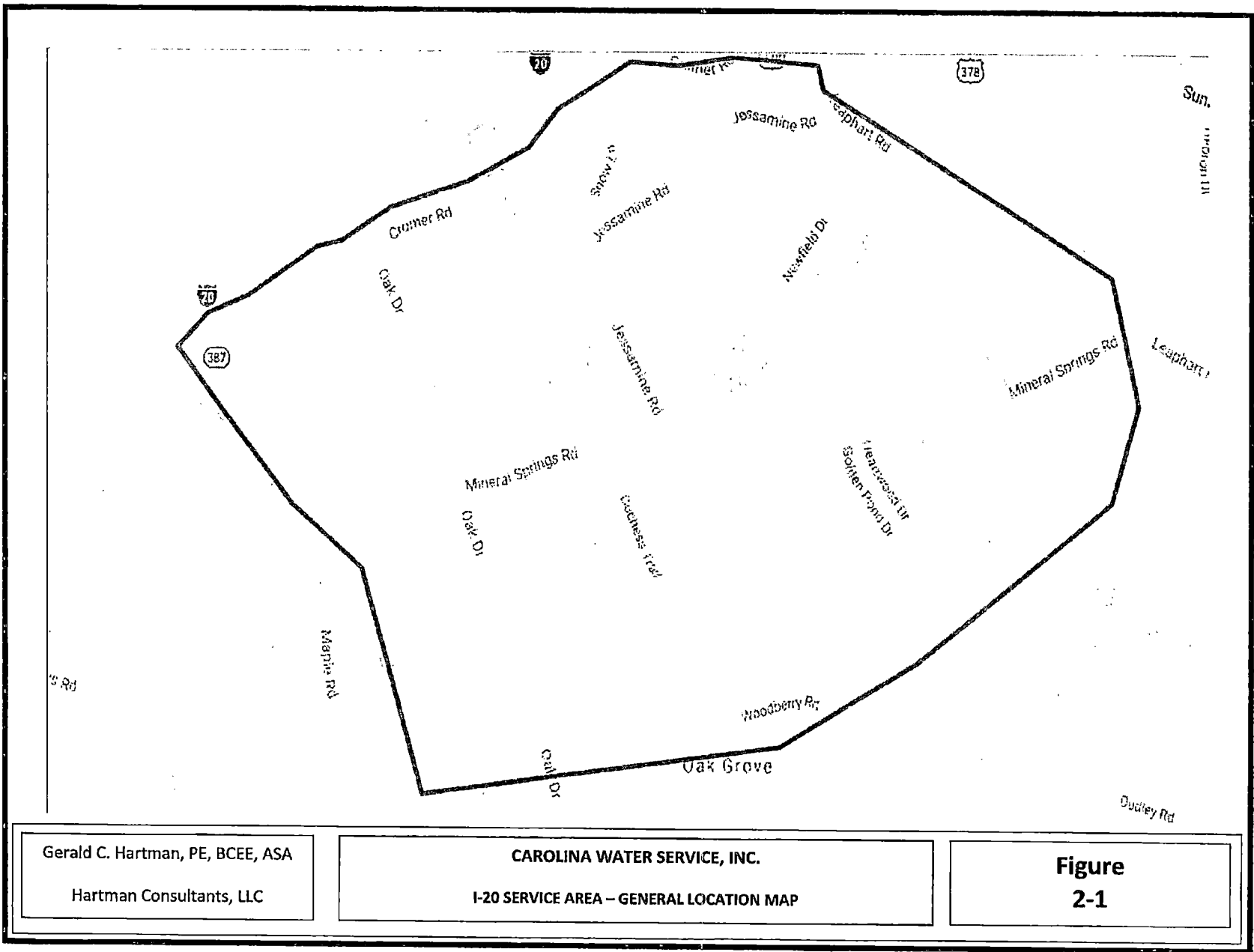


TABLE 2-2
CAROLINA WATER SERVICE, INC.
I-20 SYSTEM
DEFERRED/MAINTENANCE COST ESTIMATE

<u>Description</u>	<u>Estimated Cost</u>	<u>Classification</u>
Wastewater Collection System	\$ 16,000	Deferred Maintenance
Wastewater Treatment Facility	\$ 23,200	Deferred Maintenance
SubTotal	\$ 39,200	
Net reduction for retirements and use of inventory and consumables upto 10/9/2017.		
Subtotal	\$ 121,332	
Total Adjustment	\$ 160,532	
Rounded	\$ 161,000	

Section 3

SECTION 3 VALUATION METHODS

3.1 GENERAL

The objective of this appraisal report is to establish an opinion of the "fair market value" of the utility. Fair market value assumes that both the buyer and the seller are aware of all relevant information and that neither party is under the compulsion to act. The methods utilized herein are to provide a basis for an opinion of value consisting of the reconciliation of three approaches consisting of:

- (i) the cost approach;
- (ii) the income approach; and
- (iii) the comparable sales approach.

These approaches analyze various aspects of the system, including the physical conditions of the existing system, the cash flows anticipated to be generated by the utility in the future, and finally, the transaction factors related to the acquisition of similar utilities in the past. The consideration of all three provides a range for determining the value of the utility system based on numerous relevant factors. The remainder of this section provides a general description of the valuation approaches utilized for this Report.

3.2 COST APPROACH

The replacement cost new less depreciation (RCNLD) is a cost approach method that is commonly utilized in the determination of estimated value in utilities and has been an accepted method in litigation cases involving the acquisition of utilities throughout the United States. The primary reason for this is the fact that most utilities are comprised of complex treatment, pumping and piping networks which all have various service lives and different years of installation. In order to address these technically complex facilities, the RCNLD approach has been developed.

There is a difference between the reproduction cost and the replacement cost of utility assets. The reproduction cost is a duplication of exactly the same facilities. In contrast, the replacement cost is the provision of facilities that would be available today with their improved efficiencies and more effective cost implementation utilizing the commercially available materials, equipment, etc. complete as one single project and obtaining the economy of scale thereof. The replacement cost method assumes that the most economical sequence of construction is utilized. This means that the cost of restoration, impacts of conflicts, etc. are not included. In addition, only one (1) start up and shut down cost is included. Similarly, any premiums or overtime costs or special procurement mobilization/demobilization costs are not included other than for the single large economic construction project. The replacement cost approach excludes excess capital which an investor would normally not pay for in the existing facilities. Rather, the

approach is based upon the theory of the substitution and the prevailing market concept that no investor would pay more than the cost to replace the same system with the same characteristics.

There are three (3) components to the overall depreciation taken in this approach. The first component of depreciation, and the first to be applied, is the physical depreciation of the asset. The second level is the functional obsolescence of the existing asset and is deducted from the replacement cost new less physical depreciation. The functional obsolescence is associated with the facilities themselves and is inherent to the system itself being derived from construction, configuration, operations, management, and administration. The final component in the method is for external obsolescence. External obsolescence accrues from all factors impacting the system. The impact of future rate and charge regulation or lack thereof, the ability to generate excess revenues sufficient to support the physical asset value, market conditions, development conditions, and many other factors external to the system itself.

The RCNLD analysis is based upon the following assumptions:

1. All utility physical assets are designed, permitted and constructed in one continuous effort.
2. The construction activities are assumed to follow a single large project construction in the service area.
3. The engagement of general contractors, acting for the utility and under its supervision, utilizing current construction practices and procedures to replace the property in such manner as to achieve all efficiencies that these procedures and practices would allow.
4. The replacement unit prices include the cost of all labor and material directly related to specific items and the use of construction equipment. They also include all material costs, installation costs, and construction management costs. The unit prices are from recent sources or are adjusted based on the appropriate index.
5. The replacement costs include an allowance for the contractor's indirect costs which are not specifically and directly identifiable with any distinct unit of property.
6. The replacement cost includes the costs associated with overhead and engineering fees incurred throughout the course of the project. These costs are presented as a percentage of the total construction costs of the reproduced facilities and depreciated in the replacement cost analysis.

3.2.1 Depreciation Analysis

Depreciation is defined basically as the loss of value or worth of a property from any cause including those resulting from physical deterioration, functional obsolescence and external obsolescence. The usual causes include normal wear and tear through use, insufficient maintenance, exposure to the elements, and obsolescence through improved technologies. These causes and their effects are usually unique to each utility. Accrued depreciation used in the replacement cost approach is the difference between the replacement cost of the old property with new property and the estimated market value at the time of appraisal of the old property.

3.2.1.1 Typical Methods of Depreciation

There are three basic methods of determining depreciation:

1. Accelerated depreciation.
2. Straight-line depreciation.
3. Inferred depreciation.

Each method differs in how the rate of depreciation changes throughout the service life. The accelerated method depreciates an asset faster at the beginning of the service life; the straight-line method depreciates an asset evenly across its service life; and the deferred depreciation method depreciates an asset toward the end of its service life.

Accelerated methods for depreciation are generally used for tax purposes and are not generally available to utilities for accounting or rate-making purposes. The deferred depreciation method provides for depreciation rates slower than straight-line depreciation and has been used by a few regulatory agencies.

The straight-line depreciation method is generally required by the regulatory environment on utilities for book purposes. Straight-line depreciation applies a constant rate over the asset's life based on the formulas shown below:

$$\begin{aligned}\text{Depreciation \%} &= X/L \\ V_p &= B (1-X/L) + V_s\end{aligned}$$

where L is the service life (using the ASL or, where appropriate, an adjustment), B is the depreciable base, V_p is the depreciated reproduction value, X is the age in years, and V_s is the salvage or residual value.

The straight-line depreciation method is the most widely used method among utilities and provides a uniform and straightforward system for depreciating assets over a given average service life. As such, straight-line depreciation is employed for the purpose of this Report. In addition, 20 percent of the replacement cost has been used for the residual value of the fully depreciated assets. Even though the fixed physical assets may have served their typical average service lives; maintenance, renewals and restorations also

continued use. There is a residual value remaining for these assets when continuing in use.

3.2.1.2 Average Service Life Schedule

I have conducted an average service life (ASL) studies which documented the ASL schedules for water and wastewater utilities throughout the United States. The sources utilized in the study include replacement rates for private utilities, schedules used by public utilities, nationally published ASL schedules, and anticipated service lives from national water and wastewater treatment equipment manufacturers. The ASL is defined as the weighted average of the individual lives of a group of similar assets put into service at the same time. In general, the ASL represents the anticipated time period over which the property will provide useful service.

The appropriate ASL schedule for valuation of any utility should consider manufacturers' anticipated service lives, maintenance of facilities, and the utility system as determined by field inspections. This information was utilized to obtain the ASL for the assets of the CWS I-20 Systems under normal service, including proper maintenance and repair. The resulting ASLs are defined in Section 4 of this Report.

The effects of both the level of maintenance performed on the CWS I-20 Regional Wastewater System and the deficiencies of the system on the value of the assets are addressed later in this analysis. These effects were determined based on inspections, evaluations, and analyses of the system assets which provide specific functions for the system.

3.2.2 Cost Determination

The use of construction costs in the determination of the estimated cost-new valuation is of primary significance. These construction costs are obtained from several sources.

3.2.3 Indirect Cost Components and Percentages

The cost approach includes the costs associated with overhead incurred throughout the course of construction. These costs are presented as a percentage of the total construction costs of the replaced facilities. Engineering and other costs are depreciated as they are associated with the assets in the replacement cost analysis.

3.3 INCOME APPROACH

The income approach values the utility based on the present value of available cash flows anticipated to be generated in the future. The theory behind this particular approach is based upon the concept of converting the anticipated financial benefits of ownership in the future to an estimate of the present value in today's environment. Depending upon the circumstances surrounding each acquisition, the income stream may be based on the net

operating revenues derived from existing and future growth as well as the value of capital contributions received from new system growth in the future.

Utilizing this approach, the net income for the utility is projected over a specific time frame and subsequently expressed in terms of its value today based upon the use of an appropriate discount factor. In order to reflect future financial and operational conditions as accurately as possible, this approach relies heavily on past and present financial data such as that found in audited financial statements and financial reports. Once the projection of net income available over the specified time period is determined, a reversion value of the assets is estimated in order to recognize the value of the system as an ongoing entity beyond this projected time period. This adjustment is based on the concept that the utility does not simply cease to exist at the end of the projection period. Rather, the assets of the system will still provide a means of generating revenue. As such, the reversion, or residual, value of the assets existing at the end of the projection period is included in the present value analysis. Finally, any other adjustments which may be appropriate are made based on the circumstances surrounding the particular acquisition. Such circumstances may include, but not be limited to, adjustments for capital deficiencies which may exist at the time of acquisition, deferred maintenance items and similar requirements.

Either a direct capitalization or a discounted cash flow (DCF) with reversion method are commonly used.

3.4 COMPARABLE SALES (MARKET) APPROACH

The comparable sales approach to utility valuation assumes that knowledgeable buyers and sellers of water and wastewater utilities generally know the "Market" for such utility systems. The purpose of this market approach is to examine the history of water and wastewater utility acquisitions, and to analyze the conditions under which the systems were acquired in an effort to arrive at an implied purchase price for the subject system. Research has been conducted in order to gather a database of information regarding utility acquisitions. In order to compare the different transactions various characteristics were analyzed and adjusted. Moreover, discussions with the negotiators, buyers, and sellers are useful and informative to the analyses.

There are many factors which are involved in the determination of an acquisition price of a utility system. These factors create both similarities and differences between the transactions, which in essence, result in the formation of a well mixed market of utility sales. The comparable sales approach considers such factors and makes adjustments as necessary in order to arrive at an implied value for the subject system.

3.5 SUMMARY

In an effort to formulate an opinion of value for the system, this Report will consider three valuation approaches. The three valuation approaches include the: 1) cost approach; 2)

income approach; and 3) comparable sales (market) approach. Each approach is independent and results in a separate and distinct finding. Such findings are subsequently considered together with other factors to formulate an opinion of value for the CWS I-20 Regional Wastewater System. The resulting opinion of value is based upon the foregoing findings as well as professional experience.

Section 4

SECTION 4 COST APPROACH

4.1 INTRODUCTION

This section presents the opinion of the replacement cost value for the I-20 Regional Water and Wastewater System owned and operated by CWS. The methodology used in the cost approach valuation of the aforementioned system is the replacement cost new less depreciation (RCNLD). This method is commonly utilized to determine the value of public utilities and it has been my experience that the method has been accepted with regard to value for several court cases involving the acquisition of utilities throughout the United States. The primary reason for using the RCNLD method is the fact that most utilities are comprised of complex treatment, pumping, and piping networks with various service lives and years of installation. In order to address these technically complex facilities the RCNLD approach has been used.

4.2 REPLACEMENT COST DETERMINATION

As discussed in Section 1, the CWS I-20 System is a Special Purpose Property. The replacement cost of this Special Purpose Property, in place and in-service, is determined by calculating the construction cost of equivalent or like-kind new facilities. The use of construction costs in the determination of the new like-kind or equivalent facilities is derived from a variety of sources.

The American Society of Appraisers (ASA), in their Principals of Valuation courses involving the machinery and technical specialties have developed valuation guidelines which include the specific provision for public utilities. The valuation methodology is summarized through the ASA courses for machinery and equipment valuation. The methodology includes guidelines for rounding of valuation amounts as summarized in **Table 4-1**. The replacement cost determination analysis presented in this Report is compliant with the Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition.

TABLE 4-1
Rounding of Valuation Amounts

Amount Determined	Rounded to Nearest
0 - \$2,000	\$10
\$2,001 - \$20,000	\$100
\$20,001 - \$500,000	\$1,000
\$500,001 - \$10,000,000	\$10,000
Over \$10,000,000	\$100,000

Source: ASA guidelines

4.3 RECOMMENDED AVERAGE SERVICE LIFE SCHEDULE

Average Service Life Schedule, for major wastewater system components have been assigned an average service life based on my experience, training, research and service life studies performed by me. HC's professional staff has performed numerous asset studies utilizing ASL schedules for water and wastewater utility systems involving surveys of private utilities, analysis of state regulated utilities, specific surveys for condemned utility systems and other legal cases, as well as utilizing the available information related to the depreciation of public utility assets.

Table 4-2 is a schedule of the average service life for major wastewater systems components. These ASL values are applied to the various utility components to determine depreciation costs in this Report. The depreciation has been taken on a straight-line basis. Note that land, easements, and some other items have not experienced depreciation or are too new to be considered depreciated (inventory/consumables).

Table 4-2
Average Service Lives Used

<u>Description</u>	<u>ASL (Years) ⁽¹⁾</u>
4" Services	65
6" Services	65
6" Gravity	70
8" Gravity	75
10" Gravity	85
12" Gravity	90
Manholes 4' dia.	75
4" Force Mains	60
6" Force Mains	65
8" Force Mains	70
10" Force Mains	75
10" Effluent Main	80
Wastewater Treatment Plant/Equalization	40
Stormwater Settling Facility ⁽²⁾	50
Effluent Disposal/Discharge	65
Pump Stations (Composite)	40

⁽¹⁾ Rounded

⁽²⁾ Earthwork @ 65 years

4.4 INDIRECT COST COMPONENTS

The indirect cost components included in this analysis are legal costs; insurance costs and other related insurance items; licenses, permits, and fees; technical services; financing costs; and Owner's overhead costs. **Table 4-3** defines these indirect cost components as a percentage of the cost of the asset. This is customary and typical for the utility industry. Note that the ASCE Manual of Practice No. 45 Engineering curves are utilized for the Technical Service aspects. As to financing, it is assumed that the construction period for this hypothetical replacement project would be 36 months using a conventional loan and a 4% interest rate on the financing provided resulting in a 6% costs. A developer has general administrative costs which are typical for a water and wastewater system project of this kind. Those costs include the business administration, staffing, owner's overhead, and planning costs associated with the owner's business activities associated with a project. This percentage has been taken at 1.1%. The cumulative total indirect cost for the project has been determined at 18.0% without construction management.

Table 4-3
Indirect Cost Components and Percentages

Description	Percentage ⁽¹⁾
Legal, etc.	1.0%
Insurances, etc.	0.5%
Licenses, Permits, and Fees	1.0%
Accounting	0.5%
Technical Services, Engineering, Surveying	7.9% ⁽²⁾
Financing (36 months – 50% conventional loan)	6% ⁽³⁾
Administration, Overhead, Planning, Owner's Rep., etc.	1.1%
Total ⁽⁴⁾	18.0%

Notes: ⁽¹⁾ Otherwise stated from market review of total project costs without premiums or interveners or special services.

⁽²⁾ ASCE MOP 45 curves.

⁽³⁾ Assumes financing @ 4%.

4.5 REPLACEMENT COST ANALYSES

This valuation report includes the replacement cost analyses as conducted by Mr. Gerald C. Hartman, P.E., DEE, South Carolina Registration No. 15389. The quantities, dates, and inventory of assets were provided by CWS and grouped to an average date in some cases or the average date for an installation. The items were verified, reviewed, and supplemented by HC as appropriate through field inspection and document cross reference. The results of the replacement cost new less depreciation determination are summarized in the following sub-sections.

4.5.1 Gravity Wastewater Collection

The gravity wastewater collection system owned by CWS in the I-20 service area includes customer services, gravity collection pipes and manholes. The RCNLD for these facilities are shown on **Table 4-4**.

4.5.2 Wastewater Lift/Pump Stations

The gravity collection systems flow into area wastewater pumping stations. These stations are presented in **Table 4-5**. The pump stations discharge into force mains.

4.5.3 Wastewater Force Mains

The I-20 system has raw wastewater transmission force mains and an effluent disposal force main. **Table 4-6** presents the RCNLD for the I-20 force mains.

4.5.4 Wastewater Equalization and Treatment Systems

The wastewater equalization and treatment systems take the raw wastewater discharge from the gravity collection and force main systems. **Table 4-7** presents the RCNLD for these I-20 facilities.

Table 4-8 presents a summary of Tables 4-4, 4-5, 4-6 and 4-7.

4.5.5 System Deficiencies and Deferred Maintenance

Deficiencies and deferred maintenance include costs for accrued renewal and replacement, risk of failure for the used mechanical equipment, piping and/or structures and items observed to be in need of repair and general maintenance. The deficiencies associated with the wastewater system have been identified in Section 2. The cost requirement for the wastewater system deficiencies and deferred maintenance is \$39,200. A total value of \$39,200 is deducted from the RCNLD to reflect the deficiencies.

A second adjustment is for current depreciation, current additions, current deletions and item consumed. The amount for this adjustment is \$121,332.

4.5.6 Fixtures, Equipment, Rolling Stock, Consumables and Inventory

The moveable fixtures, equipment, rolling stock, consumables and inventory associated with the CWS system that expected to remain with the system is evaluated separately from the RCNLD value. A value of \$110,000 has been allocated for these items.

4.5.7 System Records

HCD evaluated the system records, all of which are being transferred to the County complete without retainage of any available item. The value of the system records is taken at \$120,000.

4.5.8 Intangible Property (Including Going Concern)

The value of a business property, including a private utility, is more than the mere cost to replace less depreciation. Intangible property is the measure of the difference between on-going and profitable business versus solely the facilities constructed. In other words the difference between a "live" plant and a "dead" plant. Going concern value is an enhancement to the business facilities value because the business facilities are in use. Such value increment must include whatever is contributed by the fact of connection of the items making a complete and operating business facility. Elements of going concern value include, but are not limited to, the time and cost of building the business, the establishment of service routes and customers, the exercise of managerial skill and the efficiency of the work force, and the records of profitability of the fully functioning and organized business. There are three (3) traditional methods of establishing the value of the intangible property. The first method has going concern expressed as a percentage of the business facilities physical value. The going concern value of typical water and wastewater systems has ranged from seven point five to twenty-five (7.5 to 25) percent.

The first method is a percentage of the depreciated facilities physical value. In Nichols on Eminent Domain valuing public utilities the industry and regulatory average during the fair value era was established by the various public service commissions. This method I call the "Percentage" method.

The second method is a construct and lost profits approach. This method takes the current net revenues for the period of construction (in this case three 3 years) and applies a present value discount (i.e. 7% for 2018, 2019 and 2020 using a midpoint convention for the prospective years). I call this method the "Lost Profits" approach.

The third method is a cost build-up method estimating the current costs to accomplish the intangible and going concern activities.

Those typical items include:

- a) Other Non-physical assets---no estimate
- b) Franchises--- see below

- c) Trademarks---no estimate
- d) Patents---no estimate
- e) Customer Programs, etc.---As a utility, there is a great deal of traditional good-will accrued in the system. What has been accomplished are the customer education programs and customer service training and established customer practices. For an approximate 2,325 sewer ERC's such programs are valued at approximately \$222,000.
- f) Equities---no estimate
- g) Securities---All customer deposits are being transferred to the extent they exist. The payment history of the customer base is excellent at \$25,000.
- h) Contracts and contract rights---The value of vendor contracts, customer agreements, customer easements and other easements.
- i) The established service area---The wastewater service area is developed with primarily residential units. That exclusive service area (though no value is given in rate case settings) in the present industry market is 50 times the ERC's served. The approximate value estimate is \$115,000.
- j) Permits---The DHEC wastewater permits, as well as the licenses for the system operations and communications, have an establishment cost estimated at \$80,000.
- k) Management procedures and practices---The records and programs that the CWS will transfer and that will be used by Lexington for the I-20 system are estimated to have a value of \$65,000.
- l) Exclusive easements---valued with the real estate.
- m) Preliminary engineering, planning, and technical determinations---The 5-year CIP has an estimated cost of approximately \$9.5 million. At an average of 3% for that program is \$285,000.
- n) Establishment of SOP's---For a system with treatment, many aspects are established. An amount of \$40,000 is provided based on these.
- o) Customer lists/data/billing/financial/integrated company activities---The Financial information and customer histories are quite useful. Data entry is streamlined and parallel billing to insure a seamless transition is valuable. Access to company-wide resources and support that is integrated has value. An amount of \$100,000 is allocated.

The total of the identified cost build-up items is \$1,342,000. Rounded the amount is \$1,340,000.

Table 4-9 presents a summary of the three traditional methods of utility intangible property valuation applied to the I-20 Wastewater System.

In my experience, verification of market acceptance of going concern can be found in purchases and sales, arbitration orders, franchise agreements and other sources.

4.5.9 Functional Depreciation

No functional depreciation was found.

4.5.10 External Depreciation

No external depreciation was found.

4.5.11 Land

The land value is presented in Appendix F.

4.5.12 Cost Approach Summary

The findings on the replacement cost new less depreciation analysis performed in the previous sections are summarized in **Table 4-10**. The purpose for the analysis is to assess the estimated value for the CWS I-20 Regional Wastewater System. The total replacement cost new less depreciation is calculated to be \$13,290,000 or \$13,300,000 as rounded.

Table 4-4

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Gravity System

No.	Description ⁽¹⁾	Qty (LF)	Avg. Year In Service	Current Replacement Unit Cost ⁽²⁾	Est. Total Cost New	Age as of 2017	Estimated Service Life ⁽³⁾	Composite Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
Services										
1	4-Inch Services	2,220	1985	\$882.30	\$1,958,706	32	65	49.02%	\$963,683	\$995,023
Gravity Mains										
2	8-Inch - PVC	50,935	1985	\$51.90	\$2,643,527	32	75	42.07%	\$1,128,786	\$1,514,741
3	8-Inch - Clay (use PVC)	56,892	1980	\$51.90	\$2,637,039	37	75	49.30%	\$1,300,060	\$1,336,979
4	Subtotal Services & Gravity Mains				\$7,239,272			46.86%	\$3,392,529	\$3,846,742
Manholes										
5	Manholes	578	1982	\$3,200.00	\$1,849,600	35	75	46.70%	\$863,763	\$985,837
6	Subtotal Manholes				\$1,849,600			46.70%	\$863,763	\$985,837
7	TOTAL WASTEWATER GRAVITY SYSTEM				\$9,088,872			46.80%	\$4,256,292	\$4,832,579

Notes:

- 1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.
- 2 Cost new to replace gravity mains per bid tabs and contractor / manufacture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.
- 3 Average service lives are based on recommended depreciation schedules.

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Hartman Consultants, LLC

Table 4-5

Carolina Water Service, Inc.
I-20 Wastewater System
 Replacement Cost Approach

Wastewater System
 Wastewater Pump Stations

No.	Description ⁽¹⁾	Qty	Unit	Year In Service	Replacement Unit Cost ⁽²⁾	Estimated Total Cost New	Age as of	Estimated	Composite	Depreciation Cost	Total Cost New Less Depreciation
			(EA/HP)				2017	Service Life ⁽³⁾	Depreciation %		
1	Pum Station #1 - 8" Diam.	1	1	1978	\$190,830	\$190,830	39	40	80.00%	\$152,664	\$38,166
2	Pum Station #2 - 8" Diam.	1	1	2002	\$190,830	\$190,830	15	40	37.50%	\$71,561	\$119,269
3	Pum Station #3 - 10" Diam.	1	1	1988	\$318,050	\$318,050	29	40	72.50%	\$230,586	\$87,464
4	Pum Station #4 - 8" Diam.	1	1	1978	\$190,830	\$190,830	39	40	80.00%	\$152,664	\$38,166
5	Pum Station #5 - 8" Diam.	1	1	1990	\$190,830	\$190,830	27	40	67.50%	\$128,810	\$62,020
6	Pum Station #6 - 8" Diam.	1	1	1987	\$254,440	\$254,440	30	40	75.00%	\$190,830	\$63,610
7	Pum Station #7 - 8" Diam.	1	1	1995	\$190,830	\$190,830	22	40	55.00%	\$104,957	\$85,874
8	Pum Station #8 - 8" Diam.	1	1	1986	\$190,830	\$190,830	31	40	77.50%	\$147,893	\$42,937
9	Pum Station #9 - 8" Diam.	1	1	1988	\$190,830	\$190,830	29	40	72.50%	\$138,352	\$52,478
10	Pum Station #10 - 10" Diam.	1	1	1978	\$254,440	\$254,440	39	40	80.00%	\$203,552	\$50,888
11	Pum Station #11 - 8" Diam.	1	1	1983	\$190,830	\$190,830	34	40	80.00%	\$152,664	\$38,166
12	Pum Station #12 - 8" Diam.	1	1	1980	\$190,830	\$190,830	37	40	80.00%	\$152,664	\$38,166
13	Pum Station #13 - 8" Diam.	1	1	1978	\$254,440	\$254,440	39	40	80.00%	\$203,552	\$50,888
14	Pum Station #14 - 8" Diam.	1	1	1978	\$190,830	\$190,830	39	40	80.00%	\$152,664	\$38,166
15	Pum Station #15 - 8" Diam.	1	1	1995	\$190,830	\$190,830	22	40	55.00%	\$104,957	\$85,874
16	Pum Station #16 - 8" Diam.	1	1	2006	\$190,830	\$190,830	11	40	27.50%	\$52,478	\$138,352
17	Total Pump Stations					\$3,371,330			69.43%	\$2,340,848	\$1,030,482

Notes:

- 1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.
- 2 Cost new to replace pump stations per bid tabs and contractor / manufacture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.
- 3 Average service lives are based on recommended depreciation schedules.

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 Hartman Consultants, LLC

Table 4-6

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Force Mains

No.		Total Length (LF)	Average Year in Service	Estimated Unit Cost ⁽²⁾	Estimated Total Cost New	Age as of 2017	Estimated ASL (Yr) ⁽³⁾	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	4-Inch PVC	28,168	1980	\$33.00	\$929,544	37	60	61.67%	\$573,219	\$356,325
2	6-Inch PVC	3,878	1980	\$40.00	\$155,120	37	65	56.92%	\$88,299	\$66,821
3	8-Inch PVC	110	1985	\$50.00	\$5,500	32	70	45.07%	\$2,514	\$2,986
4	10-Inch PVC	9,208	1985	\$62.00	\$570,896	32	75	42.07%	\$243,773	\$327,123
5	10-Inch PVC Effluent	11,200	1994	\$62.00	\$694,400	23	80	28.08%	\$199,987	\$494,413
6	Total Force Mains	52,564			\$2,355,460			45.44%	\$1,107,792	\$1,247,668

Notes:

- 1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.
- 2 Cost new to replace force mains per bid tabs and contractor / manufacture quotes including engineering, permitting, material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.
- 3 Average service lives are based on recommended depreciation schedules.
- 4 Effluent force main and gravity discharge.

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Table 4-7

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Treatment Facilities

No.	Description ⁽¹⁾	Qty	Capacity (HP)	Estimated Unit Cost ⁽²⁾	Estimated Total Cost New	Year in Service	Age as of 2017	Estimated ASL (Yr) ⁽³⁾	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	Oak Grove Aerator	3	2.0	\$12,722	\$38,166	1996	21	35	60.00%	\$22,900	\$15,266
2	Oak Grove Aerator	2	7.5	\$2,544	\$5,089	1995	22	35	62.86%	\$3,199	\$1,890
3	Oak Grove Basin (SF)	1	60,000	\$250,000	\$250,000	1995	22	35	62.86%	\$157,143	\$92,857
4	Woodsen Aerator	2	2.0	\$12,722	\$25,444	1986	31	35	80.00%	\$20,355	\$5,089
5	Woodsen Basin (SF)	1	15,000	\$60,000	\$60,000	1991	26	35	74.29%	\$44,571	\$15,429
6	Spring Hill Aerator	2	2.0	\$12,722	\$25,444	1986	31	35	80.00%	\$20,355	\$5,089
7	Spring Hill Basin (SF)	1	15,000	\$60,000	\$60,000	1991	26	35	74.29%	\$44,571	\$15,429
8	WWTP Aerator	19	2.0	\$12,722	\$241,718	1986	31	35	80.00%	\$193,374	\$48,344
9	Chlorinator	1		\$63,610	\$63,610	1996	21	35	60.00%	\$38,166	\$25,444
10	Dechlorinator	1		\$63,610	\$63,610	1996	21	35	60.00%	\$38,166	\$25,444
11	Meter Facility	3		\$6,361	\$19,083	1996	21	35	60.00%	\$11,450	\$7,633
12	Aeration Basin Construction	1		\$1,234,187	\$1,234,187	1996	21	35	60.00%	\$740,512	\$493,675
13	Effluent Disposal System upgrades	1		\$195,000	\$195,000	1996	21	50	42.00%	\$81,900	\$113,100
14	Total WWTP				\$2,281,350				62.10%	\$1,416,663	\$864,688

Notes:

- 1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.
- 2 Cost new to replace the assets per bid tabs and contractor / manufacture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.
- 3 Average service lives are based on recommended depreciation schedules.

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Table 4-8

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Summary

No.	Description of Assets	Estimated Total Cost New	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	Wastewater Gravity	\$9,088,872	46.80%	\$4,256,292	\$4,832,580
2	Wastewater Pump Stations	\$3,371,330	69.43%	\$2,340,848	\$1,030,482
3	Wastewater Force mains	\$2,355,460	45.44%	\$1,107,792	\$1,247,668
4	Wastewater Treatment Facility	\$2,281,350	62.10%	\$1,416,663	\$864,688
5	Subtotal Wastewater System	\$17,097,012	53.35%	\$9,121,595	\$7,975,418
6	Overhead Cost (18%)	\$3,077,462		\$1,641,887	\$1,435,575
7	Total Wastewater System	\$20,174,474	53.35%	\$10,763,482	\$9,410,993
	Rounded	\$20,200,000		\$10,800,000	\$9,400,000

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TABLE 4-9

**CAROLINA WATER SERVICE, INC.
I-20 WASTEWATER SYSTEM APPRAISAL
SUMMARY OF INTANGIBLE PROPERTY VALUE RESULTS**

<u>Method</u>	<u>Description</u>				
1. Percentage (Range 7.5% to 25%)	At 15% of \$9.4 Million	=	\$ 1,410,000		
2. Lost Profits	2018 - \$ 859,000	PV	10/9/2017	\$ 798,870	
	2019 - \$ 797,000	PV	10/9/2017	\$ 681,515	
	2020 - \$ 734,000	PV	10/9/2017	\$ 568,818	
				<u>\$2,049,203</u>	
			Rounded	\$2,050,000	
3. Cost Build-Up Method	Result	\$ 1,340,000			
Average	\$ 1,600,000				
Opinion	\$ 1,500,000				
16% of TPP without land					

TABLE 4-10

**CAROLINA WATER SERVICE, INC.
I-20 WASTEWATER SYSTEM APPRAISAL
REPLACEMENT COST NEW LESS DEPRECIATION**

<u>Item</u>		<u>Amount</u>
1.	RCNLD Gravity System	\$ 4,832,580
2.	RCNLD Pump Stations	\$ 1,030,482
3.	RCNLD Force Mains	\$ 1,247,668
4.	RCNLD Treatment & Disposal	\$ 864,688
5.	RCNLD Overheads	\$ 1,435,575
	Subtotal	\$ 9,410,993
6.	Deficiencies & Deferred Maintenance	(160,532)
7.	Functional Obsolescence	0
8.	External Obsolescence	0
9.	Fixtures, Equipment, Rolling Stock, Consumables and Inventory	\$ 110,000
10.	System Records	\$ 120,000
	Subtotal Tangible Personal Property	\$ 9,480,461
	Rounded	\$ 9,480,000
11.	Intangible Property (Includes Going Concern)	\$ 1,500,000
	Subtotal	\$ 10,980,000
12.	Land and Land Rights (Winthrop Real Estate Advisors – Appendix F)	\$ 2,310,000
	Total	\$ 13,290,000
	Rounded	\$ 13,300,000

Section 5

SECTION 5 INCOME APPROACH

5.1 GENERAL

The purpose of this section of the Report is to calculate the fair market value of CWS I-20 Regional wastewater system based on the income approach. In general, the income approach values the water system based on the present value of the available cash flows generated from the ongoing operations of the system. Historical financial and customer data is utilized together with certain proforma adjustments in order to develop either the current amount for direct capitalization or the projected operating results for the system and estimate future cash flows available to the current owner or market based prospective owner. Under this approach, the value of the utility system is assumed to be equal to the value of the future cash flows available to the current owner if such ownership is maintained throughout the projection period.

Rate levels are regulated or limited by the SCPSC. A non-for-profit market buyer is not regulated by the SCPS. The market for the I-20 wastewater system is to such a buyer with a self rate-regulatory capability. This approach is useful for reconciliation of a range in values into an opinion of value.

Utilities are monopolies and are generally very credit worthy. The direct capitalization method is used herein. The financial data was provided by CWS.

5.2 DIRECT CAPITALIZATION

The revenues for the 7/2015 through 6/2016 period were \$1,614,404.

The direct operational expenses for the same period was \$388,085.

The shared services expenses for I-20 was \$151,085.

The allocated overhead services costs for I-20 were \$105,782.

The net revenues without R&R, without taxes, margins, etc. was \$969,452 in the latest financial year period ($\$1,614,404 - (\$388,085 + \$151,085 + \$105,782) = \$969,452$).

The accumulated depreciation annual change was \$55,929. ($\$1,046,867 - \$990,938$).

The CIAC amortization was \$23,248. ($\$1,427,493 - \$1,404,245$). The net adjustments were \$1,415.

The direct capitalization net revenue then is determined by $\$969,452 - (\$55,929 + \$23,248 + \$1,415) = \$888,860$. For the year prior to the 2017 results.

The average service life is determined by the cost weighting of the assets. This resulted in a calculated amount of 61 years. The overall level of depreciation is approximately 50%. Therefore, the period is 30 years for analysis.

The direct capitalization rate for a wastewater utility includes the risk free rate (Treasury bill long term used), plus the industry risk factor (approximately 1.45%) plus the specific risk system (approximately 1%) plus an industry % factor. Another approach is to take the price to earnings rate and use the reciprocal as a capitalization rate.

The calculation is 3.06% (3/1/2017 T-Bill) + 1.45% + 1% + 0.64% water = 6.15%. Therefore, capitalization build-up method resulted in a 6.15% capitalization factor.

The reciprocal of the water industry average is another market check. The overall average is 19.9 P/E for 2/2017. A summary of P/E ratios confirm the 19.9 (Nasdaq, S&P Market). 100 divided by 19.9 = 5.025%. Then there is a M&A premium to remove for a part of a whole company from 10% to 30%. Use the average of 20%. The result becomes 5.025% / 0.8 = 6.28%.

The capitalization factor summary:

- (1) Build-up Method = 6.15%
- (2) 1/(P/E) Method = 6.28%

For the purposes of this report I will use 6.28%.

The not-for-profit result of net revenues for 2017 is \$970,514. Using the 30 year period at 6.28% results in \$13,096,765 or \$13,100,000 rounded.

The total return on equity and non-equity rate base for CWS has been found to be approximately 7.78% (TCWS order 2013-79 SCPSC). Using that percentage for the \$888,860/yr. (2016) over a 30 year period results in \$10,217,933. Rounding results in \$10,200,000 result.

5.3 PRO-FORMA WITH REVERSION

Another income approach method is to examine the past five (5) years and project the future five (5) years and add the calculated reversion value for the remaining useful life.

Table 5-1 presents the historical and projected operating results without rate indexing for inflation, with no growth and projecting a rate case in 2022. Based upon the general ledger information the capital from rates averages \$160,000 per year. For the 5-yr period @ 5% for a 15-year loan without adjustments for interest earnings in the account, results in a payment of \$114,148 per year.

Table 5-1
20 Waste-Water Income Statement - Direct Costs - 2012 through 2017
and Projected for 2018 through 2022 ⁽¹⁾

Revenue & Expenses	2012	2013	2014	2015	2016	2017		2018 F	2019 F	2020 F	2021 F	2022 F
Waste-Water Revenue	1,220,536	1,180,992	1,364,127	1,395,627	1,785,565	1,761,024	0.0%	1,761,024	1,761,024	1,761,024	1,761,024	1,761,024
Misc Revenue	8,965	11,732	12,234	13,036	16,916	16,695	0.0%	16,695	16,695	16,695	16,695	16,695
TOTAL REVENUE	1,229,501	1,192,724	1,376,362	1,408,662	1,802,481	1,777,718		1,777,718	1,777,718	1,777,718	1,777,718	1,777,718
Expenses												
Purchased Services	-	-	-	-	-	-	2.5%	-	-	-	-	-
Purchased Power	73,499	77,961	79,087	92,265	71,799	71,945	2.5%	73,743	75,587	77,477	79,414	81,399
Chemicals	36,502	132,786	115,474	85,358	72,987	58,925	2.5%	60,398	61,908	63,455	65,042	66,668
Meter Reading Assistance	-	-	-	-	-	25	2.5%	26	26	27	28	28
Bad Debt	262	157	856	96	1,350	673	2.5%	690	707	725	743	762
Billing & Customer Service Assistance	-	-	169	1,905	-	38	2.5%	39	40	41	42	43
Misc Expense	187	-	450	-	-	-	2.5%	-	-	-	-	-
Office Expense	361	34	161	172	90	492	2.5%	505	517	530	543	557
Office Utilities	38,060	45,756	40,005	40,119	38,429	49,592	2.5%	50,832	52,103	53,405	54,740	56,109
Outside Services	11,450	-	9,362	-	2,000	-	2.5%	-	-	-	-	-
Regulatory	-	-	-	779	2,329	2,329	2.5%	2,387	2,447	2,508	2,571	2,635
Salaries	160,490	127,872	100,781	80,065	76,061	71,740	2.5%	73,534	75,372	77,257	79,188	81,168
Cap Time	(62,627)	(24,612)	(14,688)	(15,451)	(10,322)	(2,782)	2.5%	(2,851)	(2,923)	(2,996)	(3,071)	(3,147)
Travel Non-Combined	47	-	-	-	-	-	2.5%	-	-	-	-	-
Fleet Transportation Non-Combined	-	90	-	-	-	-	2.5%	-	-	-	-	-
Maintenance Testing	3,126	9,127	9,285	6,895	8,468	8,998	2.5%	9,223	9,453	9,690	9,932	10,180
Maintenance	49,202	48,044	53,332	57,991	86,844	86,987	2.5%	89,162	91,391	93,676	96,017	98,418
Sewer Rodding	40,033	93,559	34,382	28,645	42,590	37,776	2.5%	38,720	39,688	40,680	41,697	42,740
Sludge Hauling	1,975	14,537	-	-	1,070	-	2.5%	-	-	-	-	-
TOTAL O&M	352,568	525,312	428,658	378,840	393,706	386,738		396,406	406,317	416,475	426,886	437,559
TOTI SHARED	132,861	144,553	148,411	163,267	175,635	184,302	6.8%	196,770	210,080	224,291	239,463	255,662
EBITDA	744,072	522,860	799,293	866,556	1,233,140	1,206,678		1,184,542	1,161,322	1,136,953	1,111,369	1,084,498
Depreciation & Amortization	58,831	65,941	65,493	67,535	70,607	72,373	4.2%	75,435	78,626	81,952	85,419	89,032
Net Income ⁽¹⁾	685,241	456,920	733,800	799,021	1,162,533	1,134,305		1,109,108	1,082,696	1,055,001	1,025,950	995,466
Allocated Overhead	---	---	---	---	---	163,791		167,888	172,083	176,385	180,795	185,314
Net Income ⁽²⁾	---	---	---	---	---	970,514		941,220	910,613	878,616	845,155	810,152
Capital From Rates ⁽²⁾	---	---	---	---	---	---		114,148	114,148	114,148	114,148	114,148
Final Net Income	---	---	---	---	---	---		827,072	796,465	764,468	731,007	696,004

⁽¹⁾ Assumes no rate indexing, no growth, etc. Rate case expected 2022.

⁽²⁾ \$800,000 over 5 yrs @ 5% with 15 yr loan.

I-20 Report\Section 5
HC# 16021.02

For a for-profit buyer using the net income for bonded principal and interest the year, the year end 2017 at a 5.2% effective interest rate results in the following using a mid-year convention:

Present Value First 5 Years	\$ 3,305,923
Present Value of Reversion	<u>\$ 6,987,150</u>
Total	\$ 10,293,073
Rounded	\$ 10,300,000

For a not-for-profit buyer using the net income for bonded principal and interest the year end 2017 at a 4% effective interest rate results in the following using a mid-year convention:

Present Value First 5 Years	\$ 3,428,430
Present Value of Reversion	<u>\$ 8,645,383</u>
Total	\$ 12,073,813
Rounded	\$ 12,100,000

In my opinion, the market for this specific system with all of its characteristics in South Carolina is a sale to a not-for-profit entity as found in the Heater of Seabrook to the Town of Seabrook and Tega Cay Utilities, Inc. to the Town of Tega Cay.

The for profit sales are from distressed owners to the larger investor owned utilities at orderly liquidation amounts.

Note that a 1.2% difference in the present value interest rate resulted in a \$1.8 million dollar difference in the results.

Projecting results into the future has a level of uncertainty. Questions such as future capital needs and operational costs and future levels of rate increases for such actions with some form of regulatory lag lowers the present value to some undetermined extent.

5.4 INCOME APPROACH OPINION

It is most likely that a not-for-profit sale would occur for the I-20 system either by the Town of Lexington (as in this case), the County, the regional agency, or a IRS 63-20 special purpose corporation.

The four (4) results were:

NFP Direct Capitalization.....	\$ 13,100,000
For-Profit Direct Capitalization.....	\$ 10,200,000
NFP Proforma Present Value.....	\$ 12,100,000
For-Profit Proforma Present Value.....	\$ 10,300,000

My opinion for the income approach is \$12,000,000.

This simple average is \$11,400,000.

Section 9

SECTION 6 COMPARABLE SALES APPROACH

6.1 INTRODUCTION

The purpose of the market approach is to examine the market factors and conditions as well as the wastewater utility acquisitions and analyze the conditions under which the systems were acquired, in an effort to arrive at an implied purchase price for the sewer facilities in CWS I-20 service area. The selected transactions of utility systems are compared using quantitative values of customers. Our research and experience was used in order to gather relevant information regarding similar acquisitions with only one found in South Carolina. The potential list of utility sales is narrowed down to those that are considered more comparable to the subject system. The market factors and conditions focused upon include the P/E ratios and the price to book ratios, as additional verification activities.

6.2 FACTORS INFLUENCING UTILITY ACQUISITIONS

There are many factors involved in the agreement of an acquisition price for a utility system. These factors create both similarities and differences between the transactions resulting in the formation of a well-mixed market of utility sales. The following is a discussion of several important factors that impact the acquisition price of water and wastewater utilities. These factors cannot be fully evaluated for all systems considered. Each system is specific to the area served and the specific configuration of each system. Each utility is unique as a special purpose property.

6.2.1 System Assets

Wastewater utilities vary considerably in their sizes, treatment capacities, physical condition (which is sometimes an indicator of age or level of maintenance provided), as well as the number and types of customers. All of the above are components that form the utility's assets to be transferred. It is common that knowledgeable buyers of utility systems look closely into these components prior to agreeing upon a purchase price. The following areas regarding system assets are often considered in an evaluation:

- a. Type of service provided (wastewater only, or both water and wastewater components).
- b. Extent and physical characteristics of the systems and the aggregate effective age of the system.
- c. Wastewater treatment capacities.

- d. Actual customers connected to the utility systems and their characteristics (size).
- e. Process and level of treatment necessary.
- f. Type of sale (context of transaction).
- g. Date of sale.
- h. Location of the system.
- i. Condition of wastewater facilities in operation.

6.2.2 Regulatory Compliance

The extent and/or magnitude of litigation and the risk of loss associated with as well as fines or ordered corrective actions effect system pricing.

6.2.3 Competitive Market or Monopoly

The exclusivity of the service territories can be a major factor influencing an acquisition and the pricing of a utility. If a utility is granted either franchise rights or territorial certificates that protect its service territories and make the utility a sole provider of water and wastewater services within such territories, the value may be substantially enhanced. However, if other private or public utilities can provide similar services in the same territories, the opposite effect may occur.

6.2.4 Method of Acquisition

The majority of the wastewater utility transactions occur through negotiations between interested buyers and motivated sellers. However, ownership of a utility system by a governmental entity can occur through a threat of condemnation or condemnation process. The context of the transaction is an important consideration.

6.2.5 Context of Transaction

It is important to consider the variance to the "industry standard" terms and conditions of the purchase and sale agreement. If special terms would create value then adjustments are made. The context of this matter is an acquisition under the threat of condemnation.

6.3 MARKET SUMMARY

The overall market for wastewater utility sales includes a variety of circumstances and transactions. In order to reduce some of the inherent variability in utility transfers, it is helpful to establish a common indicator of value. In estimating the value of a system utilizing the comparable sales approach, one of the most widely used common indicators of value is the cost per customer.

Significant variability is typically observed at lower numbers of customers. Some small systems are abandoned and conversely, some small systems are more valuable than the customer base due to other factors. As the number of customers increases, the variability tends to decrease. Typically, larger systems are viable operations and are not abandoned. Likewise, if the system serves a large area, then other factors such as the integration benefits resulting from economies of scale are not as significant as the utility's large customer base.

Additionally, larger utility systems tend to have similar staffing and levels of service requirements, normally provide fire protection, and are not typically reliant on temporary package plant facilities for treatment. The I-20 system is an integrated privately owned regional and statewide CWS South Carolina division. Management and operations staff are usually employees of the utility and are not part-time contract operators. The owners and purchasers are typically knowledgeable regarding the systems and can afford expert utility advisors to assist in the transaction due to the magnitude of funds involved. CWS is owned by Utilities, Inc. which is owned by Corix. Corix is a world-wide utility provider. All of the privately owned regional economies of scale and resources and other benefits are available to this system.

6.4 SELECTED COMPARABLE SALES

As indicate earlier, there are several factors that must be considered in the selection and evaluation of the comparable set of system transactions. The following discussion presents

the criteria utilized in the comparable sales selection process, as well as a brief description and background of each selection.

6.4.1 Criteria

The selection of potential transactions to be utilized in the comparison analysis presented herein involved a review of over 1,000 utility transactions. The selection process was based upon the following criteria:

- a. Sales occurring with large utility owners;
- b. Wastewater customers served at the time of closing of between 750 and 6,000; and,
- c. Sales occurring between the years 2010 and 2017.

6.4.2 Selected Comparable Sales

Based upon the criteria described above, eleven (11) utility transactions are selected for the comparable sales analysis. The selected utility sales are believed to represent arm's length transactions and are believed to be representative of fair market value. Note that 10 of the 11 sales are not within South Carolina. **Table 6-1** provides the list of selected comparable utility transactions including the applicable seller and purchaser for each transaction, the year of the transaction and the escalated purchase price. The ENR CCI was used as shown on **Table 6-2** to escalate the values for the time adjustment.

Table 6-3 presents the value per customer for each sale.

Table 6-1
Selected Wastewater Transactions
(Escalated to Effective Date)

State	ID No.	Seller	Purchaser	Date	(\$ X 1,000)	
					Water P.P.	Wastewater P.P.
NY	1	Heritage Hills	Corix	2014	\$ 4,500	\$ 10,000
IL	2	Peotone	AQUA	2017	\$ 6,000	\$ 6,300
FL	3	Pluris	Hillsborough Co.	2014	\$ 3,200	\$ 5,980
NC	4	Car/Woodberry CWS	Charlotte United Utility	2012	\$ 13,000	\$ 15,300
IL	5	Fisher	American	2013	\$ 49,100	\$ 44,600
MD	6	Marboro Meadows	WSSC	2012	\$ 7,800	\$ 8,200
NJ	7	Haddonfield	American	2015	\$ 14,400	\$ 14,400
IL	8	Village of Glenview	AQUA	2015	\$ 14,792	\$ 7,868
IL	9	Manteno	AQUA	2017	---	\$ 25,000
SC	10	CWS	Tega Cay	2014	\$ 1,600 ⁽¹⁾	\$ 4,200 ⁽¹⁾
FL	11	Lindrick S.C	Pasco Co.	2010	\$ 7,930	\$ 11,900

⁽¹⁾ Escalated to 11/2017 in Table 6-3.

Table 6-2 Escalation Indices		
Engineering News Record Construction Cost Index (1)		
Year	ENR CCI	
	Index	% Chg.
	3,535	
1982	3,825	8.20%
1983	4,066	6.30%
1984	4,146	1.97%
1985	4,195	1.18%
1986	4,295	2.38%
1987	4,406	2.58%
1988	4,519	2.56%
1989	4,615	2.12%
1990	4,732	2.54%
1991	4,835	2.18%
1992	4,985	3.10%
1993	5,210	4.51%
1994	5,408	3.80%
1995	5,471	1.16%
1996	5,620	2.72%
1997	5,826	3.67%
1998	5,920	1.61%
1999	6,059	2.35%
2000	6,221	2.67%
2001	6,343	1.96%
2002	6,538	3.07%
2003	6,694	2.39%
2004	7,115	6.29%
2005	7,446	4.65%
2006	7,751	4.10%
2007	7,966	2.77%
2008	8,310	4.32%
2009	8,570	3.13%
2010	8,802	2.71%
2011	9,066	2.99%
2012	9,313	2.73%
2013	9,546	2.50%
2014	9,699	1.61%
2015	10,039	3.51%
2016	10,498	4.57%
2017	10,702	---
(1) ENRCCI is used.		

Table 6-3
Calculated Price Per Customer
Wastewater Systems

<u>ID No.</u>	<u>Purchase Price</u> (Allocated/Rounded)	<u>Wastewater Customers</u>	<u>Price Per Customer</u>
1	\$ 10,000,000	2,080	\$ 4,808
2	\$ 6,300,000	1,483	\$ 4,248
3	\$ 5,980,000	1,360	\$ 4,397
4	\$ 15,300,000	3,359	\$ 4,555
5	\$ 3,100,000	888	\$ 3,491
6	\$ 8,200,000	2,390	\$ 3,431
7	\$ 14,400,000	4,500	\$ 3,200
8	\$ 7,868,000	2,500	\$ 3,147
9	\$ 25,000,000	4,300	\$ 5,814
10	\$ 4,710,000	1,500	\$ 3,140
11	\$ 11,900,000	2,933	\$ 4,057

6.5 SUMMARY OF THE CUSTOMER METRIC ANALYSIS

The Summary of the customer Metric Analysis is shown on **Table 6-4**. The result is \$8,937,720 or \$8,940,000 rounded.

Table 6-4
Summary of Customer Analysis

The summary of the Customer Metric Analysis resulted in a(n):

1. Average Value Per Customer of \$4,026
2. Range in Value Per Customer from \$3,140 to \$5,814
3. I-20 has 2,220 customer connection
4. Using an average system, the metric results in:
2,220 X \$4,026 = \$ 8,940,000 (rounded to three significant figures)

6.6 PRICE TO BOOK RATIO

Price to Book and Price to Rate Base are reported as very similar values. Mr. Aswath Damodaran as of January, 2017 found for 22 water companies the metric at 2.70. Investopedia found 2.65 as reported by Steven Nickolas. American's price to book as of 3/1/2017 was 2.652 as reported by YCHARTS. Others shown are:

AQUA at 2.982
California Water Service at 2.509
American at 2.652
American States Water Company at 3.154

AQUA and American States are at the high end of the range. Cal. Water is at 2.509 and American is at 2.652 closer to the industry average. For the purposes of this report as a market verification check I am using 2.6 as the factor.

The CWS rate base is \$4,126,000 as of 10/2017. The 2.6 factor applied to the rate base in an amount of \$10,700,000 rounded.

6.7 PRICE TO EARNINGS

The price to earnings verification is summarized on **Table 6-5**. The result is \$11,800,000.

Table 6-5
Price to Earnings Verification Analysis

From Section 5, the wastewater average P/E ratio as of 2017 was 19.9. Using the fractional part, (a partial effect of serving the wastewater system from the water system and from the state-wide system) and not whole discount of 80% results in a factor of 15.9. The net revenues were \$888,860 for 2016. This analysis reflects a result of \$14,100,000.

6.8 PRICE TO CAPACITY

The price to capacity of central wastewater systems with approximately 1,500 to 3,000 customers with treatment plants equal to or greater than of 0.5 MGD range from \$10 to \$16 per gallon of design capacity. Note, design capacity is usually greater than or equal to permitted capacity. For this verification, I have chosen the midpoint at \$13 per gallon. The CWS system has a design capacity equal to or greater than 0.8 MGD Maximum 3 month daily average. Applying $0.8 \times 10^6 \times 13 = \$10,400,000$.

6.9 SUMMARY OF FINDINGS AND VERIFICATION ACTIVITIES

Table 6-6 presents the customer analysis and the market verifications for the valuation analysis. Based upon the work performed herein I find an average of the market approaches to value to be \$11,000,000.

Since I-20 is a special purpose property, it is unique. The market approach provides a verification step to the work.

Table 6-6
Summary of Findings and
Verification Activities

Description	Findings
Customer Analysis	\$ 8,940,000
Price to Book	\$ 10,700,000
Price to Earnings	\$ 14,100,000
Price of Capacity	\$ 10,400,000
Range of Findings	\$ 8,940,000 to \$ 14,100,000
Simple Average	\$ 11,000,000

Section 7

SECTION 7 RECONCILIATION AND OPINION OF VALUE

7.1 METHODS DISCUSSION

The cost approach directly values the property being purchased. It is reproducible and includes the tangible real and personal property as well as intangible property. In my experience, this approach has been relied upon in the acquisition of investor owned utilities (IOU) by governmental and non-for-profit (NFP) entities. The market for this appraisal is the IOU to NFP market. It is my opinion that the cost approach is the most reliable method and the most direct method and reflects the fair market value.

It is my opinion that the cost approach should be weighted at an approximate 2/3rd level or 66.7%.

The income approach is one of the traditional approaches to value. The income approach does provide a viewpoint to the appraiser of a reasonable amount which could be supported by the system revenues. I have reduced the assumptions necessary by using an asset ASL period limited direct capitalization without reversion. I also used a short period of 5 years in the proforma analysis with reversion to minimize the forecasting of future results.

It is my opinion that the income approach should be weighted at an approximate 1/3rd or 33.3% level.

The comparable sales approach is difficult for a special purpose property which is designed specifically for the configuration and application found only with the subject system. Nonetheless, there are sales of wastewater utility systems. Those considerations stated in Section 6 of this report help to make comparisons to the subject more meaningful. Like the income approach, the comparable sales approach or market approach is a traditional approach to value. In addition to the price per customer metric, I performed three (3) other verifications to attain a sensitivity to the standard customer value metric.

It is my opinion the market approach is a good verification step, yet I have not relied upon the results in my reconciliation.

7.2 RESULTS

The results from the analyses conducted for this report are as follows:

<u>Approach</u>	<u>Result</u>	<u>As Weighted</u>
Cost	\$ 13,300,000	\$ 8,910,000
Income	\$ 12,000,000	\$ 4,000,000
Market	\$ 11,000,000	\$ 0
	Result of Analysis	\$ 12,910,000
	Rounded	\$ 12,900,000

7.3 CONCLUSION

The reconciled opinion of value for the I-20 Wastewater System is \$12,900,000 or Twelve Million Nine Hundred Thousand Dollars.

Appendices

APPENDICES

Appendix A – Appraiser Certification

Appendix B – P.E. License, BCEE and ASA

Appendix C – Gerald C. Hartman Resume

Appendix D – DHEC Status of Permit Renewal

Appendix E – Assumed Standard Terms and Conditions

Appendix F – Winthrop Real Estate Advisors Report

Appendix A

APPRAISAL CERTIFICATION

I certify that, to the best of my knowledge and belief, the statements of fact contained in this Report are true and correct. I further certify that the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property which is the subject of this Report, and I have no personal interest or bias with respect to the parties involved. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions, and conclusions were developed, and this Report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

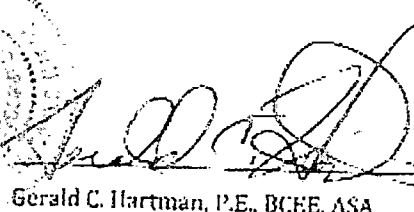
The use of this Report is subject to the requirements of the American Society of Appraisers and the State of South Carolina relating to review by its duly authorized representatives. As of the date of this Report, Mr. Gerald C. Hartman, P.E., BCEE, ASA has completed the requirements of the continuing education program and testing of the American Society of Appraisers for public utility Accredited Senior Appraisers and the State of South Carolina Board of Professional Regulation as applicable to engineers.

For this Report, I have made a personal inspections of the property that is the subject of this Report. Moreover, I have relied upon documentation provided by the Client, and public sources as well. I have relied upon the findings of Deborah Haskell, CRE, FRICS, MAI of the firm of Winthrop Real Estate Advisors for the opinion of value for the real property.

All of the above was relied upon for this Report. Except as noted herein, no other person provided significant professional assistance to the person signing this Report.

I have performed previous assignments within the past three (3) years concerning the I-20 Wastewater System. I have performed three (3) assignments for Utilities, Inc. in that past three (3) years. I have not performed any assignments for the purchaser in the past three (3) years. I have performed three (3) other assignments for sellers where Utilities, Inc. wished to purchase the utility in the past three (3) years. There have been no sales of the Subject I-20 Wastewater System in the past three (3) years.

I do not authorize the out-of-context quoting from or partial reprinting of this Appraisal Report. Further, neither all nor part of this Report shall be disseminated to a third party without prior written consent of the Client and Hartman Consultants, LLC. Note that this Report was prepared for a specific use and no other use is authorized.



Gerald C. Hartman, P.E., BCEE, ASA
South Carolina P.E. #15389
BCEE No. 88-10034
ASA No. 7542

9/14/2018
Date

Appendix B

BLC 1230673

South Carolina Board of Engineers & Surveyors
Certifies that

GERALD C HARTMAN

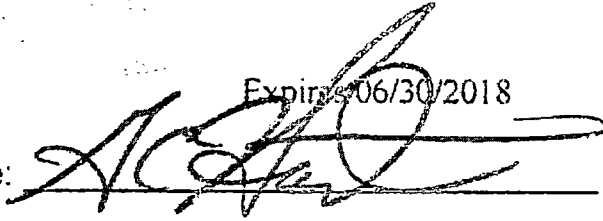
Is Authorized To Practice

ENGINEERING

REG # 15389

Expires 06/30/2018

Registrant's Signature:

A handwritten signature in black ink, appearing to read 'G. Hartman', is written over a horizontal line.

**The American Academy of Environmental
Engineers and Scientists®**

Certifies That

Gerald C. Hartman

Has maintained the requirements for

Board Certified Environmental Engineer

in the specialty(ies) of

Water Supply and Wastewater

This certification is valid through **December 31, 2018.**

Certification Number: **88-10034**



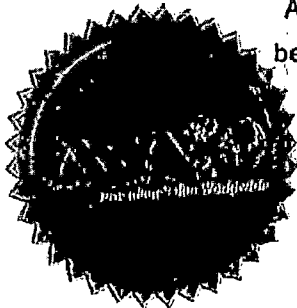
The American Society of Appraisers

Attests that

GERALD C. HARTMAN, ASA

has successfully participated in the
Society's mandatory Reaccreditation Program
and has complied with its continuing education requirements,
as set forth in the organization's Constitution, Bylaws and
Administrative Rules. Therefore, formal reaccreditation has
been granted by the International Board of Governors and will
remain valid through

August 15, 2021




International President


Chairman, Int'l Board of Examiners

00524

Appendix C

Gerald C. Hartman, PE, BCEE, ASA**Education**

M.S. Duke University, 1976
B.S. Duke University, 1975

Registrations/Certifications

Arizona No. 28939
Colorado No. 31200
Florida No. 27703
Georgia No. 17597
Illinois No. 062-053100
Indiana No. 10100292
Kentucky No. 22463
Louisiana No. 30816
Maine No. 10395
Maryland No. 12410
Mississippi No. 12717
Nevada No. 20259
New Mexico No. 15990
New York No. 088623-1
North Carolina EIT
No. A03351
North Carolina No. 15264
Ohio No. 70152
Pennsylvania No. 38216
South Carolina 15389
Tennessee No. 105550
Virginia No. 131184
W. Virginia No. 21803
Washington No. 53433
Wisconsin 32971-6
NCEES National P.E.
No. 20481
American Society of
Appraisers Accredited Senior
Appraiser No. 7542
BCEE from American
Academy Certificate
No. 88-10034

Professional Summary**Management Consulting/Appraisal/Expert Testimony**

Mr. Hartman is an experienced utility engineer and appraiser specializing in utilities and systems. He is a qualified expert witness in the area of utility system valuation and financing, facility siting, certification/service area/franchises and formation/creation, management and acquisition projects. Mr. Hartman is accepted in various Federal Courts, Circuit Courts, Division of Administrative Hearings, Public Service Commissions, arbitration, and quasi-judicial hearings conducted by cities and counties, as a technical expert witness in the areas of utility systems (water, wastewater, stormwater, solid waste, gas and electric), certification/service area/franchises, facility planning, utility conveyance, transmission and distribution, utility resources, utility treatment, engineering, permitting and regulations, utility system design and construction, and utility systems valuation (water, wastewater, stormwater, solid waste, gas, and electric systems), costing and damages.

Professional Experience**Machinery and Technical Specialties, ASA – Public Utilities****Public Utilities Appraisal Specialty Certified, ASA****Tangible Personal Property – VAB, Magistrate**

Orange County, FL (2009 and 2010)

Tangible Personal Property – Special Magistrate Osceola

County, FL (2011, 2012, and 2013/2014) Hendry

County, FL (2012 and 2013/2014)

Financial Reports

Mr. Hartman has been involved in over 300 capital charge, impact fee and installation charge studies involving water, wastewater and fire service for various entities. He also has participated in over 150 user rate adjustment reports. Mr. Hartman assisted in the development of over 70 revenue bond issues, 20 short-term bank loan systems, 10 general obligation bonds, numerous grant/loan programs, numerous capacity sale programs, and 20 privatization programs. Mr. Hartman has been involved in over \$3 billion in utility bond and commercial loan financings for water and wastewater utility, and over \$4 billion in utility grants, matching funding, cost-sharing; SRF loans and Federal Loans (R.D., etc.), assessments and CIAC programs.

Utility Appraisals, Valuations and Evaluations

Mr. Hartman has been involved in over 600 utility negotiations, appraisals, fairness opinions and review appraisals, and has been a qualified expert witness by the courts with regard to utility arbitrations and condemnation cases. He has participated in the valuation of numerous utility systems. His experience includes:

Skills

Management Consulting

Utility System Valuation

Expert Witness Services

Rates, Fees, and Charges

Funding and Financing

Utility Certifications,

Franchises, Service Areas

Economic Evaluations

Creditworthiness Analysis

Fairness Opinions

Water/Wastewater Systems

Appraisals

Electric System Appraisals

Relevant Training/Courses

Numerous AWWA, AWWA,

ASCE, WEF, AASE, ASA,

NSPE, PE Seminars,

Courses, Ethics, Continuing

Education (multiple states)

USPAP Exams 2003, 2005,
2010/10, 2015, 2017ASA ME201, ME202,
ME203, ME204 Mach. &

Technical Specialties,

BV201 Public Utilities,

PP201.

ASA Public Utilities Specialty

Designation Exam Parts I,

II, and III Numerous

Technical Appraisal

Courses/Exams in personal

property (tangible &

intangible), business

valuation, and other areas

Appraisal Review &

Management ARM 201

and 204

Average Service Life and

Effective Age Depreciation

Terminal Value Taxation/IRS

Valuation

Year	Project	Party Represented
2017	Grand Tower Energy Center 1/1/2016	County
2017	Turner Shoals Hydroelectric G.S.	Buyer
2017	Tymber Creek Utilities W&WW	Seller
2017	Village of Thomasboro	Buyer
2017	I-20 Condemnation	Seller
2017	IL Alton WW	Buyer
2017	IL Manteno WW	Buyer
2017	City of Farmington (W)	Buyer
2017	IL Jerseyville W&WW	Buyer
2017	Skyline (W&WW)	Seller
2017	CA Confidential (W) (Ongoing)	Seller
2017	Village of Peotone W&WW Systems	Village/Buyer
2017	Village of Tolono W&WW Systems	Owner
2017	OTUC IRS Donation (Transfer)	Owner
2017	Four (4) Illinois Villages/Cities (Consideration/Negotiations)	Buyers/Sellers
2017	Sundale Utilities, IL	Buyer
2017	SC Confidential	Owner
2017	Ojai, CA	Owner
2017	ARM Electric (Confid.)	Owner
2017	FHMPWS Cottage Hills, IL	Buyer
2017	Village of Fisher (W&WW)	Village
2016	York County (Transmission), SC	County
2016	Condemnation Electric (Ongoing)	Owner
2016	Sandy Springs (Ongoing)	City
2016	North and West Ormond Utility	Buyer/Seller
2016	Gold Coast Utility Authority (Ongoing)	Buyer/Seller
2016	Rainbow MWD, CA	District
2016	Lake Adger WR & IM, NC	County
2016	7 Systems Jefferson County West Virginia	Authority
2016	Cauley Creek WRF (IRS)	Seller
2016	Village of Sadorus - IAWC (2)	Buyer/Seller
2016	Bushell/SECO Electric	City
2016	APPOA W/WW N.C (Ongoing)	Buyer
2016	Celina SA	Buyer
2016	OTUC W&WW Systems (Partial)	Owner
2015	City of Fairbanks 8 MGD/22 MGD WRF	Buyer
2015	Village of Ransom Water System	Buyer
2015	Vulcan/Fia Rock 1/1/2011	ACPA
2015	Crystal Clear Water Company	Buyer
2015	5-Service Areas Mustang SUD & 1 Water System	City Consultant
2015	Bayou Cove Peaking Power Plant 1/1/2015 TPP Appraisal	Parish
2015	Bayou Cove Peaking Power Plant 1/1/2014 TPP Appraisal	Parish
2015	Bayou Cove Peaking Power Plant 1/1/2013 ARM-TPP	Parish
2015	Peoples Condemnation	Owner
2015	Kessler AFB	Private
2015	Falin AFB	Private
2015	Eastwood Manor	Private
2015	NUNDA Utilities	Private
2015	Manalapan/Hypoluxo	City
2015	Royal Manor W/WW	City
2015	BH Waste Management Co.	Bank
2015	O'Fallon Utilities, Value Consulting	Private
2015	Mt. Vernon Utilities, Value Consulting	Private
2015	Tupelo/Verona Water	Both Cities

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Affiliations
American Society of
Appraisers
American Society of Civil
Engineers
American Water Works
Association
Florida Engineering Society
National Society of
Professional Engineers
Water and Environment
Federation

Year	Project	Party Represented
2015	Confidential Condemnation	Confidential
2015	Rolling Oaks Utilities	Bank
2015	Village of Arthur	Village
2015	NFP	NFP
2015	MS Water System Annex	City
2015	Value Consulting	Confidential/Investor
2015	KWRU – Wastewater Utility	Owner
2015	New River Light & Power (Electric)	Owner
2014	Power System Value Consulting	Confidential
2014	Citrus County/Duke Energy 1/1/13 TPP	County
2014	Minto Prop./SID W&WW&RU	District
2014	North Maine Utilities Transaction Adv. F.O.	Village
2014	3 Appraisals Review	Glenview
2014	Eastlake W&WW (Condemn)	County
2014	Pebble Creek Utilities W&WW (Condemn)	County
2014	Mooresville Water (Condemn) ARM	Attorney
2014	Heritage Hills W&WW (NY) to Corix	Owner
2014	Cauley Creek WRF	Owner
2013	Tega Cay Water and Wastewater	Both
2013	Harrison, Ohio Water	City
2013	Water Management Services	Bank
2013	North Lee Rural Water Association, Tupelo, MS (Partial)	City
2013	NPUC (Cost/Comp) Wastewater	Bank
2013	Progress Energy Florida (Citrus County) TPP 1/1/12	County
2013	Village of Oakwood Water/Wastewater System	Village
2013	Richmond Generation Station (Review)	City
2013	Peru Generation Station (Review)	City
2013	Dover, Delaware Electric System	City
2013	C-51 Reservoir	Owner
2013	C-25 Reservoir	Owner
2013	Eglin Air Force Base	Proposer
2013	Duke Energy (Citrus County) TPP Electric #1, 2, 4, 5	County
2012	Beverly Hills Waste Management	Owner
2012	Town of Belleair	Town
2012	Orchid Springs Utilities	City
2012	Tymber Creek Utilities – Stock Transfer	Owner(s)
2012	Senoia Water System	County
2013	Duke Energy (Citrus County) TPP Electric #3	County
2012	Peoples of Balstrup – (Condemnation)	Owner
2011	Pine Island Utility System	Owner
2011	Town of Franklinton Water/Wastewater System/County	Both
2011	Kill Devil Hills Wastewater Treatment Plant	Bank
2011	Chesapeake Electric Utility – Marianna, Florida	City
2011	City of South Daytona Electric Utility	City
2011	On Top of the World Communities Water, Wastewater, and Reuse System – Marion County, Florida (Bay Laurel Center Community Development District)	District
2011	City of Vero Beach Water, Wastewater, and Reuse System	City
2011	City of Vero Beach Electric Utility	City
2010	Fearington Utilities	Owner
2010	Rolling Oaks Water and Wastewater System,	Owner/Bank
2010	Liberty Water – Tall Timbers Wastewater (Condemn)	Owner
2010	Heritage Hills Water and Sewer System, NY - City	Owner
2010	Waterside Villages of Currituck Waste Water	District

Year	Project	Party Represented
2010	Tindall Hammock Irrigation and Soil	District
2010	Town of Indian River Shores Water and Sewer System	Town
2010	City of Vero Beach Water and Sewer System Assets,	City
2010	City of Griffin Water System Assets, GA	Water Authority
2010	Golden Beach Water and Wastewater Assets	City
2010	Thunder Enterprises, Inc. Water System Assets, AL (Condemnation)	Owner
2010	River Forrest, S.C., Spartanburg	Both
2010	Stonecreek, S.C., Spartanburg	Both
2009	Aquarina Water and Wastewater	Bank
2009	Cocoa Beach (electric)	City
2009	GISTRO	NFP
2009	Fruitland Park (electric)	City
2008	Park Water Company	City
2008	Crooked Lake Sewerage Company	City
2008	Vanguard Wastewater System	City
2008	Traxler Enterprises	City
2008	Louisiana Land and Water Company	Owner
2008	Sandy Creek Water and Wastewater	County
2008	Bayside Water and Wastewater	County
2008	Fern Crest Utilities, Inc.	Buyer
2008	Turnpike Utilities, LLC – W/S North Carolina (IRS)	Owner
2008	Nags Head, Moneray Shores, Currituck Sewer, Corollo #1 & #2	Buyer
2008	Service Management Systems, Inc.	Bank
2008	Slash Creek Utility System	Owner
2008	Kill Devil Hills Utility Company	Owner
2008	Orchid Springs Utilities	City
2008	City of North Miami Beach – Utilities	Owner
2007	I-20 System South Carolina	Owner
2007	Ocean Reef/NKLUA/Card Sound I.Q.	FCAA
2007	Marion Utilities, Sunshine Utilities and Windstream	County
2007	Gulf Coast Electric Cooperative	County
2007	Pine Island Currituck Sewer	Owner
2007	Pine Island Water System	Owner
2007	Irish Acres	County
2007	Service Management Systems, Inc.	C.B. Ellis
2007	Bulow Village Resort	County
2007	Intercoastal Utilities	Owner
2006	Donaldsonville/Peoples Utilities (Condemn)	Owner
2006	MSM Utilities, Inc.	Owner
2006	BSU/Citrus Park	Owner
2006	Jasmine Lakes and Palm Terrace	City
2006	The Arbors	County
2006	Oak Centre	County
2006	Silver Oaks Estates	County
2006	Regal Woods	County
2006	Golden Glen	County
2006	Willow Oaks	County
2006	South Oak	County
2006	Gulf State Community Bank – Utility Holdings	Bank
2006	Rolling Green	County
2006	South 40, Citrus Park and Raven Hill	County
2006	Holiday Utility Company, Inc.	Bank
2006	Loch Harbor Water & Wastewater System	Owner

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<u>Year</u>	<u>Project</u>	<u>Party Represented</u>
2005	Lake Wales Utility Company	Bank
2005	Pennichuck Water Company	City
2005	K.W. Resort Utilities, Inc.	Owner
2005	Water Management Services, Inc.	Owner
2005	Town and Country Utility Co.	Buyer
2005	Village of Royal Palm Beach, Palm Beach Co.	Village
2005	Orange/Osceola/Lake/Seminole Counties	Confidential
2005	Utilities, Inc. (Partial) (Condemnation)	Owner
2005	Village of Royal Palm Beach	Village
2005	Bald Head Island Utilities, Inc.	Village
2005	Broward County	Confidential
2005	Burkim Enterprises, Inc. (Condemnation)	Owner
2005	Lyman Utilities, Inc. Harrison County, MS (Condemnation)	Owner
2004	Quail Meadow Utility Company	County
2004	Silver Springs Shores Regional	County
2004	Matanzas Shores	County
2004	El Dorado Utilities, NM (Condemnation)	Owner
2004	CDF to City of Tupelo, MS	CDF
2004	Pesotum, Illinois – IAWC	Village
2004	Philo, Illinois – AIWC	Village
2004	Central Florida	Confidential
2004	Skyview	City
2004	Polk Utilities	NFP
2004	St. Johns Services Company	County
2004	Intercoastal Utilities Company	County
2004	Stonecrest Utilities	County
2004	Meredith Manor	County
2004	Lake Harriet Estates	County
2004	Lake Brantley	County
2004	Fern Park	County
2004	Druid Hills	County
2004	Dol Ray Manor	County
2004	Apple Valley	County
2004	Kingsway Utility Area (IRS)	Both
2004	Lake Suzy Utilities (water portion)	County
2004	Sanibel Bayous Wastewater Corporation	City
2004	Ocean City Utilities	FCURIA/County
2004	People's Water of Donaldsonville, LA (Condemnation)	Owner
2003	Harmony Homes	County
2003	Florida Central Commerce Park	County
2003	Chuluota	County
2003	District 3C (Miramar portion)	City
2003	Lincoln Utilities/Indiana Water Service (UI)	Owner
2003	Gibsonia Estates	City
2003	Lake Gibson Estates	City
2003	Jungle Den Utilities	Association
2003	Holiday Haven Utilities	Association
2003	Salt Springs	County
2003	Smyrna Villas	County
2003	South Forty	County
2003	Citrus Park	County
2003	Spruce Creek South	County
2003	Spruce Creek	County
2003	Spruce Creek Country Club Estates	County
2003	Longwood Franchise (electric)	City
2003	Casselberry Franchise (electric)	City
2003	Apopka Franchise (electric)	City
2003	Winter Park Acquisition (electric)	City

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Year	Project	Party Represented
2003	Stonecrest/Steeplechase	County
2003	Marion Oaks	County
2003	Kingswood Utilities	County
2003	Oakwood Utilities	County
2003	Sunny Hills Utilities	Confidential
2003	Interlachen Lake/Park Manor	Confidential
2003	Tomoka/Twin Rivers	Confidential
2003	Beacon Hills	Buyer
2003	Woodmere	Buyer
2003	Lake Ajay Estates	City
2003	Pine Ridge Estates	City
2003	Tropical Park	City
2003	Windsong	City
2003	Buenaventura Lakes	City
2002	Lelani Heights Utilities	County
2002	Fisherman Haven Utilities	County
2002	Fox Run Utilities, Inc.	County
2002	Ponce Inlet	City
2002	Amelia Island Utilities	City
2002	Florida Public Utilities (Condemnation)	City
2002	AquaSource – LSU	County
2002	Park Place Utility Company, GA	Owner
2002	Kingsway Utility System	Owner/County
2002	Pennichuck Water Company, NH	City
2002	Pasco County – 2 Systems	County
2002	Marion Consolidation – 10 systems	County
2002	Sugarmill (Condemnation)	UCCNSB
2002	Deltona (Condemnation)	Owner
2002	Palm Coast	FCURIA
2002	Bald Head Island Utilities, NC	Village
2002	White's Creek – Lincolnshire, SC (Condemnation)	Owner
2002	Bluebird Utilities, Tupelo, MS	NFP
2001-2002	Due Diligence – 260 systems (VA, NC, SC)	Buyer
2001	Shady Oaks	County
2001	Davie/Sunrise	City
2001	Lindale Utilities	County
2001	Aquarina	Owner
2001	Intercoastal Utilities	County
2001	Beverly Beach	City
2001	Citrus County Utility Consolidation Plan (numerous)	County
2001	Pasco County Utility Acquisition Plan (numerous)	County
2001	Skylake Utilities	City
2001	Town of Lauderdale-By-The-Sea	Town
2001	John Knox Village	City
2001	Silver Springs Regional	County
2001	DeSoto Countywide FWSC Franchise and Assets	County
2001	Zellwood Station Co-Op	Co-Op
2001	Palm Cay	County
2000	The Great Outdoors	Owner
2000	Destin Water Users	City
2000	Pine Run	County
2000	Oak Run	County
2000	Dundee Wastewater (partial)	City
2000	Polk City Water	City
2000	A.P. Utilities (2 systems)	County
2000	CGD Utilities	Bank
2000	Boynton Beach (partial)	City
2000	Aqua-Lake Gibson Utilities	City

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Year	Project	Party Represented
2000	Bartelt Enterprises, Ltd. (2 systems)	Owner
2000	49 'Ner Water System, Tucson, AZ (Condemnation)	Owner
2000	Stock Island Wastewater and Reuse System	Owner
1999	Osceola Power Station (Electric)	Owner
1999	Okeelanta Power Station (Electric)	Owner
1999	Del Webb (3 systems)	County
1999	Destin Water Users Co-Op	City
1999	O&S Water Company	City
1999	Rolling Springs Water Company	County
1999	ORCA Water & Solid Waste	Authority
1999	Marianna Shores Water and Wastewater	City
1999	Mount Olive Utilities	City
1999	AP Utilities (3 systems)	County
1999	Tangerine Water Association	City
1999	Laniger Enterprises Water & Wastewater	Bank
1999	IRI golf Water System, AZ (Condemnation)	Investor
1999	South Lake Utilities	City
1999	Garlits to Marion County	County
1999	Rampart Utilities	County
1999	Dobo System, Hanover County, NC	County
1999	Polk City/City of Lakeland	Lakeland
1999	St. Lucie West CDD	City
1998	Golf and Lake Estates	City
1998	Sanibel Bayous/E.P.C.	City
1998	Tega Cay Utility Company, SC	City
1998	Marlboro Meadows, MD (Condemnation)	Owner
1998	Sugarmill Water and Wastewater/Volusia County Condemnation	UCCNSB
1998	SunStates Utilities, Inc.	Owner
1998	Town of Hope Mills/FPWC, NC	Town
1998	River Hills, SC	County
1998	Town of Palm Beach	Town
1998	K.W. Utilities, Inc.	Buyer
1998	Orange Grove Utility Company, MS (Condemnation #2)	Owner
1998	Garden Grove Water Company	City
1998	Sanlando Utilities, Inc.	County
1997	Golden Ocala Water and Wastewater System	County
1997	Holiday Heights, Daetwyller Shores, Conway, Westmont	County
1997	University Shores	County
1997	Sunshine Utilities	County
1997	Bradfield Farms Utility, NC	Owner
1997	Palmetto Utility Corporation	Owner
1997	A.P. Utilities	County
1997	Village of Royal Palm Beach – City of WPB	Village
1997	Jasmine Lake Utilities Corporation	Lender
1997	Arizona (confidential)	Owner
1997	Village Water Ltd., FL	Owner
1997	N.C. System – CMUD (3 systems)	Owner
1997	Courtyards of Broward	City
1997	Miami Springs	City
1997	Widefield Homes Water Company, CO (IRS)	Company
1997	Peoples Water System	ECUA
1997	Quail Meadows, GA	County
1997	Rolling Green, GA	County
1996	Keystone Heights	City
1996	Buchanan	Owner
1996	Keystone Club Estates	City
1996	Lakeview Villas	City
1996	Geneva Lakes	City
1996	Postmaster Village	City
1996	Landen Sewer System, CMUD, NC	Company

Year	Project	Party Represented
1996	Citizens Utilities, AZ – Bullhead City	City
1996	Widefield Water and Sanitation, CO	District
1996	Consolidation Program Game Plan	County
1996	Marion Oaks	County
1996	Marco Shores	Company
1996	Marco Island	Company
1996	Cayuga Water System, GA	Authority
1996	Glendale Water System, GA	Authority
1996	Lehigh Acres Water and Wastewater, GA	Authority
1996	Lindrick Services Company	Company
1996	Carolina Blythe Utility, NC	City
1996	Ocean Reef R.O. WTPs	NKLUA
1995	Sanibel Bayous	City
1995	Rotunda West Utilities	Investor
1995	Palm Coast Utility Corporation	ITT
1995	Sunshine State Parkway	Company
1995	Orange Grove Utilities, Inc., Gulfport, MS	Company
1995	Georgia Utilities, Peachtree, GA (Condemnation)	City
1995	Beacon Hills Utilities	Company
1995	Woodmere Utilities	Company
1995	Springhill Utilities	Company
1995	Okeechobee Utility Authority	OUA
1995	Okeechobee Beach Water Association	OUA
1995	City of Okeechobee	OUA
1995	Mad Hatter Utilities, Inc.	Company
1994	Eastern Regional Water Treatment Plant	Owner
1994	GDU – Port St. Lucie Water and Wastewater (Franchise/Condemnation)	City
1994	St. Lucie County Utilities	City
1994	Marco Island/Marco Shores	Sun Bank
1994	Heater of Seabrook, SC (Condemnation)	Company
1994	Placid Lake Utilities, Inc.	Company
1994	Ocean Reef Club Solid Waste System	ORCA
1994	Ocean Reef Club Wastewater System	ORCA
1994	South Bay Utilities, Inc.	Company
1994	Kensington Park Utilities, Inc.	Company
1993	River Park Water System	SSU/Allete
1993	Taylor Woodrow, Sarasota Cnty (Condemnation)	Taylor Woodrow
1993	Atlantic Utilities, Sarasota Cnty (Condemnation)	Company
1993	Alafaya Utilities, Inc.	Bank
1993	Anden Group Wastewater System, PA	Company
1993	West Charlotte Utilities, Inc.	District
1993	Rolling Oaks (SW)	Owner
1993	Sanlando Utilities, Inc.	Investor
1993	Venice Gardens Utilities	Company
1992	Myakka Utilities, Inc.	City
1992	Kingsley Service Company	County
1992	RUD#1 (4 systems review)	Meadowoods/ Kensington Park
1992	Mid Clay Utilities, Inc.	County
1992	Clay Utilities, Inc.	County
1992	Fox Run Utility System	County
1992	Uddo Landfill (SW) (Condemnation)	Owner
1992	Martin Downs Utilities, Inc.	County
1992	Leilani Heights	County
1992	River Park Water and Sewer	SSU/Allete
1992	Central Florida Research Park	Bank of America
1992	Rolling Oaks Utility	Investor

Year	Project	Party Represented
1992	City of Palm Bay Utilities	PBUC
1992	North Port – GDU Water and Sewer (Franchise/Condemnation)	City
1992	Palm Bay – GDU Water and Sewer (Franchise/Condemnation)	City
1992	Sebastian – GDU Water and Sewer	City
1991	Sanibel – Sanibel Sewer System, Ltd.	City
1991	St. Augustine Shores, St. Johns County	SSU/Allete
1991	Remington Forest, St. Johns County	SSU/Allete
1991	Palm Valley, St. Johns County	SSU/Allete
1991	Federal Bankruptcy – Lehigh Acres	Topeka/Allete
1991	Meadowoods Utilities, Regional Utility District #1	Investor
1991	Kensington Park Utilities, Reg. Utility District #1	Investor
1991	Industrial Park, Orange City	City
1991	Country Village, Orange City	City
1991	John Know Village, Orange City	City
1991	Land O'Lakes, Orange City	City
1991	Sanibel – Sanibel Sewer System, Ltd.	City
1991	Hershel Heights, Hillsborough County	SSU/Allete
1990	Orange-Osceola Utilities, Osceola County	County
1990	Morningside East and West, Osceola County	County
1990	Magnolia Valley Services, Inc., New Port Richey	City
1990	West Lakeland Industrial, City of Lakeland	City
1990	Highlands County Landfill (Condemnation)	Owner
1990	Venice Gardens Utilities, Sarasota County	SSU/Allete
1990	South Hutchinson Services, St. Lucie County	SHS
1990	Indian River Utilities, Inc.	City
1990	Coraci Landfill (SW) (Condemnation)	Owner
1990	Terra Mar Utility Company	City
1989	Seminole Utility Company, Winter Springs	Topeka/Allete
1989	North Hutchinson Svcs., Inc., St. Lucie County	NHS
1989	Sugarmill Utility Company (Condemnation)	UCCNSB
1989	Ocean Reef Club, Inc., ORCA	Company
1989	Prima Vista Utility Company, City of Ocoee	PVUC
1989	Deltona Utilities, Volusia County	SSU
1989	Poinciana Utilities, Inc., Jack Parker Corporation	JPC
1989	Julington Creek	Investor
1989	Silver Springs Shores	Bank
1988	Twin County Utilities	Company
1988	Burnt Store Utilities	Company
1988	Deep Creek Utilities	Company
1988	North Beach Water Co., Indian River County	NBWC
1988	Bent Pine Utility Company, Indian River County	BPUC
1988	Country Club Village, SSU	CCV
1987	Sugarmill Utility Co., Florida Land Corporation	FLC
1987	N. Orlando Water & Sewer Co., Winter Springs	NOWSCO
1987	Osceola Services Company, FCS (nfp)	OSC
1987	Orange City Water Company, Orange City	City
1987	West Volusia Utility Company, Orange City	City
1987	Seacoast Utilities, Inc., Florida Land Corporation	FLC
1987	Utilities Commission, City of New Smyrna Beach (partial SA/Assets) (Electric) - FPL	Commission

and numerous other utility valuations in the 1976-1987 period.

Utility Management Consulting

Mr. Hartman has been involved in utility transfers from public, not-for-profit, district, investor-owned, and other entities to cities, counties, not-for-profit corporations, districts, and private investors. He has been involved in staffing, budget preparation, asset classification, form and standards preparation, utility policies and procedures manuals/training, customer development programs, standard customer agreements, capacity sales, and other programs. Mr. Hartman has been involved in over 100 interlocal agreements with respect to service area, capacity, service, emergency interconnects, back-up or other interconnects, rates, charges, service conditions, ownership, bonding and other matters.

Additionally, Mr. Hartman has assisted in the formation of newly certificated utilities, newly created utility departments for cities and counties, new regional water supply authorities, new district utilities, and other utility formations. Mr. Hartman has assisted in utility reserve areas for the Cities of Haines City, Sanibel, Lakeland, St. Cloud, Winter Haven, Bartow, Palm Bay, Orange City, and many others. He has participated in the certification of many utilities such as ECFS, Malabar Woods, B&C Water Resources, Inc., Farmton Water Resources, Inc. and many others; and certification disputes such as Windstream, Intercoastal Dulay Utilities, FWSC/ITT, and others and served as service area certification staff of the regulatory for St. Johns County; i.e., Intercoastal, etc.; as service area transfer/certification staff of the regulatory for Flagler County; i.e., Palm Coast to FWSC. He has served as a local County regulatory staff professional in Collier, Citrus, Hernando, Flagler and St. Johns Counties, as well as elsewhere. Mr. Hartman also provided technical assistance to many utility service area agreements such as Winter Haven/Lake Wales/Haines City, etc. and North Miami Beach – MDWASD and others. For over 30 years, Mr. Hartman has been a professional assisting in the resolution of utility issues.

Utility Finance, Rates, Fees and Charges

Mr. Hartman has been involved in hundreds of capital charge, impact fee, and installation charge studies involving water, wastewater, stormwater, solid waste, gas and electric service for various entities and at the rate regulatory commissions. He also has participated in hundreds of user rate adjustment reports. Since 1976, Mr. Hartman assisted in the development of over 50 revenue bond issues, 20 short-term bank loan systems, 2 general obligation bonds, 26 grant/loan programs, 10 capacity sale programs, and 20 privatization programs. He has been involved in over hundreds of utility acquisition/utility appraisals for acquisition, and is a qualified expert witness with regard to utility rates and charges, and utility negotiation, arbitration and condemnation cases. A few of his rate, charge and bond projects include:

- + City of Polk City, 2014/2015
- + Bay County Revenue Bond Issue Series 2015
- + City of Fort Meade Wastewater Study, 2015
- + City of Fellsmere Stormwater, 2015
- + City of Pleasant Prairie – WPSC, 2014
- + City of Tega Cay SCPSC, 2013/2014
- + NPUC Cert. Expansion – FPSC, 2015

- + Oakwood – ICC, 2014
- + Village of Bald Head Island – NCPUC, 2010
- + City of Polk City, 2014/2015
- + City of Dunnellon Rate Surcharge Case, 2014
- + City of Dunnellon Impact Fee Case, 2013
- + City of Fernandina Beach, Impact Fee Case and Bond Issue City of Fernandina Beach, Revenue Bond Issue, 2013
- + City of North Miami Beach Water and Wastewater Rate, Fee and Charge Study, 2013
- + City of North Miami Beach \$65 Million Water Revenue Bond Issue, 2012
- + DeKalb County Revenue Bond Issue \$373 Million Services, 2011
- + Polk City Services 2010 - \$10 Million Revenue Bond Issue
- + Bay Laurel Services 2011 - \$45 Million Revenue Bond Issue
- + Bay County Water Rate, Charge and Fee Study, Wholesale and Retail, 2013
- + Bay County Wastewater Rate, Charge and Fee Study, AWT and Retail, 2013
- + Bucks County – City of Philadelphia Wholesale Utility Services Analysis, 2011
- + Timber Creek FPSC Utility Rates and Charges, 2011 and 2012
- + Polk City Water and Wastewater Rate, Fee and Charge Study, 2010
- + Lake Worth Wholesale Charges Analysis for 7 entities, 2012
- + THISCD Water and Wastewater Rate, Fee and Charge Study, 2012
- + City of Ft. Meade Water and Wastewater Rate, Fee and Charge Study, 2013
- + City of Ft. Meade Stormwater Rate Study, 2012
- + City of Ft. Myers Beach Water/Wastewater Rate, Fee and Charge Study, 2013
- + Dunnellon Rate and Surcharge Review, 2012/2013
- + Bay Laurel Center Community Development District – Water, Wastewater and Reclaimed Water Rate Study, Line Charge Study, and Miscellaneous Charge Study, 2010
- + Skyland Utilities, LLC – FPSC, 2009
- + Bluefield Utilities, LLC – FPSC, 2009
- + Grove Land Utilities, LLC – FPSC, 2009
- + Tindall Hammock Irrigation and Soil Conservation District – Water and Wastewater Rate and Charge Study, 2008
- + Bay County – Wholesale Rate Study and Impact Fee Study – 2007
- + Flagler County – Impact Fee Analysis, 2005

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- + Flagler County – Base Facility Charge Analysis, 2005
- + Marion County – Silver Springs Regional – Water/Wastewater Revenue Sufficiency, 2004
- + Beverly Beach – Water and Wastewater System, 2004
- + Village of Bald Head Island – Water and Wastewater Rate Sufficiency, 2004 - NCPUC
- + Farmton Water Resources, Inc. – FPSC, 2004
- + B&W Water Resources, Inc. – FPSC, 2004
- + Marion County – Stonecrest, Marion Oaks, Spruce Creek, Salt Springs
- + Lincoln Utilities/UI – IURC, 2003
- + South Forty, Smyral Villas – Rate Integration/Phasing Program, 2003
- + City of North Miami Beach – Water and Wastewater Adjustment, 2003
- + City of Fernandina Beach – Water and Wastewater Rate Study, 2002
- + St. Johns County – St. Johns Water Co. Rates, 2003
- + St. Johns County – Intercoastal Rates, 2001
- + Nashua, NH – Pennichuck Water Co., 2002
- + City of Deltona – Water and Wastewater, 2002
- + Town of Lauderdale By-The-Sea, 2001
- + FCURA – Palm Coast Rates, Certification, 2000
- + Marion County – Pine Run, Oak Run, A.P. Utilities – Rate Integration, 2000
- + City of North Miami Beach – Revenue Sufficiency Analysis, 2000
- + North Key Largo Utility Authority, 2000
- + Port St. Lucie – St. Lucie West – CDD, 1999
- + Hanover County – Water and Wastewater, 1999
- + UCCNSB/Sugarmill, 1999
- + Town of Hope Mills, 1998
- + Town of Palm Beach, 1998
- + City of Winter Haven, 1998
- + Palmetto Resources, Inc. – Raw Water, Reuse, Water, and Wastewater, 1997 FPSC
- + City of Miami Springs – Analysis, 1997
- + Widefield – Water and Wastewater, 1997
- + Bullhead City – Citizen, 1997 - ACC

- + Bullhead City – Wastewater, 1996
- + Marion County, 1996
- + Utilities Commission, City of New Smyrna Beach – Water/Wastewater Rate Study, 1995
- + Okeechobee Utility Authority - Rate and Charge Study, 1995
- + Southern States - Statewide Rate Case, 1995
- + Lee County - Rates and Charges, 1995
- + Venice - Reuse Rate Study, 1994
- + Utilities Commission, City of New Smyrna Beach - Capital Charge Study, 1996
- + Port St. Lucie - Water, Gas and Wastewater Rates, 1994
- + Port St. Lucie - Capital Charge Study, 1995
- + Bullhead City - Assessment Study, 1996
- + Englewood - Assessment Study, 1996
- + Sanibel - Capacity Sale Study, 1995
- + City of New Port Richey - Rate and Charge Study, 1995
- + Acme Improv. District, Wellington, Florida - Water/Wastewater Studies, 1994
- + Charlotte County, Florida - Water/Wastewater Studies; Rotunda West Rate Case, 1993
- + Clay County, Florida - Water/Wastewater Studies, 1992
- + City of Deerfield Beach, Florida - Water/Wastewater Studies, 1992
- + City of Dunedin, Florida - Water/Wastewater Studies, 1991
- + Englewood Water District, Florida - Water/Wastewater Studies, 1993
- + City of Green Cove Springs, Florida - Water/Wastewater Studies, 1991
- + Hernando County, Florida - Water/Wastewater Studies, 1992
- + City of Lakeland, Florida - Water Studies, 1976-89
- + Martin County, Florida - Water/Wastewater Studies, 1993
- + City of Naples, Florida - Water/Wastewater and Solid Waste Studies, 1992/94
- + City of New Port Richey, Florida - Water/Wastewater Studies, 1994
- + City of North Port, Florida - Water/Wastewater Studies, 1992
- + City of Orange City, Florida - Water/Wastewater Studies, 1985-94
- + City of Palm Bay, Florida - Water/Wastewater Studies, 1985-94
- + City of Panama City Beach, Florida - Water/Wastewater Studies, 1993

- + City of Sanibel, Florida - Water and Reuse Studies, 1988-94
- + Southern States Utilities Inc., Florida - Water/Wastewater Studies and Statewide Rate Cases, 1991/93, FPSC
- + City of Tamarac, Florida - Water/Wastewater Studies, 1993
- + Utilities Commission, City of New Smyrna Beach, Florida - Water/Wastewater and Reuse Studies, 1992/94
- + Volusia County, Florida - Solid Waste Studies, 1989
- + City of West Palm Beach, Florida - Water/Wastewater/Reuse Studies, 1993/94
- + City of Sebastian, Florida - Water/Wastewater Studies, 1993
- + City of Tarpon Springs, Florida - Water/Wastewater Studies, 1994
- + City of Miami Springs, Florida - Water/Wastewater/Solid Waste Studies, 1994
- + City of Edgewater, Florida - Water/Wastewater/Solid Waste Studies, 1987-90
- + City of Venice, Florida - Reuse Studies, 1994
- + City of Port St. Lucie - Water/Wastewater Studies, 1994
- + Ocean Reef Club, Monroe County, Florida - Wastewater Studies, 1994
- + Placid Lakes Utilities Inc., Florida - Water/Wastewater Studies, 1994
- + Old Overtown-Liberty Park, Birmingham, Alabama - Wastewater Studies, 1994
- + Bullhead City, Arizona - Wastewater Studies, 1994
- + Lehigh Utilities Inc., Lee County, Florida - Florida Public Service Commission Rate Cases for Water, Wastewater and Reuse, 1993
- + Marco Island and Marco Shores Utilities Inc., Collier County, Florida - 1993 - FPSC
- + Florida Public Service Commission Rate Cases for Water, Wastewater and Reuse, 1993
- + Venice Gardens Utilities Inc., Sarasota County, Florida - Rate Cases for Water, Wastewater and Reuse, 1989/91/93
- + Mid-Clay and Clay Utilities Inc., Clay County, Florida - Water/Wastewater Studies, 1993

Several expert witness assignments including Palm Bay vs. Melbourne; Tequesta vs. Jupiter; Town of Palm Beach vs. City of West Palm Beach; City of Sunrise vs. Davie; Kissimmee vs. Complete Interiors; and others.

Economic Evaluations/Credit Worthiness Analyses

Credit Worthiness Analysis for Drinking Water State Revolving Fund (1999) – Florida Department of Environmental Regulation

Credit Rating Reviews (1980-2000) – for numerous investor-owned utilities; many city-owned utilities (Winter Haven, Port St. Lucie, Miramar, Tamarac, Palm Bay, North Port, etc.); many county-owned utilities; several not-for-profit utilities; and utility authorities (OUA, etc.)

Financial Feasibility and Engineer's Revenue Bond Reports (1980-2000) – for over \$2 billion of water and/or wastewater bonds for some fifty (50) entities in the Southeast United States including Clay, Lee, Hernando, Martin, and other counties; Lakeland, West Palm Beach, Miramar, Tamarac, Panama City Beach, Winter Haven, Naples, North Port, Palm Bay, Port St. Lucie, New Port Richey, Clermont, Orange City, Deerfield Beach, Sanibel, City of Peachtree City, Widefield, and many other cities; Lee County Industrial Development Authority, Englewood Water District, and other utilities.

Privatization Procurement and Analysis for many water and wastewater systems including Sanibel, Town of Palm Beach, Temple Terrace, Palm Bay, Widefield, Bullhead City and sever others.

Service Areas and Negotiations

Mr. Hartman has participated in over thirty-five (35) service area formations, Chapter 25 F.S. certifications, Chapter 180.02 reserve areas, authority creations, and interlocal service area agreements including Lakeland, Haines City, Bartow, Winter Haven, Sanibel, St. Cloud, Palm Bay, SBWA, ECFS, MWUC, Edgewater, Orange City, UCCNSB, Port St. Lucie, Martin County, OUA, NKLUA, DDUA, and many others. Mr. Hartman has been a primary negotiator for interlocal service agreements regarding capacity, joint-use, bulk service, retail service, contract operations and many others for entities such as the Town of Palm Beach, Miramar, Lauderdale-By-The-Sea, North Miami Beach, Collier County, Marion County, St. Johns County, JEA and many others.

Expert Testimony

Mr. Hartman has been accepted in various Circuit Courts, Florida Division of Administrative Hearings, Florida Public Service Commission, arbitration, and quasi-judicial hearings conducted by cities and counties, as a technical expert witness in the areas of electric systems, solid waste systems, stormwater systems, gas systems, wastewater systems and/or biosolids facilities, water supply, facility planning, water resources, water treatment, water quality engineering, water system design and construction, wastewater collection, wastewater transmission, wastewater treatment, effluent/reclaimed water use, sludge processing and disposal, costing, damages, rates/charges, service and service areas, and utility systems valuation and utility systems valuation. Recently, Mr. Hartman has been an expert witness on utility condemnation, utility arbitration, water rates and use permitting DOAH case, utility rate setting DOAH case, service area and utility service civil case, City of Atlanta Water Treatment Plant Construction, City of Milwaukee Cryptosporidium, Jupiter vs. Tequesta Water Contract Services, Winter Park electric, Okeelanta/Osceola Power Plants, UCCNSB and many other condemnation cases. Mr. Hartman has been an expert witness in permitting and regulatory cases.

Mr. Hartman has given oral testimony on some 200 occasions over the past 38 years. He has assisted in the resolution of a similar number of matters without formal testimony.

Publications / Presentations

Papers/Presentations (Since 1994)

- 2016 "What Special Masters are Looking For"
By Gerald C. Hartman and Dr. L. Golicz, December 10, 2015
FC – IAAO – TPP Conference
- 2015 "Perspectives for Utility Sales – (City/Co./Auth./NFP/CDD)"
By Gerald C. Hartman, August 26, 2015
Philadelphia, PA - Business Seminar
- 2015 "Water Privatization and the Systems Viability Act Legislation"
Gerald C. Hartman, et al., 102nd
Illinois Municipal League Annual Conference
September 18, 2015
- 2014 Hartman, G.C. and Hollis, Tara L. "Financial Forces Impacting Small Utility Systems." 2014 Indiana Section AWWA Conference, February 2014.
- 2014 Hartman, G.C. and T.L. Hollis "Utility Optimization and Ownership Considerations", Indiana Section AWWA February 12-13, 2014.
- 2013 Hartman, G.C. "Stormwater Reuse/Water Harvesting", Fl. Water & Environment Association, January 24, 2013.
- 2012 Hartman G.C., T.L. Hollis "Optimization of Utility Performance", Florida-CFOA.
- 2008 Hartman, G.C., Hollis, Tara L. and Isaacs, Tony W. "Discussion of Outside City Utility Rate Surcharge." Special Meeting – Various Municipality Leaders in State of Florida (Hosted by the City of North Miami Beach and the City of North Miami). October 28, 2008.
- 2007 Hartman, G.C. and Wanielista, M. P. "Stormwater Reuse: The Utility Business Practice." 9th Biennial Conference on Stormwater Research & Watershed Management. May 2, 2007.
- 2005 Wanielista, Marty and G.C. Hartman, "Regional Stormwater Facilities", Stormwater Management for Highways Transportation Research Board TRB AFB60, July 12, 2005.
- 2004 Hartman, G.C., D. Cooper, N. Eckloff and R. Anderson, "Water," The Bond Buyer's Sixth Southeast Public Finance Conference, February 23, 2004.
- 2003 Hartman, G.C., "Utility Valuation," Wake Forest University Law School Seminar Series, February 6-8, 2003.
- 2003 Hartman, G.C., H.E. Schmidt, Jr. and M.S. Davis, "Biosolids Application in Rural DeSoto County, Florida," WEF/AWWA/CWEA Joint Residuals and Biosolids Management Conference, February 19-22, 2003.
- 2003 Hartman, G.C. and Dr. M. Wanielista, "Irrigation Quality Water – Examples and Design Considerations," ASCE Conference, April 4, 2003.
- 2003 Hartman, G.C., M.A. Rynning and V. Hargray, "Assessing the Water Demands of Commercial Customer," WEF Volume 6, No. 4, July/August 2003 – Utility Executive.

Gerald C. Hartman, PE, BCEE, ASA | 17

- 2002 Hartman, G.C., M. Sloan, N.J. Gassman, and D.M. Lee, "Developing a Framework to Balance Needs for Consumptive Use and Natural Systems with Water Resources Availability," WEF Watershed 2002 Specialty Conference, February 23-27, 2002.
- 2000 Hartman, G.C., M.A. Rynning, and V. Hargray, "Assessment of Commercial Customer Water Impacts," AWWA 2000.
- 1999 Hartman, G.C. contributing author, Chapter 14B, Nichols on Eminent Domain, RCNLD Valuation of Public Utilities, March 1999 Edition, Release No. 48.
- 1998 Hartman, G.C., "In-House, Outsourcing and the Not-for-Profit Utilities Option," Florida Government Finance Officers Association (FGFOA) Conference, March 27, 1998.
- 1998 Hartman, G.C. and D.P. Dufresne, "Understanding Groundwater Mounds – A Key to Successful Design, Operation and Maintenance of Rapid Infiltration Basins," April 4-7, 1998, FWWA/WET/FPCOA Joint Meeting.
- 1998 Hartman, G.C. and Seth Lehman, "Financing Water Utilities – Acquisition and Privatization Projects," AWWA Annual Conference, June 24, 1998.
- 1997 Hartman, G.C., Seth Lehman, "Financing Utility Acquisitions," AWWA/WEF Joint Management Conference, February 1997.
- 1997 Hartman, G.C., B.V. Breedlove, "Water: Where It Comes From and Where It Goes," FRT & G/FDEP Conference, September 1997.
- 1997 Hartman, G.C., W.D. Wagner, T.A. Cloud, and R.C. Copeland, "Outsourcing Programs in Seminole County," AWWA/WEF/FPCOA Conference, November 1997.
- 1997 Hartman, G.C., M.B. Alvarez, J.R. Voorhees, and G.L. Basham, "Using Color as an Indicator to Comply with the Proposed D/DBP Rule," AWWA, Water Quality Technology Conference, November 1997.
- 1996 Hartman, G.C., M.A. Rynning, and R.A. Terrero, "5-Year Reserve Capacity – Can Customers Afford the Cost?" FSASCE Annual Meeting, 1996.
- 1996 Hartman, G.C., T.A. Cloud, and M.B. Alvarez, "Innovations in Water and Wastewater Technology," Florida Quality Cities, August 1996.
- 1995 Hartman, G.C. and R.C. Copeland, "Utility Acquisitions – Practices, Pitfalls and Management," AWWA Annual Conference, 1995.
- 1995 Hartman, G.C., "Safe Drinking Water Act," and "Stormwater Utilities," FLC Annual Meeting, 1995.
- 1994 Hartman, G.C. and R.J. Ori, "Water and Wastewater Utility Acquisition," AWWA National Management Specialty Conference, 1994.

Books

Hartman, G.C., *Utility Management and Finance*, (presently under contractual preparation with Lewis Publishing Company/CRC Press).

Vesilind, P.A., Hartman, G.C., Skene, E.T., *Sludge Management and Disposal for the Practicing Engineer*, Lewis Publishers, Inc.; Chelsea, Michigan; 1986, 1988, 1991

Appendix D

I-20 NPDES Permit Status Summary

Carolina Water Service, Inc. discharges from its I-20 System into the Lower Saluda River pursuant to an expired NPDES Permit for which CWS had timely sought reissuance and therefore remains in effect. On numerous occasions between 1999 and 2013, CWS attempted, without success, to connect its I-20 System to a regional line operated by the Town of Lexington (Town). The Town's regional line transports wastewater to the City of Cayce (Cayce) for treatment at the Cayce WWTP that discharges into the Congaree River. In 2013, the Congaree Riverkeeper, Inc. (CRK) served a 60 day notice on CWS under the Federal Clean Water Act threatening a citizen's suit in Federal court to penalize CWS for failing to connect to the Town's regional line. After the Town refused in 2014 to allow CWS to connect under a wholesale service agreement, and an unsuccessful attempt by CWS to get the Town to make an offer to purchase the I-20 System (and the CWS Watergate System which the Town demanded be sold as a condition of a purchase of the I-20 System), CRK brought its action in January 2015.

CWS had for several years attempted to have its I-20 NPDES permit renewed by DHEC without success. Following the Town's refusal to connect or offer to purchase the I-20 System and the initiation of the CRK citizen suit, on July 16, 2015, DHEC gave public notice of its intent to renew the permit, which would require that CWS upgrade the I-20 WWTP to meet stricter discharge limits. DHEC issued a fact sheet at the same time, which noted that it had no authority to require that Town allow a connection. On August 25, 2015, DHEC held a public hearing at which elected officials and citizens appeared in opposition to the renewal. At least five state legislators gave statements at this hearing in which DHEC was threatened with legislative action if it renewed the I-20 NPDES Permit. On September 4, 2015, DHEC issued a notice of intent to deny renewal of this permit and on August 1, 2016, issued a denial of reissuance of the I-20 NPDES Permit (Denial). Following an unsuccessful request to have the Board of Health and Environmental Control review the Denial, CWS instituted a contested case proceeding in the S.C. Administrative Law Court (ALC) challenging the Denial. That proceeding has effectively been stayed by the ALC pending the outcome of the Town's recently instituted condemnation action to take the I-20 System.

Appendix E

APPENDIX E ASSUMED STANDARD TERMS AND CONDITIONS

The typical industry transaction is concluded with some negotiation and the standard terms and conditions provided below:

- Purchase Price, as Cash as Closing
- Bill of Sale
- Satisfaction of Liens, Encumbrances or Title Problems to Obtain Free and Clear Title
- Easement, Land Rights, or Utility Rights Transferred
- Disclosure and Adjustments for Prepaid or Discounted Unconnected Connections
- Disclosure and Representations of Regulatory Conduct and Compliance
- Transfer of Necessary Agreements
- Transfer of Customer Deposits
- Transfer of all Records, Drawings, Reports, Permits and Like Documents
- 100% Accounts Receivable Collected Forward to Seller
- Vendor Invoices, Materials, Supplies as Incurred by Closing Paid by Seller
- Inventory of Consumables at Closing
- Prorated Taxes and/or Franchise Fees
- Prior Inspection of all Closing Documents and Scheduling of Pre-Closing
- Consideration for Performance and Penalty or Resolution of Non-performance
- Verification of Proper Authorization to Bind a Party
- Insurance and Indemnification Issues
- Conduct After Agreement and Before Closing
- Seller Keeps Existing Funds, Restricted Funds and Satisfies Debt Obligations
- "As-is" Type of Transaction
- Operational Staff and Other Employee Consideration For Hire by Buyer
- Rolling Stock, Movable Equipment, Laboratory Equipment, Tools and Accessories or Appurtenances Included
- Closing Date, Time, Place and Procedures
- Disclosure and/or Dispensation of Litigation

- Assistance in Petitions of Transfer, No Objections, Contractual Extent and Type of Cooperation
- Payment of Representative Fees and Costs as Incurred by Each Party
- Payment of Documentary Stamps, Recording Costs by Buyer
- Payment of Title Search and Policy by Buyer
- Construction Work in Progress Payment to Seller of Actual Costs

Appendix F



VALUATION OF REAL PROPERTY

Carolina Water Service, Inc. Real Property Rights
I-20 Regional Sewer System
Lexington County, South Carolina
Case No. 2017CP3203693

Valuation Date

October 9, 2017

Prepared For

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
930 Richland Street
Post Office Box 8416
Columbia, South Carolina 29202

Prepared By

Deborah B. Haskell CRE, FRICS, MAI
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January 29, 2018

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
930 Richland Street
Post Office Box 8416
Columbia, South Carolina 29202

Re: Carolina Water Service, Inc. Real Property Rights
I-20 Regional Sewer System
Lexington County, South Carolina
Case No. 2017CP3203693

Dear Mr. Hoefer:

Pursuant to your request, Winthrop Real Estate Advisors ("WREA") performed an appraisal of the market value of the real property rights in the I-20 Regional Sewer System owned by Carolina Water Service, Inc. in Lexington County, South Carolina. The sewer system was acquired through eminent domain by the Town of Lexington, South Carolina.

The appraisal was developed in compliance with Standard 1 of the *Uniform Standards of Professional Appraisal Practice ("USPAP")*. Our analyses and conclusions are presented in conformity with Standard 2 of *USPAP*. The value conclusions reflect the owners' marketable interest in the real property described herein as of October 9, 2017, the date that the Condemnation Notice and Tender of Payment was filed with the Court of Common Pleas. The appraisal is intended for Willoughby & Hoefer, P.A., legal counsel for Carolina Water Service, Inc., for use during eminent domain proceedings.

The report reflects research and analysis performed by Winthrop Real Estate Advisors from December 2017 through January 2018. Please note that the conclusions are subject to the Standard Conditions contained in the Addenda.

Very truly yours,

Deborah B. Haskell CRE, FRICS, MAI
Managing Partner



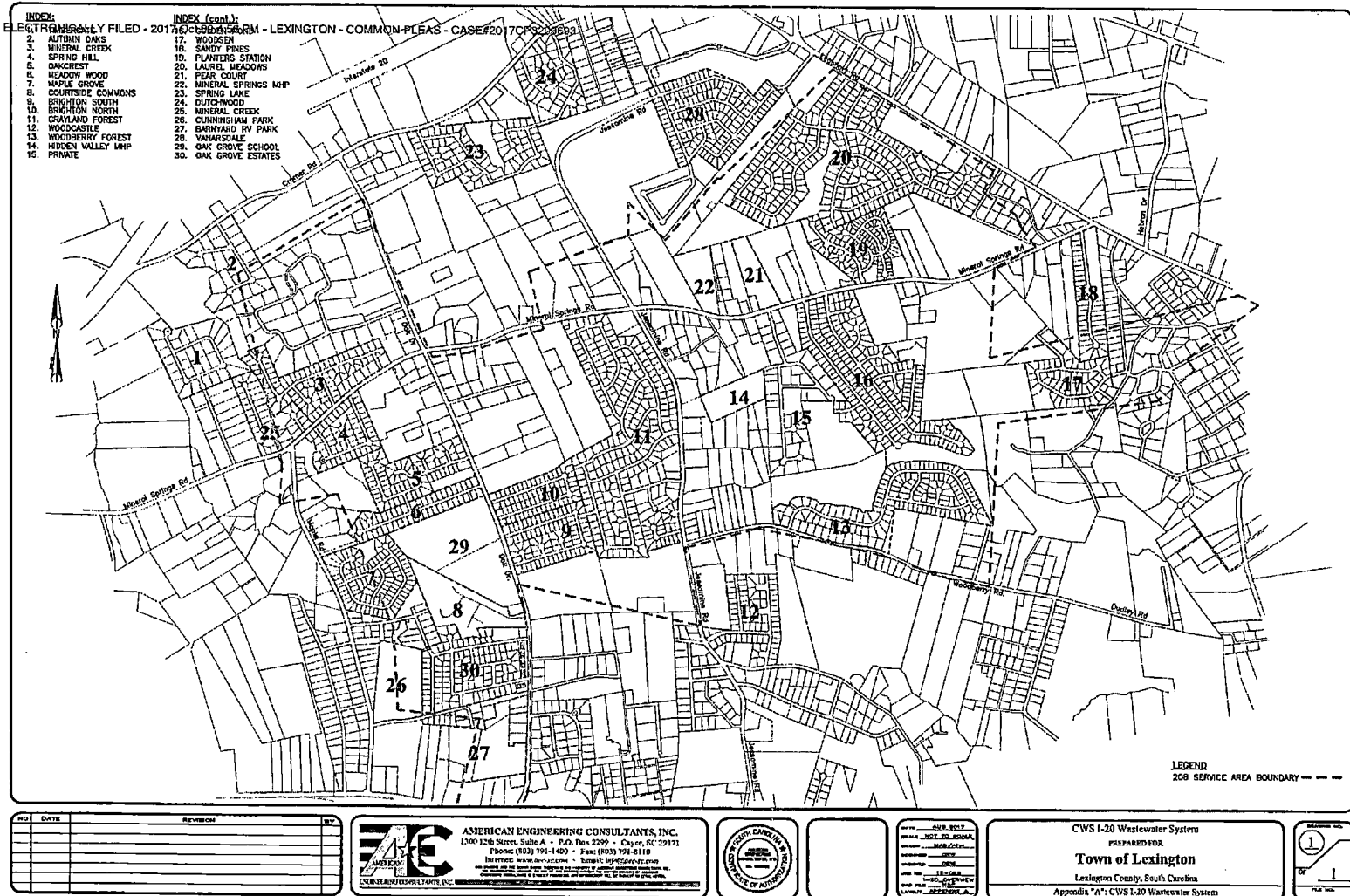


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EXECUTIVE SUMMARY

Real Property Identification

The purpose of this analysis is to determine the value of the land and property rights in the I-20 Regional Sewer System that are owned by Carolina Water Service, Inc. ("CWS"). These property rights are an integral part of the sewer system that serves about 2,200 customers in Lexington County. The rights are comprised of fee interests and six permanent easements but do not include licenses, permits or consents that may not be transferrable upon sale.

Purpose of the Assignment

This report was requested by Willoughby & Hoefer, P.A., legal counsel for CWS, for use in conjunction with eminent domain proceedings. It is intended for the client and the court having jurisdiction in this matter.

Date of the Report and Date of Value

The date of the report is January 29, 2018. The date of value is October 9, 2017, the date that the Condemnation Notice was filed with the Court of Common Pleas.

Special Conditions

This report relies, in part, on information provided by CWS and Willoughby & Hoefer. Our analysis is also based on information obtained from public records, national and local data sources, government officials, investors, brokers and property owners. If information from any of these sources is incorrect, the value conclusions may change.

Real Property Interests

CWS owns the fee interest in pump stations, aerated equalization ponds and a former water tank site as well as six permanent easements. We are still working with the client to identify easements in the system that are located on private property. This report may be supplemented at a later date to address any additional easements. Our value conclusions are based on the fee simple and partial interests. Fee simple interest is defined as

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat."¹

An easement is a partial interest in real property and is defined as:

"An interest in real property that conveys use, but not ownership, of a portion of an owner's property."²

Standard of Value

The purpose of this analysis is to determine the compensation to be paid for the eminent domain acquisition of the real property rights in the I-20 Regional Sewer System in Lexington

¹ The Dictionary of Real Estate Appraisal, Appraisal Institute, Fifth Edition, 2010

² Ibid. pg. 110

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County as of October 9, 2017. In other words, how much should the Town of Lexington, South Carolina pay for the acquisition of the fee takings and permanent easements defined in the Condemnation Notice and Tender of Payment dated October 9, 2017. Fair market value is the standard for measuring all damages that result from an eminent domain taking. It is defined in the *Uniform Appraisal Standards for Federal Land Acquisitions* as:

"The amount in cash, or in terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."

In addition, the widely respected legal treatise *Nichols on Eminent Domain* states that:

"The constitutional goal of valuation in eminent domain is just or full compensation, a 'practical attempt to make the owner whole.' It is an effort to put the owner in as good a position financially as he or she would have been, but for the taking."³

Premise of Value

There are two basic concepts that are critical to the valuation process. The first is the concept of highest and best use and the second is the principle of substitution. The market value of real property is always estimated in terms of its highest and best use. Indeed, highest and best use can be described as the foundation on which market value rests. The *Appraisal of Real Estate*, 13th Edition defines highest and best use as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."⁴

For purposes of clarification, "reasonably probable" means that the use is not conjectural, but likely in the near future. Alternatively, some state statutes use the term "reasonably adaptable and available." "Appropriately supported" means that the vacant land has the necessary access, utilities, permits and site improvements to make it a suitable site for the use(s) being proposed or in place. "Financially feasible" means that there is both sufficient market demand for the proposed or actual use to support it on the market, and that it is reasonable to expect that the use will produce a competitive rate of return on the investment in the property. Finally, the "highest value" is calculated as of the date of value, from among any alternative uses that might meet the tests of reasonably probable, legally permissible, physically possible, appropriately supported and financially feasible.

³ *Nichols on Eminent Domain* (14A-8)

⁴ *The Appraisal of Real Estate*, 13th Edition, pg. 298

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Components of Highest and Best Use

Legally Permissible - The use(s) being considered must be consistent with zoning and all other land use regulations or limitations placed by both government and private deed restrictions on the property. All of the permits necessary to put the property to the proposed use must be in place, or reasonably anticipated.

Physically Possible - The use(s) being considered must be able to fit on the site. Moreover, topographic, subsurface support and drainage requirements must be met. Access to highways, utilities and other necessary infrastructure must be in place or readily available.

Financially Feasible - As noted above, "financial feasibility" means first, that there must be sufficient market demand for the proposed use so that the property is readily marketable. Secondly, there must be a reasonable probability and expectation that the proposed use will produce a competitive rate of return on the investment in the property, expressed either in money, amenities, or some combination of both.

Maximally Productive - If there are two or more uses that meet the tests of legally permissible, physically possible and financially feasible, then the one with the greatest productivity in money, amenities or some combination of both produces the highest value as of the date of value. That use is the highest and best use.

The highest and best use of the improved property may be different from that of the vacant site. Unless and until the value of the vacant site is greater than the value of the improved property, less the costs of demolition and site preparation, the highest and best use of an improved property will be "as improved."

Application to the CWS Real Property Rights

Legally Permissible - The I-20 Regional Sewer System in Lexington County primarily traverses residential zoning districts. The use was established prior to current zoning and is an essential public service. Thus, it is considered a legally permissible and necessary use.

Physically Possible - The I-20 Regional Sewer System is physically capable of continuing to provide sanitary sewer services to over 2,200 customers throughout the county. The network is comprised of pump stations, aerated equalization ponds, a water tower, sewer lines, force mains and outfalls that provide sanitary sewer services to a variety of customers.

Financially Feasible - The I-20 Regional Sewer System is located in a moderately to densely developed suburban area that is primarily oriented to residential housing. The history of profitable operation and continued demand is prima facie evidence of feasibility.

Maximally Productive - There is no indication that any prospective use is superior to the current use as a sewer system.

Conclusion of Highest and Best Use - The I-20 Regional Sewer System is a physically appropriate, legally permissible and financially feasible use of the land and property rights. The

EXECUTIVE SUMMARY

system serves about 2,200 customers in Lexington County, generates substantial revenue and is a profitable use. Furthermore, it is unlikely that a competitor could feasibly acquire the property rights to construct a replacement system. Thus, it is my conclusion that the highest and best use of the I-20 Regional Sewer System is for continued utility use.

Scope of Work

The purpose of this assignment is to determine the market value of the property rights in the sewer system in Lexington County that CWS owns in fee or occupies by easement. This includes the fee ownership in thirteen separate parcels improved with pump stations, aerated equalization ponds and a former water tank as well as six permanent easements. These parcels are connected by gravity and force main sewer lines which are not part of this analysis. The total value reflects the assembled network as it exists today, which would be extremely difficult, if not impossible, to replicate. It is based on the Across the Fence (ATF) value for each separate and distinct parcel plus the plottage value for the assembled network.

Our work entailed meeting with CWS attorneys and engineers to discuss the I-20 Regional Sewer System in Lexington County. I also performed site visits to the pump stations and aerated equalization ponds and viewed the pipeline and force main network that supplies sewer services to existing customers.

My analysis of land value is based on sales of vacant land and improved properties throughout Lexington County, in general, and in the CWS service area, in particular. I reviewed the sale data, made field inspections of the relevant properties and spoke to brokers, owners and investors to understand the local market. Based on this, I determined the underlying land values throughout the system. I then assigned Across the Fence (ATF) values to the individual parcels and easements that comprise the CWS ownership of the sewer system in Lexington County.

Finally, I applied a plottage, or enhancement, factor to reflect the total value of the assembled sewer system as it exists today. This factor is based on my analysis of sales of utility networks throughout the country and the contributory value of the assembled land rights.

Extraordinary Assumptions and Hypothetical Conditions

According to the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation, the definition of an extraordinary assumption is

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

The definition of a hypothetical condition is

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

There are no extraordinary assumptions or hypothetical conditions in this valuation.

DESCRIPTIVE DATA**MARKET OVERVIEW****Economic Trends**

The economic outlook for South Carolina, in general, and Lexington County, in particular, is positive. Business growth continues, inflation remains low and consumer sentiment is rising. In addition, private company executives are optimistic about the future. While longer-term forecasts must wrestle with the question of the increasing national debt and the ability of the Federal Reserve Bank to guide financial markets, the near-term prospects are good.

Despite historically low interest rates, national economic growth between 2008 and year-end 2016 was the slowest in recent history. This is in stark contrast to the stock market, which has risen to record levels. In addition, financial institutions and corporations have experienced record profits and increased balance sheets. During this time, unemployment rates declined resulting in tighter labor markets. This was attributable to job growth but also to the fact that fewer adults were participating in the labor market. This could explain the lack of wage growth.

The near term and long range economic outlooks for both the U.S. and South Carolina are favorable. The U.S. Commerce Department announced that the national economy grew at a rate of 3.0% in the second half of 2017. This is the highest growth rate in over eight years. This is primarily attributable to the strength of the U.S. dollar as well as to accommodative interest rates and low fuel prices. Consumer confidence is up and the national unemployment rate dropped to 4.1% in October 2017. This is similar to the 4.0% rate in South Carolina. Given this environment, many private-companies are investing in new facilities and equipment.

South Carolina is a business-friendly environment and the Department of Commerce has successfully negotiated deals with major national and international corporations. It is a right-to-work state and has one of the lowest unionization rates in the nation. It is an attractive option for companies seeking to expand operations in the Southeast because of its competitive corporate income tax rates as well as favorable rates for workers' compensation and healthcare insurance. In addition, property tax rates are some of the lowest in the county.

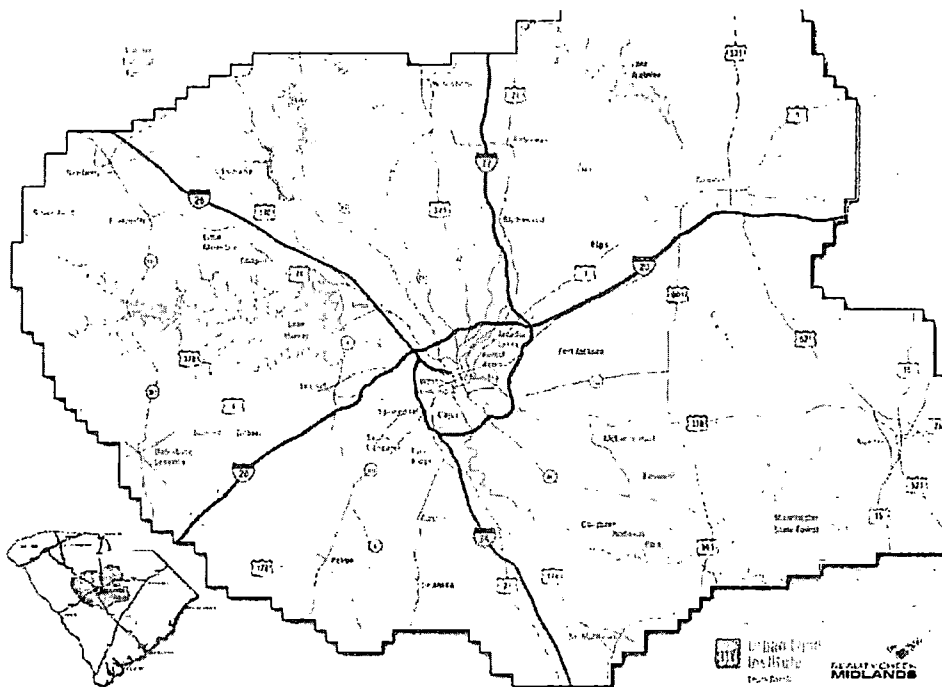
According to regional economists, most regions and industries in South Carolina experienced positive job growth between 2015 and year-end 2017. This is one of the best indicators of overall economic health. The manufacturing industry is a major economic driver throughout the state. This is fueled by the Boeing manufacturing facility expansion in North Charleston, expansion of the BMW manufacturing plant in the upstate and new pharmaceutical and high-tech companies in the Midlands.

The leisure, hospitality and employment services sectors are also growing. Consumers and households have reduced debt levels while personal net worth has increased. The decline in energy prices, including the price of gasoline, has also had a stimulative effect. These factors have resulted in more disposable income and increasing demand for tourism-related industries, especially in South Carolina's coastal regions.

The state economy is supported by global manufacturers as well as civilian and military aerospace companies that ship products throughout the world. The economies in Europe

DESCRIPTIVE DATA

and Asia are beginning to rebound, which will benefit South Carolina's foreign trade. In the near term, regional economists anticipate real income growth in South Carolina to be in the 2.0% to 2.5% range.



The I-20 Regional Sewer System is located in Lexington County, which is part of Metropolitan Columbia. This area is the geographic center of the state and encompasses Lexington, Richland, Sumter, Fairfield, Kershaw, Orangeburg and Saluda Counties. The region is also known as the Midlands, although technically the geographic boundaries for the Midlands exclude Sumter County.

Transportation

Metropolitan Columbia benefits from an excellent transportation system as well as a variety of employment opportunities and housing options. Interstate highways I-26, I-20 and I-77 traverse the region and provide direct links to the surrounding metropolitan areas. There are also numerous state highways that connect the cities and towns to employment and commercial centers.

DESCRIPTIVE DATA

Columbia Metropolitan Airport (CAE), a regional transportation hub, is located about fifteen miles southeast of the CWS service area in West Columbia. Three national airlines and two fixed-base charter operators provide passenger service throughout the United States. The airport has completed several major capital projects over the last ten years including renovating and expanding the terminal, constructing a new parking garage and lengthening the runways. There are ongoing plans to improve the access to I-26.

The airport maintains a dedicated air cargo terminal, the Columbia Airport Enterprise Park (CAE Park), to accommodate commercial freight carriers. UPS has its southeastern regional hub at CAE, which is one of six regional hubs throughout the United States. The facility is comprised of 352,000 square feet of space and a 44-acre ramp large enough to hold 22 DC-8 aircraft. Other major air cargo companies serving the airport include ABX Air and FedEx Express.

CSX and Norfolk Southern railroads traverse the region and provide freight transport to the surrounding metropolitan areas as well as throughout the country. These rail corridors connect the Port of Charleston to the Midlands and Upstate regions as well as to the major interstate highways that serve the east and west coasts of the United States. Once the expansion of the Port of Charleston is complete and the adjoining intermodal facility is constructed, the CSX and Norfolk Southern rail operations will be critical components in the national logistical system.

Norfolk Southern operates a Thoroughbred Bulk Transfer (TBT) terminal on Old Dunbar Road in West Columbia. This specialized facility allows customers to transfer a large array of commodities between rail cars and trucks. The TBT terminal is owned by Norfolk Southern but operated by independent contractors that are industry experts in facilitating safe and efficient bulk transfer and distribution. The facilities allow customers without rail siding to receive the benefits of rail economics and service quality.

Growth Forecasts

According to projections by the United States Conference of Mayors (USCM), the majority of the population growth over the next twenty years in the 127 major U. S. metropolitan areas will occur in the South and West. Over 50% of this growth is expected in the South, which would add 33 million residents. The West anticipates capturing about 35% percent of the growth, or 22 million residents, while the Midwest is forecast to capture about 10% percent, or 8 million residents. The Northeast is anticipated to capture less than 5% of the growth and continue to lag the projected national growth rate.

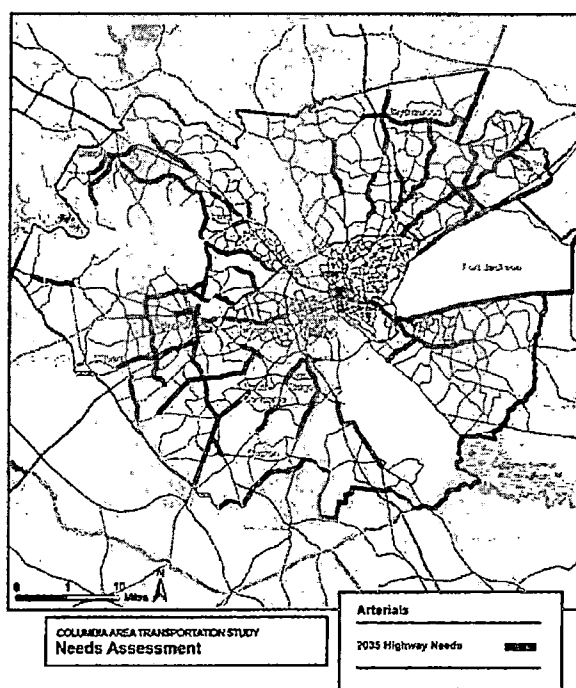
While the USCM data focuses on the major metropolitan areas, these geographic trends will also affect smaller metropolitan areas like the Columbia region. In fact, the Central Midlands Council of Governments (COG) has projected that by 2040 there will be an influx of 450,000 new residents to metropolitan Columbia. This will result in 176,000 new housing units and 192,000 new jobs.

The CWS service area is located in Lexington County. Therefore, we analyzed actual and forecast population growth to determine future demand for residential housing. According to a study prepared by the Central Midlands Council of Governments, Lexington County has had the region's fastest increase in population since 2000. The current population is 288,967, which is a

DESCRIPTIVE DATA

9% increase over the last five years (2010). In addition, Lexington County is anticipated to experience significant growth through the year 2040 when the population is forecast to be 476,500 residents. This reflects an 65% increase, which will require both housing and employment opportunities.

In anticipation of this growth and the inevitable traffic congestion, the Central Midlands COG produced a regional transportation study entitled the Midlands Tomorrow Regional Transportation Plan. The plan incorporates the widening of major thoroughfares and interstate highways, intersection improvements, interstate highway interchange improvements, and construction of a limited number of new roads. The Columbia Area Transportation Study (COATS) then prioritized the major thoroughfare and intersections projects. The Interstate highway improvements were taken from the South Carolina Department of Transportation State-Wide Multi-Modal Transportation Plan.

Highway Widening Needs Assessment

Source - Midlands Tomorrow Regional Transportation Plan

According to the report, major transportation corridors throughout Lexington County are scheduled for roadway improvements. Greater accessibility will result in more housing development and the associated demand for utilities and associated infrastructure.

DESCRIPTIVE DATA

In conclusion, Metropolitan Columbia, in general, and Lexington County, in particular, has a diverse economic base and benefits from a favorable business environment. The region has experienced positive employment growth and the inflow of many private companies attracted by affordable property values, the availability of a skilled labor force and favorable tax rates. Economic and demographic indicators point to continued employment and population growth throughout the region supported by business expansion and the in-migration of new residents.

PROPERTY DESCRIPTION

The I-20 Regional Sewer System that is the subject of this analysis is located in Lexington County. It is a private utility that began operations in the 1960's and has about 2,200 customers. The service area encompasses single family residential neighborhoods, residential land, two mobile home parks and mixed-use districts. Reportedly, the Town of Lexington will incorporate the sewer assets into a regional wastewater system in Cayce.

As described in the Condemnation Notice, the Town of Lexington took

"All sewer assets of Carolina Water Service, Inc./Utilities, Inc. associated with the I-20 Regional Sewer System in Lexington County, South Carolina as shown on Appendix "A" and Appendix "B", including without limitation the real property, easements, including utility easements and access easements, any and all improvements and fixtures affixed to the land, including buildings, gravity sanitary sewer piping, sanitary sewer force main piping, effluent force main piping, sanitary sewer manholes, sanitary sewer pump stations, all appurtenances, records, customer data, the I-20 Regional WWTP located on T.M.S. No. 004521-01-019 at Laurel Meadows Subdivision off of Laurel Meadows Drive, the Spring Hill aerated equalization pond located on T.M.S. No.00417-02-038 at Spring Hill Subdivision off of Hill Springs Drive, the Woodsen aerated equalization pond located on T.M.S. No.0045-01-020 at Woodsen Subdivision off of Woodsen Circle, the I-20 Regional WTP dechlorination facility located within an easement on an unknown parcel off of Davega Drive, and designated rights as the Management Agency under the 208 Water Quality Management Plan for the I-20 Regional Sewer System.

The subject sewer system includes approximately 101,000-feet of gravity sanitary sewer piping, 39,000-feet of sanitary sewer force main piping, 11,000-feet of effluent force main piping, 450 sanitary sewer manholes, and 16 sanitary sewer pump stations. The particular neighborhoods/areas served by the sewer system are: Timbergate, Autumn Oaks, Mineral Creek, Spring Hill, Oakcrest, Meadow Wood, Maple Grove, Courtside Commons, Brighton South, Brighton North, Grayland Forest, Woodcastle, Woodberry Forest, Hidden Valley Mobile Home Park (satellite system), Golden Pond, Woodsen, Sandy Pines, Planters Station, Laurel Meadows, Pear Court, Mineral Springs Mobile Home Park (satellite system), Spring Lake, Dutchwood, Mineral Creek, Cunningham Park, Barnyard RV Park, Vanarsdale (satellite system), Oak Grove School, Oak Grove Estates, and any tributary sanitary sewer collection systems which discharge to the previous listed areas and which ultimately discharge to the I-20 Regional WTP, other than system(s) listed above as being satellite systems of the I-20 Regional Sewer System."⁵

⁵ Condemnation Notice and Tender of Payment electronically filed October 9, 2017

DESCRIPTIVE DATA

This analysis focuses on the real property rights associated with the CWS assets that were acquired as part of the condemnation. These property rights are an integral part of the I-20 Regional Sewer System and are comprised of fee interests and permanent easements. They do not include land rights controlled by license, permit or consent that may not be transferrable upon sale.

The Condemnation Notice describes the sixteen pump stations and sanitary sewer force main network. It also references 101,000-feet of gravity sanitary sewer piping but does not include a description. The seven maps that show the entire network are included on the following pages.

PROPERTY TAX ASSESSMENT

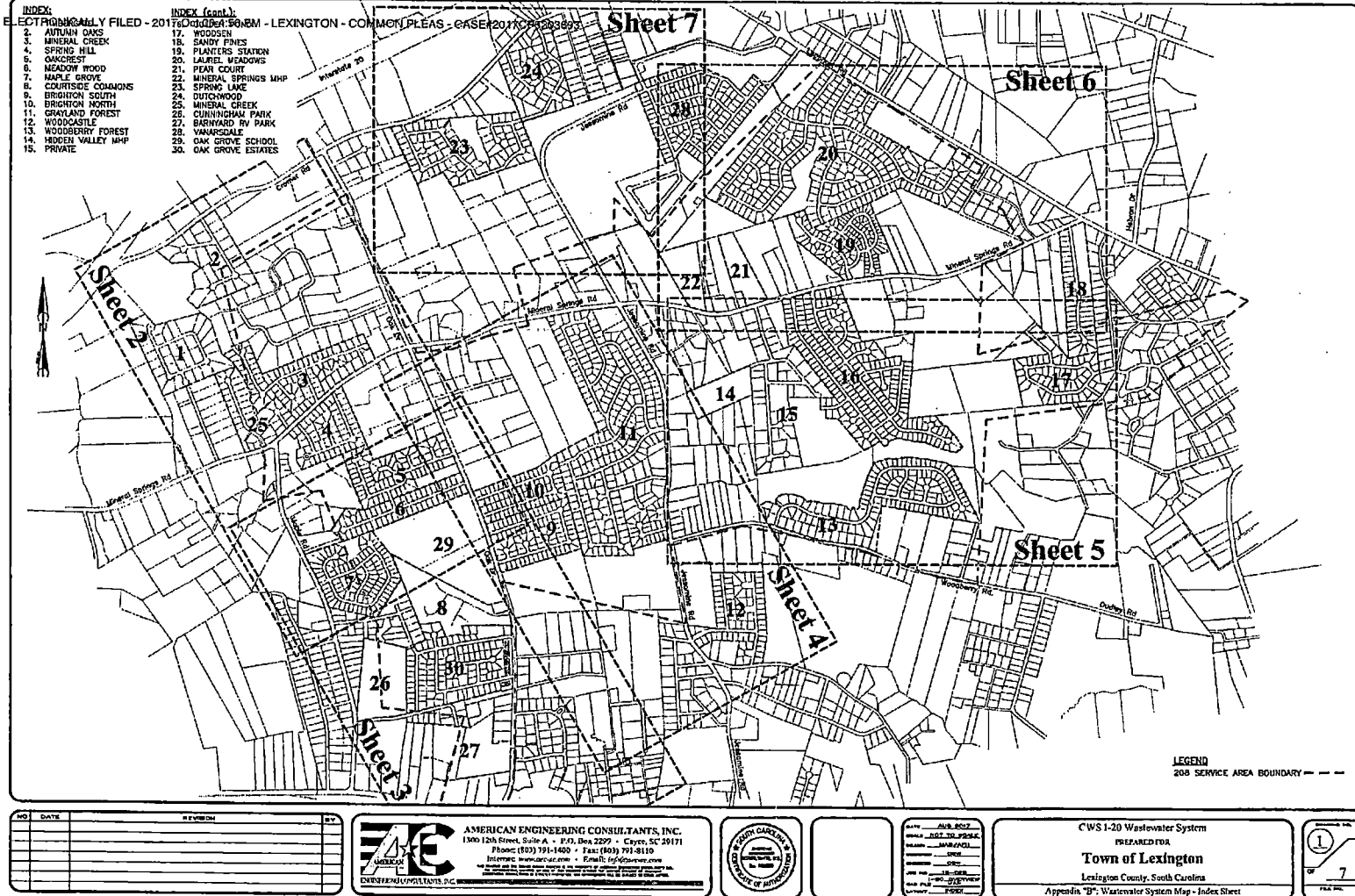
The following chart summarizes the Lexington County property assessments for a portion of the CWS assets.

PROPERTY TAX ASSESSMENT			
Carolina Water Service, Inc			
Assessing Authority		Lexington County	
Tax Year		2017	
ASSESSMENT INFORMATION			
Assessor's Parcel	Identification	Taxable Land	Land Assessment
004434-01-027	Autumn Oaks	\$500.00	\$30.00
004417-02-038	Spring Hill	\$3,000.00	\$180.00
004420-05-025	Cunningham Park	\$500.00	\$30.00
004517-07-007	Garland Forest	\$500.00	\$30.00
004546-01-028	Sparrow Pointe	\$500.00	\$30.00
004525-04-011	Woodcastle	\$15,870.00	\$950.00
004522-01-020	Woodsen	\$500.00	\$30.00
004517-07-008	Water Tank Site	\$500.00	\$30.00
004521-01-019	I-20 Regional WWTP	\$4,800.00	\$290.00
004540-01-033	Savannah Pointe	\$500.00	\$30.00
004424-04-021	Springlake	\$14,950.00	\$900.00
004458-01-017	Pear Court	\$30,000.00	\$1,800.00
Total Taxable Value		\$72,120.00	
Total Assessment			\$4,330.00

ZONING

The CWS sewer system is primarily in the RD and ID zoning districts as described in Lexington County zoning ordinance. The zoning map on the following page illustrates the zoning classifications that apply throughout the CWS service area.

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- INDEX (cont.)
1. AUTUMN OAKS
 2. MINERAL CREEK
 3. SPRING HILL
 4. OAKCREST
 5. MEADOW WOOD
 6. MAPLE GROVE
 7. COURTSIDE COMMONS
 8. BRIGHTON SOUTH
 9. BRIGHTON NORTH
 10. GRAYLAND FOREST
 11. WOODCASTLE
 12. WOODGERRY FOREST
 13. HIDDEN VALLEY MHP
 14. PRIVATE
 15. WOODSEN
 16. SANDY PINES
 17. PLANTERS STATION
 18. LAUREL MEADOWS
 19. PEAR COURT
 20. MINERAL SPRINGS MHP
 21. SPRING LAKE
 22. DUTCHWOOD
 23. MINERAL CREEK
 24. CUNNINGHAM PARK
 25. BARNHARTT IV PARK
 26. VANASSEDALE
 27. OAK GROVE SCHOOL
 28. OAK GROVE ESTATES

LEGEND

- EXISTING SANITARY SEWER LINE
- EXISTING MANHOLE
- EXISTING ARV MH
- EXISTING FORCE MAIN
- 208 SERVICE AREA BOUNDARY
- EXISTING PUMP STATION
- LAGOON/EQUALIZATION BASIN



NO.	DATE	REVISION	BY

AE AMERICAN ENGINEERING CONSULTANTS, INC.
 1340 12th Street, Suite A • P.O. Box 1299 • Cayce, SC 29111
 Phone: (803) 791-1400 • Fax: (803) 791-8110
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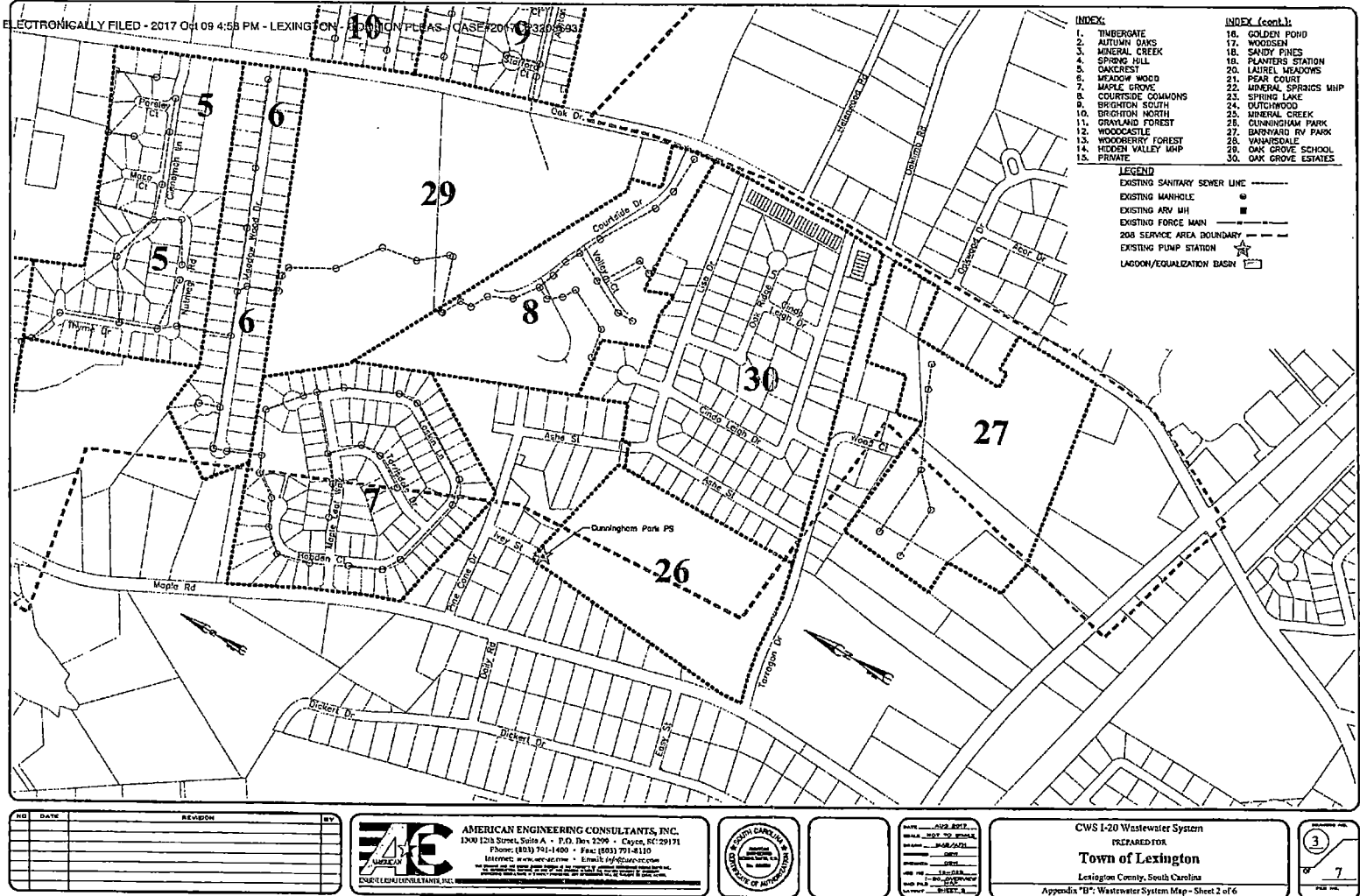


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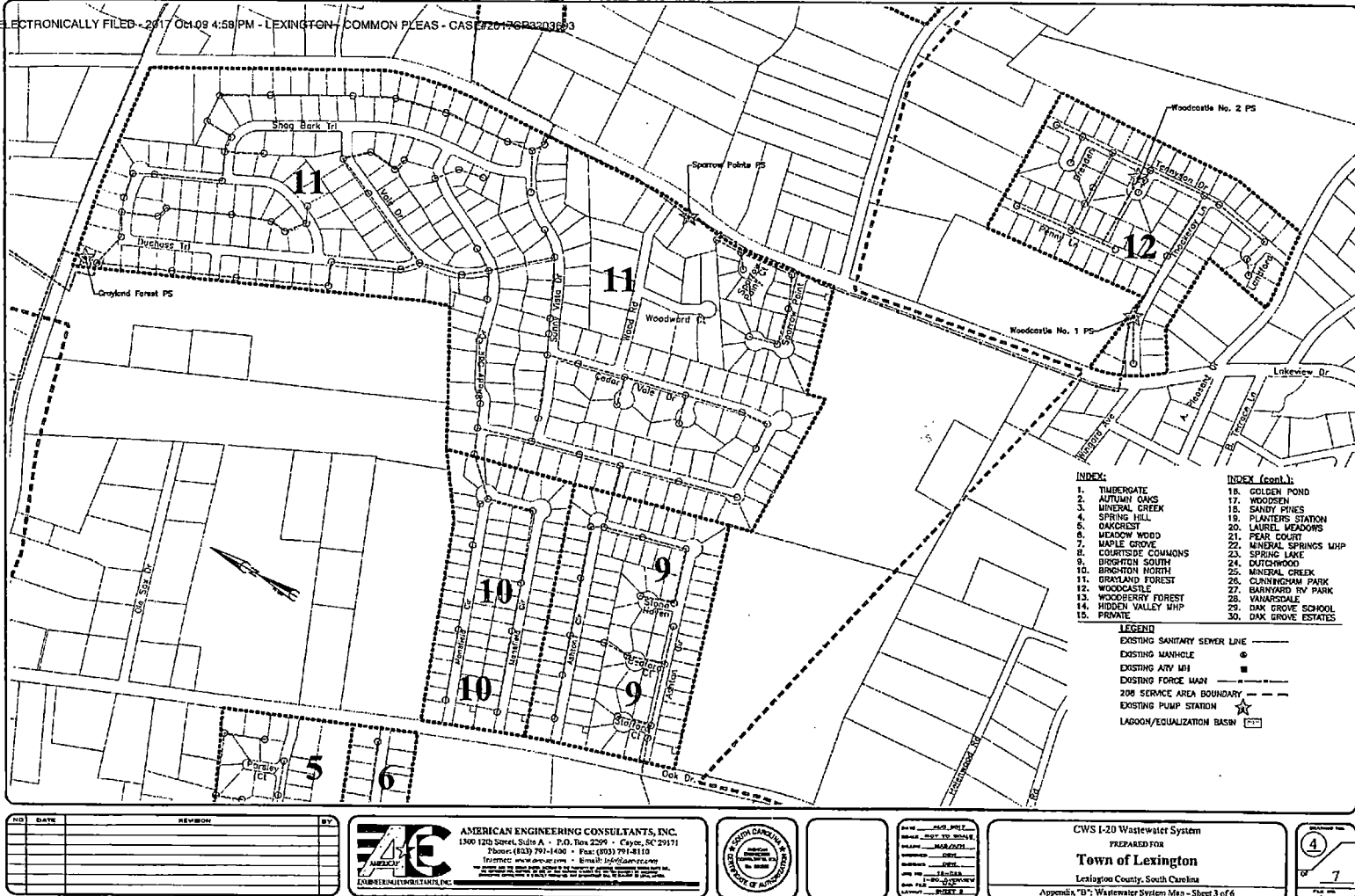
CWS 1-20 Wastewater System
 PREPARED FOR
Town of Lexington
 Lexington County, South Carolina
 Appendix "D": Wastewater System Map - Sheet 1 of 6

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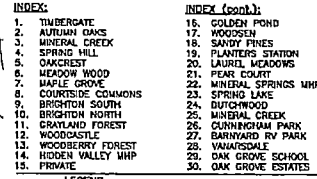
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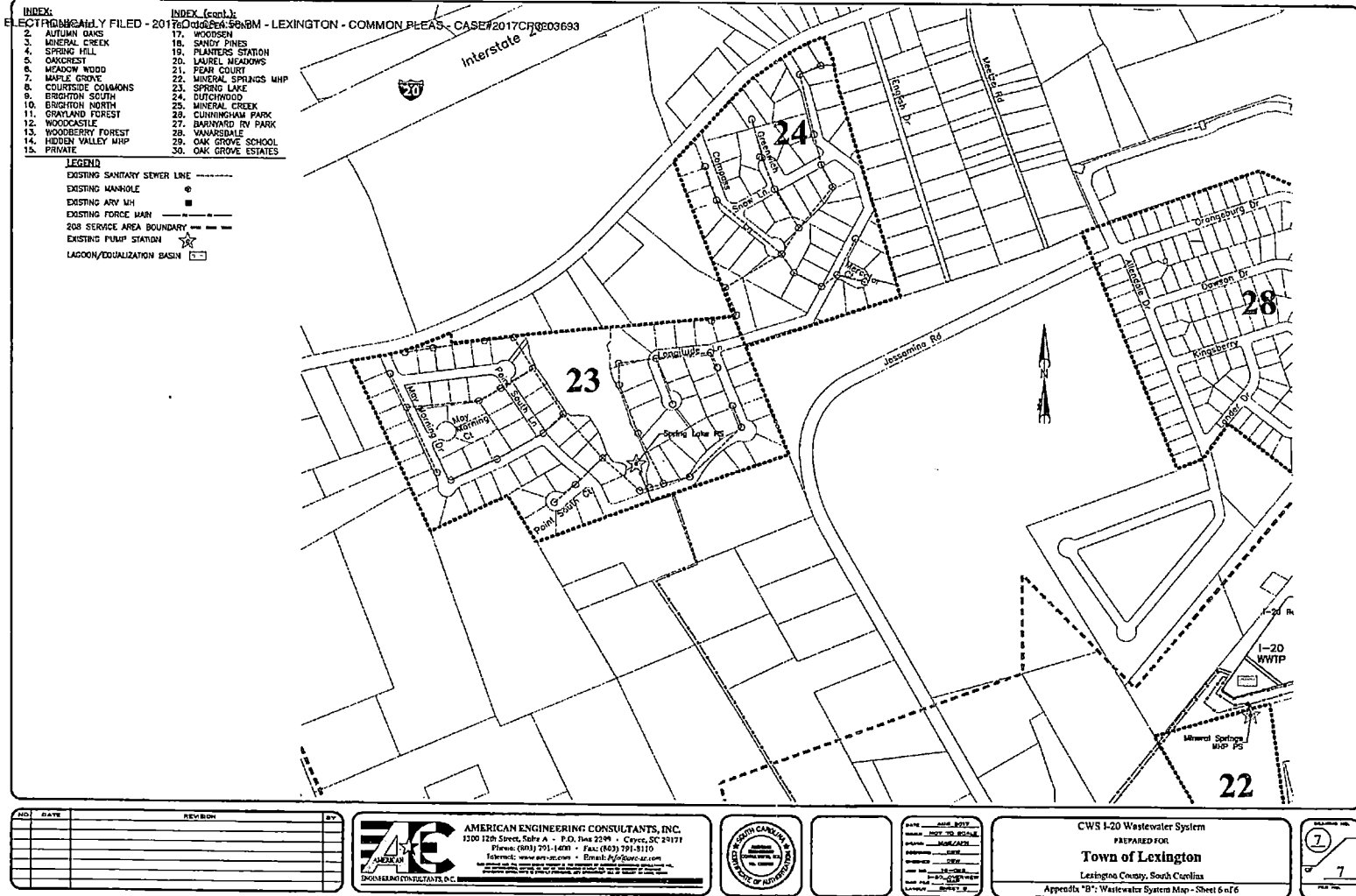


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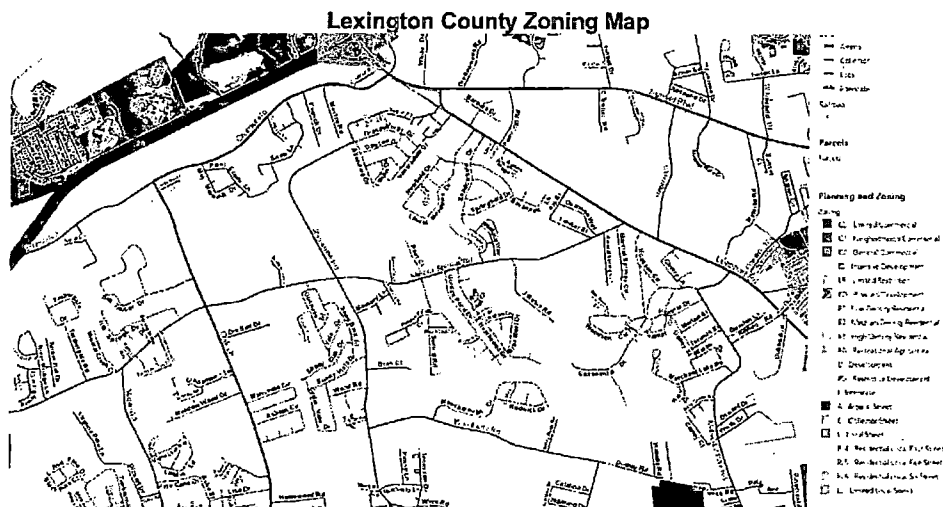
CWS 1-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix D12a: Wastewater System Map - Sheet 4 of 6



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DESCRIPTIVE DATA



Development in Lexington County is controlled by both the zoning classification and the classification of the adjoining roadway. The majority of the service area is oriented to residential uses. Thus, the classifications of the Local roadways apply. The density and dimensional requirements of the categories are summarized on the following chart.

ZONING		
Municipality Governing Zoning	Lexington County	
Zoning Classifications	RD - Restrictive Development	
	ID - Intensive Development	
Allowed Uses	The RD and ID classifications are somewhat all encompassing and allow a variety of development including single and multifamily residential dwellings as well as institutional, recreational, commercial and industrial uses. The intensity of development is controlled by the proposed use and classification of the adjoining street.	
ZONING REQUIREMENTS	CODE	CODE
Classification	RD - Restrictive Development	ID - Intensive Development
Minimum Lot Area	None	None
Minimum Setbacks		
Residential	10 feet	10 feet
Business Parks	30 feet	30 feet
Shopping Centers	50 feet	50 feet
Roadway Classification - Allowed Density		
Arterial - A	Intensive commercial and industrial	Intensive commercial and industrial
Collector - C	Intensive commercial and industrial	Intensive commercial and industrial
Local - L		
Residential Local Six - RL6	Six dwelling units per acre	Six dwelling units per acre
Residential Local Five - RL5	Five dwelling units per acre	Five dwelling units per acre
Residential Local Four - RL4	Four dwelling units per acre	Four dwelling units per acre

VALUATION ANALYSIS AND CONCLUSIONS

VALUATION METHODOLOGY

There are three traditional approaches to determine value; the sales comparison approach, the income capitalization approach, and the cost approach. These valuation methods are described as follows:

Sales Comparison Approach

The sales comparison approach is based on the principle of substitution and the premise that a willing and knowledgeable buyer will pay no more for a property than the cost to obtain an equally desirable substitute. Conversely, a seller will accept no less than recent prices for properties with similar locational and physical attributes. The application of the sales comparison approach involves comparing the property under analysis with similar properties that have recently sold and for which the sale prices and terms are known.

The real estate market is characterized by inefficiency. Price variations reflect differences in a property's physical and economic attributes, the proposed use of the land, the legal interest conveyed, the competitive investment environment, and the structure of the transaction. Because comparability is a relative concept, it is necessary to not only identify the highest and best use of the property under analysis but also to understand the significant differences between the subject and the sale properties. The sales comparison approach reflects the actions of market participants.

Income Capitalization Approach

The income capitalization approach is the most meaningful appraisal technique in valuing the fee ownership of properties that generate revenue. This methodology is predicated on an investor's financial objective to realize the economic benefits derived from real property in the form of a positive cash flow. The price that an investor regards as prudent is that price at which the projected income stream is expected to provide an acceptable return on and return of invested capital. As a result, the indicated market value of the property is the present worth of the reasonably anticipated income stream and reversionary value at the termination of the investment.

Cost Approach

The Cost Approach is based on the premise that an informed, prudent buyer would not pay more for a property than the cost to develop an equally suitable alternative. This assumes that the properties have legal title and offer economically equivalent benefits. The cost approach is an estimate of the replacement value of a property as determined by the cost of the land and improvements. Rather than valuing property as a whole, the cost approach reflects the sum of the land value and improvement or building value.

Application

Utility networks are unique because they offer linear connectivity and continuity between points with resulting economic benefit. In other words, the value of a utility network is a function of the areas through which it passes and the points it connects. The end points set the upper limit of

VALUATION ANALYSIS AND CONCLUSIONS

value because they determine the need for, and economic justification of, connecting the points within the network. The pump stations and aerated equalization ponds represent mid-points within the network and contribute value proportionately with demand and intensity of use.

In this case, the gravity sanitary sewer, sanitary sewer force main and sanitary sewer effluent piping connect to the pump stations, aerated equalization ponds and WTPP dechlorination facility. The pump stations, aerated equalization ponds and the former water tank are located on land owned in fee by CWS. As stated previously, the gravity sanitary sewer, sanitary sewer force main and sanitary sewer effluent piping that connect the pump stations, aerated equalization ponds and WTPP dechlorination facility are not part of this analysis.

Valuation methodology for utility networks has evolved over the years as the industry has matured, the country has become more populated and the need for infrastructure has increased. There have been many articles written since the 1970's documenting widely accepted valuation methodology for utility networks. Charles F. Seymour, MAI, CRE and John P. Dolman, MAI, CRE are well known experts on corridor and network valuation and were some of the first professionals to recognize that assembled networks command premiums beyond simple land value. They have written extensively on this subject.

The value of a utility network has two components. The first component is the "Across the Fence" value of the land and property rights. This assumes that the network is comprised of individual and disassembled parcels. Each segment of the network is assigned a value based on the highest and best use of the abutting land "Across the Fence." This component ignores any unity of ownership or use and represents the lowest limit of value for a utility network.

The second component of value is plottage, or enhancement, value. When parcels are assembled to form a network or grid, synergism is created because the value of the whole exceeds the sum of the value of the individual parts. As an example, a ten-mile length of fiber optic cable is more valuable than the materials used to make it. It is also more valuable than 10 one-mile lengths.

The concept of "plottage" illustrates this synergism. Simply put, it is the increase in value resulting from the improved utility of combining small parcels into one large parcel. It is not the cost of assembling alone that is responsible for plottage value. In order for the plottage increment to be realized, the assembled units must create a superior, or more valuable, use. In other words, the assemblage must create a new highest and best use that is more profitable than the use of the individual parcels prior to assemblage.

Four conditions must exist for the plottage increment, or special enhancement, to affect market value:

1. The property must be unique;
2. It must contain special benefits;
3. Added value must arise out of the avoidance of cost and;
4. There must be demand for the special use.

VALUATION ANALYSIS AND CONCLUSIONS

The conclusion of the highest and best use determines the appropriate valuation methodology for a utility network. In this case, the highest and best use of the I-20 Regional Sewer System in Lexington County is for continued operation utilizing the pump stations, aerated equalization ponds and all piping that connects these facilities throughout the service area. Thus, the appropriate valuation methodology is based on the principle of substitution.

The principle of substitution states that the value of real property or property interests can be measured by the cost to acquire land and construct a new improvement, the cost to buy an equally satisfactory substitute property or alternatively, the cost to buy some other form of investment with similar expectation of risk and return. The I-20 Regional Sewer System is a fully assembled utility network. Thus, a hypothetical buyer/user has two choices:

1. Assemble all real property rights required for a utility network, obtain all necessary approvals and construct the improvements or;
2. Acquire an existing network if a suitable one is available.

In this scenario, the upper limit of value is the cost to acquire all the land and property rights to develop a new sanitary sewer system identical to the one owned by CWS. However, utility networks typically do not sell for replacement cost because each user has specific requirements and it is unlikely that an existing network will be ideal. Thus, the value of an existing network is somewhere between the upper and lower limits of value, depending upon the location, demand, competition and barriers to entry.

VALUATION

Accepted valuation methodology for an existing utility network has three steps. The first step is to estimate the value of the land and property rights included in the network. The second step is to apply a factor to the value of the land and property rights to reflect the additional value of the assembled network. Finally, the depreciated value of the existing improvements is added to the value of the land rights to reflect the value of the entire network. This analysis focuses on the value of the land and property rights that comprise the I-20 Regional Sewer System.

Across the Fence Valuation of CWS Land and Property Rights

In order to determine the value of the land and property rights owned by CWS, I utilized the "Across the Fence" appraisal methodology. The valuation premise is that the value of a utility network is directly related to the value of the adjoining land "across the fence." This methodology utilizes the Sales Comparison Approach and assumes that each segment of the network has a separate value based upon the adjoining land use and zoning. This appraisal technique involves identifying and analyzing sales of properties throughout Lexington County that are locationally and physically similar to the land rights that comprise the CWS network.

WREA first reviewed the I-20 Regional Sewer System and the types of development in the service district. The majority of the service district is comprised of residential neighborhoods that were

VALUATION ANALYSIS AND CONCLUSIONS

constructed between 1970 and 2010. Existing dwellings range in price from \$85,000 to \$530,000, depending upon the age, lot size, gross living area and quality of the dwellings. A summary of recent sales of improved properties in the CWS service area is included on the following pages.

In order to determine the value of the CWS land and property rights, I identified sales of undeveloped lots and acreage throughout Lexington County. I focused on residential neighborhoods that are similar to those in the service district. I analyzed the lot sizes, density of development, available utilities, deed restrictions, protective covenants and price range of existing homes. I selected 28 sales that occurred between April of 2015 and October 2017. I also included two properties that were listed for sale in the Autumn Oaks neighborhood. The land sales that are relevant to this analysis are summarized on the following chart.

**LAND SALE SUMMARY
LEXINGTON COUNTY**

Development	Location	TMS	Grantor	Grantee	Land Area Sq Ft	Land Area Acres	Density Per Acre	Utilities	Sale Date	Sale Price	Price PSF
Quail Creek	Lots 18-25 Chipmunk Ln	004535-01-022	Wenner	McGuinn Homes	4,732	0.11	9.09	W&S	8/30/17	\$35,000	\$7.30
Orchard Pointe	5 Lots Emerald Oak Dr	004412-01-008	Orchard Pointe	Synergy Homes	5,000	0.11	8.71	W&S	8/19/15	\$35,000	\$7.00
Windsor Courtyards	272 McGregor Cir	004376-01-004	Windsor Crossing	Wofford	5,837	0.134	7.46	W&S	10/18/15	\$30,000	\$5.14
Courtyards@Greenside	115 Greenside Dr	005315-02-004	Greenside LLC	Dickey	6,970	0.16	6.25	W&S	3/6/17	\$22,500	\$3.23
Hampton Park	324 Pantigo Ln	005309-01-069	Stasio	Collins	7,746	0.18	5.62	W&S	10/5/17	\$24,900	\$3.21
Caroline Springs	301 Misty Spring Ct	004202-01-023	Gonzales	Grable	7,918	0.18	5.50	W&S	3/9/17	\$20,000	\$2.53
Summerlake	542 Hopscotch Ln	004116-01-135	Beechwood Dev	Synergy Homes	8,102	0.186	5.38	W&S	5/21/15	\$40,000	\$4.94
Belmont Park	125 Derby Dr	004515-01-069	Southern Inv	Cand C Builders	8,276	0.19	5.26	W&S	11/16/15	\$23,000	\$2.78
Belmont Park	121 Derby Dr	004515-01-068	Southern Inv	Cand C Builders	10,890	0.25	4.00	W&S	6/16/15	\$25,000	\$2.30
Shoal Creek	101 Shoal Creek Dr	004416-01-001	Riner	Easter	10,890	0.25	4.00	W&S	7/21/17	\$31,000	\$2.85
Wilmont	108 Anadale Ln	004316-01-029	RKT Inv	Lake	15,246	0.35	2.86	W&S	4/16/15	\$50,200	\$3.29
	113 Fox St	004322-02-010	Harvey	Smith	16,553	0.38	2.63	W&S	10/20/16	\$27,500	\$1.66
	230 Robin Rd	004598-05-015	Meetzie	Castillo & Cruz	18,855	0.43	2.31	W&S	3/14/17	\$22,000	\$1.17
	132 O'Bannon Way	004596-07-009	Martin	Boles	21,475	0.49	2.03	None	10/23/15	\$18,000	\$0.84
Mariners Creek	183 Mariners Creek Dr	004201-01-039	Porter	Brown	24,535	0.56	1.78	W&S	9/28/15	\$48,500	\$1.98
Carrington Place	117 Old Carrington Pky	004414-01-005	Essex Homes	Barber	29,574	0.68	1.47	W&S	4/30/15	\$75,000	\$2.54
Autumn Oaks	104 Kenai Ct	004434-01-024	H&C Dev		33,106	0.76	1.32	W&S	Current	\$50,000	\$1.51
Autumn Oaks	145 Autumn Oaks Ln	004434-01-012	Eagerton		35,650	0.82	1.22	W&S	Current	\$52,000	\$1.46
	783 Cromer Rd	004497-04-028	JLN Construction	Duong	41,382	0.95	1.05	None	3/8/17	\$27,500	\$0.66
Rocky Meadow	341 Rocky Meadow Dr	004005-01-053	Stokes	Crawford	41,382	0.95	1.05	W&S	7/15/17	\$55,000	\$1.33
	2863 Dogwood Tr	004496-02-092	Corley	Kirkland	43,124	0.99	1.01	None	4/27/16	\$40,000	\$0.93
	For A&B Dogwood Tr	004496-02-138	Munnerlyn	Richardson	43,560	1.00	1.00	None	10/2/15	\$55,000	\$1.26
	Parcel A-2 Glisben Dr	004496-05-042	Corley York Trust	Nelson	47,045	1.08	0.93	None	5/10/17	\$50,000	\$1.06
	Lot A Swanhaven Dr	004498-03-087	Grogan	Johnson	53,579	1.23	0.81	W&S	4/13/17	\$48,000	\$0.90
Big Timber	204 Big Timber Dr	004497-04-049	Bruce	Bachman	61,855	1.42	0.70	None	12/22/16	\$75,593	\$1.22
Big Timber	226 Big Timber Dr	004497-04-038	Bruce	Areheart	80,839	1.86	0.54	None	9/22/17	\$73,000	\$0.90
Mineral Springs Terrace	231 Powell Dr	004423-01-038	Pantaleon	New Start Homes	87,120	2.00	0.50	None	4/3/17	\$90,000	\$1.03
	3061 Mineral Springs Rd	004499-01-048	Sox	Hill Homes LLC	156,380	3.59	0.28	None	10/27/17	\$90,000	\$0.58
	Baskin Hills Rd	004498-01-005	Saville	Sanderson	167,706	3.85	0.26	None	6/22/16	\$26,250	\$0.16
	2727 Dogwood Tr	004496-02-024	Corley	Wilson	272,686	6.26	0.16	None	1/6/16	\$187,820	\$0.69

A major influence on land value is the allowable development density, or dwellings per acre. Higher density developments have smaller lots and reflect the highest unit values, or price per square foot of land. The chart clearly shows that the more intense the allowed use, the higher the unit value of the land. However, the higher density developments also have water and sewer and are not dependent upon septic systems or individual wells. The sales that consist of one or more acres do not have water and sewer with one exception. These reflect the lowest unit values.

The density of development in the service district ranges from .8 dwellings to 14.7 dwellings per acre. The lowest density is in the Autumn Oaks and Timbergate neighborhoods where lots generally are between .75 and 1.0 acre. As a result, the houses tend to be larger and more expensive. However, on a unit basis, the land values tend to be lower because of the economies of scale.

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
1	Timbergate	315 Timbergate Ct	Shirley	Wagner	32,412	1.3	1,823	1986	3/2.5	8/8/17	\$235,000	\$128.91
2	Autumn Oaks	105 Kenzi Court	Crout	Flynn	47,480	0.9	5,074	2003	4/4.5	8/18/15	\$530,000	\$104.45
2	Autumn Oaks	114 Autumn Oaks Ln	Boone	Roberts	35,111	1.2	2,548	2004	5/4	10/13/15	\$402,000	\$157.77
2	Autumn Oaks	148 Autumn Oaks Ln	Eagerton	Syratt	57,064	0.8	2,859	2005	4/3.5	7/21/17	\$429,900	\$150.37
3	Mineral Creek	3325 Hill Springs Dr	Randall	Stewart	10,704	4.1	1,889	1976	3/2	1/27/15	\$105,900	\$56.06
4	Spring Hill	3413 Sweet Springs Dr	Flowers	Ringley	11,610	3.8	1,189	1973	3/2	10/6/16	\$100,000	\$84.10
4	Spring Hill	3420 Sweet Springs Dr	Bradshaw	Phillips	10,400	4.2	1,316	1973	3/2	4/6/17	\$113,000	\$85.87
4	Spring Hill	116 Mineral Water Dr	Richardson	Allen	10,400	4.2	1,380	1973	3/2	9/26/17	\$123,789	\$89.70
4	Spring Hill	120 Mineral Waters Dr	Warren	Middleton	10,400	4.2	1,808	1973	3/2	6/23/17	\$120,000	\$66.37
4	Spring Hill	129 Mineral Water Dr	Clonts	Ellisor	10,400	4.2	1,316	1973	3/2	9/27/17	\$88,000	\$66.87
4	Spring Hill	3405 Mineral Springs Rd	Evans	Dawson	10,370	4.2	1,372	1972	3/2	8/17/16	\$115,475	\$84.17
5	Oakcrest	308 Thyme Dr	Byrnes	Lagunes	9,600	4.5	1,064	1974	3/2	5/31/16	\$85,000	\$79.89
5	Oakcrest	512 Thyme Dr	Brumfield	Downey	9,291	4.7	992	1974	3/2	9/29/16	\$89,500	\$90.22
5	Oakcrest	101 Nutmeg Rd	Learn	Martin	10,410	4.2	1,107	1974	3/2	5/5/16	\$93,000	\$84.01
5	Oakcrest	104 Nutmeg Rd	Crim	Wilson	11,700	3.7	1,248	1974	3/2	2/19/16	\$89,900	\$72.04
5	Oakcrest	201 Nutmeg Rd	Crawford	Bailey	10,329	4.2	1,170	1976	3/1.5	8/23/17	\$85,000	\$72.65
5	Oakcrest	204 Cinnamon Ln	Williams	Kinder	8,877	4.9	1,244	1974	3/1.5	6/30/16	\$102,000	\$81.99
5	Oakcrest	221 Cinnamon Ln	Brewer	West	17,467	2.5	1,236	1974	4/3	10/26/16	\$108,000	\$87.38
6	Meadow Wood	113 Meadow Wood Dr	Temple	Mills	11,424	3.8	1,026	1982	3/1.5	5/1/15	\$86,500	\$84.31
6	Meadow Wood	158 Meadow Wood Dr	Hinz	Williams	12,794	3.4	1,127	1984	3/2	6/10/16	\$89,900	\$79.77
6	Meadow Wood	165 Meadow Wood Dr	Crouch	Ohlsson	14,271	3.1	1,225	1985	3/2	6/1/15	\$94,000	\$76.73
7	Maple Grove	115 Maple Leaf Way	Jordan	Ranker	7,757	5.6	1,540	2003	4/2.5	11/1/16	\$170,000	\$110.39
7	Maple Grove	124 Maple Leaf Way	Kelley	Pennyway	13,164	3.3	2,186	2003	3/2.5	6/29/16	\$167,900	\$76.81
7	Maple Grove	127 Maple Leaf Way	Foster	Sochor	7,144	6.1	1,873	2003	3/2.5	5/27/16	\$161,500	\$86.23
7	Maple Grove	131 Maple Leaf Way	Wagner	Ogburn	7,757	5.6	1,500	2003	4/2.5	8/3/17	\$158,500	\$105.67
7	Maple Grove	147 Maple Leaf Way	Abraham	Whitlow	8,549	5.1	1,940	2003	3/2.5	8/21/17	\$180,000	\$92.78
7	Maple Grove	105 Loskin Ln	Temple	Aye	7,843	5.6	1,540	2003	3/2	9/22/17	\$185,000	\$120.13
7	Maple Grove	133 Loskin Ln	Hamer	Ransom	9,023	4.8	1,530	2004	3/2	4/7/16	\$140,000	\$91.50
7	Maple Grove	205 Loskin Ln	Lee	Barton	8,738	5.0	1,530	2004	4/2	8/25/17	\$162,000	\$105.88
7	Maple Grove	216 Loskin Ln	Kirchman	Hall	13,628	3.2	1,540	2004	3/2	9/22/17	\$179,000	\$116.23
7	Maple Grove	245 Loskin Ln	Cassidy	Myers	8,497	5.1	1,738	2004	4/2.5	6/12/17	\$168,000	\$96.66
7	Maple Grove	100 Hobden Ct	Hammond	Gamboa	8,985	4.8	1,530	2002	3/2	9/20/16	\$163,500	\$106.86
7	Maple Grove	108 Hobden Ct	Singh	Delaney	11,001	4.0	2,122	2002	3/2.5	4/27/17	\$160,000	\$75.40
7	Maple Grove	109 Hobden Ct	Calvin	Durbin	9,956	4.4	1,530	2002	3/2	1/17/17	\$155,000	\$101.31
7	Maple Grove	140 Hobden Ct	Moseley	Nicholson	8,783	5.0	1,552	2003	3/2	7/7/17	\$146,000	\$94.07

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
8	Courtside Commons	102 Volley Ct	Prachar	Hagan	3,802	11.5	1,144	2008	2/2	5/19/17	\$123,000	\$107.52
8	Courtside Commons	141 Volley Ct	Dunmyer	Daulton	4,191	10.4	1,144	2008	2/2	3/8/17	\$120,000	\$104.90
8	Courtside Commons	155 Courtside Dr	McMicken	McGinnis	2,970	14.7	1,144	2007	2/2	11/7/16	\$115,500	\$100.96
8	Courtside Commons	166 Courtside Dr	Haskins	Gainey	2,961	14.7	1,144	2007	2/2	7/21/16	\$123,000	\$107.52
8	Courtside Commons	202 Courtside Dr	DePrater	Jeffcoat	2,983	14.6	1,144	2008	2/2	7/27/17	\$123,900	\$108.30
8	Courtside Commons	214 Clourtside Dr	Parker	Bradley	3,130	13.9	1,144	2009	3/2	10/25/17	\$126,000	\$110.14
8	Courtside Commons	218 Courtside Dr	Taylor	Bonham	3,684	11.8	1,040	2009	2/2	10/18/17	\$115,500	\$111.06
8	Courtside Commons	267 Courtside Dr	Whitecotton	Thompson	4,225	10.3	1,409	2010	2/2.5	6/27/17	\$125,000	\$88.72
9	Brighton North	125 Mansfield Cir	Senn	Smith	7,683	5.7	1,718	1988	3/2.5	5/25/17	\$135,000	\$78.58
9	Brighton North	142 Mansfield Cir	Clark	Ersline	8,072	5.4	2,121	1988	4/3	12/16/16	\$142,000	\$66.95
9	Brighton North	301 Mansfield Cir	35K LLC	Johnson	7,198	6.1	1,692	1989	3/2.5	9/25/17	\$146,500	\$86.58
9	Brighton North	345 Mansfield Cir	Johnson	Singleton	7,702	5.7	1,798	1987	4/2	4/27/17	\$145,000	\$80.65
9	Brighton South	193 Ashton Cir	Howard	Lowery	8,680	5.0	1,373	1987	3/2	8/23/16	\$119,900	\$87.33
9	Brighton South	204 Ashton Cir	Douglas	Ervin	12,397	3.5	1,386	1986	3/2	8/26/16	\$115,000	\$82.97
9	Brighton South	220 Ashton Cir	Miles	Macklen	8,615	5.1	1,279	1986	3/2	5/30/17	\$112,000	\$87.57
9	Brighton South	265 Ashton Cir	Richie	Stapleton	9,217	4.7	1,516	1986	3/2.5	2/25/16	\$118,000	\$77.84
11	Grayland Forest	101 Cedar Vale Dr	ballew	Stevens	14,257	3.1	1,504	1979	3/2	11/30/17	\$121,300	\$80.65
11	Grayland Forest	341 Cedar Vale Dr	Stewart	Fallow	10,987	4.0	1,651	1979	3/2	5/31/17	\$120,500	\$72.99
11	Grayland Forest	146 Shady Oak Dr	Herin	Manaa	16,988	2.6	1,488	1980	3/2	2/24/17	\$100,000	\$67.20
11	Grayland Forest	425 Shag Bark Tr	Grainger	Butler	11,423	3.8	1,778	1973	3/2	3/31/16	\$147,500	\$82.96
11	Grayland Forest	409 Shag Bark Tr	Young	Nobs	15,986	2.7	1,450	1974	3/2	8/24/16	\$99,000	\$68.28
11	Grayland Forest	300 Duchess Tr	Schreiber	Thorp	13,295	3.3	1,652	1974	3/2	5/12/17	\$112,500	\$68.10
11	Grayland Forest	327 Duchess Tr	Lybrand	McMurphy	13,016	3.3	1,601	1973	3/2	6/27/17	\$138,500	\$86.51
11	Grayland Forest	117 Sparrow Point Rd	Sunbelt Inv	Willund	8,650	5.0	1,272	1989	3/2	10/19/16	\$120,400	\$94.65
11	Grayland Forest	165 Sparrow Point Rd	Austen	Cooper	9,562	4.6	1,347	1988	3/2	3/30/16	\$114,900	\$85.30
12	Woodcastle	217 Farrington Ct	Barker	Hooker	15,324	2.8	1,000	1980	2/1	12/15/15	\$109,000	\$109.00
12	Woodcastle	209 Thackeray Ln	Sorrell	Feda	11,050	3.9	1,177	1980	3/2	10/13/16	\$86,000	\$73.07
12	Woodcastle	208 Thackeray Ln	Griffin	Mueller	10,400	4.2	1,289	1974	3/2	7/26/17	\$102,000	\$79.13
12	Woodcastle	109 Landford Ct	Gossett	Yates	13,415	3.2	1,336	1975	3/2	4/20/15	\$112,000	\$83.83
12	Woodcastle	237 Dresden Ct	Carnal	Cochranes	14,662	3.0	1,656	1980	3/2	7/25/15	\$122,500	\$73.97

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
13	Woodberry Forest	126 Mossborough Dr	Moye	Ayubert	15,888	2.7	1,450	1996	3/2	9/22/17	\$190,000	\$131.03
13	Woodberry Forest	134 Mossborough Dr	Manning	Pelletier	13,283	3.3	1,658	1995	3/2	5/30/17	\$190,000	\$114.60
13	Woodberry Forest	133 Mossborough Dr	Brazell	Martin	16,531	2.6	1,490	1996	3/2	5/12/17	\$192,000	\$128.86
13	Woodberry Forest	612 Delshire Ln	Hile	Davis	11,827	3.7	1,384	1996	3/2	12/1/17	\$147,000	\$106.21
13	Woodberry Forest	352 Rudwick Dr	Koen	Grubbs	10,411	4.2	1,345	1997	3/2	8/26/16	\$150,000	\$111.52
13	Woodberry Forest	324 Rudwick Dr	Bailey	Bates	8,124	5.4	1,369	1995	3/2	6/1/17	\$146,500	\$107.01
13	Woodberry Forest	351 Rudwick Dr	Walker	Leduc	10,786	4.0	1,450	1998	3/2	9/7/16	\$136,000	\$93.79
16	Golden Pond	108 Golden Pond Dr	Hodge	Berry	9,092	4.8	1,880	1991	4/2.5	5/16/17	\$139,900	\$74.41
16	Golden Pond	113 Golden Pond Rd	Lutz	Turner	9,100	4.8	1,503	1991	3/2	8/30/16	\$140,000	\$93.15
16	Golden Pond	135 Golden Pond Rd	Sharpe	Hinshaw	9,243	4.7	1,400	1990	3/2	9/30/16	\$140,000	\$100.00
16	Golden Pond	153 Golden Pond Rd	Hammons	Kleber	9,100	4.8	1,346	1990	3/2	5/15/17	\$132,000	\$98.07
16	Golden Pond	212 Golden Pond Dr	Paul	Kendall	10,681	4.1	1,362	1990	3/2	4/13/16	\$142,000	\$104.26
16	Golden Pond	125 Heartwood Dr	Jeter	Jungclaus	12,954	3.4	1,492	1994	3/2	10/12/17	\$150,000	\$100.54
16	Golden Pond	372 Heartwood Dr	Tavalle	McKeever	9,150	4.8	1,198	1996	3/2	9/21/17	\$137,500	\$114.77
16	Golden Pond	384 Heartwood Dr	Boiteau	Perret	9,162	4.8	1,432	1995	3/2	6/21/17	\$148,000	\$103.35
16	Golden Pond	322 Broadleaf Dr	Sullivan	Watson	9,100	4.8	1,500	1993	3/2	9/29/17	\$157,500	\$105.00
16	Golden Pond	318 Broadleaf Dr	Lentz	Reed	10,287	4.2	1,407	1993	3/2	10/27/16	\$156,000	\$110.87
16	Golden Pond	104 Red Maple Ct	Sulser	Ashley	9,805	4.4	1,406	1991	3/2	9/28/17	\$139,000	\$98.86
17	Woodsen	3130 Woodsen Cir	Price	McGrady	14,682	3.0	1,567	1970	3/2	7/28/16	\$125,400	\$80.03
17	Woodsen	3205 Woodsen Cir	Harman	Bundrick	12,303	3.5	1,220	1970	3/2	6/15/16	\$114,000	\$93.44
17	Woodsen	3244 Woodsen Cir	Forde	Nocer	16,517	2.6	1,236	1970	3/2	1/27/17	\$112,000	\$90.61
18	Sandy Pines	210 Mineral Springs Cir	Edwards	Muszynski	12,331	3.5	1,460	1984	3/2	11/28/16	\$128,500	\$88.01
19	Planters Station	204 Chisolm Cir	Lycett-Fuchs	Aguilar	4,048	10.8	1,309	1994	3/2	5/4/17	\$126,000	\$96.26
19	Planters Station	208 Chisolm Cir	Jacobs	Smerdell	3,805	11.4	1,317	1992	3/2	10/20/16	\$119,500	\$90.74
19	Planters Station	308 Chisolm Ct	Sullivan	Mazzell	8,646	5.0	1,448	1998	3/2.5	10/17/16	\$126,500	\$87.36
19	Planters Station	228 Wallace Cir	Ajlani	Myeras	3,926	11.1	1,359	1990	4/2.5	6/12/17	\$126,000	\$92.72
19	Planters Station	101 Wallace Cir	Taylor	Drafts	3,986	10.9	1,359	1990	4/2.5	6/29/16	\$126,500	\$93.08
20	Laurel Meadows	105 Laurel Meadows Dr	Madison	Artlip	12,177	3.6	1,534	1973	3/2	7/31/17	\$135,000	\$88.01
20	Laurel Meadows	115 Laurel Meadows Dr	Fitzgerald	Guida	11,913	3.7	1,710	1972	3/2	4/27/16	\$134,900	\$78.89
20	Laurel Meadows	118 Laurel Meadows Dr	Pritchett	Monzi	16,545	2.6	1,646	1972	3/2	5/26/17	\$136,900	\$83.17
20	Laurel Meadows	209 Laurel Meadows Dr	Beaulieu	Cabral	12,166	3.6	2,194	1974	3/2	10/28/16	\$157,000	\$71.56
20	Laurel Meadows	111 Northview Rd	Atkerson	Morrison	12,419	3.5	1,986	1986	4/3	1/27/17	\$163,500	\$82.33
20	Laurel Meadows	119 Springfield Dr	Delos	Cameron	11,907	3.7	1,750	1972	4/2	8/14/17	\$164,900	\$94.23
21	Pear Court	125 Pear Court	Chen	Davis	11,449	3.8	1,123	1999	3/2	5/31/17	\$115,000	\$102.40

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
23	Spring Lake	134 May Morning Dr	Flanagan	Scott	14,433	3.0	1,883	1977	3/2	6/22/17	\$142,000	\$75.41
23	Spring Lake	129 Snow Ln	Dollinger	Flannery	12,501	3.5	1,604	1979	3/2	3/9/16	\$133,750	\$83.39
23	Spring Lake	101 Snow Ln	Catalano	Romanyszyn	27,546	1.6	1,702	1985	3/2	5/26/16	\$140,000	\$82.26
24	Dutchwood	124 Compass Ln	Erb	Brown	18,694	2.3	1,940	1983	3/2	6/9/17	\$122,000	\$62.89
25	Mineral Creek II	1032 Mineral Creek Ct	Ching	Schrag	20,108	2.2	1,660	2004	3/2	7/24/15	\$172,500	\$103.92
25	Mineral Creek II	1013 Mineral Creek Court	Parker	Templeton	24,563	1.8	1,720	2002	4/2.5	5/20/15	\$182,000	\$105.81
25	Mineral Creek II	1049 Mineral Creek Ct	Young	Johnson	11,930	3.7	1,382	2001	3/2	6/30/16	\$155,000	\$112.16
25	Mineral Creek II	106 Mercator Ct	Clary	Dieckmann	17,302	2.5	1,472	1979	3/2	12/8/17	\$110,000	\$74.73
28	Vanarsdale	104 Lander Dr	Maddison	Tiedman	8,343	5.2	1,427	1972	3/1.5	1/11/17	\$110,000	\$77.08

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VALUATION ANALYSIS AND CONCLUSIONS

Conversely, the Courtside Commons neighborhood reflects development densities of 10.3 to 14.7 dwellings per acre. Developers are willing to pay premium prices for high density because of the revenue generating potential. The higher the density, the more dwellings a developer can build and sell. This results in a more profitable investment.

Based on our analysis, we have concluded that land values in the CWS service district are as follows:

ANALYSIS OF SALES										
Development	Location	Land Area Sq. Ft.	Land Area Acres	Lots Per Acre	Utilities	Sale Date	Sale Price	Price PSF	Improved Values	Conclusions
Quail Creek	Lots 18-25 Chipmunk Ln	4,792	0.11	9.1	W&S	8/30/17	\$35,000	\$7.30	\$200,000	8-9 lots per acre
Orchard Pointe	5 Lots Emerald Oak Dr	5,000	0.11	8.7	W&S	8/13/15	\$35,000	\$7.00	\$250,000	\$6.00 - \$7.00 psf
Windsor Courtyards	272 McGregor Cir	5,837	0.134	7.5	W&S	10/13/15	\$30,000	\$5.14	\$250,000	7 lots per acre \$4.00 - \$5.00 psf
Courtyds@Greenside	115 Greenside Dr	6,970	0.16	6.3	W&S	3/6/17	\$22,500	\$3.23	\$180,000	5-6 lots per acre
Hampton Park	324 Pantigo Ln	7,746	0.18	5.6	W&S	10/5/17	\$24,900	\$3.21	\$225,000	\$3.00 - \$4.00 psf
Caroline Springs	301 Misty Spring Ct	7,918	0.18	5.5	W&S	3/9/17	\$20,000	\$2.53	\$160,000	
Summerlake	542 Hopscotch Ln	8,102	0.186	5.4	W&S	5/21/15	\$40,000	\$4.94	\$200,000	
Belmont Park	125 Derby Dr	8,276	0.19	5.3	W&S	11/16/15	\$23,000	\$2.78	\$150,000	
Belmont Park	121 Derby Dr	10,890	0.25	4.0	W&S	6/16/15	\$25,000	\$2.30	\$150,000	3-4 lots per acre
Shoal Creek	101 Shoal Creek Dr	10,890	0.25	4.0	W&S	7/21/17	\$31,000	\$2.85	\$200,000	\$2.50 - \$3.00 psf
Wilmont	108 Anadale Ln	15,246	0.35	2.9	W&S	4/16/15	\$50,200	\$3.29	\$300,000	
	113 Fox St	16,553	0.38	2.6	W&S	10/20/16	\$27,500	\$1.66	\$150,000	1.5- 2.5 lots per acre
	230 Robin Rd	18,855	0.43	2.3	W&S	3/14/17	\$22,000	\$1.17	\$80,000	\$2.00 - \$2.25 psf
Mariners Creek	183 Mariners Creek Dr	24,535	0.56	1.8	W&S	9/28/15	\$48,500	\$1.98	\$250,000	
Carrington Place	117 Old Carrington Pky	29,574	0.68	1.5	W&S	4/30/15	\$75,000	\$2.54	\$350,000	
Autumn Oaks	104 Kenzi Ct	33,106	0.76	1.3	W&S	Current	\$50,000	\$1.51	\$450,000	1 +/- lots per acre
	145 Autumn Oaks Ln	35,650	0.82	1.22	W&S	Current	\$52,000	\$1.46	\$450,000	\$1.50 psf
Rocky Meadow	341 Rocky Meadow Dr	41,382	0.95	1.1	W&S	7/15/17	\$55,000	\$1.33	\$350,000	
	Por A&B Dogwood Tr	43,560	1.00	1.0		10/2/15	\$55,000	\$1.26	\$250,000	
	Parcel A-2 Giaben Dr	47,045	1.08	0.9		5/10/17	\$50,000	\$1.05	\$150,000	

The CWS utility network traverses land that is either owned in fee or occupied by easement. A fee interest is defined as:

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."⁶

An easement is a partial interest in real property and is defined as:

"An interest in real property that conveys use, but not ownership, of a portion of an owner's property."⁷

⁶ Ibid. pg. 140

⁷ Ibid. pg. 110

VALUATION ANALYSIS AND CONCLUSIONS

CWS owned the pump stations, aerated equalization ponds and former water tank parcel in fee. This means that CWS owned and controlled 100% of the surface, subsurface and air rights of each parcel. These parcels are calculated at 100% of market value. Based on our analysis, we concluded that the "Across the Fence" value for the parcels that were owned in fee by CWS was \$1,531,103. This is summarized on the following chart. It is important to note that this reflects the value of individual, disconnected parcels and ignores the enhanced value of the assembled utility network.

CAROLINA WATER SERVICE, INC.
1-20 REGIONAL SEWER SYSTEM REAL PROPERTY ASSETS
LEXINGTON COUNTY, SOUTH CAROLINA

Identification	Property Rights	TMS	Land Area Acres	Land Area Sq Ft	Value PSF	Percentage Ownership	Total Value
I-20 Regional WWTP Oxidation Pond	Fee	004521-01-019	9.65	420,354	\$2.00	100%	\$840,708
I-20 Regional WWTP effluent pump station	Fee	004521-01-019					
Spring Hill aerated equalization pond	Fee	004417-02-038	2.82	122,839	\$2.50	100%	\$307,098
Spring Hill pump station	Fee	004417-02-038					
Woodsen aerated equalization pond	Fee	004522-01-020	1.90	82,764	\$2.50	100%	\$208,910
Woodsen pump station	Fee	004522-01-020					
1-20 Regional WWTP dechlorination facility	Fee	Unknown					
Autumn Oaks Pump Station	Fee	004434-01-027	0.021	900	\$1.50	100%	\$1,350
Cunningham Park pump station	Fee	004420-05-025	0.10	4,568	\$3.00	100%	\$13,704
Grayland Forest pump station	Fee	004517-07-007	0.20	8,650	\$2.50	100%	\$21,625
Spaww Pointe pump station	Fee	004546-01-028	0.03	1,270	\$2.50	100%	\$3,175
Woodcastle No. 1 pump station	Fee	004525-04-011	0.35	15,249	\$2.50	100%	\$38,123
Woodcastle No. 2 pump station	Fee	No TMS	0.13	5,763	\$2.50	100%	\$14,408
Savannah Pointe pump station	Fee	004540-01-033	0.03	1,133	\$2.50	100%	\$2,833
Spring Lake pump station	Fee	004424-04-021	0.55	23,818	\$2.50	100%	\$59,545
Water Tank Site	Fee	004517-07-008	0.20	8,650	\$2.50	100%	\$21,625
Total Fee Ownership			15.98	695,958		100%	\$1,531,103

The property rights identified as permanent easements are partial, or dominant, interests over servient land parcels that grant CWS the right to construct, maintain, repair and use underground sanitary sewer pipelines as well above ground structures including the pump stations and other improvements. CWS also controls access easements that connect the facilities to public roadways. These rights limit the grantor's ability to use the remainder of the fee and, in fact, preclude any development of the encumbered area.

We have analyzed and been involved in the negotiation of numerous utility agreements where the effect of the surface and subsurface encumbrances varied depending upon the nature of the use. In this case, the CWS easements require occupancy, use, periodic access and prohibit development. Thus, they place a burden on the remaining fee property. This burden is greater than a totally elevated right, such as an overhang of improvements from one property to another. In such an instance, there would be no need to disturb or restrict the use of the grantor's surface property. The CWS sanitary sewer lines impact the surface and subsurface areas. Therefore, an 80 percent diminution in value is considered appropriate.

As discussed previously, CWS owns permanent easements for six pump stations and access rights of way. Based on our conclusions of land value for the service area, we have calculated the value of these facilities as follows:

VALUATION ANALYSIS AND CONCLUSIONS

Permanent Easements and Rights of Way	Property Rights	TMS	Land Area Acres	Land Area Sq Ft	Value PSF	Percentage Ownership	Total Value
Autumn Oaks Pump Station and ROW	Easement	004434-01-027	0.044	1,933	\$1.50	80%	\$2,320
Hidden Valley pump station	Easement	004598-02-001					
Golden Pond pump station	Easement	004598-02-039	0.077	3,354	\$3.00	80%	\$8,050
Mineral Springs Mobile Home Park pump station	Easement	004596-04-010					
Pear Court pump station	Easement	004558-01-017	0.01	506	\$3.00	80%	\$1,214
Planters Station pump station - Common area	Easement	004545-01-006					
Total Easement Value			0.13	5,793		80%	\$11,584

The total "At the Fence" value for the land and property rights in the I-20 Regional Sewer System system is as follows:

Land Owned in Fee	\$1,531,103
Pump Station and Right of Way Easements	\$ 11,584
Total "At the Fence" Value	\$1,542,687

Rounded	\$1,540,000

Plottage Value

The "Across the Fence" valuation methodology reflects the value of individual, unassembled tracts of land without unity of control or ownership. It does not account for the additional value of the assembled sewer system or network. As discussed, the I-20 Regional Sewer System serves about 2,200 customers in Lexington County. The system consists of pump stations, aerated equalization ponds, a dechlorination facility, outfalls and specialized equipment that is connected by pipeline easements that traverse the entire service area.

There is demand for existing sanitary sewer systems because of the difficulty, costs and risks associated with acquiring land rights, obtaining permits and constructing a new system. This is demonstrated by recent acquisitions of sanitary sewer systems in states including New Jersey and Pennsylvania. Development of new infrastructure requires substantial upfront costs for project planning and design, financial and feasibility analyses, environmental studies, engineering and obtaining all necessary permits from local, state and federal agencies.

In addition, the utility or developing agency must acquire property rights along the path of the project from thousands of individual owners and pay the cost of the legal and engineering work necessary for property conveyance. Acquisition of the property rights is not only time consuming, but can add substantial cost when negotiating with unwilling sellers. As a result, it is more cost effective for users of utility networks to acquire assembled property rights and existing infrastructure. Discussions with principals to these transactions indicate that the price paid is based on "At the Fence" value plus a premium, or plottage value, for the assembled network.

The CWS land rights in Lexington County are part of an assembled, fully operational network. If the assets were sold to another utility company or to an investor in utility assets, the price would be calculated on the "At the Fence" value plus a premium for the assembled network. Thus, the next step in the analysis is to determine an appropriate plottage, or enhancement, factor for the CWS land and property rights.

VALUATION ANALYSIS AND CONCLUSIONS

We analyzed sales of assembled utility and communication networks throughout the United States that were acquired for continued use. We also studied sales of transportation corridors that were acquired for continued railroad use as well as for trails for recreational purposes. We spoke with principals involved in the transactions in order to verify the "Across the Fence" value as well as the actual sale price of the assets. In most cases, the "Across the Fence" value was obtained from an appraisal of the property prior to the sale. The difference between the actual sale price and the "Across the Fence" value is attributable to the plottage value of the assembled corridor.

The transactions we reviewed were located in diverse geographic regions from California on the west coast to Maine and Florida on the east coast. They involved utility transmission and distribution assets, communication networks and transportation corridors in urban, suburban and rural locations. We compared the actual sale price of each transaction attributable to the land rights to the "At the Fence" value. This analysis indicated plottage factors ranging from 1.0 to 4.6. If the factor is 1.0, no plottage value exists because the sale price is equal to the "At the Fence" value. However, if the plottage factor is more than 1.0, the assembled corridor is worth more than the "At the Fence" value. In other words, the whole is worth more than the sum of the parts.

Generally, the factors at the lowest end of the range reflect abandoned railroad corridors that were acquired by municipalities or non-profit organizations for recreational purposes. Utility networks and transportation corridors in suburban or rural locations that were acquired for continued use generally reflect plottage factors between 1.5 and 2.5 depending on the demand and intensity of use.

Conversely, utility and communication networks in densely developed urban areas like San Francisco California, Washington D.C., Baltimore Maryland, Houston Texas and Jacksonville Florida reflect the highest end of the range. This is primarily attributable to the barriers to entry, land cost and level of investment required to develop a new communication or utility transmission and distribution network.

The I-20 Regional Sewer System that is the subject of this analysis is in Lexington County, South Carolina. While the barriers to entry are not insurmountable, it would take a great deal of time, professional expertise and upfront investment to recreate the system. Thus, a plottage factor of 1.5 is reasonable to reflect the premium value of the CWS land and property rights.

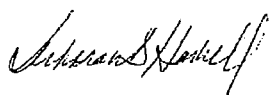
Applying the plottage factor of 1.5 to the "Across the Fence" value of the land and property rights reflects a total value as follows:

ATF Value for the CWS Ownership	\$1,540,000
Plottage Factor	1.5
Total Value (ATF X Plottage Factor)	\$2,310,000

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limited conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- my analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
- I have made a personal inspection of the property that is the subject of this report.



Deborah B. Haskell, CRE, FRICS, MAI

ADDENDA

STANDARD CONDITIONS

This Report is subject to the following assumptions and limiting conditions:

No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

The information contained in the Report or upon which the Report is based has been gathered from sources deemed to be reliable and accurate. Neither Deborah Haskell or Winthrop Real Estate Advisors ("Winthrop") shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.

The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.

The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Winthrop is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales or promotional or offering or SEC material without Winthrop's prior written consent.

Any authorized user of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Winthrop in writing to use or rely thereon, hereby agrees to indemnify and hold Winthrop, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person or entity.

The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Report is based.

QUALIFICATIONS OF DEBORAH B. HASKELL



CURRICULUM VITAE

Deborah B. Haskell, CRE, FRICS, MAI

Managing Partner

Real Estate Advisory Services

Forensic Litigation Consulting

Professional

History

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Managing Director, Dispute Analysis and Litigation Support

Charlotte, North Carolina

FTI Consulting, Inc.

Managing Director, Real Estate Advisory, Litigation

and Bankruptcy Practice

Washington D.C.

Experience

Deborah Haskell has more than 25 years of real estate experience in domestic and international markets. She advises public and private companies, law firms, lenders, hedge funds and secured and unsecured creditors on complex real estate issues. Specific areas of professional expertise include damage analysis for litigation, expert testimony, litigation consulting, the valuation of loan and REIT portfolios, strategic planning for the acquisition and disposition of major real estate assets, the marketability and feasibility of large scale development and the allocation of purchase price resulting from corporate acquisitions and mergers. Ms. Haskell also performs fair value analyses for loan portfolios in accordance with generally accepted accounting standards.

Ms. Haskell has advised clients on a variety of matters for the following property types: investment grade office complexes; regional shopping malls and power centers; corporate headquarters, distribution and manufacturing facilities for Fortune 500 companies; sports and entertainment complexes; hospitals, nursing homes and related health care facilities; medical and bio-technical research and laboratory complexes; transportation and utility corridors; power generation and distribution facilities; condominium and multifamily complexes; full service hotel and resort properties.

Ms. Haskell also provides expert testimony and damages analyses for private and public clients in federal and state courts on various matters including legal and professional malpractice, bankruptcy, lender liability, partnership disputes, breach of contract, ad valorem taxation, construction defects, environmental contamination, eminent domain and class action litigation. She serves as an arbitrator and mediator for the American Arbitration Association (AAA) and FINRA, formerly the National Association of Securities Dealers (NASD), and has provided expert testimony at public hearings for corporations, developers and legal counsel.

Ms. Haskell has been a guest speaker at national and international forums and has spoken on topics ranging from the valuation, mitigation and negotiation issues related to construction of the Central Artery/Third Harbor Tunnel Project in Boston and the Tren Urbano Project in San Juan, Puerto Rico to the risks and opportunities of real estate portfolios held by lending institutions, major corporations and private equity funds.

Ms. Haskell holds a Bachelor of Arts degree with a concentration in Economics from the University of California at Berkeley. She is a member of the Counselors of Real Estate (CRE) and is a Fellow of the Royal Institute of Chartered Surveyors (FRICS), a global real estate professional organization. She also maintains the MAI designation from the Appraisal Institute and is a member of the Urban Land Institute (ULI) and an associate member the American Bar Association.

Ms. Haskell served on the national Nominating Committee for the Counselors of Real Estate and was a member of the Executive Committee and Board of Directors for over twelve years. She has served as Chair for the national Business Issues Committee and the New England Chapter and has been vice chair for the Dispute Resolution Committee and the National Public Policy Committee. Ms. Haskell was on the Ethics and Counseling Committee for the Appraisal Institute and represented the New England Region on the national Member and Chapter Services Committee. Ms. Haskell served as Chair for the South Carolina Midlands District of the Urban Land Institute (ULI). She is also on the Board of Directors for the Advancement Board of Real Estate Development (ABRED) at Clemson University. Ms. Haskell is certified as a valuation professional in Massachusetts, Virginia, Georgia, South Carolina and North Carolina.

Presentations

Guest lecturer on the effective presentation of the income approach in complex litigation matters at the American Law Institute's 2014 annual conference in New Orleans, Louisiana

Guest lecturer on global and national capital markets at the Popp Hutcheson PLLP Property Tax Seminar in Austin, Texas in February 2013

Guest lecturer on complex valuation issues at the American Law Institute's 2013 annual conference in Miami, Florida

Guest Lecturer on Anticipating the New Normal at the Advancement Board of Real Estate Development (ABRED) Spring Meeting at Clemson University in South Carolina

Guest lecturer on economic cycles and real estate investment strategies for the Georgia Bar Association's 2011 Commercial Real Estate Conference in Atlanta, Georgia

Guest lecturer on rebuttal reports and expert testimony at the American Law Institute/American Bar Association's (ALI ABA) 2012 annual conference in San Diego, California

Guest lecturer on valuation and negotiation issues related to the Central Artery/Third Harbor Tunnel Project in Boston, Massachusetts at the National Real Estate Forum annual convention

Guest lecturer on litigation issues and expert testimony related to real estate at the annual convention of the Massachusetts Bar Association in Boston, Massachusetts



Guest lecturer on transmission corridor property rights and the class action law suits resulting from the installation of fiber optic cable by utility companies at the Edison Electric Institute (EEI) annual convention in Seattle, Washington

Guest lecturer on complex commercial litigation at the South Carolina Bar Association Eminent Domain Conference in Charleston, South Carolina

Taught courses on the valuation of partial interests in real property as well as eminent domain methodology to real estate professionals and attorneys in San Juan, Puerto Rico who were involved in the land acquisitions for construction of the Tren Urbano Project

Guest lecturer on eminent domain appraisal practice and theory at the Counselors of Real Estate National Convention in Seattle, Washington

Guest lecturer on valuation issues related to the Central Artery/Third Harbor Tunnel Project at the American Society of Appraisers National Convention in Boston

Representative Litigation Experience

- Retained by a law firm to provide expert testimony on the reasonableness of mortgages that were bundled into pools of assets and sold by a major subprime syndicator as well as opine on the adequacy of the due diligence performed based on generally accepted underwriting standards and practices.
- Retained by a development company to determine the damages and lost revenue sustained by a large student housing complex in metropolitan Washington D.C. that resulted from construction delays and defects
- Retained by a REIT as an expert witness to opine on the market value of a regional shopping center in metropolitan Washington D.C. for property tax appeal
- Retained by a development company to provide expert testimony regarding lost revenues that resulted from legal malpractice and delayed the sale of luxury condominiums until after the economic downturn in late 2008.
- Retained by a Fortune 500 corporation as an expert witness to determine the loss in value and associated damages to a large Canadian real estate portfolio resulting from a breach of contract by a U.S. REIT
- Retained by a major law firm as an expert witness to determine the damages sustained at a regional shopping center in the Northeast resulting from contamination by an adjacent gasoline service station
- Retained by a major development company in Metropolitan Washington D.C. to determine the damages sustained from a breach of contract that resulted in the failure of a mixed use complex comprised of a hotel, luxury condominiums and retail stores



- Retained by the Department of Justice and the Environmental Protection Agency to assess damages and assist in settlement negotiations with property owners during litigation resulting from environmental contamination caused by major Superfund sites in the eastern United States
- Retained as an expert witness to determine the damages sustained by property owners as a result of eminent acquisitions for construction of an intermodal facility in South Carolina to serve the Port of Charleston
- Retained by a major law firm to provide advisory services, damages analysis and expert witness testimony for litigation involving construction delays and breach of contract for a proposed luxury waterfront resort in the Northeast
- Retained by a law firm to provide advisory services, damages analysis and expert witness testimony for litigation involving legal malpractice that resulted in the inability to refinance or sell a major real estate asset for several years
- Retained by an international construction company as an expert witness to determine the loss in annual revenue and diminution in value sustained by a hospital in the southeastern United States as a result of construction defects
- Retained by a law firm as an expert witness to opine on the market value of one of the largest newspaper publishing facilities on the East Coast for property tax appeal
- Retained by a public utility as an expert witness for litigation resulting from a class-action suit relating to compensation for property rights acquired through trespass
- Retained by a Fortune 500 corporation to opine on the value of a headquarters facility that was affected by environmental contamination for property tax appeal
- Retained by a major utility company in the western United States to assist in litigation involving the proposed municipalization and eminent domain acquisition of two large transmission and distribution networks
- Retained by a major law firm as an expert witness to opine on the value of two nuclear power plants in the Midwest for property tax appeal
- Retained by a Class 1 railroad to provide expert testimony in litigation with the Internal Revenue Service related to donations of secondary rail corridors to the Rails to Trails program
- Retained as a rebuttal witness on a case involving eminent domain acquisitions of property for extension of the Metro rail system through Tyson's Corner, Virginia
- Retained by Bechtel/Parsons Brinckerhoff over a twelve year period to provide advisory services and expert witness testimony for the Central Artery Project. Worked with state and federal government agencies to negotiate settlements with public agencies, institutional users and private owners



- Retained as an expert witness to opine on the commercial reasonableness of the long term leases associated with several large portfolios acquired by REITS in conjunction with sale/leaseback transactions

Advisory Services for Bankruptcy, Restructuring, Portfolio Analysis, Strategic Planning

- Retained by one of largest banks in the U.S. to assess the value of the commercial real estate portfolio and develop strategies for disposition of Other Real Estate Owned (OREO) assets. Worked with commercial loan officers and the credit committee to price and negotiate the sale of pools of assets
- Retained by an international specialist bank to determine the value and appropriate disposition strategy for major distressed assets throughout the United States including shopping centers, hotels, resorts, condominium projects as well as commercial and residential acreage in various stages of the development process
- Retained by a global middle market lender to assist in analyzing the distressed loan portfolio and work with management to maintain asset value during the disposition process. Also identified investors and/or joint venture partners for specific assets and assisted in the due diligence process
- Retained by a consortium of lenders to value a large portfolio of office and industrial properties in Florida to determine the credit risk and collateral value of the assets
- Retained by the FDIC to analyze large portfolios of distressed real property assets throughout the northeastern United States for sale to investors
- Retained by Unsecured Creditors Committees to assess the short and long term prospects as well as underlying value of national homebuilder portfolios as well as to review purchase offers for individual and/or pools of assets
- Retained by stockholders of a publically traded company to assess the value of the real estate portfolio and review management reporting of fair value and impairments
- Retained by a major lending institution to assess the marketability, reuse potential and value of one of the largest biodiesel distillation facilities in the United States
- Retained to analyze the remainder interests in over 150 Tenant in Common (TIC) assets throughout the United States that were the subject to bankruptcy

Strategic and General Consulting Assignments

- Retained by a national corporation over a four-year period to determine the best strategy for disposition of major corporate campuses throughout New England
- Retained by a major development company to provide advisory services and strategic planning for a 4,000 acre parcel near the Port of Mobile and to create a marketing strategy to attract large international off-shore manufacturers and shipping companies from Asia and Europe



- Retained by the Commonwealth of Puerto Rico to develop valuation methodology and provide technical assistance during construction of the Tren Urbano Commuter Rail Project in San Juan
- Retained by the equity investors of the Ascutney Mountain Resort in Vermont, a full service ski resort, luxury hotel and golf course, to determine the feasibility of additional commercial and residential development
- Retained by the owners of the Mount Washington Hotel in New Hampshire, a full service resort complex comprised of three hotels and a golf course, to create a plan to reposition the historic hotel and determine the most viable development options for the excess land permitted for residential development
- Retained by Transit Realty Associates to provide advisory services related to the disposition of air rights for construction of Columbus Center, a 1,200,000 square foot mixed-use complex over the Massachusetts Turnpike and Massachusetts Bay Transportation Authority rail corridor in the Back Bay of Boston
- Member of a consulting team retained by the City of Phoenix to develop a long range Master Plan for the redevelopment of 5,000 acres along the Rio Salada River
- Retained by the Massachusetts Bay Transportation Authority over a ten-year period as a consultant on major public improvement projects to negotiate acquisitions from large land owners and develop mitigation strategies during project construction to reduce or offset damages. This included the acquisition of CSX railroad corridors for construction of a commuter rail system connecting downtown Boston to Southeastern Massachusetts

Major Valuation Assignments

- Sports facilities including Fenway Park and the Fleet Center in Boston, the Basketball Hall of Fame in Springfield, Massachusetts and the Pyramid Arena in Memphis, Tennessee
- Corporate headquarters including the Gillette World Headquarters in South Boston, a 1,500,000 square foot office and manufacturing facility and the Raytheon Company headquarters in Waltham and Watertown, a 1,000,000 square foot office and industrial complex
- Telecommunication facilities, utility and transportation corridors, power generating facilities and transmission and distribution networks
- Hotel and resort properties in the northeastern and southeastern United States as well as along the gulf coast and major gaming and resort properties in Las Vegas, Nevada
- Major developments, both existing and proposed, that include commercial, residential, recreational and mixed use components



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STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

The Town of Lexington, SC,
Condemnor,

vs.

Carolina Water Service, Inc.,
Landowner(s),

And

**Utilities, Inc., Lexington County School
District One, South Carolina Department of
Revenue,**

Other Condemnee(s).

IN THE COURT OF COMMON PLEAS

Case No. _____

**CONDEMNATION NOTICE
AND
TENDER OF PAYMENT**

(JURY TRIAL DEMANDED)

TO: THE LANDOWNER(S) AND OTHER CONDEMNEE(S) ABOVE NAMED:

Pursuant to the South Carolina Eminent Domain Procedure Act, Section 28-2-10, et seq., Code of Laws of South Carolina, 1976, as amended, you are hereby notified as follows:

1. The Town of Lexington, South Carolina is the Condemnor herein and seeks to acquire the real property described herein for public purposes.
2. **Carolina Water Service, Inc.** is named as Landowner(s) in this action by virtue of its recorded ownership of the real property described herein.
3. **Utilities Inc.** is made a party in this action as "Other Condemnee(s)" by virtue of its claim of claim(s) of title (or other interests) as the parent company of Carolina Water Service, Inc. **Lexington County School District One** is a political subdivision of the State of South Carolina charged in part with the levying of taxes. It is made a party to this action by virtue of certain tax liens filed against the Landowner with the Register of Deeds for Lexington County, South Carolina. **South Carolina Department of Revenue** is an agency of the State of South Carolina charged in part with the collection of taxes. It is made a party to this action by virtue of certain tax liens

Condemnation Notice and Tender of Payment (continued)

filed against the Landowner with the Register of Deeds for Lexington County, South Carolina.

4. The following is a description of the real property subject to this action and a description of the interest sought to be acquired in and to the property by the Condemnor:

All sewer assets of Carolina Water Service, Inc./ Utilities, Inc. associated with the I-20 Regional Sewer System in Lexington County, South Carolina as shown in Appendix "A" and Appendix "B", including without limitation the real property, easements, including utility easements and access easements, any and all improvements and fixtures affixed to the land, including buildings, gravity sanitary sewer piping, sanitary sewer force main piping, effluent force main piping, sanitary sewer manholes, sanitary sewer pump stations, all appurtenances, records, customer data, the I-20 Regional WWTP located on T.M.S. No. 004521-01-019 at Laurel Meadows Subdivision off of Laurel Meadows Drive, the Spring Hill aerated equalization pond located on T.M.S. No. 004417-02-038 at Spring Hill Subdivision off of Hill Springs Drive, the Woodsen aerated equalization pond located on T.M.S. No. 004522-01-020 at Woodsen Subdivision off of Woodsen Circle, the I-20 Regional WWTP dechlorination facility located within an easement on an unknown parcel off of Davega Drive, and designated rights as the Management Agency under the 208 Water Quality Management Plan for the I-20 Regional Sewer System.

The subject sewer system includes approximately: 101,000-feet of gravity sanitary sewer piping, 39,000-feet of sanitary sewer force main piping, 11,000-feet of effluent force main piping, 450 sanitary sewer manholes, and 16 sanitary sewer pump stations. The particular neighborhoods/areas served by the sewer system are: Timbergate, Autumn Oaks, Mineral Creek, Spring Hill, Oakcrest, Meadow Wood, Maple Grove, Courtside Commons, Brighton South, Brighton North, Grayland Forest, Woodcastle, Woodberry Forest, Hidden Valley Mobile Home Park (**satellite system**), Golden Pond, Woodsen, Sandy Pines, Planters Station, Laurel Meadows, Pear Court, Mineral Springs Mobile Home Park (**satellite system**), Spring Lake, Dutchwood, Mineral Creek, Cunningham Park, Barnyard RV Park, Vanarsdale (**satellite system**), Oak Grove School, Oak Grove Estates, and any tributary sanitary sewer collection systems which discharge to the previous listed areas and which ultimately discharge to the I-20 Regional WWTP, other than system listed above as being satellite systems of the I-20 Regional Sewer System.

The sanitary sewer pump stations contained within the subject system are described more particularly as: Autumn Oaks pump station located on T.M.S. No. 004434-01-027 at Autumn Oaks Subdivision off of Kenzi Court, Spring Hill pump station located on T.M.S. No. 004417-02-038 at Spring Hill Subdivision

Condemnation Notice and Tender of Payment (continued)

off of Hill Springs Drive, Cunningham Park pump station located on T.M.S. No. 004420-05-025 at Cunningham Park Subdivision off of Ivey Street, Grayland Forest pump station located on T.M.S. No. 004517-07-007 at Grayland Forest Subdivision off of Mineral Springs Road, Sparrow Pointe pump station located on T.M.S. No. 004546-01-028 at Sparrow Pointe Subdivision off of Jessamine Road, Woodcastle No. 1 pump station located on T.M.S. No. 004525-04-011 at Woodcastle Subdivision off of Thackeray Lane, Woodcastle No. 2 pump station located within a County of Lexington road right-of-way at Woodcastle Subdivision off of Farrington Court, Hidden Valley pump station located within an easement on T.M.S. No. 004598-02-001 at Hidden Valley Mobile Home Park off of Hidden Valley Drive, Golden Pond pump station located within an easement on T.M.S. No. 004598-02-039 at Golden Pond Subdivision off of Golden Pond Drive, Woodsen pump station located on T.M.S. No. 004522-01-020 at Woodsen Subdivision off of Woodsen Circle, Mineral Springs Mobile Home Park pump station located within an easement on T.M.S. No. 004596-04-010 at Mineral Springs Mobile Home Park off of Mineral Springs Road, Pear Court pump station located within an easement on T.M.S. No. 004558-01-017 at Pear Court Subdivision off of Pear Court, Planters Station pump station located within an easement on T.M.S. No. 004545-01-006 at Planters Station Subdivision off of Chisholm Way, Savannah Pointe pump station located on T.M.S. No. 004540-01-033 at Laurel Meadows Subdivision off of Savannah Way, Spring Lake pump station located on T.M.S. No. 004424-04-021 at Spring Lake Subdivision off of Point South Lane, and the I-20 Regional WWTP effluent pump station located on T.M.S. No. 004521-01-019 (the I-20 Regional WWTP) at Laurel Meadows Subdivision off of Laurel Meadows Drive.

The sanitary sewer force main for the Autumn Oaks pump station proceeds in a southeasterly direction for approximately 1,200-feet within multiple utility easements to its discharge point at the Spring Hill aerated equalization pond. The sanitary sewer force main for the Spring Hill pump station proceeds in a southeasterly direction for approximately 1,600-feet within multiple utility easements, turns and proceeds in an easterly direction for approximately 5,900-feet within the Mineral Springs Road right-of-way, turns and proceeds in a northeasterly direction for approximately 1,200-feet within multiple utility easements to its discharge point at the I-20 Regional WWTP. The sanitary sewer force main for the Cunningham Park pump station proceeds in an unknown direction and discharges to an unknown point within the I-20 Regional Sewer System. The sanitary sewer force main for the Grayland Forest pump station proceeds in a northerly direction for approximately 120-feet within the Mineral Springs Road right-of-way, crosses Mineral Springs Road and connects to the Spring Hill pump station force main. The sanitary sewer force main for the Sparrow Pointe pump station proceeds in a northerly direction for approximately 800-feet within the Jessamine Road right-of-way and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Woodcastle No. 1

Condemnation Notice and Tender of Payment (continued)

pump station proceeds in a westerly direction for approximately 380-feet within the Thackeray Lane right-of-way, crosses Jessamine Road, turns in a northerly direction and proceeds approximately 2,300-feet within the Jessamine Road right-of-way where it connects to the Sparrow Pointe pump station force main. The sanitary sewer force main for the Woodcastle No. 2 pump station proceeds in an unknown direction to its discharge point at the Woodcastle No. 1 pump station. The sanitary sewer force main for the Hidden Valley pump station proceeds in a southwesterly direction for approximately 700-feet within a utility easement, turns and proceeds in a northwesterly direction for approximately 430-feet within a utility easement, turns and proceeds in a southwesterly direction for approximately 310-feet within a utility easement, turns and proceeds in a southerly direction for approximately 270-feet within the Jessamine Road right-of-way, turns and crosses Jessamine Road, and proceeds in a westerly direction for approximately 110-feet within the Jessamin Road and Sunny Vista Road rights-of-way, and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Golden Pond pump station proceeds in a northwesterly direction for approximately 2,700-feet within the Golden Pond Drive right-of-way, crosses Mineral Springs Road, turns and proceeds in a northeasterly direction for approximately 790-feet within the Mineral Springs Road right-of-way, turns and proceeds in a northwesterly direction for approximately 1,300-feet within multiple utility easements, turns and proceeds in a southwesterly direction for approximately 1,500-feet within multiple utility easements to its discharge point at the I-20 Regional WWTP. The sanitary sewer force main for the Woodsen pump station proceeds in a westerly direction for approximately 600-feet within multiple utility easements, turns and proceeds in a northwesterly direction for approximately 2,400-feet within multiple utility easements, turns and proceeds in a westerly direction for approximately 3,800-feet within the Mineral Springs Road right-of-way, and connects to the Grayland Forest pump station force main. The sanitary sewer force main for the Mineral Springs Mobile Home Park pump station proceeds in a northerly direction for approximately 230-feet within a utility easement and on the I-20 Regional WWTP site to its discharge at the I-20 Regional WWTP. The sanitary sewer force main for the Pear Court pump station proceeds in a westerly direction for approximately 680-feet within a utility easement and on the I-20 Regional WWTP site to its discharge at the I-20 Regional WWTP. The sanitary sewer force main for the Planters Station pump station proceeds in a southeasterly direction for approximately 1,000-feet within the Chisholm Way right-of-way, turns and proceeds in a westerly direction for approximately 180-feet within the Mineral Springs Road right-of-way, and connects to the Golden Pond pump station force main. The sanitary sewer force main for the Savannah Pointe pump station proceeds approximately 60-feet in a northerly direction within the Savannah Lane right-of-way where it discharges to a manhole within the Laurel Meadows Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Spring Lake pump

Condemnation Notice and Tender of Payment (continued)

station proceeds in an southeasterly direction for approximately 200-feet, crosses the Point South Lane right-of-way, and proceeds for 2,300-feet in a southeasterly direction within multiple utility easements, crosses the Mineral Springs Road right-of-way, and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The effluent force main for the I-20 Regional WWTP effluent pump station proceeds in an unknown direction within multiple rights-of-way and utility easements to the I-20 Regional WWTP dechlorination facility, turns and proceeds in a northeasterly direction for approximately 3,300-feet within multiple rights-of-way and utility easements to its discharge at the I-20 Regional WWTP effluent outfall at the Lower Saluda River.

5. The Town of Lexington, South Carolina is vested with the power of eminent domain pursuant to Section 57-5-320 and Section 28-2-60, Code of Laws of South Carolina, 1976, as amended.

6. The property sought herein is to be acquired for public purposes, more particularly for the removal of treated and untreated wastewater from the Lower Saluda River and the connection of Condemnees' I-20 wastewater collection, transportation, and treatment systems to the Twelve and Fourteen Mile Creeks Regional Wastewater Transportation and Treatment System in accordance with the applicable 208 Plan for this region.

8. The Town of Lexington, South Carolina has complied with the requirements set forth in Section 28-2-70(a), Code of Laws of South Carolina, 1976, as amended, by having the subject property appraised and making the appraisal available to the Landowner(s) where required by law, and certifies to the Court that a negotiated resolution has been attempted prior to the commencement of this action, or pursuant to Section 12-28-2940, Code of Laws of South Carolina, 1976, as amended, an appraisal of this property was not required.

9. Project plans may be inspected at the office of The Town of Lexington, South Carolina, 111 Maiden Lane, Lexington, South Carolina 29072 by appointment during regular office hours.

Condemnation Notice and Tender of Payment (continued)

10. THE CONDEMNOR HAS DETERMINED JUST COMPENSATION FOR THE PROPERTY AND RIGHTS TO BE ACQUIRED HEREUNDER, **INCLUDING ALL DAMAGES, TO BE THE SUM OF ONE MILLION, FIVE HUNDRED EIGHTY FOUR THOUSAND AND 0/100 DOLLARS (\$1,584,000) AND HEREBY TENDERS PAYMENT THEREOF TO THE LANDOWNER(S).**

11. Payment of this amount will be made to the Landowner(s) if within thirty (30) days of service of this Condemnation Notice, the Landowner(s) in writing requests payment, and agrees to execute any instruments necessary to convey to the Condemnor the property interests and rights described hereinabove. The Agreement and Request for Payment must be sent by first class certified mail with return receipt requested or delivered in person to Britt Poole, Town Administrator, Town of Lexington, South Carolina, 111 Maiden Lane, Lexington, South Carolina, 29202. If no Agreement and Request for Payment is received by the Condemnor within the thirty (30) day period, the tender is considered rejected.

12. If the tender is rejected, the Condemnor has the right to file this Condemnation Notice with the Clerk of Court of the County where the property is situated and deposit the tender amount with the Clerk. The Condemnor shall give the Landowner(s) and Other Condemnee(s) notice that it has done so and may then proceed to take possession of the property interests and exercise the rights described in this Condemnation Notice.

13. AN ACTION CHALLENGING THE CONDEMNOR'S RIGHT TO ACQUIRE THE PROPERTY AND RIGHTS DESCRIBED HEREIN MUST BE COMMENCED IN A SEPARATE PROCEEDING IN THE COURT OF COMMON PLEAS WITHIN THIRTY DAYS OF THIS CONDEMNATION NOTICE, OR THE LANDOWNER(S) WILL BE CONSIDERED TO HAVE WAIVED THE CHALLENGE.

14. THE CONDEMNOR HAS ELECTED NOT TO UTILIZE THE APPRAISAL PANEL PROCEDURE. Therefore, if the tender herein is rejected, the Condemnor shall notify the Clerk of Court and shall demand a trial to determine the amount of just compensation to be paid. A copy of that notice must be served on the Landowner(s). That notice shall state whether the Condemnor demands a trial by jury or by the Court

Condemnation Notice and Tender of Payment (continued)

without a jury. The Landowner(s) has the right to demand a trial by jury. The case may not be called for trial before sixty (60) days after the service of that notice, but it may thereafter be given priority for trial over other civil cases. The Clerk of Court shall give the Landowner(s) written notice by mail of the call of the case for trial.

15. THEREFORE, IF THE TENDER HEREIN IS REJECTED, THE LANDOWNER(S) IS ADVISED TO OBTAIN LEGAL COUNSEL AT ONCE, IF NOT ALREADY OBTAINED.

16. In the event the Landowner(s) accepts the amount tendered in this Notice, the attached Agreement and Request for Payment form should be signed and returned to the Condemnor within thirty (30) days of your receipt of this Notice.

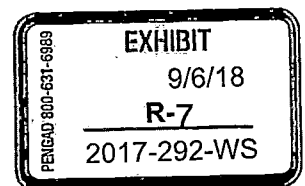
s/ Clifford O. Koon, Jr.
Bradford T. Cunningham, SC Bar No. 16968
bcunningham@lexsc.com
Clifford O. Koon, Jr., SC Bar No. 3599
ckoon@lexsc.com
111 Maiden Lane
Post Office Box 397
Lexington, South Carolina 29072
(803)359-4460

J. David Black, SC Bar No. 68499
DBlack@nexsenpruet.com
1230 Main Street, Suite 700
Post Office Drawer 2426
Columbia, South Carolina 29202
(803)540-2072

Attorneys for The Town of Lexington, SC

October 9, 2017

RHG EXHIBIT A



From: Bob Gilroy
Sent: Wednesday, October 05, 2011 3:05 PM
To: alutz@lexsc.com
Subject: CWS / 208 Plan

Hi Alan,

Attached are two letters. One for I-20 and one for Watergate. The Permit for each plant, due to the Central midlands 208 Plan, requires that we check with the Town annually regarding any changes in connection requirements and or Cayce capacity. I took the wording in the letters from a DHEC letter regarding this request requirement.

The Permits require that I forward your response letter to DHEC EQC-3 for filing.

Thanks!

Bob Gilroy
Carolina Water Service, Inc.
803-796-2313





October 5, 2011

Mr. Alan Lutz
Director of Utilities
Town of Lexington

Re: CWS / I-20 WWTP
NPDES Permit No. SC0035564

Dear Alan:

The CWS/I-20 WWTP has been identified by the Central Midlands 208 Plan for elimination and as part of fulfilling its Permit, is required to request information from the regional provider concerning any agreement changes that may have occurred.

This letter is to request information regarding any changes that may have been made by the Town of Lexington concerning the connection to wastewater transmission lines by the CWS/I-20 WWTP and in regards to capacity of such connection at the City of Cayce WWTP for final treatment.

Your assistance in this matter is greatly appreciated.

Please do not hesitate to contact me in regards to the above request at 803-796-2313.

Sincerely,
CAROLINA WATER SERVICE, INC.

A handwritten signature in black ink, appearing to read "Bob Gilroy".

Bob Gilroy
Regional Manager

Carolina Water Service, Inc. A Utilities, Inc. company

200 Weathersfield Ave. Altamonte Springs, FL 32714-4027 P: 800-272-1919 F: 407-869-6961 www.uhwater.com

A handwritten signature in black ink, located at the bottom right of the page.

RHG EXHIBIT B

3:15-cv-00194-MBS Date Filed 04/27/17 Entry Number 81-5 Page 10 of 18

From: Bob Gilroy [rhgilroy@uiwater.com]
Sent: Monday, July 22, 2013 3:23 PM
To: Allen Lutz
Subject: Capacity

Mr. Lutz,

Could you please reply with an update regarding available capacity within the Town of Lexington sewer transmission line to the Cayce WWTP as well as the available capacity within the Cayce WWTP? Could you also provide the fees for such?

Thanks,

Bob Gilroy
Regional Manager
Carolina Water Service, Inc.
800-2727-1919 Ext. 32404
rhgilroy@uiwater.com

From: Allen Lutz <alutz@lexsc.com>
Date: 07/31/2013 9:04 AM (GMT-05:00)
To: Bob Gilroy <rhgilroy@uiwater.com>
Subject: RE: Capacity

Bob,

To answer your questions, the capacity in the line to Cayce is currently 3.74 MGD and have over 4 MGD permitted. We are working on a upgrade to add a pump station in the Cromer Rd. area that will increase our pumping Capacity to 6.45 MGD. We will in the future be installing a additional 30" force main to Cayce that will increase our pumping capacity to 12.4 MGD. The town has 12.4 MGD capacity at the City of Cayce with approximately 7.8 MGD unpermitted. The current Capitol Contribution Fees for Capacity is \$3700.00 per tap equivalent of 300 GPD. I hope this information helps.

Allen Lutz



RHG EXHIBIT C



March 21, 2014

Mr. Britt Poole
Town Administrator
Town of Lexington
P.O. Box 397
Lexington, SC 29071

RE: Bulk Wastewater Service Interconnection with Town of Lexington Sewer System

Dear Mr. Poole:

I am writing to you to inquire about the potential for an interconnection of the I-20 Wastewater Treatment Facility (I-20 WWTF), owned and operated by Carolina Water Service, Inc. (CWS) with the Town of Lexington's sewer system. CWS would like to make this interconnection so as to enable it to eliminate the discharge from the I-20 WWTF into the Lower Saluda River.

Currently, the I-20 WWTF has an average daily flow of 526,000 GPD into its receiving stream and the authorized capacity of the plant is 800,000 GPD.

I would appreciate your advising me at your earliest convenience whether there is an interest in such an interconnection. If there is, I would be pleased to meet with you, or others on your staff, to discuss the matter further.

Thank you and the Town for your consideration of this request.

Sincerely,

Richard J. Durham

Richard J. Durham
President - SC

RJD/WEP

a Utilities, Inc. company Carolina Water Service, Inc.

151 Old Wire Rd • West Columbia, SC 29172 • P: 800-272-1919 • F: 803-791-8643 • www.uiwater.com

RHG EXHIBIT D

MAYOR
Steve MacDougall

MAYOR PRO-TEM
Hazel Livingston

COUNCIL
Kathy Mancos
Ted Stambolis
Lodd Shevchuk
Todd Caines
Ron Williams

TOWN OF LEXINGTON



RECEIVED

MAY 14 2014

CAROLINA WATER SERVICE

TOWN ADMINISTRATOR
D. Britt Poole

MAILING ADDRESS
Post Office Box 397
Lexington, SC 29071

INFORMATION
803-359-4164
www.lexsc.com

FAX
803-359-4460

May 8, 2014

Mr. Richard J. Durham
Carolina Water Service, Inc.
151 Old Wire Road
West Columbia, SC29172

re: Bulk Wastewater Service Interconnection with Town of Lexington Sewer System

Dear Mr. Durham:

I have discussed your request (for a potential interconnection of the I-20 Wastewater Treatment Facility with the Town of Lexington) with the Town Administrator and Town Council. The Town considered this carefully, but for a number of seasons is not interested in such an interconnection at this time.

Sincerely,

Brad Cunningham, Municipal Attorney
Town of Lexington

BC

RHG EXHIBIT E

From: Blan Holman [<mailto:bholman@selcsc.org>]
Sent: Monday, August 04, 2014 2:59 PM
To: Brad Cunningham
Cc: Britt Poole; Cliff Koon
Subject: RE: CWS and Town of Lexington

Understood.

Thanks,

Blan

Blan Holman
Southern Environmental Law Center
43 Broad St. - Suite 300
Charleston, SC 29401

p. 843 720 5270
www.southernenvironment.org

From: Brad Cunningham [BCunningham@lexsc.com]
Sent: Monday, August 04, 2014 2:43 PM
To: Blan Holman
Cc: Britt Poole; Cliff Koon
Subject: RE: CWS and Town of Lexington

At this point, it would more likely be disruptive in my opinion.

Bradford T. Cunningham, Municipal Attorney
Town of Lexington
P.O. Box 397
Lexington, SC 29071
(803)951-2232 (Phone)
(803)358-1567 (Fax)
bcunningham@lexsc.com

From: Blan Holman [<mailto:bholman@selcsc.org>]
Sent: Monday, August 04, 2014 2:37 PM
To: Brad Cunningham
Subject: RE: CWS and Town of Lexington

Thanks Brad. As you know, my client has signaled its intent to sue CWS over failure to hook-in per the 208 plan, incorporated into CWS's NPDES permit. Client wants to know if filing a complaint now would be helpful to negotiations. I could see being potentially helpful but also potentially disruptive. I'm on my cell 919 302 6819 if you get a second.

Thank you,

Blan

TOL000192

From: Brad Cunningham [<mailto:BCunningham@lexsc.com>]
Sent: Monday, August 04, 2014 11:35 AM
To: Brian Holman
Subject: CWS and Town of Lexington

Brian – got your phone message. The Town is currently in active negotiations with CWS.....

Bradford T. Cunningham, Municipal Attorney
Town of Lexington
P.O. Box 397
Lexington, SC 29071
(803)951-2232 (Phone)
(803)358-1567 (Fax)
bcunningham@lexsc.com

TOL000193

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Tuesday, February 23, 2016 4:11 PM
To: Black, David
Cc: Heather Murray
Subject: CWS

Hey David - Just wondering if you have a minute to talk in the next day or so? Thanks, Catherine

-----Original Message-----

From: Catherine Wannamaker
Sent: Thursday, February 11, 2016 12:49 PM
To: DBlack@nexsenpruet.com
Cc: Heather Murray
Subject: Time to meet?

Hey David - Thanks for all of the Town documents that you provided last night. We have reviewed them, and are wondering if you and Brad Cunningham may have time to sit down with us in person next week. We have a few questions and think it might be mutually beneficial for us to meet in person.

Any chance you could do this any time next Tuesday-Thursday? We're happy to drive up to Columbia for the day.

Thanks,
Catherine

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Wednesday, February 24, 2016 5:45 PM
To: Black, David
Cc: Heather Murray
Subject: chatting

The day got away from me today – can we give you a shout tomorrow or Friday? Thanks!

Catherine M. Wannamaker
Senior Attorney
Southern Environmental Law Center
463 King Street, Suite B
Charleston, SC 29403-7204

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Wednesday, March 2, 2016 4:25 PM
To: Black, David; Heather Murray
Subject: RE: Attorney Work Product/Joint Defense: Carolina Water Service [IWOV-NPCOL1.FID1694205]

Great – we like it. Wondering if we still need the affidavit but we can discuss.

From: Black, David [mailto:DBlack@nexsenpruet.com]
Sent: Wednesday, March 02, 2016 3:38 PM
To: Catherine Wannamaker; Heather Murray
Subject: RE: Attorney Work Product/Joint Defense: Carolina Water Service [IWOV-NPCOL1.FID1694205]

Even better. Please see our amended answer, counterclaim, and verification (language you need is in the counterclaim facts).

From: Catherine Wannamaker [mailto:cwannamaker@selcsc.org]
Sent: Wednesday, March 02, 2016 3:00 PM
To: Heather Murray; Black, David
Subject: RE: Attorney Work Product/Joint Defense: Carolina Water Service

Hey David – Just thought I'd check in on this affidavit. Have you had a chance to look it over or talk to the Town folks about it? I think we are about to extend discovery through April in our case, but we probably need to turn this over to them in the next few weeks if we plan to use it.

Thanks!
Catherine

From: Heather Murray
Sent: Thursday, February 25, 2016 3:16 PM
To: Black, David (DBlack@nexsenpruet.com)
Cc: Catherine Wannamaker
Subject: Attorney Work Product/Joint Defense: Carolina Water Service

Hi David,

Please find the draft affidavit attached. Don't hesitate to contact us with any questions.

Thanks,
Heather

Heather A Murray
Associate Attorney | Southern Environmental Law Center
463 King Street, Suite B | Charleston, SC 29403
843-720-5270 | hmurray@selcsc.org | www.southernenvironment.org

TOL000196

AFFIDAVIT OF XX

My name is XX and I am the XX for the Town of Lexington, South Carolina ("Town"). I have held this position since XX. My responsibilities include XX.

Carolina Water Service, Inc. ("CWS"), a subsidiary of Utilities, Inc., contacted the Town regarding connection of the I-20 wastewater treatment facility ("I-20 facility") to the regional collection system in January 2014.

In March 2014, CWS wrote a letter to the Town asking whether the Town would be interested in reaching an interconnection agreement with CWS to connect the I-20 facility to the Town's regional sewer system. At that time, the Town responded that it was not interested in such an interconnection. [any further explanation of why?]

[anything relevant in this time period?]

In August 2014, the Town requested information from CWS that would enable it to conduct a feasibility study to explore the possibility of acquiring the I-20 facility and another CWS-owned wastewater treatment facility (Watergate). At that time, the Town was interested in potentially purchasing the water and sewer systems within the I-20 and Watergate service areas.

CWS subsequently informed the Town that it was not interested in selling its water systems, and requested that the Town enter into a non-binding agreement stating that \$13.5 million would be a reasonable price range for the I-20 and Watergate sewer systems.

The Town responded that without the requested basic information about each sewer system, it was impossible to determine whether \$13.5 million would be a reasonable price range. Throughout this discussion, CWS was unwilling to provide the Town with any of the requested information about the current state of the I-20 facility or financial information regarding the facility.

In December of 2014, the Town again requested more information from CWS regarding the two sewer systems. CWS responded XX. [was response sufficient? (we don't have – it was attached to an email)]

[anything relevant in this time period?]

In September of 2015, CWS sent the Town a letter requesting that the Town enter into an interconnection agreement concerning the I-20 facility under the terms set forth in CWS's application to the South Carolina Public Service Commission ("PSC") or put forward its own terms for an interconnection agreement.

The Town responded that it could not value CWS's systems or respond to any offers without first conducting the feasibility study (which it was still willing to share the cost of).

TOL000197

CWS again requested a quote for interconnection, saying that it was not interested in pursuing acquisition by the Town. CWS's position was based on, among other things, the fact that it was not willing to bear any of the cost of a feasibility study, as it perceived this to be the Town's due diligence burden.

In November of 2015, the Town received a quote for a feasibility study from its contractor totaling \$70,000.

Over the next several weeks, the Town had ongoing conversations with CWS regarding the I-20 facility. During these conversations, the Town explained that it could not offer an interconnection because its bonds prohibited such an offer, but the Town was still interested in purchasing the system.

Then, abruptly on December 11, 2015, CWS filed suit in federal district court against the Town for failing to permit an interconnection. The Town had no idea this litigation was imminent or even under consideration by CWS. Until that point, the Town had believed it was still in active negotiations with CWS.

In the Town's opinion, based on its extensive involvement in these negotiations, CWS was not interested in a resolution of this matter unless it was entirely on CWS's terms (and with no opportunity for the Town to determine whether these terms were reasonable or in Town citizens' best interests).

In sum, the Town believes that resolution of CWS's unlawful discharges was and is entirely possible, but CWS refuses to engage in the kind of substantive discussions that would be necessary to resolve this situation.

[if the Town purchases, are they sure they will connect to the regional system? if so, can we say?]

TOL000198

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Friday, June 24, 2016 2:47 PM
To: Black, David
Cc: Brian Holman
Subject: CWS memo in support of MSJ-c
Attachments: 2016-05-06 - Dkt. 58-1 - Carolina Water Service_s Memo in Support of its MPSJ-c.PDF

Think you may want this one, too, and their most recent reply brief – which is even more inflammatory in its characterization of the Town. I'll send it separately in a second.

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Monday, August 1, 2016 5:03 PM
To: Black, David
Cc: Brian Holman
Subject: DHEC decision

Hey David – Do you have time to chat about the CWS DHEC decision and AOs tomorrow? Would just like your thoughts on what this means going forward and whether the Town saw this coming, etc.

Thanks,
Catherine

Catherine M. Wannamaker
Senior Attorney
Southern Environmental Law Center
463 King Street, Suite B
Charleston, SC 29403-7204

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Friday, September 9, 2016 4:29 PM
To: Black, David
Cc: Blan Holman
Subject: CWS update

Hey David – Just checking in to see if you have had any recent developments in your CWS case before Judge Seymour. We got an order this week requiring us to brief the impact of the permit denial and AOs on our pending motions for summary judgment. Our briefs are due on Sept. 21.

Let us know if there is anything happening in your case.

Thanks!
Catherine

Catherine M. Wannamaker
Senior Attorney
Southern Environmental Law Center
463 King Street, Suite B
Charleston, SC 29403-7204

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Monday, September 26, 2016 4:35 PM
To: Black, David
Subject: CWS

Hey David – Just wanted to check in on your CWS case. Left you a message today. Any new developments before Judge Seymour or otherwise? Give me a buzz when you can – 843-619-4619.

Catherine M. Wannamaker
Senior Attorney
Southern Environmental Law Center
463 King Street, Suite B
Charleston, SC 29403-7204

CopyCenter

From: Catherine Wannamaker <cwannamaker@selcsc.org>
Sent: Thursday, December 8, 2016 3:52 PM
To: Black, David
Subject: RE: CWS - ALC proceedings -c

That would be great. Did you all file this week? And have you been consolidated with the case filed by CWS yet?

Thanks!

From: Black, David [mailto:DBlack@nexsenpruet.com]
Sent: Thursday, December 08, 2016 3:52 PM
To: Catherine Wannamaker
Subject: RE: CWS - ALC proceedings

Sure, do you also need the Town's statement?

J. David Black
 Member
 Nexsen Pruet, LLC
 1230 Main Street, Suite 700
 Columbia, SC 29201
 PO Drawer 2426 (29202)
 T: 803.540.2072, F: 803.727.1409
DBlack@nexsenpruet.com

www.nexsenpruet.com

NEXSEN | PRUET



From: Catherine Wannamaker [mailto:cwannamaker@selcsc.org]
Sent: Thursday, December 8, 2016 3:50 PM
To: Black, David <DBlack@nexsenpruet.com>
Subject: CWS - ALC proceedings

Hey David – Would you be able to send me CWS's prehearing statement before the SC ALC when you file it? (I understand they are due this week). As you probably know, we had a summary judgment hearing before Judge Seymour about a month ago and are trying to figure out whether we need to intervene in these ALC proceedings. Thanks, and hope you are doing well.

Catherine

Catherine M. Wannamaker
 Senior Attorney
 Southern Environmental Law Center
 463 King Street, Suite B
 Charleston, SC 29403-7204

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CopyCenter

From: Black, David
Sent: Thursday, March 30, 2017 2:21 PM
To: Blain Holman (bholman@selcsc.org); Catherine Wannamaker (cwannamaker@selcsc.org)
Subject: Congrats!!!-c

Do you have a copy of the order?

J. David Black
Member
Nexsen Pruet, LLC
1230 Main Street, Suite 700
Columbia, SC 29201
PO Drawer 2426 (29202)
T: 803.540.2072, F: 803.727.1409
DBlack@nexsenpruet.com

www.nexsenpruet.com

NEXSEN | PRUET



CopyCenter

From: Black, David
Sent: Thursday, March 30, 2017 3:06 PM
To: Catherine Wannamaker
Subject: RE: CWS victory!

As you should be! Great job!

J. David Black
Member
Nexsen Pruet, LLC
1230 Main Street, Suite 700
Columbia, SC 29201
Post Office Box 2426 (29202)
T: 803.540.2072 F: 803.727.1409
DBlack@nexsenpruet.com

www.nexsenpruet.com

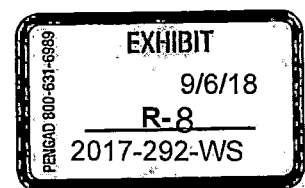
-----Original Message-----

From: Catherine Wannamaker [mailto:cwannamaker@selcsc.org]
Sent: Thursday, March 30, 2017 3:05 PM
To: Black, David <DBlack@nexsenpruet.com>
Subject: Fwd: CWS victory!

Here you go. We're pretty excited. CWS's next steps will be interesting.

>
>

APPENDIX A: CURRICULUM VITAE



*Curriculum Vitae***KEITH M. BABCOCK**

Address and Contact	1513 Hampton Street Columbia, SC 29201 803-771-8000 (phone) 803-733-3534 (fax) kmb@lewisbabcock.com
Education	Princeton University, A.B., 1973 George Washington University, J.D., with honors, 1976
Employment	South Carolina Attorney General's Office Staff Attorney, 1977–1978 State Attorney, 1978–1979 Assistant Attorney General 1979–1981 Barnes & Austin Private Practice – 1981-1982 Austin & Lewis Private Practice – 1982-1983 Lewis Babcock L.L.P. 1984 to present
Primary Practice Areas	Eminent domain, business and governmental disputes, and professional negligence and ethics; trial and appellate litigation in State and Federal Courts Rated "AV® Preeminent™" by Martindale-Hubbell <i>Law Directory</i> Reported cases shown on Attachment
Bar Admissions	South Carolina, 1977 U.S. District Court, District of South Carolina, 1977 U.S. Court of Appeals, Fourth Circuit, 1977 United States Court of Federal Claims, 1979 U.S. Supreme Court, 1980 U.S. Tax Court, 1981
Professional Activities	Civil Justice Advisory Committee, District of South Carolina, 1991–1993 South Carolina Board of Law Examiners, 2001–2006 Richland County Bar Association

American Bar Association
 Federal Bar Association, South Carolina Chapter
 South Carolina Bar Chairman
 Professional Responsibility Committee, 1985–1986
 Professional Liability Committee, 2013–2015
 South Carolina Association for Justice
 Owners' Counsel of America
 SC Chapter of the American Board of Trial Advocates,
 President (2016)
 Member of Advisory Committee on the Commission on Standards of
 Judicial Conduct, past Acting Chair 2013, 2015

**Professional Publications
 and Presentations**

- 1/18 — ALI-CLE Eminent Domain Seminar – Condemnation 101: Wanna Win? Effective Attorney-Appraiser Interaction (Panel) (Charleston, SC)
- 1/18 — ALI-CLE Eminent Domain Seminar – The Project Influence Rule and its Evidentiary Burdens (Panel) (Charleston, SC)
- 11/17, 3/13, 3/12, 3/11 — Guest Lecturer, University of South Carolina Law School, Commercial Real Estate Transactions – Eminent Domain Overview (Columbia, SC)
- 1/17 — ALI-CLE Eminent Domain Seminar – Condemnation 101: The Difference between Winning and Losing (Panel) (San Diego, CA)
- 1/15 — ALI-CLE Eminent Domain Seminar – Valuation of Temporary Construction Easements (San Francisco, CA)
- 1/15 — ALI-CLE Eminent Domain Seminar – Condemnation 101: Name That Tune: Common Trial Themes used by Condemnors and Condemnees (Panel) (San Francisco, CA)
- 2/14 — Chaired the 2014 Masters in Trial Demonstration presented by the South Carolina chapter of ABOTA (Columbia, SC)
- 1/14 — ALI-CLE Eminent Domain Seminar – Condemnation 101: How to Prepare and Present an Eminent Domain Case – The Income Approach to Value: What Makes it Tick (New Orleans, LA)
- 2/13 — Co-chaired the 2013 Masters in Trial Demonstration presented by the South Carolina chapter of ABOTA (Columbia, SC)
- 1/12 — ALI-ABA Eminent Domain Seminar – Condemnation 101: Winning the High Ground with Fundamentals of Eminent Domain Valuation and Trial Practice – What a Lawyer Should Look for When Reviewing an Appraisal in Eminent Domain (San Diego, CA)
- 2/11 — ALI-ABA Eminent Domain Seminar – Condemnation 101: Making the Complex Simple in Eminent Domain – Representing the Condemnee and Winning from the Start: Overview and Suggestions for a Case Plan (Coral Gables, FL)
- 9/09 — SC Bar / S.C. Association CPAs – Litigation Conference 2009 – Lost Profits and Economic Damages (Columbia, SC)
- 1/09 — ALI-ABA Eminent Domain Course of Study – Condemnation 101: How to Prepare and Present an Eminent Domain Case (Miami Beach, FL)

- 1/08 — ALI-ABA Eminent Domain Course of Study – Condemnation 101: Fundamentals of Condemnation Law and Land Valuation (San Francisco, CA)
- 12/07 — SC Bar (Real Estate Section) Eminent Domain CLE – Condemnation Practice (Columbia, SC)
- 9/06 — CLE International – SC Eminent Domain Conference – Environmental Issues in Condemnation Cases (North Charleston, SC)
- 2/05 — CLE International – SC Eminent Domain Conference – Public Taking for Private Gain (Charleston, SC)
- 1/05 — 22nd ALI-ABA Eminent Domain and Land Valuation Litigation Seminar – Environmental Issues and Interaction with State Environmental Agencies (Miami, FL)
- 1/02 — 19th ALI-ABA Course of Study – Eminent Domain and Land Valuation Litigation – Severance Damages (Scottsdale, AZ)

Activities Past President of Columbia Jewish Community Center and currently serves on its Board of Directors; past member of the Board of Directors for the Columbia Jewish Federation; Co-recipient of the 2013 Columbia Israel Bonds Star of David Award; Member of the Board of Directors of Greater Columbia Educational Advancement Foundation (2007-2012); currently serves on the Board of Directors for the Spring Valley Homeowners' Association.

**Expert
Testimony** *BW&L Properties, LLC; CCC Car Wash, LLC; CCH Investments, LLC; and Chase Oil Co., Inc. vs. South Carolina Department of Transportation, Docket No. 2009-CP-21-1870*
This was a right to take challenge action involving a condemnation. Testimony was provided on behalf of the condemnor as to the reasonableness of attorneys' fees sought by the Landowner.

List of 21 results for adv: AT(keith /3 m. moss /3 babcock)

1. Cohen v. United States

United States District Court, D. South Carolina, Columbia Division. April 20, 2018 Slip Copy 2018 WL 1900043 3:16-CV-01489-JMC, 3:16-CV-03053-JMC

Plaintiffs above-named collectively filed these related actions seeking money damages from Defendant United States of America for the destruction caused to their homes by flood water released when the Semmes Lake Dam at Defendant's army installation Fort Jackson (South Carolina) was breached in October 2015. See Cohen v. United States, Civil...

...Signed 04/20/2018 Arthur Camden Lewis Jeffrey Ryan Helskell Keith Moss Babcock , Lewis Babcock and Griffin, Jessica Lerer Fickling John Randall Alphin Joseph Preston...

2. Michelin Retirement Plan v. Dilworth Paxson, LLP

United States District Court, D. South Carolina, Greenville Division. June 12, 2017 Slip Copy 2017 WL 2531845 CV 6:16-3604-HMH-JDA

This matter is before the court with the Report and Recommendation of United States Magistrate Judge Jacquelyn D. Austin, made in accordance with 28 U.S.C. §636(b)(1)(B) and Local Civil Rule 73.02 of the District of South Carolina. Plaintiffs allege numerous causes of action arising from misappropriation of funds from their ERISA...

...Boyd , Greenville, SC, Steve Allen Matthews , Columbia, SC, for Plaintiffs. Keith Moss Babcock David Lee Paavola , Lewis Babcock LLP, Columbia, SC, David Nelson...

3. Michelin Retirement Plan v. Dilworth Paxson LLP

United States District Court, D. South Carolina, Greenville Division. May 10, 2017 Slip Copy 2017 WL 9292252 6:16-CV-03604-HMH-JDA

This matter is before the Court on a motion to stay and for extension of time to file an answer filed by Defendant Michelle Morton ("Morton") [Doc. 30]; and a motion to stay filed by the Michelin Retirement Plan and the Investment Committee of the Michelin Retirement Plan ("Plaintiffs") [Doc. 62]. Also pending before the...

...Beattie B. Ashmore , Beattie B. Ashmore Law Office, Greenville, SC, Keith Moss Babcock David Lee Paavola , Lewis Babcock LLP, Columbia, SC, David Nelson...

4. State Farm Fire and Casualty Company v. Mitchell

United States District Court, D. South Carolina, Columbia Division. September 30, 2016 Not Reported in F.Supp.3d 2016 WL 5661690 3:15-1673-TLW

The Plaintiff, State Farm Fire and Casualty Company (hereinafter "State Farm" or "Plaintiff"), filed the above-captioned declaratory judgment action pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201, and Fed. R. Civ. P. 57 on April 17, 2015. (Doc. #1). In this action, Plaintiff State Farm seeks to...

...Miller and Lybrand, Columbia, SC, for Plaintiff. Arthur Camden Lewis Keith Moss Babcock Jeffrey Ryan Helskell , Lewis Babcock and Griffin, Columbia, SC, Joseph...

List of 21 results for adv: AT(keith /3 m. moss /3 babcock)

5. Estate of Peeples v. Barnwell County Hosp.

United States District Court, D. South Carolina, Aiken Division. February 18, 2014 Not Reported in
F.Supp.3d 2014 WL 607586 CIV.A. 1:13-01678

This matter is before the court by way of an appeal by the Estate of Robert M. Peeples and Six Participants of the Barnwell County Pension Plan (collectively the "Appellants") from an order filed by the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court") on April 18, 2013, and a motion to dismiss the appeal by...

...SC, Stanley Harold McGuffin Haynsworth Sinkler Boyd Arthur Camden Lewis Keith Moss Babcock, Lewis Babcock and Griffin, John Douglas Barnett, US Attorneys Office, Columbia, SC...

6. Alexander v. Barnwell County Hosp.

United States District Court, D. South Carolina, Aiken Division. February 18, 2014 Not Reported in
F.Supp.3d 2014 WL 607669 CIV.A. 1:13-02032

This matter is before the court by way of an appeal by Appellant Don Alexander ("Appellant" or "Intervenor") from orders filed by the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court") on April 18, 2013 and May 7, 2013, and a motion to dismiss the appeal by Appellee Barnwell County Hospital (the "Hospital" or...

...No. 1:13-02032. Feb. 18, 2014. Arthur Camden Lewis Keith Moss Babcock, Lewis Babcock and Griffin, Columbia, SC, for Appellant. Jesse Ronald Jones, Jr...

7. Alexander v. Barnwell County Hosp.

United States District Court, D. South Carolina, Aiken Division. February 18, 2014 Not Reported in
F.Supp.3d 2014 WL 607499 CIV.A. 1:13-02164

This matter is before the court by way of an appeal by Appellant Don Alexander ("Appellant" or "Alexander") from an order filed by the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court") on June 11, 2013, and a motion to dismiss the appeal by Appellee Barnwell County Hospital (the "Hospital" or "Debtor"). (See...

...1:13-02164-JMC. Feb. 18, 2014. Arthur Camden Lewis Keith Moss Babcock, Lewis Babcock and Griffin, Columbia, SC, for Appellant. Lindsey Carlberg Livingston, Adams...

8. Alexander v. Barnwell County Hosp.

United States District Court, D. South Carolina, Aiken Division. September 13, 2013 498 B.R. 550 2013 WL 5203531 CIV.A. 1:12-02265

BANKRUPTCY - Appeals. Former hospital board member's appeal of order overruling his objection to hospital's Chapter 9 plan was moot.

...Const. Art. 3, §2, cl. 1 Arthur Camden Lewis Keith Moss Babcock, Lewis Babcock and Griffin, Columbia, SC, for Appellant. Lindsey Carlberg Livingston Stanley...

9. In re Toyota Motor Corp.

United States District Court, C.D. California. April 08, 2011 785 F.Supp.2d 883 2011 WL 1485479 8:10-ML-02151-JVS-FM

List of 21 results for adv: AT(keith /3 m. moss /3 babcock)

TRANSPORTATION - Motor Vehicles. Foreign buyers of vehicles lacked standing to bring claims against manufacturer for diminution in market value.

...Haviland, Jr. , Haviland Hughes LLC, Philadelphia, PA, Arthur Camden Lewis Keith M. Babcock , Lewis & Babcock LLP, John S. Simmons , Simmons Law Firm LLC...

10. In re Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices and Products Liability Litigation

United States District Court, C.D. California. December 09, 2010 754 F.Supp.2d 1208 2010 WL 5058562 8:10 ML 02151 JVS

TORTS - Fraud. Vehicle manufacturer's statements regarding sudden unexpected acceleration did not constitute "puffing."

...Levin , Levin Fishbein Sedran & Berman, Philadelphia, PA, Arthur Camden Lewis Keith M. Babcock John S. Simmons , Lewis & Babcock LLP, Columbia, SC, Thomas J...

11. In re Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, and Products Liability Litigation

United States District Court, C.D. California. November 30, 2010 754 F.Supp.2d 1145 2010 WL 4867562 8:10ML 02151 JVS

ANTITRUST - Sales Practices. Nondisclosure of sudden unintended acceleration defect in vehicles was material under consumer statute.

...Pitt , Lary Pitt & Associates PC, Philadelphia, PA, Arthur Camden Lewis Keith M. Babcock , Lewis & Babcock LLP, John S. Simmons , Simmons Law Firm LLC...

12. Dodgeland of Columbia, Inc. v. Federated Mut. Ins. Co.

United States District Court, D. South Carolina, Columbia Division. June 16, 2010 Not Reported In F.Supp.2d 2010 WL 2490718 3:09-CV-01190-JFA

INSURANCE - Property. Insured's economic loss from contractor's failure to fulfill contract, was not covered loss.

...accordance with its terms, Arthur Camden Lewis Brady Ryan Thomas Keith Moss Babcock Peter D. Protopapas , Lewis and Babcock, Columbia, SC, for Plaintiff...

13. In re Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, and Products Liability Litigation

United States District Court, C.D. California. June 01, 2010 Not Reported in F.Supp.2d 2010 WL 2194802 8:10ML02151JVSFMOX

On May 14, 2010, the Court issued an Order seeking the parties' positions on scheduling and preliminary discovery issues, including a deadline for the filing of consolidated class action complaint(s) for economic loss, briefing schedules for Rule 12 and other pleadings motions, the entry of an appropriate evidence preservation order, and the timing...

List of 21 results for adv: AT(keith /3 m. moss /3 babcock).

...Parker Waichman Alonso LLP, Bonita Springs, FL, Arthur Camden Lewis Keith M. Babcock A. Camden Lewis , Lewis & Babcock LLP, John S. Simmons , John...

14. Byerson v. Equifax Information Services, LLC

United States District Court, D. South Carolina, Greenville Division. January 09, 2009 Not Reported in
F.Supp.2d 2009 WL 82497 6:07-CV-00005-GRA

COMMERCIAL LAW - Dismissal. Debtors could not be held blameless in their failure to ensure prosecution of their action under the Fair Credit Reporting Act against credit reporting agency.

...case. Fed.Rules Civ.Proc.Rule 41(b), 28 U.S.C.A Arthur Camden Lewis Keith Moss Babcock , Lewis and Babcock, Columbia, SC, Leonard A. Bennett , Consumer Litigation...

15. Puglia Marine, Inc. v. Trinity Yachts

United States Court of Appeals, Fourth Circuit. November 19, 2004 112 Fed.Appx. 933 2004 WL 2634517
04-1353

This case arises from a dispute over the insurance proceeds paid on a yacht that was destroyed by a fire. Puglia Marine appeals the district court's grant of summary judgment to Trinity Yachts on Puglia Marine's claims for unjust enrichment, promissory estoppel, and breach of contract. We review the granting of summary judgment de novo. We have...

...McGowan Currie , District Judge. (CA-00-3949-4-22). ARGUED: Keith Moss Babcock Lewis, Babcock & Hawkins , Columbia, South Carolina, for Appellant. Stewart Foster Peck Lugenbuhl...

16. McDaniels v. U.S.

United States Court of Appeals, Fourth Circuit. July 29, 2002 300 F.3d 407 2002 WL 1733812 01-2088,
01-2087, 01-2086

AGRICULTURE - Farming. Agriculture Dept. rule defining income eligibility for disaster relief as gross revenues was reasonable.

...7 C.F.R. §§1477.103 1477.106(f) ARGUED: Keith Moss Babcock Lewis, Babcock & Hawkins, L.L.P. , Columbia, South Carolina, for Appellants. John Berkley Grimball...

17. Omni Outdoor Advertising, Inc. v. Columbia Outdoor Advertising, Inc.

United States Court of Appeals, Fourth Circuit. September 02, 1992. 974 F.2d 502 1992 WL 210602
88-1388

Outdoor advertising company brought antitrust action against competitor and city which adopted rezoning ordinances restricting billboards. The United States District Court the District of South Carolina, Matthew J. Perry, Jr., J., granted defendant's motion for judgment notwithstanding the verdict. Company appealed. The...

...Arthur Camden Lewis Lewis, Babcock, Pleicones & Hawkins , Columbia, S.C., argued (Keith M. Babcock Lewis, Babcock, Pleicones & Hawkins Randall M. Chastain University of S.C. School of...

18. Omni Outdoor Advertising, Inc. v. Columbia Outdoor Advertising, Inc.

United States Court of Appeals, Fourth Circuit. December 15, 1989 891 F.2d 1127 1989 WL 150506
88-1388

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List of 21 results for adv: AT(keith /3 m. moss /3 babcock)

Billboard company sued rival and city under §§ 1 and 2 of Sherman Anti-Trust Act and South Carolina Unfair Trade Practices Act, alleging that rival and city successfully conspired to keep company out of outdoor advertising market. Jury returned verdict in favor of billboard company. The United States District Court for the District of South...

...12 15 U.S.C.A. §§12 Arthur Camden Lewis (Keith M. Babcock, Lewis, Babcock, Pleicones & Hawkins, Randall M. Chastain on brief), for plaintiff-appellant...

19. W.F. Magann Corp. v. Diamond Mfg. Co., Inc.

United States Court of Appeals, Fourth Circuit. October 22, 1985 775 F.2d 1202 84-1275

Prime contractor on Corps of Engineers project brought action against dredging subcontractor and its surety alleging breach of subcontract. Subcontractor, in three counterclaims against prime contractor and in counterclaim against prime contractor and surety in quantum meruit, alleged defective specifications, changed conditions, different site...

...D.C., on brief for appellants. A. Camden Lewis, Columbia, S.C. (Keith M. Babcock, Lewis, Babcock, Gregory & Pleicones, Columbia, S.C., on brief), for appellees. Richard K...

20. Scott v. Greenville County

United States Court of Appeals, Fourth Circuit. September 14, 1983 716 F.2d 1409 82-2053

Real estate developer who sought building permit to construct low-income apartments brought action against county, county council, and certain private landowners alleging deprivation of various constitutional rights through wrongful withholding of building permit. The United States District Court for the District of South Carolina, George Ross...

...highly speculative to merit judicial protection. 42 U.S.C.A. §1983 Keith M. Babcock, Columbia, S.C. (William F. Austin, A. Camden Lewis, Austin & Lewis...

21. Kosnoski v. Bruce

United States Court of Appeals, Fourth Circuit. February 05, 1982 669 F.2d 944 Blue Sky L. Rep. P 71,717 81-1154

Appeal was taken from judgment entered by the United States District Court for the District of South Carolina, George Ross Anderson, Jr., J., in favor of investor in action brought pursuant to South Carolina Uniform Securities Act, challenging sale of limited partnership interests to investor. The Court of Appeals, Albert V. Bryan, Senior Circuit...

...20(12) A. Camden Lewis, Columbia, S.C. (William F. Austin, Keith M. Babcock, Barnes & Austin, Columbia, S.C., on brief), for appellant. O. G...

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

1. In re Megna

Court of Appeals of South Carolina. March 21, 2018 Not Reported in S.E.2d 2018 WL 1413077
2015-002054, 2018-UP-127

Appellant James A. Anasti filed this appeal challenging a circuit court order denying his motion for sanctions against Respondent Tony Megna under Rule 11, SCRCP. Appellant argues Respondent asserted frivolous and disingenuous defenses in the underlying action in violation of Rule 11. We affirm. We find Appellant failed to carry his burden of...

...Neal Truslow, of Truslow & Truslow, of Columbia, both for Appellant. Keith M. Babcock and Ariail Elizabeth King, both of Lewis Babcock L.L.P., of...

2. Bennett v. Carter

Supreme Court of South Carolina. November 08, 2017 421 S.C. 374 807 S.E.2d 197 27748,
2016-000065

ESTATE PLANNING AND PROBATE - Fiduciaries. Trusts' residual beneficiaries' claim of aiding and abetting a breach of fiduciary duty did not abate upon death of trust's sole lifetime beneficiary.

...Charleston, and Frederick K. Sharpless, of Greensboro, both for Petitioners. Keith M. Babcock A. Camden Lewis James Mixon Griffin, and Ariail Elizabeth King...

3. Bennett v. Carter

Court of Appeals of South Carolina. October 14, 2015 Not Reported in S.E.2d 2015 WL 5968253 2015-UP-491

Jacquelin S. Bennett, Genevieve S. Felder, and Kathleen S. Turner, individually, as co-trustees and beneficiaries of the Marital Trust and the Qualified Terminable Interest Trust (QTIP) created by the Thomas Stevenson Will, and Jacquelin S. Bennett and Kathleen S. Turner, as co-personal representatives on behalf of the estate of Jacquelin K....

...From Charleston County; Roger M. Young, Sr. Circuit Court Judge. Keith M. Babcock A. Camden Lewis James Mixon Griffin and Ariail Elizabeth King...

4. Limehouse v. Hulsey

Supreme Court of South Carolina. June 26, 2013 404 S.C. 93 744 S.E.2d 566 2010-151573,
2011-196246, 27279

LITIGATION - Removal. Following removal, the mailing of a certified copy of federal court's remand order is necessary for jurisdiction to transfer back to state court.

...excessive and is supported by the evidence. A. Camden Lewis Keith M. Babcock, and Ariail Elizabeth King, all of Lewis Babcock & Griffin, LLP...

5. Alexander v. Houston

Supreme Court of South Carolina. May 29, 2013 403 S.C. 615 744 S.E.2d 517 27260, 2012-212034

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

GOVERNMENT - Counties. Simultaneous service on county council and county hospital board of trustees was improper dual office holding in violation of constitution.

...same time. Const. Art. 6, §3 A. Camden Lewis Keith M. Babcock , and Ariel E. King , all of Lewis Babcock & Griffin, LLP...

6. Baugh v. Columbia Heart Clinic, P.A.

Court of Appeals of South Carolina. January 16, 2013 402 S.C. 1 738 S.E.2d 480 5074

LABOR AND EMPLOYMENT - Contracts. Covenant not to compete prohibiting cardiologists from competing within 20 miles of former practice for 12 months was reasonable.

...41-10-50 41-10-80(C) A. Camden Lewis Keith M. Babcock , and Ariel King , of Lewis Babcock & Griffin LLP, of Columbia...

7. Dutch Fork Development Group II, LLC v. SEL Properties, LLC

Supreme Court of South Carolina. August 22, 2012 406 S.C. 596 753 S.E.2d 840 27139

TORTS - Tortious Interference. Manager of LLC was not personally liable for alleged tortious interference with LLC's contract with another company.

...change orders, and terminated the contract. A. Camden Lewis and Keith M. Babcock , both of Lewis and Babcock, of Columbia, for Appellant. Camneri...

8. In re Mullinax

Supreme Court of South Carolina. February 01, 2012 396 S.C. 504 722 S.E.2d 524 27091

LEGAL SERVICES - Discipline. Attorney's sexual relations with client in action for divorce warranted public reprimand.

...Disciplinary Counsel, both of Columbia, for Office of Disciplinary Counsel. Keith M. Babcock , of Lewis Babcock & Griffin, LLP, of Columbia, for respondent. PER...

9. In re Hughes

Supreme Court of South Carolina. May 31, 2011 392 S.C. 476 710 S.E.2d 75 26979

In this judicial disciplinary matter, respondent and the Office of Disciplinary Counsel (ODC) have entered into an Agreement for Discipline by Consent pursuant to Rule 21, RJDE, Rule 502, SCACR. In the agreement, respondent admits misconduct and consents to the imposition of a public reprimand pursuant to Rule 7(b), RJDE, Rule 502, SCACR....

...Disciplinary Counsel, both of Columbia, for Office of Disciplinary Counsel. Keith M. Babcock , of Lewis & Babcock, LLP, of Columbia, for respondent. PER CURIAM...

10. Ahrens v. State

Supreme Court of South Carolina. May 02, 2011 392 S.C. 340 709 S.E.2d 54 26966

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

LABOR AND EMPLOYMENT - Public Employment. No contract existed between State and working retirees which exempted working retirees from amended statute that required them to make contributions to Retirement System.

...Werner, both of Columbia; for Appellants-Respondents. A. Camden Lewis Keith M. Babcock and Ariail E. King, all of Lewis & Babcock, of Columbia...

11. Vortex Sports & Entertainment, Inc. v. Ware

Court of Appeals of South Carolina. April 28, 2008 378 S.C. 197 662 S.E.2d 444 4380

TORTS - Tortious Interference. Employer aided and abetted employee's breach of fiduciary duty to former employer and tortiously interfered with contract.

...Hunter, both of Chicago, for Appellant/Respondent. A. Camden Lewis Keith M. Babcock, and Ariail E. King, all of Columbia, for Respondent/Appellant...

12. Layman v. State

Supreme Court of South Carolina. January 28, 2008 376 S.C. 434 658 S.E.2d 320 26427

LABOR AND EMPLOYMENT - Attorney Fees. Counsel for TERI participants were entitled to state action statute attorney fees in class action against Retirement System and State.

...Stepp & Lafitte, of Columbia, for Appellants/Respondents. A. Camden Lewis Keith M. Babcock, and Ariail E. King, all of Lewis & Babcock, of Columbia...

13. In re Martin

Supreme Court of South Carolina. June 25, 2007 374 S.C. 36 647 S.E.2d 218 26351

LEGAL SERVICES - Discipline. Six-month suspension was appropriate for attorney who allocated charges to client's files on which time had not been spent.

...Disciplinary Counsel, both of Columbia, for Office of Disciplinary Counsel. Keith M. Babcock, of Lewis and Babcock, of Columbia, for Respondent. PER CURIAM...

14. Dutch Fork Development Group II LLC v. SEL Properties, LLC

Court of Appeals of South Carolina. February 23, 2007 Not Reported in S.E.2d 2007 WL 8326644 2007-UP-100

Dutch Fork Development Group II and Dutch Fork Realty (collectively referred to hereinafter as Dutch Fork) appeal the trial court's quashing of three notices of lis pendens filed on real estate owned by SEL Properties, LLC. We affirm. In November 2000 and October 2002, Dutch Fork entered into two separate contracts with SEL. Each contract provided...

...Tony S. Catone, all of Blythewood, for Appellants. Camden Lewis Keith M. Babcock and Brady R. Thomas, all of Columbia, for Respondents. PER...

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

15. Lindler v. South Carolina Workers' Compensation Com'n

Supreme Court of South Carolina. January 29, 2007 Not Reported in S.E.2d 2007 WL 8434532 2007-
MO-006

Affirmed pursuant to Rule 220(b)(1) SCACR, and the following authorities: Botchie v. O'Dowd, 299 S.C. 329, 384 S.E.2d 787 (1989), Heath v. Aiken County, 295 S.C. 416, 368 S.E.2d 904 (1988), Anders v. Richland County Council, 284 S.C. 142, 325 S.E.2d 538 (1985). AFFIRMED.

...J. Lewis Cromer, of Cromer & Mabry, of Columbia, for Appellant. Keith M. Babcock, of Lewis & Babcock, of Columbia, for Respondents. PER CURIAM. Affirmed...

16. Sloan v. Hardee

Supreme Court of South Carolina. January 08, 2007 371 S.C. 495 640 S.E.2d 457 26242

GOVERNMENT - Highways and Roads. Department of Transportation (DOT) commissioner could serve one term but not a succeeding, consecutive term.

...James G. Carpenter, of Greenville, for Petitioner. A. Camden Lewis Keith M. Babcock Atrial E. King, and Linda C. McDonald, all of Columbia...

17. Morris v. South Carolina Workers' Compensation Com'n

Supreme Court of South Carolina. August 21, 2006 370 S.C. 85 634 S.E.2d 651 26201

LABOR AND EMPLOYMENT - Public Employment. Statute authorizing commissioners to employ a court reporter did not create a cause of action for court reporters.

...Commission's workforce reduction plan. Code 1976, §42-3-60 Keith M. Babcock and William A. McKinnon, of Lewis & Babcock, L.L.P., of Columbia...

18. Richardson v. Fairfield County ex rel. Fairfield County Council

Court of Appeals of South Carolina. May 24, 2006 Not Reported in S.E.2d 2006 WL 7286041 2006-
UP-263

Joseph Richardson brought suit against Fairfield County for injuries resulting from a purported violation of the Freedom of Information Act (FOIA). The trial court dismissed Richardson's suit for mootness. Richardson appeals the order, arguing the trial court erred: (1) in dismissing the action after granting leave to amend the complaint; (2) in...

...Judge. Joseph Richardson, of Columbia, pro se. Peter D. Protopapas Keith M. Babcock A. Camden Lewis, all of Columbia, for Respondent. PER CURIAM...

19. Layman v. State

Supreme Court of South Carolina. May 04, 2006 368 S.C. 631 630 S.E.2d 265 26146

LABOR AND EMPLOYMENT - Public Employment. Prior version of the Teacher and Employee Retention Incentive Program created contractual rights with program participants.

List of 42 results for adv: AT(keith /3 m: moss /3 babcock)

...affected participants or the interest accumulated thereon. A. Camden Lewis Keith M. Babcock , and William A. McKinnon , all of Lewis & Babcock , of Columbia...

20. South Carolina State Ports Authority v. Jasper County

Supreme Court of South Carolina. April 03, 2006 368 S.C. 388 629 S.E.2d 624 26132

GOVERNMENT - Public Improvements. SCSPA power to condemn land for proposed terminal on river was superior to county's eminent domain power.

...Riley & Scarborough, L.L.P. , of Columbia, for Petitioner. A. Camden Lewis Keith M. Babcock and Brady T. Thomas , all of Lewis, Babcock & Hawkins , of...

21. Island Packet v. Kittrell

Supreme Court of South Carolina. August 08, 2005 365 S.C. 332 617 S.E.2d 730 26021

HEALTH - Discipline. The Administrative Law Court is required to make findings of fact regarding contested closure of proceedings:

...Freeman & Parham, P.A. , of Columbia, for petitioner. A. Camden Lewis Keith M. Babcock , and Ariail E. King , of Lewis, Babcock & Hawkins, L.L.P. , of...

22. Binkley v. Burry

Court of Appeals of South Carolina. October 28, 2002 352 S.C. 286 573 S.E.2d 838 3558

REAL PROPERTY - Easements. Legal malpractice action for alleged failure to disclose flood easement was barred by three-year limitations period.

...be forthcoming at all. Code 1976, §15-3-535 Keith M. Babcock, of Columbia; Michael Stephen Chambers , of Greenville; for Appellants. John...

23. Binkley v. Rabon Creek Watershed Conservation Dist. of Fountain Inn

Court of Appeals of South Carolina. November 19, 2001 348 S.C. 58 558 S.E.2d 902 3411, 96-CP-23-3515, 97-CP-23-2758, 96-CP-23-1538, 97-CP-23-690, 96-CP-23-345, 95-CP-23-3542

REAL PROPERTY - Easements. Conservation district's floodwater easement extended to top of dam.

...Hearn and Debbie Hearn Michael S. Chambers , of Greenville; and Keith M. Babcock , of Lewis, Babcock & Hawkins , of Columbia, both for John N...

24. BellSouth Telecommunications, Inc. v. City of Orangeburg

Supreme Court of South Carolina. November 08, 1999 337 S.C. 35 522 S.E.2d 804 25009

ENERGY AND UTILITIES - Telecommunications. Franchise fee requiring telephone company to pay for using the public streets was valid.

...N. Watson , Columbia, William J. Quirk , Columbia, A. Camden Lewis Keith M. Babcock Lewis, Babcock & Hawkins, L.L.P. , Columbia, for appellant. James M. Brailsford...

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

25. State by State Budget and Control Bd. v. City of Columbia

Supreme Court of South Carolina. June 08, 1992 308 S.C. 487 419 S.E.2d 229 23678

State Budget and Control Board brought action against city challenging city's annexation of certain property. The Richland Circuit Court, William J. McLeod, Special Judge, denied city's motion for summary judgment, and city appealed. The Supreme Court, Harwell, C.J., held that: (1) Board lacked standing to maintain action contesting annexation of...

...property. Danny C. Crowe, of Turner, Padgett, Graham & Laney, P.A. Keith M. Babcock, of Lewis, Babcock & Hawkins Roy D. Bates and James S...

26. Hallman v. Pointe Arcadia Horizontal Property Regime, Inc.

Court of Appeals of South Carolina. February 25, 1991 303 S.C. 555 402 S.E.2d 493 1615

Condominium unit owner brought action against condominium regime to recover for injuries sustained when she slipped and fell on snow and ice covered ground on her way to annual meeting. The Court of Common Pleas, Richland County, Frank P. McGowan, Jr., J., granted summary judgment in favor of the regime, and condominium unit owner appealed. The...

...at the meeting or driving her automobile to the meeting. Keith M. Babcock and Frederick M. Zeigler, both of Lewis, Babcock, Pleicones & Hawkins...

27. Manning v. City of Columbia

Supreme Court of South Carolina. March 06, 1989 297 S.C. 451 377 S.E.2d 335 22983

Transferor, which had conveyed land on river to city through deed including covenant requiring city to maintain levees to their height at time of conveyance, and retained adjacent land, brought action against city after city's portion of levee broke in two places and allowed river to flood adjacent land. The Common Pleas, Richland County,...

...and Laney, P.A., Columbia, for appellant. A. Camden Lewis and Keith M. Babcock, Lewis, Babcock, Pleicones and Hawkins, Columbia, for respondents. PER CURIAM: This is...

28. Smith v. Smith

Supreme Court of South Carolina. March 16, 1987 291 S.C. 420 354 S.E.2d 36 22683

Mother brought action for damages sustained as result of doctor's allegedly negligent treatment during her pregnancy, and father, as administrator of child's estate, sought recovery for wrongful death of child, with each action stating claims for negligence and for breach of warranty. The Common Pleas Court, Spartanburg County, E.C. Burnett, III,...

...15-3-530(1) 15-3-545 A. Camden Lewis, Keith M. Babcock, Georgia L. Lewis, of Lewis, Babcock, Gregory & Pleicones; and Stephen...

29. Hendrix v. Franklin

Court of Appeals of South Carolina. December 15, 1986 292 S.C. 138 355 S.E.2d 273 0837

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

Action was brought to foreclose on mortgage. The Circuit Court, Lexington County, William J. McLeod, Special Circuit Judge, reversed report of special referee and held that mortgagors were not in default, and mortgagee appealed. The Court of Appeals, Gardner, J., held that: (1) mortgagee's retention of mortgagors' bad check...

...James E. Barfield, Lexington, for appellant. A. Camden Lewis and Keith M. Babcock of Lewis, Babcock, Gregory & Pleicones, Columbia, for respondents. GARDNER, Judge...

30. Vaughan v. Kalyvas

Court of Appeals of South Carolina. March 24, 1986 288 S.C. 358 342 S.E.2d 617 0661

Payee sued on note. Makers counterclaimed based on alleged violations of usury law and Unfair Trade Practices Act. The Common Pleas Court, Horry County, Ralph K. Anderson, Jr., J., sustained payee's demurrer to counterclaims, and makers appealed. The Court of Appeals, Howell, J., held that: (1) repeal of usury laws...

...Epps, Gravelly & Bowers, Myrtle Beach, for appellants. A. Camden Lewis, Keith M. Babcock, and Daryl G. Hawkins, of Lewis, Babcock, Gregory & Pleicones, Columbia...

31. South Carolina Dept. of Highways and Public Transp. v. Manning

Supreme Court of South Carolina. November 27, 1984 283 S.C. 394 323 S.E.2d 775 22189

Department of Highways and Public Transportation appealed board of condemnation's award of \$1,600,000 to landowner. The Common Pleas Court, Richland County, James E. Moore, and Paul M. Moore, JJ., awarded landowner \$446,951 and he appealed. The Supreme Court held that: (1) time for notice of appeal does not begin to run until resolution of board is...

...Richbourg Roberson, and William F. Austin, A. Camden Lewis and Keith M. Babcock, of Austin & Lewis, Columbia, for respondent. PER CURIAM: In this...

32. Wolf v. Richmond County Hosp. Authority

Court of Appeals of Georgia. November 28, 1983 169 Ga.App. 68 311 S.E.2d 507 67151

Hospital brought action for an account stated against former patient and her husband for hospital services. Former patient counterclaimed, setting forth suit for damages for medical malpractice. Patient then sought to amend counterclaim, which motion was opposed by hospital. The Richmond Civil Court, Mixon, J., denied motion...

...6-34 James D. Bauer, Augusta, William H. Moore, Jr., Keith M. Babcock, A. Camden Lewis, Columbia, S.C., for appellants. Wyck A. Knox...

33. Rice v. South Carolina Dept. of Highways and Public Transp.

Supreme Court of South Carolina. March 18, 1982 277 S.C. 495 289 S.E.2d 645 21675

A board of condemnation held a hearing and made an award of \$122,000 for property taken from landowner, and the department of highways and transportation appealed. The Common Pleas Court, Richland County, Anthony Harris, J., after trial de novo before a jury, entered an award in the amount of \$78,833, and the landowner appealed. The Supreme Court,...

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

...appellants. Atty. Gen. Daniel R. McLeod and Asst. Atty. Gen. Keith M. Babcock, and William F. Austin and A. Camden Lewis, both of...

34. Guerard v. Whitner

Supreme Court of South Carolina. July 09, 1981 276 S.C. 521 280 S.E.2d 539 21516

Opponents to the grant by the Coastal Council of a permit to construct a marina appealed from the use by the Common Pleas Court, Charleston County, Clarence E. Singletary, J., of a substantial evidence standard of review. The Supreme Court, Harwell, J., held that Circuit Court correctly limited its review. Affirmed.

...Padgett, Jr., Christopher McG. Holmes, Charleston and Asst. Atty. Gen., Keith M. Babcock and State Atty. Evans Taylor Barnette, Columbia, for respondents. HARWELL...

35. McKenzie v. McKenzie

Supreme Court of South Carolina. June 18, 1981 276 S.C. 461 279 S.E.2d 609 21494

Action was brought on behalf of injured automobile accident victim and on behalf of his mother, who was killed in the accident, against, inter alia, the South Carolina Highway Department to recover damages arising from the accident. The Circuit Court, Florence County, Daniel E. McEachin, Special Judge, granted Highway Department's motions to strike...

...Daniel R. McLeod, Staff Atty. Grady L. Patterson, III, and Keith M. Babcock, of Barnes, Austin & Lightsey, Columbia, for respondent. LITTLEJOHN, Justice: Appellants...

36. Matter of Easler

Supreme Court of South Carolina. September 02, 1980 275 S.C. 269 269 S.E.2d 765 21289

Disciplinary proceeding was brought. The Supreme Court held that a fraudulent scheme to obtain clients' property at a price well below its value at a time made advantageous by the domestic and financial difficulties clients are undergoing, along with an unsuccessful attempt to confound the proceedings before the hearing panel in the disciplinary...

...A). Atty. Gen. Daniel R. McLeod and Asst. Atty. Gen. Keith M. Babcock, for complainant. William Randolph Easler, pro se. PER CURIAM: This...

37. Matter of Brooks

Supreme Court of South Carolina. May 06, 1980 274 S.C. 601 267 S.E.2d 74 21220

In disciplinary proceeding, the Supreme Court held that failing to obey police order to stop in violation of "blue light law," causing affidavit to be prepared which knowingly misrepresents the incident, knowledge of fraudulent actions taken by secretary with respect to notarization of affidavit, and financing drug deal for client is misconduct...

...5). Atty. Gen. Daniel R. McLeod and Asst. Atty. Gen. Keith M. Babcock, Columbia, for complainant. Robert R. Carpenter, Rock Hill, for respondent...

38. Matter of McInnis

Supreme Court of South Carolina. September 05, 1979 273 S.C. 589 258 S.E.2d 91 21048

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

In disciplinary proceedings, the Supreme Court held that reprimand of attorney, who serves as part-time judge may be merited where a partner of a part-time judge practices before the judge with or without compensation and uses his influence to have a charge reduced or dismissed. Public reprimand ordered. Gregory, J., dissented and filed opinion in...

...R. McLeod, Asst. Attys. Gen. Richard B. Kale, Jr., Perry M. Buckner and Keith M. Babcock, Columbia, for complainant. Edward E. Saleeby and James C. Cox...

39. Whetstone v. South Carolina Dept. of Highways and Public Transp.

Supreme Court of South Carolina. January 30, 1979 272 S.C. 324 252 S.E.2d 35 20865

Plaintiffs sought damages from Department of Highways and Public Transportation and driver of car in three separate lawsuits for personal injuries and wrongful death alleged to have been sustained by passengers in car as a result of collision in Orangeburg County between a highway department motor grader and car. Department moved for a dismissal...

...Deputy Atty. Gen. Victor S. Evans and Asst. Atty. Gen. Keith M. Babcock, Columbia, and Brown, Jefferies & Boulware, Barnwell, for appellant. Blatt & Fales...

40. Matter of Bishop

Supreme Court of South Carolina. January 25, 1979 272 S.C. 306 251 S.E.2d 748 20862

In an original proceeding upon recommendation of Board of Commissioners on Grievances and Discipline that attorney be permanently disbarred, the Supreme Court held that: (1) attorney, who was not in prison at time he failed to appear at his initial disciplinary hearing and whose requests to voluntarily resign from bar or consent to disbarment were...

...McLeod and Asst. Attys. Gen. Richard B. Kale, Jr. and Keith M. Babcock, Columbia, for complainant. Respondent not represented by counsel. PER CURIAM...

41. Hunter v. State

Supreme Court of South Carolina. May 22, 1978 271 S.C. 48 244 S.E.2d 530 20696

Appeal was taken from an order of the Common Pleas Court, Union County, Joseph R. Moss, Special Judge, denying an application for postconviction relief filed by a petitioner who had been convicted of voluntary manslaughter. The Supreme Court, Rhodes, J., held that the petition was barred as being "successive." Appeal dismissed.

...McLeod, Asst. Atty. Gen. Emmet H. Clair and Staff Atty. Keith M. Babcock, Columbia, for respondent. RHODES, Justice: This is an appeal from...

42. South Carolina State Ports Authority v. South Carolina Coastal Council

Supreme Court of South Carolina. March 02, 1978 270 S.C. 320 242 S.E.2d 225 20627

South Carolina State Ports Authority brought action seeking declaratory judgment construing exemption proviso in permit statute and setting aside administrative decision of South Carolina Coastal Council regarding the Wando River project. The Common Pleas Court, Charleston County, Clarence E. Singletary, J., entered order favorable to plaintiff,...

List of 42 results for adv: AT(keith /3 m. moss /3 babcock)

...Deputy Atty. Gen. C. Tolbert Goolsby, Jr. and Staff Atty. Keith M. Babcock, Columbia, and Benjamin H. Gregg, Jr.,
Charleston, for appellant, William...

**APPENDIX B: YEAR BY YEAR ATTORNEYS'
FEES AND COSTS BY CASE**

2015		Willoughby		Elliot		Terrell		Haynesworth		Baker		Reinhart		Winston		Total	
Case	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
CRK v. CWS	232	\$ 61,308.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	232	\$ 61,308.00	
Town of Lexington v. CWS (condemnation)	1	\$ 400.50	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	1	\$ 400.50	
ALC - DHEC Permit Denial	11	\$ 3,360.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	11	\$ 3,360.00	
ALC - I-20 Connection	8	\$ 2,412.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	8	\$ 2,412.00	
CWS v. EPA	158	\$ 38,439.00	1	\$ 150.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	159	\$ 38,589.00	
Total	410	\$ 105,928.50	1	\$ 150.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	411	\$ 106,078.50	
Expenses		\$ 446.47		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 446.47	
Advances		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Total from Breakdown of Costs		\$ 106,375.97		\$ 150.00		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 106,525.97	

2016		Willoughby		Elliot		Terrell		Haynesworth		Baker		Reinhart		Winston		Total	
Case	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
CRK v. CWS	968	\$ 235,354.50	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,196.25	30	\$ 19,912.00	998	\$ 256,462.75	
Town of Lexington v. CWS (condemnation)	34	\$ 9,747.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	34	\$ 9,747.00	
ALC - DHEC Permit Denial	305	\$ 82,390.50	0	\$ 87.50	1	\$ 220.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	306	\$ 82,698.00	
ALC - I-20 Connection	148	\$ 39,501.00	2	\$ 412.50	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	150	\$ 39,913.50	
CWS v. EPA	422	\$ 107,741.25	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	422	\$ 107,741.25	
Total	1,877	\$ 474,734.25	2	\$ 500.00	1	\$ 220.00	-	\$ -	-	\$ -	-	\$ 1,196.25	30	\$ 19,912.00	1,910	\$ 496,562.50	
Expenses		\$ 4,436.05		\$ -		\$ -		\$ -		\$ -		\$ 5.85		\$ 465.37		\$ 4,907.27	
Advances		\$ 27,680.23		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 27,680.23	
Total from Breakdown of Costs		\$ 506,850.53		\$ 500.00		\$ 220.00		\$ -		\$ -		\$ 1,202.10		\$ 20,377.37		\$ 529,150.00	

2017		Willoughby		Elliot		Terrell		Haynesworth		Baker		Reinhart		Winston		Total	
Case	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
CRK v. CWS	511	\$ 77,260.50	-	\$ -	-	\$ 165.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	511	\$ 77,425.50	
Town of Lexington v. CWS (condemnation)	163	\$ 49,459.50	-	\$ -	-	\$ -	-	\$ -	35	\$ 14,640.00	-	\$ -	-	\$ -	198	\$ 64,099.50	
ALC - DHEC Permit Denial	529	\$ 147,159.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	529	\$ 147,159.00	
ALC - I-20 Connection	39	\$ 5,728.50	-	\$ -	-	\$ -	-	\$ 2,985.00	-	\$ -	-	\$ -	-	\$ -	36	\$ 8,713.50	
CWS v. EPA	0	\$ 90.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	0	\$ 90.00	
Total	1,222	\$ 279,697.50	-	\$ -	1	\$ 165.00	-	\$ 2,985.00	35	\$ 14,640.00	-	\$ -	-	\$ -	1,075	\$ 297,437.50	
Expenses		\$ 3,962.94		\$ -		\$ -		\$ 161.08		\$ 804.95		\$ -		\$ -		\$ 6,928.97	
Advances		\$ 47,148.00		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 47,148.00	
Total from Breakdown of Costs		\$ 332,808.44		\$ -		\$ 165.00		\$ 3,146.08		\$ 15,444.95		\$ -		\$ -		\$ 351,564.47	

2018		Willoughby		Elliot		Terrell		Haynesworth		Baker		Reinhart		Winston		Total	
Case	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
CRK v. CWS	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Town of Lexington v. CWS (condemnation)	-	\$ -	-	\$ -	-	\$ -	-	\$ 4,235.00	-	\$ -	-	\$ -	-	\$ -	-	\$ 4,235.00	
ALC - DHEC Permit Denial	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
ALC - I-20 Connection	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
CWS v. EPA	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Total	-	\$ -	-	\$ -	-	\$ -	-	\$ 4,235.00	-	\$ -	-	\$ -	-	\$ -	-	\$ 4,235.00	
Expenses		\$ -		\$ -		\$ -		\$ 37.20		\$ -		\$ -		\$ -		\$ 37.20	
Advances		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Total from Breakdown of Costs		\$ -		\$ -		\$ -		\$ 4,272.20		\$ -		\$ -		\$ -		\$ 4,272.20	

TOTAL		Willoughby		Elliot		Terrell		Haynesworth		Baker		Reinhart		Winston		Total	
Case	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
CRK v. CWS	1,511	\$ 373,923.00	-	\$ -	1	\$ 165.00	-	\$ -	-	\$ -	-	\$ 1,196.25	30	\$ 19,912.00	1,541	\$ 395,196.25	
Town of Lexington v. CWS (condemnation)	198	\$ 59,607.00	-	\$ -	-	\$ -	19	\$ 4,235.00	35	\$ 14,640.00	-	\$ -	-	\$ -	252	\$ 78,482.00	
ALC - DHEC Permit Denial	845	\$ 232,915.50	0	\$ 87.50	1	\$ 220.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	846	\$ 233,223.00	
ALC - I-20 Connection	175	\$ 47,641.50	2	\$ 412.50	-	\$ -	17	\$ 2,985.00	-	\$ -	-	\$ -	-	\$ -	194	\$ 50,039.00	
CWS v. EPA	581	\$ 145,270.25	1	\$ 150.00	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	581	\$ 145,420.25	
Total	3,309	\$ 869,257.25	3	\$ 650.00	1	\$ 385.00	36	\$ 7,215.00	35	\$ 14,640.00	-	\$ 1,196.25	30	\$ 19,912.00	3,415	\$ 904,360.50	
Expenses		\$ 10,845.46		\$ -		\$ -		\$ 198.28		\$ 804.95		\$ 5.85		\$ 465.37		\$ 12,319.91	
Advances		\$ 74,828.23		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 74,828.23	
Total from Breakdown of Costs		\$ 945,030.94		\$ 650.00		\$ 385.00		\$ 7,413.28		\$ 15,444.95		\$ 1,202.10		\$ 20,377.37		\$ 991,508.64	

**APPENDIX C: AFFIDAVIT OF JOHN M. S.
HOEFER**

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-292-WS**

IN RE:

Application of Carolina Water Service, Inc.
for an Increase in Its Rates for Water and
Sewer Services

AFFIDAVIT

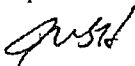
Before me personally appeared John M. S. Hoefer, who having first been duly sworn,
deposes and states as follows:

1. I am over 18 years of age and competent to make this affidavit.
2. I am a founder and shareholder of Willoughby & Hoefer, P.A. ("Firm") and am primarily responsible for its representation of Carolina Water Service, Inc. ("CWS") in the litigation matters referenced in Public Service Commission of South Carolina ("Commission") Order Number 2018-494-WS in the above-captioned docket.

3. I, along with Randolph R. Lowell, Chad N. Johnston, and Elizabeth S. Mabry of the Firm, have provided legal representation services to CWS in the following five (5) civil actions and administrative proceedings:

- (a) Congaree Riverkeeper, Inc. v. Carolina Water Service, Inc., United States District Court, Case Number 3:15-CV-194-MBS;

1

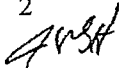


- (b) Carolina Water Service, Inc. v. Regina McCarty, Administrator, United States Environmental Protection Agency, and Town of Lexington, South Carolina, United States District Court Case Number 3:15-49419-MBS;
- (c) Carolina Water Service, Inc. v. South Carolina Department of Health and Environmental Control and Congaree Riverkeeper, Inc., South Carolina Administrative Law Court, Docket No. 16-ALJ-07-0340-CC;
- (d) South Carolina Department of Health and Environmental Control v. Carolina Water Service, Inc., South Carolina Administrative Law Court, Docket No. 16-ALJ-07-0341-CC, and
- (e) Town of Lexington v. Carolina Water Service, Inc. and Utilities, Inc., South Carolina Court of Common Pleas, Eleventh Judicial Circuit, Civil Action Number 2017-CP-32-03693.

The Firm has served as lead counsel in the District Court and Administrative Law Court cases, and as associate counsel with Joe A. Conner and Adam C. Sanders of the law firm of Baker, Donelson, Bearman, Caldwell and Berkowitz, P.C., in the Circuit Court case.

4. Each attorney involved in this matter has worked faithfully, diligently, and efficiently during the time which he or she has expended on these cases.

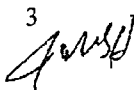
5. The Firm's standard hourly rates for litigating matters in the above-referenced forums for each participating attorney are significantly higher than those charged CWS in these cases. This is primarily due to the fact that the Firm has a long-standing relationship with CWS, which now spans three decades and the volume of work that the Firm has historically performed for CWS.

2


6. These cases all arise from a single issue, namely the initial inability and subsequent refusal of the Town of Lexington ("Town") to provide CWS with a wholesale service connection which would allow for the elimination of the discharge of treated wastewater into the Lower Saluda River by CWS from its I-20 System pursuant to its National Pollutant Discharge Elimination System ("NPDES") permit issued by the South Carolina Department of Health and Environmental Control. The Town is required to either offer wholesale service or acquire the I-20 System by the Water Quality Management Plan adopted by the Central Midlands Council of Governments under 33 U.S.C.A. §1288(c) and South Carolina law. Because these matters arose from that one issue, the Firm's invoices for legal services, expenses, and costs were submitted in a block billing format as has long been its practice in matters it has undertaken on behalf of CWS other than ratemaking proceedings before the Commission.

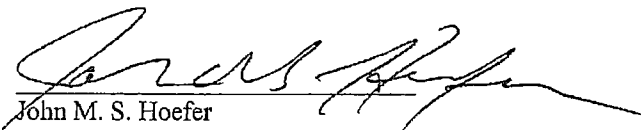
7. At the request of CWS, I have personally reviewed the Firm's invoices for services in these cases for the purpose of assigning the time spent on legal services and costs advanced to each individual case and have supplied that information to CWS counsel. A summary of the time spent on legal services, associated fees, and costs advanced in each of these cases as a result of my review is attached hereto and incorporated herein as Exhibit A. A summary of the time spent by each attorney from the Firm who has worked on these matters is attached hereto and incorporated herein as Exhibit B.

8. These cases, other than that identified in paragraph 3(b) above, remain pending. Therefore, the amount of fees associated with litigating the matters encompassed therein may be expected to increase. Nonetheless, my affidavit pertains only to legal services provided during the period September 1, 2015, through February 12, 2018, CWS has already incurred additional legal fees in these matters.

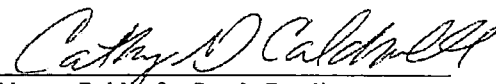
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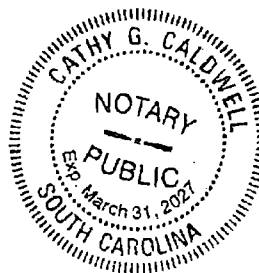
9. The Firm's attorneys' fees represent time which was expended in the good faith, diligent research, preparation, drafting, and argument in these matters.

FURTHER AFFIANT SAYETH NOT.


John M. S. Hoefer

Sworn to and Subscribed Before Me
This 2nd day of August, 2018.


Notary Public for South Carolina
My Commission Expires: 3/31/2021



CRK v CWS

Total Hours	1515
Total Fees	\$375,403.50
Total Costs Advanced	\$21,662.23
Total Billed	\$397,065.73

Town of Lexington v CWS

Total Hours	198.30
Total Fees	\$59,607.00
Total Costs Advanced	\$52,108.05
Total Billed	\$111,715.05

ALC - DHEC Permit Denial

Total Hours	844.90
Total Fees	\$232,915.50
Total Costs Advanced	\$428.25
Total Billed	\$233,343.75

ALC - I-20 Connection

Total Hours	174.80
Total Fees	\$47,641.50
Total Costs Advanced	\$600.00
Total Billed	\$48,241.50

CWS v EPA

Total Hours	580.65
Total Fees	\$146,270.25
Total Costs Advanced	\$29.70
Total Billed	\$146,299.95

CRK v CWS

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	325.50	165.20	16.00	0.60	985.10	0.50	0.00	22.50
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	\$90.00
Total Fees	\$102,532.50	\$44,604.00	\$4,320.00	\$162.00	\$221,647.50	\$112.50	\$0.00	\$2,025.00

Total Fees **\$375,403.50**

Total Costs Advanced **\$21,662.23**

Total Billed **\$397,065.73**

Town of Lexington v CWS

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	153.20	11.70	0.00	0.00	25.90	0.00	7.50	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$48,258.00	\$3,159.00	\$0.00	\$0.00	\$5,827.50	\$0.00	\$2,362.50	\$0.00

Total Fees **\$59,607.00**

Total Costs Advanced **\$52,108.05**

Total Billed **\$111,715.05**

ALC - DHEC Permit Denial

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	452.70	44.60	1.00	0.40	346.20	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$142,600.50	\$12,042.00	\$270.00	\$108.00	\$77,895.00	\$0.00	\$0.00	\$0.00

Total Fees **\$232,915.50**

Total Costs Advanced **\$428.25**

Total Billed **\$233,343.75**

ALC - I-20 Connection

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	81.90	20.90	0.00	0.00	72.00	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$25,798.50	\$5,643.00	\$0.00	\$0.00	\$16,200.00	\$0.00	\$0.00	\$0.00

Total Fees **\$47,641.50**

Total Costs Advanced **\$600.00**

Total Billed **\$48,241.50**

CWS v EPA

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	113.40	120.40	0.00	0.00	346.85	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$35,721.00	\$32,508.00	\$0.00	\$0.00	\$78,041.25	\$0.00	\$0.00	\$0.00

Total Fees **\$146,270.25**

Total Costs Advanced **\$29.70**

Total Billed **\$146,299.95**

**APPENDIX D: AFFIDAVIT OF JOHN M. S.
HOEFER**

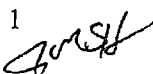
BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-292-WS

IN RE:	)	
	)	
Application of Carolina Water Service, Inc.	)	
for an Increase in Its Rates for Water and	)	
Sewer Services	)	
_____	)	

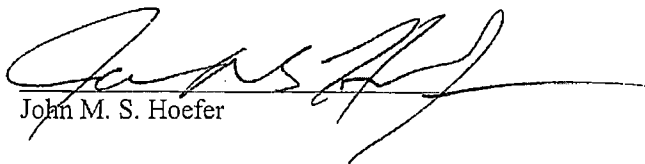
AFFIDAVIT

Before me personally appeared John M. S. Hoefler, who having first been duly sworn,
deposes and states as follows:

1. I am over 18 years of age and competent to make this affidavit.
2. This affidavit is given to clarify and supplement my prior affidavit in the above-referenced matter.
3. Due to (a) the inadvertent inclusion of time incurred on behalf of Carolina Water Service, Inc. during the time period in question on an unrelated matter, the total hours for services rendered in the Congaree Riverkeeper, Inc. v. Carolina Water Service, Inc. litigation was overstated by 4.7 hours and (b) a computer program rounding error, the exact number of hours expended in that litigation was understated by four/tenths (.40) of an hour.
4. I am attaching corrected Exhibit A and Exhibit B to my prior affidavit.

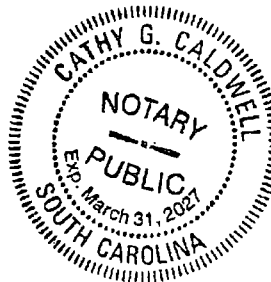
1


FURTHER AFFIANT SAYETH NOT,


John M. S. Hoefer

Sworn to and Subscribed Before Me
This 7th day of August, 2018.


Cathy G. Caldwell
Notary Public for South Carolina
My Commission Expires: March 31, 2021



CRK v CWS

Total Hours	1,510.70
Total Fees	\$373,923.00
Total Costs Advanced	\$21,662.23
Total Billed	\$395,585.23

Town of Lexington v CWS

Total Hours	198.30
Total Fees	\$59,607.00
Total Costs Advanced	\$52,108.05
Total Billed	\$111,715.05

ALC - DHEC Permit Denial

Total Hours	844.90
Total Fees	\$232,915.50
Total Costs Advanced	\$428.25
Total Billed	\$233,343.75

ALC - I-20 Connection

Total Hours	174.80
Total Fees	\$47,641.50
Total Costs Advanced	\$600.00
Total Billed	\$48,241.50

CWS v EPA

Total Hours	580.65
Total Fees	\$146,270.25
Total Costs Advanced	\$29.70
Total Billed	\$146,299.95

CRK v CWS

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	320.80	165.20	16.00	0.60	985.10	0.50	0.00	22.50
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	90.00
Total Fees	\$101,052.00	\$44,604.00	\$4,320.00	\$162.00	\$221,647.50	\$112.50	\$0.00	2,025.00

Total Fees \$373,923.00

Total Costs Advanced \$21,662.23

Total Billed \$395,585.23

Town of Lexington v CWS

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	153.20	11.70	0.00	0.00	25.90	0.00	7.50	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$48,258.00	\$3,159.00	\$0.00	\$0.00	\$5,827.50	\$0.00	\$2,362.50	\$0.00

Total Fees \$59,607.00

Total Costs Advanced \$52,108.05

Total Billed \$111,715.05

ALC - DHEC Permit Denial

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	452.70	44.60	1.00	0.40	346.20	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$142,600.50	\$12,042.00	\$270.00	\$108.00	\$77,895.00	\$0.00	\$0.00	\$0.00

Total Fees \$232,915.50

Total Costs Advanced \$428.25

Total Billed \$233,343.75

ALC - I-20 Connection

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	81.90	20.90	0.00	0.00	72.00	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$25,798.50	\$5,643.00	\$0.00	\$0.00	\$16,200.00	\$0.00	\$0.00	\$0.00

Total Fees \$47,641.50

Total Costs Advanced \$600.00

Total Billed \$48,241.50

CWS v EPA

	JH	RRL	BPM	TCG	CNJ	JWR	ESM	Paralegal
Total Hours	113.40	120.40	0.00	0.00	346.85	0.00	0.00	0
Hourly Rate	\$315.00	\$270.00	\$270.00	\$270.00	\$225.00	\$225.00	\$315.00	
Total Fees	\$35,721.00	\$32,508.00	\$0.00	\$0.00	\$78,041.25	\$0.00	\$0.00	\$0.00

Total Fees \$146,270.25

Total Costs Advanced \$29.70

Total Billed \$146,299.95

[Menu](#)



Detailed Facility Report

Facility Summary

LEXINGTON/COVENTRY WOODS SD
S.W. OF US 378 IN COVENTRY WOO, LEXINGTON, SC 29071 ⓘ

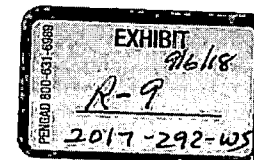
Facility Information (FRS)

FRS ID: 110009793946
EPA Region: 04
Latitude: 33.986389
Longitude: -81.214167
Locational Data Source: NPDES
Industry: Sewerage Systems
Indian Country: N

Regulatory Interests

Clean Air Act: No Information
Clean Water Act: Major, Permit Admin Continued (SC0026735)
Resource Conservation and Recovery Act: No Information
Safe Drinking Water Act: No Information

Also Reports



9/14/2015

Detailed Facility Report | ECHO | US EPA

Air Emissions Inventory (EIS): No Information
 Greenhouse Gas Emissions (eGGRT): No Information
 Toxic Releases (TRI): No Information

Enforcement and Compliance Summary

Statute	Insp (5 Years)	Date of Last Inspection	Current Compliance Status	Qtrs in NC (of 12)	Qtrs in Significant Violation	Informal Enforcement Actions (5 years)	Formal Enforcement Actions (5 years)	Penalties from Formal Enforcement Actions (5 years)	EPA Cases (5 years)	Penalties from EPA Cases (5 years)
CWA	7	11/12/2014		8	4	11	2	\$9,500		

Related Reports:  CWA Effluent Charts  CWA Pollutant Loading Report

Facility/System Characteristics

Facility/System Characteristics

System	Statute	Identifier	Universe	Status	Areas	Permit Expiration Date	Indian Country	Latitude	Longitude
FRS		110009793946					N	33.986389	-81.214167
ICP	CWA	SC0026735	Major: NPDES Individual Permit	Admin Continued	POTW	12/31/2014	N	33.986389	-81.214167

Facility Address

System	Statute	Identifier	Facility Name	Facility Address
FRS		110009793946	LEXINGTON/COVENTRY WOODS SD	S.W. OF US 378 IN COVENTRY WOO, LEXINGTON, SC 29071
ICP	CWA	SC0026735	LEXINGTON/COVENTRY WOODS WWTP	1000 MALLARD LAKES DR, LEXINGTON, SC 29072

Facility SIC Codes

System	Identifier	SIC Code	SIC Desc
ICP	SC0026735	4952	Sewerage Systems

Facility NAICS Codes

System	Identifier	NAICS Code	NAICS Desc
No data records returned			

Facility Tribe Information

Tribal Name	EPA Tribal ID	Distance to Tribe (miles)
No data records returned		

Enforcement and Compliance

Compliance Monitoring History (5 years)

Statute	Source ID	System	Evaluation	Inspection Type	Lead Agency	Date	Finding
CWA	SC0026735	ICP	Evaluation		State	02/01/2012	
CWA	SC0026735	ICP	Sampling		State	10/30/2013	
CWA	SC0026735	ICP	Evaluation		EPA	09/29/2010	
CWA	SC0026735	ICP	Evaluation		State	10/30/2013	
CWA	SC0026735	ICP	Evaluation		State	05/06/2011	
CWA	SC0026735	ICP	Evaluation		State	11/12/2014	
CWA	SC0026735	ICP	Evaluation		State	03/15/2013	

Entries in italics are not considered inspections in official counts.

Compliance Summary Data

Statute	Source ID	Current SNC IDPV	Description	Current As Of	Qtrs in NC (of 12)
CWA	SC0026735			03/31/2015	8

Three Year Compliance Status by Quarter

Statute	Program Pollutant Violation Type	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	QTR 13
	CWA (Source ID: SC0026735)	04-01-06-30-2012	07-01-09-30-2012	10-01-12-31-2012	01-01-03-31-2013	04-01-06-30-2013	07-01-09-30-2013	10-01-12-31-2013	01-01-03-31-2014	04-01-06-30-2014	07-01-09-30-2014	10-01-12-31-2014	01-01-03-31-2015	04-01-06-30-2015
Facility-Level Status	SNC/RNC History	SNC/Cat 1 E(EffViol)	SNC/Cat 1 E(EffViol)	SNC/Cat 1 E(EffViol)	SNC/Cat 1 E(EffViol)	In Viol	No Viol	In Viol	In Viol	In Viol	No Viol	No Viol	No Viol	Und
Pollutant	Discharge Point	Frequency				P(ResPend)	P(ResPend)	N(RptViol)	N(RptViol)	N(RptViol)	P(ResPend)	P(ResPend)	P(ResPend)	
CWA	%Effect Static 48Hr Acute Ceriodaphnia	001	NMth		2147483650%									
CWA	%Effect Static Renewal 7 Day Chronic Ceriodaphnia dubia	001	Mthly		4%									
CWA	Coliform, fecal general	001	NMth		140%			38%	265%					
CWA	Copper, total [as Cu]	001	Mthly	47%	50%	67%	10%	18%						
CWA	Cyanide, total [as CN]	001	Mthly				88%							
CWA	Di-n-octyl phthalate	001	Mthly		533%	1594%								
CWA	Di-n-octyl phthalate	001	NMth		280%	925%								
CWA	Nitrogen, ammonia total [as N]	001	NMth						110%					
	Compliance Schedule Violations	NPDES Violation ID												
CWA	Schedule Event achieved late but reported: Complete Required Sampling and Analytical Work or Studies	3401569005			01-16-13-01-22-13									
CWA	Schedule Event achieved late but reported: Implementation Schedule	3401569006			01-16-13-01-22-13									

9/14/2015

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*Quarter 13 is draft/unofficial and has not been fully quality assured. Read more

Informal Enforcement Actions (5 Years)

State	Source ID	Type of Action	Lead Agency	Date
CWA	SC0026735	Letter of Violation/ Warning Letter	State	09/23/2011
CWA	SC0026735	Letter of Violation/ Warning Letter	State	06/25/2010
CWA	SC0026735	Letter of Violation/ Warning Letter	State	05/14/2013
CWA	SC0026735	Letter of Violation/ Warning Letter	State	06/27/2014
CWA	SC0026735	Letter of Violation/ Warning Letter	State	06/22/2011
CWA	SC0026735	Letter of Violation/ Warning Letter	State	04/23/2010
CWA	SC0026735	Letter of Violation/ Warning Letter	State	08/08/2014
CWA	SC0026735	Letter of Violation/ Warning Letter	State	02/24/2012
CWA	SC0026735	Letter of Violation/ Warning Letter	State	04/14/2011
CWA	SC0026735	Letter of Violation/ Warning Letter	State	06/22/2011
CWA	SC0026735	Letter of Violation/ Warning Letter	State	09/30/2010

Formal Enforcement Actions (5 Years)

State	Source ID	Type of Action	Lead Agency	Date	Penalty	Penalty Description
CWA	SC0026735	State Administrative Order of Consent	State	09/25/2013	\$3,500	
CWA	SC0026735	State Administrative Order of Consent	State	12/06/2011	\$6,000	

ICIS Case History (5 years)

Primary Law/Section	Case No	Case Type	Lead Agency	Case Name	Issued/Filed Date	Settlement Date	Federal Penalty	State/Local Penalty	SEP Cost	Comp Action Cost
No data records returned										

Environmental Conditions

Water Quality

Permit ID	Combined Sewer System?	Number of CSO Outfalls	Watershed (HUC 8)	Watershed Name (HUC 8)	Watershed (HUC 12)	Watershed Name (HUC 12)	Receiving Waters	Impaired Waters	Impaired Class	Causes of Impairment(s) by Group(s)	Watershed with ESA-listed Aquatic Species?
No data records returned											

Waterbody Designated Uses

REACH Code	Waterbody Name	Exceptional Use	Recreational Use	Aquatic Life Use	Shellfish Use	Beach Closure Within Last Year	Beach Closure Within Last Two Years
No data records returned							

Air Quality

<http://echo.epa.gov/detailed-facility-report?fid=110009793946#pane3110009793946>

9/14/2015

Detailed Facility Report | ECHO | US EPA

Non-Attainment Area?	Pollutant(s)
No	Ozone
No	Lead
No	Particulate Matter

Pollutants

TRI History of Reported Chemicals Released in Pounds per Year at Site ①

TRI Facility ID	Year	Total Air Emissions	Surface Water Discharges	Off-Site Transfers to POTWs	Underground Injections	Releases to Land	Total On-site Releases	Total Off-site Releases
No data records returned								

TRI Total Releases and Transfers in Pounds by Chemical and Year

Chemical Name
No data records returned

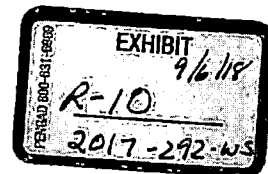
Demographic Profile

Demographic Profile of Surrounding Area (3 Miles)

This section provides demographic information regarding the community surrounding the facility. ECHO compliance data alone are not sufficient to determine whether violations at a particular facility had negative impacts on public health or the environment. Statistics are based upon the 2010 US Census and American Community Survey data, and are accurate to the extent that the facility latitude and longitude listed below are correct. The latitude and longitude are obtained from the EPA Locational Reference Table (LRT) when available.

Radius of Area:	3	Land Area:	98%	Households in Area:	12,896
Center latitude:	33.986389	Water Area:	2%	Housing Units in Area:	13,950
Center Longitude:	-81.214167	Population Density:	1,204/sq.mi.	Households on Public Assistance:	198
Total Persons:	33,238	Percent Minority:	19%	Persons Below Poverty Level:	5,600
Race Breakdown		Persons (%)		Age Breakdown	
White:	27,730 (83.43%)			Child 5 years and younger:	2,229 (6.71%)
African-American:	3,606 (10.85%)			Minors 17 years and younger:	8,393 (25.25%)
Hispanic-Origin:	1,457 (4.38%)			Adults 18 years and older:	24,846 (74.75%)
Asian/Pacific Islander:	892 (2.68%)			Seniors 65 years and older:	3,784 (11.38%)
American Indian:	110 (.33%)				
Other/Multiracial:	899 (2.7%)				
Education Level (Persons 25 & older)		Persons (%)		Income Breakdown	
Less than 9th Grade:	405 (1.91%)			Less than \$15,000:	1,051 (8.55%)
9th through 12th Grade:	1,301 (6.13%)			\$15,000 - \$25,000:	1,059 (8.62%)
High School Diploma:	4,837 (22.78%)			\$25,000 - \$50,000:	2,664 (21.68%)
Some College/2-yr:	6,939 (32.68%)			\$50,000 - \$75,000:	2,218 (18.05%)
B.S./B.A. or More:	7,749 (36.5%)			Greater than \$75,000:	5,295 (43.09%)

Exhibit 4



Menu

You have been redirected from the former ECHO site to the modernized ECHO, now at echo.epa.gov. Please update your bookmarks, and see our ECHO Modernization Information page to learn about the new ECHO.



Detailed Facility Report

Facility Summary

CWS/I-20 REGIONAL
234 NEWFIELD DR, W COLUMBIA, SC 29169 ⓘ

Facility Information (FRS)

FRS ID: 110009793697
EPA Region: 04
Latitude: 34.0225
Longitude: -81.125278
Locational Data Source: NPDES
Industry:
Indian Country: N

Regulatory Interests

Clean Air Act: No Information
Clean Water Act: Minor, Permit Admin Continued (SC0035564)
Resource Conservation and Recovery Act: No Information
Safe Drinking Water Act: No Information

Also Reports

Air Emissions Inventory (EIS): No Information
Greenhouse Gas Emissions (eGGRT): No Information
Toxic Releases (TRI): No Information

Enforcement and Compliance Summary

Statute	Insp (5 Years)	Date of Last Inspection	Current Compliance Status	Qtrs in NC (of 12)	Qtrs in Significant Violation	Informal Enforcement Actions (5 years)	Formal Enforcement Actions (5 years)	Penalties from Formal Enforcement Actions (5 years)	EPA Cases (5 years)	Penalties from EPA Cases (5 years)
CWA 4		08/21/2013	No Violation	8	0	8				

Related Reports:  CWA Effluent Charts  CWA Pollutant Loading Report

Facility/System Characteristics

Facility/System Characteristics

Statute	Identifier	Universe	Status	Areas	Permit Expiration Date	Indian Country	Latitude	Longitude
	110009793697					N	34.0225	-81.125278
CWA	SC0035564	Minor NPDES Individual Permit	Admin Continued	POTW	09/30/1999	N	33.998889	-81.144167

Facility Address

System	Identifier	Facility Name	Facility Address
FRS	110009793697	CWS/I-20 REGIONAL	234 NEWFIELD DR, W COLUMBIA, SC 29169
ICP	SC0035564	CWS/I-20 REGIONAL	234 NEWFIELD DR, W COLUMBIA, SC 29169

Facility SIC Codes

System	Identifier	SIC Code	SIC Desc
ICP	SC0035564	6552	

Facility NAICS Codes

System	Identifier	NAICS Code	NAICS Desc
No data records returned			

Facility Tribe Information

Tribal Name	EPA Tribal ID	Distance to Tribe (miles)
No data records returned		

Enforcement and Compliance

Compliance Monitoring History (5 years)

Statute	Source ID	System	Inspection Type	Lead Agency	Date	Finding
CWA	SC0035564	ICP	Sampling	State	08/21/2013	
CWA	SC0035564	ICP	Evaluation	State	03/31/2011	
CWA	SC0035564	ICP	Evaluation	State	08/21/2013	
CWA	SC0035564	ICP	Sampling	State	03/31/2011	

Entries in italics are not considered inspections in official counts.

Compliance Summary Data

Statute	Source ID	Current SNC/HPV	Description	Current As Of	Qtrs in NC (of 12)

<http://echo.epa.gov/detailed-facility-report?fid=SC0035564&redirect=echo>

1/7/2015

Statute	Source ID	Current SNC/HPV	Description	Current As Of	Qtrs in NC (of 12)
CWA	SC0035564			09/30/2014	8

Three Year Compliance Status by Quarter

Statute/Program/Pollutant/Violation Type	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10	QTR 11	QTR 12	QTR 13*
CWA (Source ID: SC0035564)	10/01-12/31 2011	01/01-03/31 2012	04/01-06/30 2012	07/01-09/30 2012	10/01-12/31 2012	01/01-03/31 2013	04/01-06/30 2013	07/01-09/30 2013	10/01-12/31 2013	01/01-03/31 2014	04/01-06/30 2014	07/01-09/30 2014	10/01-12/31 2014
Facility-Level Status	Unk	In Viol	In Viol	In Viol	No Viol	In Viol	In Viol	In Viol	In Viol	In Viol	No Viol	No Viol	Und
SNC/RNC History	W (N/A)	W (N/A)	W (N/A)	W (N/A)	V	V (NonRNCV)	V (NonRNCV)	V (NonRNCV)	V (NonRNCV)	V (NonRNCV)			
Pollutant Discharge Point Frequency													
CWA 5-day, 20 deg. C BOD ₅	001	Mthly				8%	29%						
CWA 5-day, 20 deg. C BOD ₅	001	NMth		7%			47%		11%	46%			
CWA fecal coliform, general	001	NMth	99999%	4125%		99999%							
CWA Flow, in conduit or thru treatment plant	001	NMth						34%					

*Quarter 13 is draft/unofficial and has not been fully quality assured. Read more

Informal Enforcement Actions (5 Years)

Statute	Source ID	Type of Action	Lead Agency	Date
CWA	SC0035564	Letter of Violation/ Warning Letter	State	05/06/2014
CWA	SC0035564	Letter of Violation/ Warning Letter	State	01/25/2011
CWA	SC0035564	Letter of Violation/ Warning Letter	State	12/31/2009
CWA	SC0035564	Letter of Violation/ Warning Letter	State	05/13/2011
CWA	SC0035564	Letter of Violation/ Warning Letter	State	11/17/2011
CWA	SC0035564	Letter of Violation/ Warning Letter	State	04/26/2013
CWA	SC0035564	Letter of Violation/ Warning Letter	State	04/20/2012
CWA	SC0035564	Letter of Violation/ Warning Letter	State	06/24/2013

Formal Enforcement Actions (5 Years)

Statute	Source ID	Type of Action	Lead Agency	Date	Penalty	Penalty Description
No data records returned						

ICIS Case History (5 years)

Primary Law/Section	Case No	Case Type	Lead Agency	Case Name	Issued/Filed Date	Settlement Date	Federal Penalty	State/Local Penalty	SLP Cost	Comp Action Cost
No data records returned										

Environmental Conditions

Water Quality

Permit ID	Watershed (HUC 8)	Watershed Name (HUC 8)	Watershed (HUC 12)	Watershed Name (HUC 12)	Receiving Waters	Impaired Waters	Combined Sewer System?
SC0035564 03050109		SALUDA			SALUDA RV	Under TMDL	

Air Quality

Non-Attainment Area?	Pollutant(s)
No	Ozone
No	Lead
No	Particulate Matter

Pollutants

TRI History of Reported Chemicals Released in Pounds per Year at Site ⁱ

TRI Facility ID	Year	Total Air Emissions	Surface Water Discharges	Off-Site Transfers to POTWs	Underground Injections	Releases to Land	Total On-site Releases	Total Off-site Releases
No data records returned								

TRI Total Releases and Transfers in Pounds by Chemical and Year

Chemical Name
No data records returned

Demographic Profile

Demographic Profile of Surrounding Area (3 Miles)

This section provides demographic information regarding the community surrounding the facility. ECHO compliance data alone are not sufficient to determine whether violations at a particular facility had negative impacts on public health or the environment. Statistics are based upon the 2010 US Census and American Community Survey data, and are accurate to the extent that the facility latitude and longitude listed below are correct. The latitude and longitude are obtained from the EPA Locational Reference Table (LRT) when available.

Radius of Area:	3	Land Area:	99%	Households in Area:	21,014
Center Latitude:	34.0225	Water Area:	1%	Housing Units in Area:	24,002
Center Longitude:	-81.125278	Population Density:	1,669/sq.mi.	Households on Public Assistance:	355
Total Persons:	46,490	Percent Minority:	49%	Persons Below Poverty Level:	15,877
Race Breakdown		Persons (%)		Age Breakdown	
White:	24,599 (52.91%)			Child 5 years and younger:	3,246 (6.98%)
African-American:	18,262 (39.28%)			Minors 17 years and younger:	9,870 (21.23%)
Hispanic-Origin:	2,804 (6.03%)			Adults 18 years and older:	36,620 (78.77%)
Asian/Pacific Islander:	1,061 (2.28%)			Seniors 65 years and older:	6,217 (13.37%)
American Indian:	131 (.28%)				
Other/Multiracial:	2,438 (5.24%)				
Education Level (Persons 25 & older)		Persons (%)		Income Breakdown	
Less than 9th Grade:	755 (2.48%)			Less than \$15,000:	2,880 (13.35%)
9th through 12th Grade:	2,098 (6.9%)			\$15,000 - \$25,000:	2,862 (13.27%)
High School Diploma:	7,270 (23.9%)			\$25,000 - \$50,000:	7,365 (34.14%)
Some College/2-yr:	9,317 (30.63%)			\$50,000 - \$75,000:	3,999 (18.54%)
B.S./B.A. or More:	10,981 (36.1%)			Greater than \$75,000:	4,467 (20.71%)

Surface Water Discharge PERMIT

In Accordance With the
National Pollutant Discharge Elimination System (NPDES)

This NPDES Permit Certifies That

Carolina Water Systems, Inc
I-20 Regional WWTP

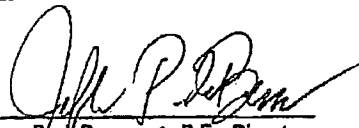
has been granted permission to discharge treated wastewater from a facility located at

Laurel Meadows S/D off Leaphart Road
Lexington County

to receiving waters named

Saluda River

in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, and III hereof. This permit is issued in accordance with the provisions of the Pollution Control Act of South Carolina (S.C. Code Sections 48-1-10 *et seq.*, 1976), Regulation 61-9 and with the provisions of the Federal Clean Water Act (PL 92-500), as amended, 33 U.S.C. 1251 *et seq.*, the "Act."


Jeffrey P. deBessonet, P.E., Director
Domestic Wastewater Division
Bureau of Water Pollution Control

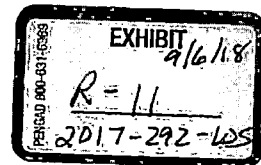
Issued: November 17, 1994

Expires: September 30, 1999

Effective: January 1, 1995

Permit No.: SC0035564

Modification Date April 25, 1996



PART I

A. EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS

1. **► INTERIM LIMITS ◀** During the period beginning on the effective date of this permit and lasting until the Permit to Operate for the WWTP expansion is issued, the permittee is authorized to discharge from outfall serial number 001. Such discharge shall be limited and monitored by the permittee as specified below:

EFFLUENT CHARACTERISTICS	(Pounds/Day)		DISCHARGE LIMITATIONS			MONITORING REQUIREMENTS		
	Monthly Average	Weekly Average	Monthly Average	Weekly Average	Daily Max	Measurement Frequency	Sample Type	Sample Point
Flow	—	--	0.8 MGD	0.8 MGD	—	Daily	Continuous	Effluent
Biochemical Oxygen Demand (5 day)	200	300	30 mg/l	45 mg/l	—	1/week	24 Hr. Comp.	Effluent
Total Suspended Solids	600	900	90 mg/l	135 mg/l	—	1/week	24 Hr. Comp.	Effluent
NH ₃ -N Summer (Mar-Oct)	--	--	M&R*	M&R*	--	1/month	24 Hr. Comp.	Effluent
NH ₃ -N Winter (Nov-Feb)	--	--	M&R*	M&R*	--	1/month	24 Hr. Comp.	Effluent
Fecal Coliform	--	--	200/100 ml	--	400/100 ml	1/week	Grab	Effluent
Total Residual Chlorine-TRC	--	--	0.5 mg/l**	--	1.0 mg/l**	1/week	Grab	Effluent
Dissolved Oxygen	2.0 mg/l (a minimum at all times)					Daily	Grab	Effluent
pH	6.0 - 9.0 Standard Units					Daily	Grab	Effluent
<u>Quarterly</u>								
Total Cadmium (Cd)	--	--	M&R*	--	M&R*	1/quarter	24 Hr. Comp.	Effluent
Total Copper (Cu)	--	--	M&R*	--	M&R*	1/quarter	24 Hr. Comp.	Effluent
Total Lead (Pb)	--	--	M&R*	--	M&R*	1/quarter	24 Hr. Comp.	Effluent
Total Zinc (Zn)	--	--	M&R*	--	M&R*	1/quarter	24 Hr. Comp.	Effluent

*M&R = Monitor and Report

** See Part I.D.1 (Schedule of Compliance)

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2. **► FINAL LIMITS ◀** During the period beginning on the issuance date of the Permit to Operate for the WWTP expansion and lasting through the expiration date, the permittee is authorized to discharge from outfall serial number 001. Such discharge shall be limited and monitored by the permittee as specified below:

EFFLUENT CHARACTERISTICS	(Pounds/Day)		DISCHARGE LIMITATIONS (Other Units)			MONITORING REQUIREMENTS		
	Monthly Average	Weekly Average	Monthly Average	Weekly Average	Daily Max	Measurement Frequency	Sample Type	Sample Point
Flow	--	--	1.051 MGD	1.051 MGD	--	Daily	Continuous	Effluent
Biochemical Oxygen Demand (5 day)	262	394	30 mg/l	45 mg/l	--	1/week	24 Hr. Comp.	Effluent
Total Suspended Solids	786	1179	90 mg/l	135 mg/l	--	1/week	24 Hr. Comp.	Effluent
NH ₃ -N Summer (Mar-Oct)	112	168	12.8 mg/l	19.2 mg/l	--	1/week	24 Hr. Comp.	Effluent
NH ₃ -N Winter (Nov-Feb)	112	168	12.8 mg/l	19.2 mg/l	--	1/week	24 Hr. Comp.	Effluent
Fecal Coliform	--	--	200/100 ml	--	400/100 ml	1/week	Grab	Effluent
Total Residual Chlorine-TRC	--	--	0.5 mg/l	--	1.0 mg/l	1/week	Grab	Effluent
Dissolved Oxygen	2.0 mg/l (a minimum at all times)					Daily	Grab	Effluent
pH	6.0 - 9.0 Standard Units					Daily	Grab	Effluent
Total Cadmium (Cd)	--	--	0.24 mg/l	--	0.66 mg/l	1/month	24 Hr. Comp.	Effluent
Total Copper (Cu)	--	--	M&R*	--	M&R*	1/month	24 Hr. Comp.	Effluent
Total Lead (Pb)	--	--	0.11 mg/l	--	M&R*	1/month	24 Hr. Comp.	Effluent
Total Zinc (Zn)	--	--	M&R*	--	M&R*	1/month	24 Hr. Comp.	Effluent

*M&R = Monitor and Report

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3. There shall be no discharge of floating solids or visible foam in other than trace amounts nor shall the effluent cause a visible sheen on the receiving waters.
4. Samples taken in compliance with the monitoring requirements specified above shall be taken at the following locations: nearest accessible point after final treatment but prior to actual discharge or mixing with the receiving waters.
5. Samples shall be collected in accordance with Part I.E.8.
6. MR = Monitor and Report only.
7.
 - a. If the monthly average concentration limits for BOD₅ and Total Suspended Solids (TSS) is less than or equal to 30 mg/l, then for BOD and TSS, the arithmetic mean of the values of the effluent shall not exceed 15 percent of the arithmetic mean of the values of the influent.
 - b. If the monthly average concentration limits for BOD₅ is less than or equal to 30 mg/l and the monthly average concentration for TSS is greater than 30 mg/l, then for BOD, the arithmetic mean of the values of the effluent shall not exceed 15 percent of the arithmetic mean of the values of the influent.
 - c. If the monthly average concentration for BOD₅ is equal to 45 mg/l and the monthly average concentration for TSS is greater than 30 mg/l, then for BOD, the arithmetic mean of the values of the effluent shall not exceed 35 percent of the arithmetic mean of the values of the influent.

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B. EFFLUENT TOXICITY LIMITATIONS AND MONITORING REQUIREMENTS**►►FINAL LIMITS◄◄**

1. During the period beginning on the issuance date of the Permit to Operate the expanded facility and lasting through the expiration date, the permittee is authorized to discharge from outfall serial number 001.

Such discharge shall be limited and monitored by the permittee as specified below:

EFFLUENT CHARACTERISTICS	DISCHARGE LIMITATIONS		MONITORING REQUIREMENTS	
	<u>Other Units (Specify)</u>		<u>Measurement Frequency</u>	<u>Sample Type</u>
	<u>Monthly Average</u>	<u>Daily Maximum</u>		
Biological Monitoring (Whole Effluent Acute Toxicity Testing)	-	0	1/month	24 Hr. Composite

2. Samples taken in compliance with the monitoring requirements specified above shall be taken at the following locations: at or near the discharge, but prior to mixing with the receiving waters.
3. See Part III. D. for additional toxicity requirements.

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C. OPERATION AND MAINTENANCE OF EQUALIZATION BASINS

1. Groundwater Monitoring Requirements

- a. Each of the 2 groundwater monitoring wells around each of the three equalization basins (a total of 6 wells) shall be sampled by the permittee as specified below:

<u>PARAMETER</u>	<u>MEASUREMENT FREQUENCY</u>	<u>SAMPLE METHOD</u>
Total Phosphorus	Quarterly	Pump or Bailer Method
Ammonia	Quarterly	Pump or Bailer Method
Chloride	Quarterly	Pump or Bailer Method
Nitrate	Quarterly	Pump or Bailer Method
Alkalinity	Quarterly	Pump or Bailer Method
pH	Quarterly	Pump or Bailer Method
Sodium	Quarterly	Pump or Bailer Method
TDS	Quarterly	Pump or Bailer Method
Fecal Coliform	Quarterly	Pump or Bailer Method
Watertable Elevation	Quarterly	Pump or Bailer Method
Specific Conductance	Quarterly	Pump or Bailer Method

- b. Sample collection methods shall be in accordance with DHEC publication "Groundwater Sampling Methods" dated October, 1981, or the most recent revision.
- c. All groundwater monitoring wells must be properly maintained at all times.
- d. Groundwater sampling will begin the first calendar quarter after a Permit to Operate is issued for the groundwater monitoring wells

2. Operation and Maintenance of Equalization Basins.

- a. The oxidation ponds for the Oak Grove Estates, Spring Hill S/D, and Woodsen S/D were converted into equalization basins rather than being closed out or abandoned. These equalization basins will be operated in such a manner that odors and vector attraction will be minimized and groundwater contamination will be prevented.
- b. The Permittee will maintain all equipment and provide general site management at the equalization basin sites to include aerators and pumps as well as the basin dikes. The grass will be trimmed and the fences around the equalization basins will maintained in good repair so as to exclude the public from the site.

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D. SCHEDULE OF COMPLIANCE

1. The following schedule shall be utilized to install dechlorination unit and meet the TRC limitations:
 - a. Submit approvable plans and specifications by May 1, 1995.
 - b. Start construction by July 1, 1995.
 - c. Complete construction by November 1, 1995.
 - d. Comply with the final effluent limits by December 1, 1995.
2. The permittee shall achieve compliance with the final effluent limitations specified for discharges in accordance with the following schedules:
 - a. When permitted construction flows equal or exceed 0.72 MGD (90% of the present design capacity), approvable plans and specifications for the expansion to 1.051 MGD will be prepared, submitted to the Department, and a Permit to Construct the expanded facility will be obtained.
 - b. When the average of the daily flows over a six consecutive month period equals or exceeds 0.76 MGD (95% of the present design capacity), construction of the expansion to 1.051 MGD will begin. Construction will be completed within 9 months after construction starts and the expanded facility will be in compliance with the final limits within 11 months after construction starts.
 - c. The Vanarsdale S/D (SC0030945) will be connected to this facility and will cease its discharge to the surface water when a Permit to Operate is issued for the sewer line that will connect the referenced subdivision to the facility.
3.
 - a. The Permittee shall be responsible for submission of plans and specifications for the connection to the regional sewer system. The plans and specifications shall be submitted no later than 90 days after the issuance date of the Permit to Construct for the regional sewer system.
 - b. Construction of the connection line between the regional sewer system and this facility shall begin in sufficient time to allow the elimination of the discharge from this facility to the Saluda River no later than 90 days after the Permit to Operate is issued for the regional sewer system. Construction may commence prior to the issuance date of the Permit to Operate for the regional sewer system.
 - c. Within 90 days after the issuance date of the Permit to Operate for the regional sewer system, the Permittee will connect to the regional sewer system and cease the discharge to the Saluda River. This Permit will expire on the date of issuance of the Permit to Operate the connection between this facility and the regional sewer system. In accordance with the Area Wide 208 Management Plan, this facility is considered as a temporary treatment facility that will be closed out when the regional sewer system is constructed and available.
4. Within 90 days after the effective date of this Permit, the Permittee will submit plans and specifications for constructing a minimum of three (3) groundwater monitoring wells at each of the following: Oak Grove Estates, the Springhill S/D, and the Woodsen S/D equalization basins. Within 120 days after approval of the plans and specifications, the Permittee will construct the groundwater monitoring wells, collect samples from each monitoring well, analyze said samples and submit the analysis results to the Department.

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5. No later than 14 calendar days following a date identified in the above schedule of compliance, the permittee shall submit either a report of progress or, in the case of specific actions being required by identified dates, a written notice of compliance or noncompliance. In the latter case, the notice shall include the cause of noncompliance, any remedial actions taken, and the probability of meeting the next scheduled requirement.

E. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken as required herein shall be representative of the volume and nature of the monitored discharge.

2. Flow Measurements

Appropriate flow measurement devices and methods consistent with accepted scientific practices shall be present and used to ensure the accuracy and reliability of measurements of the volume of monitored discharges. The devices shall be installed, calibrated and maintained to ensure that the accuracy of the measurements is consistent with the accepted capability of that type of device. Devices selected shall be capable of measuring flows with a maximum deviation of less than $\pm 10\%$ from the true discharge rates throughout the range of expected discharge volumes. The primary flow device must be accessible to the use of a continuous flow recorder. Where a flume is present, a separate stilling well for Department/EPA use must be provided if required by the Department.

3. Reporting Monitoring Results

a. Effluent Monitoring

Effluent monitoring results obtained each month shall be reported monthly on a Discharge Monitoring Report Form (EPA Form 3320-1). The first report is due postmarked no later than the 28th day of the month following the month this permit becomes effective.

b. Groundwater Monitoring (if applicable)

Groundwater monitoring results must be reported quarterly on a Groundwater Monitoring Report Form (DHEC 1938) postmarked no later than the 28th day of the month following the completed reporting period. The first report is due on the 28th day of the 4th month following the month the plans and specifications for the monitoring wells are approved.

c. Pretreatment Program Monitoring (if applicable)

Data for monitoring the Pretreatment Program shall be submitted with the Discharge Monitoring Results. The data and the schedule for submittal is specified in Part III. A. (Pretreatment Requirements).

d. Submittal of Reports

One original and one copy of these, and all other reports required herein, shall be submitted to the:

S.C. Department of Health and Environmental Control
Bureau of Water Pollution Control
Enforcement Section
2600 Bull Street
Columbia, South Carolina 29201

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4. Test Procedures

Test procedures for the analysis of pollutants shall conform to regulations published pursuant to State Environmental Laboratory Certification Regulation 61-81 and Section 304(h) of the Act, as amended. (Federal Register, October 16, 1973; Title 40, Chapter I, Sub-chapter D, Part 136 "Guidelines Establishing Test Procedures for the Analysis of Pollutants." Amended by Federal Register, December 1, 1976, October 8, 1991, and any other amendments that may be promulgated.)

5. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a. the exact place, date and time of sampling;
- b. the dates and times the analyses were performed;
- c. the person(s) who performed the analyses and the laboratory certification number where applicable;
- d. the analytical techniques or methods used; and
- e. the results of all required analyses.

6. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified herein, the results of such monitoring shall be included in the calculation and reporting of the values required in the Discharge Monitoring Report Form (EPA-3320-1). Such increased frequency shall also be indicated. Additional or accelerated monitoring may be required to determine the nature and impact of a non-complying discharge on the environment or to determine if a single non-complying sample is representative of the long term condition (monthly average).

7. Records Retention

All records and information resulting from the monitoring activities required by this permit including all records of analysis performed, calibration and maintenance of instrumentation, and recordings from continuous monitoring instrumentation shall be retained for a minimum of three (3) years, or longer if requested by the Department. The permittee shall furnish to the Department, upon request, copies of records required to be kept by this permit.

8. Definitions

- a. "Monthly average", other than for fecal coliform, is the arithmetic mean of all samples collected in a calendar month period. The monthly average for fecal coliform bacteria is the geometric mean of all samples collected in a calendar month period. The monthly average loading is the arithmetic average of all individual loading determinations made during the month.
- b. "Weekly average", other than for fecal coliform, is the arithmetic mean of all the samples collected during a one-week period. The weekly average for fecal coliform is the geometric mean of all samples collected during a one-week period. For self-monitoring purposes, weekly periods in a calendar month are defined as three (3) consecutive seven day intervals starting with the first day of the calendar month and a fourth interval containing seven (7) days plus those days beyond the 28th day in a calendar month. The value to be reported is the single highest of the four (4) weekly averages computed during a calendar month. The weekly

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average loading is the arithmetic average of all individual loading determinations made during the week.

- c. "Daily maximum" is the highest average value recorded of samples collected on any single day during the calendar month.
- d. "Instantaneous maximum or minimum" is the highest or lowest value recorded of any sample collected during the calendar month.
- e. "Arithmetic Mean" of any set of values is the summation of the individual values divided by the number of individual values.
- f. "Geometric mean" of any set of values is the Nth root of the product of the individual values where N is equal to the number of individual values. The geometric mean is equivalent to the antilog of the arithmetic mean of the logarithms of the individual values. For purposes of calculating the geometric mean, values of zero (0) shall be considered to be one (1).
- g. "Department" is the South Carolina Department of Health and Environmental Control.
- h. "Act" is the Clean Water Act (Formerly referred to as the Federal Water Pollution Control Act) Public Law 92-500, as amended.
- i. "Grab Sample" is an individual discrete or single influent or effluent portion of at least 100 milliliters collected at a time representative of the discharge and over a period not exceeding 15 minutes and retained separately for analysis. Instantaneous flow measured at the time of grab sample collection shall be used to calculate quantity.
- j. "Composite Sample" is one of the following four types of composite samples as specified within this permit:
 - (1) An influent or effluent portion collected continuously over a specified period of time at a rate proportional to the flow.
 - (2) A combination of not less than eight (8) influent or effluent grab samples collected at regular (equal) intervals over a specified period of time, properly preserved, (See part I.E.4.) and composited by increasing the volume of each aliquot in proportion to flow. If continuous flow measurement is not used to composite in proportion to flow, the following method will be used: Take an instantaneous flow measurement each time a grab sample is collected. At the end of the sampling period, sum the instantaneous flow measurements to obtain a total flow to determine the partial amount (percentage) of each grab sample to be combined to obtain the composite sample.
 - (3) A combination of not less than eight (8) influent or effluent grab samples of equal volume but at variable time intervals that are inversely proportional to the volume of the flow. That is, the time interval between aliquots is reduced as the volume of flow increases.
 - (4) This is an optional method that may be used with prior Departmental approval if effluent flows, on a daily basis, do not vary more than $\pm 15\%$. A combination of not less than eight (8) influent or effluent grab samples of constant (equal) volume collected at regular (equal) time intervals over a specified period of time, while being properly preserved.

Continuous flow or the sum of instantaneous flows measured and averaged for the specified compositing time period shall be used with composite sample results to calculate quantity.

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9. Right of Entry

The permittee shall allow the Commissioner of the Department of Health and Environmental Control, the Regional Administrator of EPA, and/or their authorized representatives:

- a. To enter upon the permittee's premises where a regulated facility or activity and effluent source is located in which any records are required to be kept under the terms and conditions of this permit; and,
- b. At reasonable times to have access to and copy any records required to be kept under the terms and conditions of this permit; to inspect any facilities, equipment (including monitoring and control equipment), practices or operations regulated or required under this permit; and to sample or monitor any substances or parameters at any location for the purpose of assuring permit compliance.

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PART II

A. GENERAL REQUIREMENTS

1. Duty to Comply

The permittee must comply with all conditions of this permit. Any permit non-compliance constitutes a violation of the Act and the South Carolina Pollution Control Act and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for the denial of a permit renewal application.

2. Civil and Criminal Liability

- a. Any person who violates a term, condition or schedule of compliance contained within this permit is subject to the actions defined by Sections 48-1-320 and 48-1-330 of the South Carolina Pollution Control Act.
- b. Except as provided in permit conditions on "Bypassing" (Part II.C.2.), nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for non-compliance.
- c. It shall not be an acceptable defense of the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.
- d. It is the responsibility of the permittee to have a treatment facility that will meet the final effluent limitations of this permit. The approval of plans and specifications by the Department does not relieve the permittee of responsibility for compliance.

3. Oil and Hazardous Substance Liability

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties to which the permittee is or may be subject to under Section 311 of the Act, the South Carolina Pollution Control Act or applicable provisions of the South Carolina Hazardous Waste Management Act and the South Carolina Oil and Gas Act.

4. Permit Modification

- a. The permittee shall furnish to the Department within a reasonable time any relevant information which the Department may request to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit, or to determine compliance with the permit.
- b. Upon sufficient cause, this permit may be modified, revoked, reissued, or terminated during its term, after public notice and opportunity for a hearing. Modifications deemed to be minor will not require public notice.
- c. The filing of a request by the permittee for a permit modification, or a notification of planned changes or anticipated non-compliance, does not stay any permit condition.

5. Toxic Pollutants

Notwithstanding Part II.A.4. above, if a toxic effluent standard or prohibition (including any schedule of compliance specified in such effluent standard or prohibition) is established under Section 307(a) of the Act for a toxic pollutant which is present in the discharge and such standard or prohibition is more stringent than any limitations for such pollutant in this permit, this permit shall be revised or modified in accordance with the toxic effluent standard or prohibition and the permittee so notified.

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6. State Laws

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law or regulation under authority preserved by Section 510 of the Act.

7. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

8. Severability

The provisions of this permit are severable, and if any provision of this permit, or the application of any provision of this permit to any circumstances, is held invalid, the application of such provision to other circumstances, and the remainder of this permit shall not be affected thereby.

9. Onshore and Offshore Construction

This permit does not authorize or approve the construction of any onshore or offshore physical structures or facilities or the undertaking of any work in any navigable waters.

B. REPORTING REQUIREMENTS

1. Change in Discharge

All discharges authorized herein shall be consistent with the terms and conditions of this permit. The discharge of any pollutant identified in this permit more frequently than or at a level in excess of that authorized shall constitute a violation of the permit. Any planned facility expansions, production increases, or process modifications which will result in a new or different discharge of pollutants must be reported by submission of a new NPDES application or, if such changes will not violate the effluent limitations specified in this permit, by notice to the Department of such changes. Following such notice, the permit may be modified to specify and limit any pollutant not previously limited.

2. Twenty-Four Hour Non-Compliance Reporting

a. The permittee shall report any non-compliance with provisions specified in this permit which may endanger public health or the environment. The permittee shall notify the Department orally within 24 hours of becoming aware of such conditions. During normal working hours call 803/734-5300. After hour reporting should be made to the 24 hour Emergency Response telephone number 803/253-6488. The permittee shall provide the following information to the Department in writing, within five (5) days of becoming aware of such conditions:

1. A description of the discharge and cause of non-compliance; and,
2. The period of non-compliance, including exact dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate and prevent recurrence of the non-complying discharge.

b. The following violations shall be included in a 24 hour report when they might endanger health or the environment:

1. An unanticipated bypass which exceeds any effluent limitation in this permit;
2. Any upset which exceeds any effluent limitation in the permit.

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- c. As soon as the permittee has knowledge of or anticipates the need for a bypass, but not later than ten (10) days before the date of the bypass, it shall notify the Department and provide a determination of the need for bypass as well as the anticipated quality, quantity, time of duration, and effect of the bypass.

3. Other Non-Compliance

The permittee shall report in narrative form, all instances of non-compliance not previously reported under Section B, Paragraph B.2., at the time Discharge Monitoring Reports are submitted. The reports shall contain the information listed in Paragraph B.2.a.

4. Transfer of Ownership or Control

A permit may be transferred to another party under the following conditions:

- a. The permittee notifies the Department of the proposed transfer at least thirty (30) days in advance of the proposed transfer date;
- b. A written agreement is submitted to the Department between the existing and new permittee containing a specific date for the transfer of permit responsibility, coverage, and liability for violations up to that date and thereafter.

Transfers are not effective if, within thirty (30) days of receipt of proposal, the Department disagrees and notifies the current permittee and the new permittee of the intent to modify, revoke and reissue, or terminate the permit and to require that a new application be filed.

5. Expiration of Permit

The permittee is not authorized to discharge after the expiration date of this permit, unless a completed application for reissuance is submitted no later than one hundred eighty (180) days prior to the expiration date. Permission may be granted to submit an application later than this, but not later than the expiration date of the permit. In accordance with Section 1-23-370 of the code of laws of South Carolina, if a timely and sufficient application is made for any activity of a continuing nature, the existing permit does not expire until a final determination is made to renew or deny renewal of the existing permit.

6. Signatory Requirements

All applications, reports or information submitted to the Department shall be signed and certified.

- a. All permit applications shall be signed as follows:
 - 1. For a corporation: by a principal executive officer of at least the level of vice-president or by a duly authorized representative;
 - 2. For a partnership or sole proprietorship: by a general partner or the proprietor, respectively; or,
 - 3. For a municipality, State, Federal or other public agency: by either a principal executive officer or ranking elected official.
- b. All reports required by the permit and other information requested by the Department shall be signed by a person described above or by duly authorized representation only if:
 - 1. The authorization is made in writing by a person described above and submitted to the Department;

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2. The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity, such as the position of plant manager, superintendent, or position of equivalent responsibility. (A duly authorized representative may thus be either a named individual or any individual occupying a named position.)

7. Availability of Reports

Except for data determined to be confidential under Section 48-1-270 of the South Carolina Pollution Control Act, all reports prepared in accordance with the terms and conditions of this permit shall be available for public inspection at the offices of the Department and the Regional Administrator. As required by the Act, effluent data shall not be considered confidential. Knowingly making any false statement on any such report may result in the imposition of criminal penalties as provided for in Section 48-1-340 of the South Carolina Pollution Control Act.

8. Changes in Discharges of Toxic Pollutants or Hazardous Substances

- a. The permittee shall notify the Department as soon as it knows or has reason to believe that any activity has occurred or will occur which would result in the discharge in any outfall of:
 1. Any toxic pollutant(s) identified under Section 307(a) of the Act which exceed the highest of the following concentrations and are not limited in the permit.
 - 1 mg/l for antimony (Sb);
 - 0.500 mg/l for 2,4-dinitrophenol or 2-methyl, -4,6-dinitrophenol;
 - 0.200 mg/l for acrolein or acrylonitrile;
 - 0.100 mg/l for any other toxic pollutant; or,
 - Ten (10) times the maximum concentration value reported in the permit application.
 2. Any hazardous substance(s) identified under Section 311 of the Act as determined by Federal Regulation 40 CFR 117.
- b. The permittee must notify the Department as soon as it knows or has reason to believe that it has begun or expects to begin to use or manufacture as an intermediate or final product or by-product any toxic pollutant or hazardous substance which was not reported in the permit application.

C. OPERATION AND MAINTENANCE

1. Facilities Operation

- a. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes effective performance based on design facility removals, adequate funding, adequate operator staffing and training, and adequate laboratory and process controls as determined by the laboratory certification program of the Department. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of the permit. Maintenance of facilities, which necessitates unavoidable interruption of operation and degradation of effluent quality shall be scheduled during non-critical water quality periods and carried out in a manner approved by the Department.

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- b. The permittee shall provide for the performance of routine daily treatment plant inspections by the certified operator as defined in Part II.C.1. The inspection shall include, but is not limited to, areas which require a visual observation to determine efficient operations and for which immediate corrective measures can be taken using the O & M manual as a guide. All inspections shall be recorded and shall include the date, time and name of person making the inspection, corrective measures taken, and routine equipment maintenance, repair, or replacement performed. The permittee shall maintain all records of inspections at the permitted facility as required by Part I.E.7, and the records shall be made available for on-site review during normal working hours.
- c. The permittee shall provide for an operator, as certified by the South Carolina Board of Certification for Environmental Systems Operators, with a grade equal to or higher than the classification designated in Part III.B.1. The name and grade of the operator of record shall be submitted to the Department prior to placing the facility into operation. A roster of operators associated with the facility's operation and their certification grades shall also be submitted with the name of the "operator-in-charge". Any changes in operator or operators shall be submitted to the Department as they occur.
- d. The permittee shall maintain at the permitted facility a complete Operations and Maintenance Manual for the waste treatment plant. The manual shall be made available for on-site review during normal working hours. The manual shall contain operation and maintenance instructions for all equipment and appurtenances associated with the waste treatment plant. The manual shall contain a general description of the treatment process(es), operating characteristics that will produce maximum treatment efficiency and corrective action to be taken should operating difficulties be encountered.

2. Bypassing

Any intentional diversion from or bypass of waste streams from any portion of wastewater collection and treatment facilities which is not a designed or established operating mode for the facility is prohibited except (a) where unavoidable to prevent loss of life, personal injury or severe property damage, or (b) where excessive storm drainage or run-off would damage any facilities necessary for compliance with the effluent limitations and prohibitions of this permit and there were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities or retention of untreated wastes. "Severe property damage" does not mean economic loss caused by delays in production.

3. Duty to Mitigate, Halt or Reduce Activity

The permittee shall take all reasonable steps to prevent, minimize or correct any adverse impact on public health or the environment, resulting from non-compliance with this permit. Upon reduction, loss, or failure of the treatment facility, the permittee shall, to the extent necessary to maintain compliance with this permit, control production or all discharges or both until the facility is restored or an alternative method of treatment is provided.

4. Power Failures

In order to maintain compliance with effluent limitations and prohibitions of this permit, the permittee shall either:

- a. In accordance with the Schedule of Compliance contained in Part I.D., provide an alternative power source sufficient to operate the wastewater control facilities;

or, if such alternative power source is not in existence, and no date for its implementation appears in Part I.D., have a plan of operation which will:

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- b. Halt, reduce, or otherwise control production and/or all discharges upon the reduction, loss, or failure of the primary source of power to the wastewater control facilities.

5. Removed Substances

Solids, sludges, filter backwash or other residuals removed in the course of treatment or control of wastewaters shall be disposed of in a manner such as to prevent such materials from entering State waters and in accordance with guidelines issued pursuant to Section 405 of the Act, and the terms of a construction or NPDES and/or solid or hazardous waste permit issued by the Department (See Part III for specific disposal method approved).

6. All Weather Access Road

The permittee shall maintain an all weather access road to the wastewater treatment plant, and appurtenances at all times.

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PART III

A. PRETREATMENT REQUIREMENTS

1. Pretreatment Regulations and Program Requirements

- a. All industrial users discharge wastewater into Permittee's system are required to comply with pretreatment provisions of the Act, as set forth in the General Pretreatment Regulations, 40 CFR Part 403, promulgated thereunder, the approved State Pretreatment Program, and the permittee's approved pretreatment program.
- b. This permit shall be modified, or alternatively revoked and reissued, to incorporate an approved POTW Pretreatment Program.
- c. Any application for authority to revise categorical pretreatment Standards to reflect POTW removal of pollutants in accordance with the requirements of 40 CFR 403.7 must be submitted to the Department at the time of application for POTW pretreatment program approval or at the time of permit expiration and reissuance thereafter.

2. Prohibited Discharges

The Permittee shall not allow discharge of pollutant(s) into its treatment works by any non-domestic source(s), if such pollutant(s) may inhibit or interfere with the operation or performance of the works. Further, the Permittee shall not allow introduction of the following pollutants into its treatment works:

- a. Pollutant(s) which create a fire or explosion hazard in the POTW, including, but not limited to, wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade using the test methods specified in 40 CFR 261.21.
- b. Pollutant(s) which will cause corrosive structural damage to the POTW, but in no case discharges with pH lower than 5.0, unless the works is specifically designed to accommodate such discharges.
- c. Solid or viscous pollutant(s) in amounts which will cause obstruction to the flow in the POTW resulting in interference.
- d. Any pollutant, including oxygen demanding pollutants, (BOD, etc.), released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the POTW.
- e. Heat in amounts which will inhibit biological activity in the POTW resulting in interference, but in no case heat in such quantities that the temperature at the POTW Treatment Plant exceeds 40°C (104°F) unless the Approval Authority, upon request of the POTW, approves alternate temperature limits.
- f. Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through.
- g. Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.
- h. Any trucked or hauled pollutants, except at discharge points designated by the POTW.

Upon development of specific limits for these pollutant categories, either in an approved POTW Pretreatment Program or otherwise, such limits shall be deemed prohibitions for the purpose of Section 307(d) of the Act and shall be enforceable in lieu of the general prohibitions set forth above.

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B. ADDITIONAL OPERATIONAL REQUIREMENTS

1. The wastewater treatment plant shall be assigned a classification of Group II-B (Biological) in the Permit to Construct which is issued by the Department. This classification corresponds to an operator with a grade of C.
2. The Permittee shall monitor all parameters consistent with conditions established by this Permit on the first (1st) Thursday of every calendar month, unless otherwise approved by this Department. Additional monitoring, as necessary to meet the frequency requirements of this Permit (Part I.A., I.B., and I.C., if applicable) shall be performed by the Permittee.

C. SLUDGE REQUIREMENTS

1. Sludge Use and Disposal

- a. The permittee shall comply with effluent standards and/or prohibitions established under Section 307(a) of the Clean Water Act (CWA) for toxic pollutants and with standards for sludge use and disposal established in 40 CFR Parts 122, 123, 258, 501 and 503 and under Section 405(d) of the CWA, within the time provided in the regulations that establish these prohibitions or standards for sludge use or disposal, even if the permit has not yet been modified to incorporate the requirement.
- b. The Permittee shall take all reasonable steps to minimize or prevent any discharge or sludge use or disposal in violation of this permit which has a reasonable likelihood of adversely affecting human health or the environment.
- c. This permit may be modified to address any standard for sludge use or disposal promulgated under Section 405(d) and Section 503 of the Clean Water Act or additional controls of a pollutant or practice not currently limited in this permit.
- d. It must be noted that 40 CFR Part 503 Standards for the Use or Disposal of Sewage Sludge, Federal Register Volume 58, No. 32, pages 9248 through 9415, dated February 19, 1993, is effective March 22, 1993. Therefore, where the Federal Regulation is more stringent than the existing State guidance, the new Federal Regulation will take precedence. Any sludge disposal permits issued by the Department will remain in effect and all conditions and requirements will apply; however, this does not relieve the permittee from complying with the conditions of 40 CFR Part 503.
 1. Compliance with the standards (40 CFR Part 503) shall be achieved as expeditiously as practicable, but in no case later than February 19, 1994.
 2. When compliance with the standard requires construction of new pollution control facilities, compliance with the standards (40 CFR Part 503) shall be achieved as expeditiously as possible but in no case later than February 19, 1995.
 3. All other requirements for the frequency of monitoring, recordkeeping, and reporting identified in 40 CFR Part 503, are effective on July 20, 1993.
 4. Until such time as a specific sludge disposal permit is issued under the provisions of 40 CFR Part 503, the direct enforceability (§ 503.3(b)) of the sludge standards requires that the permittee shall not use or dispose of sewage sludge through any practice for which requirements are established in 40 CFR Part 503, except in accordance with those requirements.

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5. Class I sludge management facilities (includes but is not limited to all facilities with pretreatment programs, Publicly Owned Treatment Works (POTW) with a design flow rate equal to or greater than 1 Million gallons per day, and POTW's that serve 10,000 people or more) shall submit the following to EPA Region IV (Attn: Regional Sludge Management Coordinator, Office of Water, EPA Region IV, 345 Courtland Street N.E., Atlanta Georgia, 30365.) with a duplicate copy to the Department:

- a. The information in 40 CFR Part 503.17(a) except the information in § 503.17(a)(3)(ii), 503.17(a)(4)(ii) and 503.17(a)(5)(ii), for the appropriate requirements on February 19 of each year.
- b. The information in 40 CFR Part 503.17(a)(5)(iii)(A) through (a)(5)(iii)(G) on February 19 of each year when ninety (90) percent or more of any of the cumulative pollutant loading rates in Table 2 of § 503.13 is reached at a site.

The requirements to send information to EPA Region IV will remain in effect until the State of South Carolina is delegated the sludge program under 40 CFR Part 123 or 40 CFR Part 501.

- e. 1. The permittee must obtain prior Departmental approval of planned changes in the facility when the alteration or addition results in a significant change in the permittee's sludge use or disposal practices, and such alteration, addition or change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use of disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan.
- 2. The sludge disposal permit may be modified or revoked and reissued if there are material and substantial alterations or additions to the permitted facility or activity (including a change or changes in the permittee's sludge use or disposal practice) which occurred after the permit issuance which justify the application of permit conditions which are different from or absent in the existing permit.
- f. The sludge disposal permit may be terminated if there is a change in any condition that requires either a temporary or permanent reduction or elimination of any discharge or sludge use or disposal practice controlled by the permit.
- g. Periodic inspections will be conducted by Department authorized representatives to ensure compliance with State regulations and permit stipulations. Any necessary modification to this permit may be based upon these evaluations.
- h. Records of monitoring required by the permits related to sludge use and disposal activities must be kept at least five (5) years (or longer as required by 40 CFR Part 503).
- i. Sludge monitoring procedures shall be those specified in 1) 40 CFR Part 503; 2) 40 CFR Part 136; or 3) other procedures specified in the sludge permit (in that order of "preference" depending on the availability and applicability of a particular method at the time the sludge permit is issued).
- j. The permittee must provide sludge monitoring results on a form(s) approved by the Department.
- k. The permittee shall submit the results of all sludge monitoring if done more frequently than required by the sludge permit.
- l. The permittee should note that under 40 CFR 122.41(l), the "anti-backsliding" provision applies only to surface water dischargers. The "anti-backsliding" provision does not apply to sludge use and disposal activities.

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2. Sludge Transportation and Disposal

Sludge solids will be removed from this facility and transported to the Land & Land Technology Inc. Land Application Site (ND0069761) under the following conditions:

- a. All containers for sludge collection and transportation shall be structurally sound in every respect and shall be so constructed as to prevent leakage or spillage of any kind while in the process of pumping, storage, or transit.
- b. Permitting of sludge hauling will be on a five (5) year basis coincidental with and part of this NPDES permit for the sludge generator. This transportation permit is effective immediately and expires with the expiration of this NPDES permit.
- c. The total volume of waste transported shall not exceed the available capacity of the disposal site.
- d. The hauling of sludge may be temporarily suspended or permanently revoked when, in the opinion of the South Carolina Department of Health and Environmental Control or any of its authorized representatives, the Permittee has failed to comply with the permitting, hauling, transportation, or disposal requirements of these guidelines.
- e. The Permittee is responsible for the handling, transportation, and disposal of all sludge from the various source(s) transported to the approved disposal site. This responsibility includes, but is not limited to spills, accidents, unauthorized leaks, or other hazards which may occur.

D. WHOLE EFFLUENT TOXICITY TESTING REQUIREMENTS

1. Acute Toxicity Testing

- a. A 48-hour static acute toxicity test shall be conducted at the frequency noted on in Part I.B. Effluent Toxicity Limitations and Monitoring Requirements, using a control and 100% effluent. The Test shall be conducted using Ceriodaphnia dubia as the test organism and in accordance with "Methods for Measuring the Acute Toxicity of Effluents to Freshwater and Marine Organisms, (EPA/600/4-85/013) and the Test Requirements in South Carolina Procedures for Pass/Fail Modifications of the Ceriodaphnia 48 Hour Acute Toxicity Test and Ceriodaphnia Survival and Reproduction Test " (SCDHEC, May 1989). The raw data and results shall be submitted in accordance with Part I.E. of the permit for each test. Two copies of toxicity reports are required to be submitted to DHEC. The test must be performed by a DHEC certified laboratory.
- b. If the test results indicate a significant difference in Ceriodaphnia dubia survival between the control and 100% waste concentration at the 95% confidence level ($p=0.05$), the test shall be deemed a failure.
- c. If a test fails during the screening period (Interim Toxicity Limits Page where toxicity limitations are Monitor and Report Only), a toxicity evaluation plan shall be submitted to the Enforcement Section of the Bureau of Water Pollution Control within sixty (60) days of notification to the Department of test results.
- d. The permittee must indicate on the discharge monitoring report forms whether the test passes or fails. If the test fails, the number "1" shall be placed on the form. If the test passes, the number "0" shall be placed on the form.
- e. Twelve consecutive acceptable months of toxicity testing results may result in quarterly testing in lieu of monthly tests at the Department's discretion.

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E. OTHER GROUNDWATER OR LAND APPLICATION OF EFFLUENT REQUIREMENTS

Not applicable to this permit.

F. OTHER REQUIREMENTS

1. Reopener Clauses

- a. This permit may be modified or revoked and reissued to incorporate new or modify existing toxicity limitations and monitoring requirements in the event toxicity testing or other studies conducted on the effluent or receiving waters indicate that detrimental effects may be expected in the receiving waters as a result of this discharge.
- b. This permit may be modified or revoked and reissued to incorporate new or modify existing metals limitations and monitoring requirements in the event toxicity testing, pretreatment limits, or other studies conducted on the effluent or receiving waters indicate that detrimental effects may be expected in the receiving waters as a result of this discharge.
- c. This permit may be modified or revoked and reissued to facilitate a reduction in the metals monitoring frequency if, after one year of testing, a reduction is deemed appropriate by the Department. This statement does not guarantee a reduction in the metals monitoring frequency.

EXHIBIT B



**STATE OF SOUTH CAROLINA
BEFORE THE BOARD OF HEALTH AND ENVIRONMENTAL CONTROL**

Carolina Water Service, Inc.,

Petitioner,

-v-

**South Carolina Department of Health
and Environmental Control,**

Respondents.

**South Carolina Department of Health
and Environmental Control,**

Petitioner,

-v-

Carolina Water Service, Inc.,

Respondents.

**Docket Nos. 99-ALJ-07-0450-CC
99-ALJ-07-0653-CC
00-ALJ-07-0144-CC**

ORDER OF THE BOARD

Appearances: E. Crosby Lewis, Esq., and Kelly H. Rainsford, Esq., Attorneys for
Carolina Water Service, Inc.

Mason A. Summers, Esq., Attorney for the Department of Health and
Environmental Control

This case comes before the South Carolina Board of Health and Environmental Control upon appeals filed by both Carolina Water Service, Inc. and the Department from the Amended Final Order and Decision of Administrative Law Judge Ralph King Anderson, III, dated February 25, 2002.

BACKGROUND

Carolina Water Service is a private utility company which owns and operates the I-20 wastewater treatment facility in Lexington County, South Carolina. The I-20 facility is authorized by NPDES Permit #SC0035564 to discharge treated wastewater into the lower Saluda River. In 1993 the Central Midlands Council of Governments (COG) amended the Central Midlands Section 208 Plan to call for the I-20 plant and certain other wastewater facilities to connect to the regional sewer system, owned by the Town of Lexington, when the regional system was operational. Pursuant to the Clean Water Act and state permitting regulations,

DHEC is prohibited from issuing an NPDES discharge permit which would conflict with an approved 208 Plan. See 33 U.S.C.A. § 1288(e) and 24 S.C. Code Ann. Regs. 61-9.122.4(g). Accordingly, when DHEC issued renewed NPDES Permit #SC0035564 to Carolina Water Service for the I-20 facility on November 17, 1994, the Department included a schedule of compliance within the permit which requires Carolina Water Service to eliminate the discharge of treated wastewater from its I-20 Plant by connecting to the regional sewer system "[w]ithin ninety days after the issuance date of the Permit to Operate for the regional sewer system."

NPDES Permit #SC0035564 became effective on January 1, 1995, and expired on September 30, 1999. Prior to the expiration of the permit, Carolina Water Service submitted a timely application for renewal of its permit.¹ The Department issued a Permit to Operate for the regional sewer system to the Town of Lexington on April 7, 1999. The Department thereafter notified Carolina Water Service by letter dated April 21, 1999, that the Permit to Operate the regional sewer system had been issued. Under the NPDES permit's schedule of compliance, Carolina Water Service was to connect to the regional system ninety (90) days after the regional system was operational—on or about July 21, 1999. Nevertheless, Carolina Water Service did not connect the I-20 facility to the regional system within the 90 day period.

On February 18, 2000, DHEC issued Administrative Order 00-039-W, finding Carolina Water Service in violation of the *Pollution Control Act*, S.C. Code Ann. §§ 48-1-10 *et seq.* and the *Water Pollution Control Permits* regulations, 24 S.C. Code Ann. Regs. 61-9, by exceeding its permit discharge limits and by failing to connect to the regional sewer system as required by the schedule of compliance in its NPDES permit. The administrative order assessed a civil penalty in the amount of fourteen thousand dollars (\$14,000.00) and ordered Carolina Water Service to connect its I-20 Wastewater Treatment Plant (I-20 Plant) to the regional sewer system by September 15, 2000, and close out the facility by January 1, 2001.

Carolina Water Service appealed this administrative order, and the appeal was consolidated with two other cases involving denials by DHEC of Carolina Water Service's requests for a permit modification for the I-20 facility. The three cases were heard together by Administrative Law Judge Ralph King Anderson, III, on July 31, 2001. The ALJ issued a Final Order and Decision on December 5, 2001, but withdrew the Order to consider motions for reconsideration filed by both DHEC and Carolina Water. On February 25, 2002, the ALJ issued an Amended Final Order and Decision.

In the Amended Final Order and Decision, the ALJ found that Carolina Water Service had exceeded its permitted discharge limits on several occasions and determined that a civil fine in the amount of five thousand dollars (\$5,000.00) was appropriate. He also found that the Central Midlands COG Board considered Carolina Water Service to be in conformance with the 208 Plan during the period in which DHEC asserted that Carolina Water Service had violated its schedule of compliance. The ALJ held that the COG's determination was binding upon DHEC according to a 1998 Memorandum of Agreement between the COG and DHEC and that DHEC

¹ DHEC reissued an NPDES permit to Carolina Water for the I-20 facility on September 10, 2001. The reissued permit contains a schedule of compliance which requires that the I-20 plant be eliminated by connecting to the regional sewer system.

should not have imposed a penalty against Carolina Water Service for violating the schedule of compliance.

Under a heading in the order entitled "PSC Approval of a Connection Agreement," the ALJ ordered Carolina Water Service to confer with the Town of Lexington and submit the resulting proposed connection agreement to the South Carolina Public Service Commission (PSC) for approval within sixty days from the date of the order. The ALJ imposed an ongoing obligation on Carolina Water Service to negotiate an agreement and to continue to seek an agreement with the Town of Lexington that would be approved by the PSC.² The ALJ further ordered that if the PSC approved the proposed connection agreement, that Carolina Water Service must follow the timetable set forth in his order for beginning construction and completing the connection to the regional line. Under a heading entitled "Procedure Upon Disapproval of Connection Agreement," the ALJ ordered that if the PSC did not approve the connection agreement, then "NPDES Permit No. SC0035564 shall expire one hundred eighty (180) days after the issuance of the final PSC Order."

On March 28, 2002, Carolina Water Service filed a Notice of Appeal with the clerk of the DHEC Board seeking Board review of the ALJ's Order. Carolina Water Service has appealed a provision in the ALJ's Order which ordered that Carolina Water Service's NPDES permit would expire 180 days after the PSC issues an order denying a proposed connection agreement submitted pursuant to the ALJ's Order. In addition, Carolina Water Service has requested that the Board adopt a proposed schedule of compliance, as set forth in Carolina Water's Brief to the Board, which would allow it to upgrade the I-20 facility if, prior to obtaining PSC approval of a connection agreement for connection to the regional sewer system, an upgrade of the facility becomes necessary in order to meet permit discharge limits.

The DHEC staff filed an appeal of the ALJ's Order on March 29, 2002, seeking reversal of one of the ALJ's conclusions of law which, the staff contends, contains an incorrect legal citation. Specifically, the staff has appealed the ALJ's improper citation to 40 C.F.R. § 130.6(e) as support for his conclusion that the COG is authorized to issue conformance opinions related to areawide water quality management plans.

Pursuant to the ALJ's Order, Carolina Water Service submitted a proposed connection agreement with the Town of Lexington to the PSC for approval on April 25, 2002. By Order dated January 7, 2003, the PSC denied approval of that particular connection agreement, concluding that the rates offered by the Town would result in excessive charges for the affected customers in the I-20 service area.

STANDARD OF REVIEW

The Board conducted a hearing in the case on November 13, 2003, and has reviewed the record and considered the arguments of the parties. The DHEC Board reviews the final decision of the Administrative Law Judge pursuant to S.C. Code Ann. § 1-23-610(A). The Board may affirm or remand the Administrative Law Judge's decision or may reverse or modify the decision

² S.C. Code Ann. Regs. 103-541 provides that any utility regulated by the PSC may not enter into a contract which would affect the utility's ability to provide sewer service without first obtaining the approval of the PSC

based on an error under Section 1-23-610(D). *Brown v. SCDHEC*, 348 S.C. 507, 560 S.E.2d 410 (2002); *Dorman v. SCDHEC*, 350 S.C. 159, 565 S.E.2d 119 (Ct. App. 2002).

DISCUSSION

1. ALJ's Incorrect Citation to 40 C.F.R. § 130.6(e)

All parties to this appeal agree that Page twelve of the ALJ's Amended Final Order and Decision contains an incorrect legal citation related to the COG's authority to render conformance opinions. The portion of the ALJ's Order dealing with the COG's authority to render conformance opinions appears as follows:

In this case, the COG held that Carolina Water was in conformance with the 208 Plan because the regional system was not available for connection. The COG issued that decision pursuant to its Memorandum of Agreement with DHEC that granted it the authority to determine permit conformance issues. See 40 C.F.R. §§ 130.6(e) & (f); 40 C.F.R. § 130.12(a). (ALJ's Amended Final Order and Decision, p.12)

The above quoted portion of the ALJ's Order correctly cites to 40 C.F.R. § 130.6(f) and 40 C.F.R. § 130.12(a) to support the ALJ's conclusion that DHEC has authorized the COG to render conformance opinions. The ALJ's citation to 40 C.F.R. § 130.6(e) within the discussion of the COG's authority to render conformance determinations, however, is an error of law not only because 40 C.F.R. § 130.6(e) does not deal directly with conformance issues but rather deals with the update and certification of water quality management plans. Therefore, this Board reverses the ALJ's citation to 40 C.F.R. § 130.6(e) as support for the conclusion that the COG was authorized by DHEC to issue conformance determinations.

2. NPDES Permit Schedule of Compliance

All parties have further agreed that the provision in the ALJ's written decision which orders that Carolina Water Service's permit shall expire 180 days after the PSC denies Carolina Water Service's connection agreement is an error of law. This provision is an error of law not only because Carolina Water Service's permit had already expired at the time that the ALJ issued his Order, but also because the permitting regulations for discharge permits in effect at the time of this case allowed Carolina Water Service to continue operating its facility under an expired permit since the company submitted a timely application for renewal of the permit to the Department.

The NPDES permit at issue in this case expired on September 30, 1999. Prior to the expiration of the permit, Carolina Water Service submitted a timely application to the Department for reissuance of the permit as required by the state NPDES permitting regulations, 24 S.C. Code Ann. Regs. 61-9. When a permittee submits a timely application for the reissuance of a permit before the permit's expiration, as Carolina Water Service did here, the expired permit remains valid and continues in effect. *See* 24 S.C. Code Ann. Regs. 61-9.122.6 (Supp. 2001) (the conditions of an expired permit continue in force under section 1-23-370(b) until the effective

date of a new permit if the permittee has submitted a timely and complete application)³; *see also* S.C. Code Ann. § 1-23-370(b) (1986) (when a licensee has made a timely and sufficient application for the renewal of a license, the existing license does not expire until the application has been finally determined by the agency). It was an error of law for the ALJ to order the expiration of Carolina Water Service's permit since that permit had already expired and since Carolina Water Service made a timely and sufficient application to the Department for renewal of the NPDES permit prior to its expiration which allowed Carolina Water Service, pursuant to Reg. 61-9.122.6, to continue operating the I-20 plant under the expired permit. The Board therefore reverses the provision in the ALJ's order which orders that Carolina Water Service's permit shall expire 180 days after PSC denial of a connection agreement.

CONCLUSION

For the foregoing reasons, the Board hereby reverses the ALJ's conclusion that 40 C.F.R. § 130.6(e) pertains to conformance opinions and hereby reverses the ALJ's conclusion that Carolina Water Service's permit shall expire 180 days after the PSC denies Carolina Water Service's connection agreement. The Board adopts the schedule of compliance proposed by Carolina Water Service in this case. Accordingly, the Board modifies the ALJ's Order so that the schedule of compliance listed below replaces the portion of the ALJ's Order entitled "Procedure Upon Disapproval of Connection Agreement." This schedule will allow Carolina Water Service, as it requested, to seek an upgrade of the I-20 facility if, prior to obtaining approval of a connection agreement from the PSC, it becomes necessary to upgrade the facility to meet its permit discharge limits. The remainder of the ALJ's Order is affirmed. The modified schedule of compliance shall be as follows:

Procedure Upon Disapproval of Connection Agreement

Carolina Water Service may continue to operate the I-20 facility as a temporary facility. Carolina Water Service, however, shall have an on-going obligation to negotiate with the Town of Lexington and to seek a connection agreement for connection to the regional sewer system that will be approved by the PSC. If Carolina Water Service determines that an upgrade of the I-20 facility is necessary to meet permit discharge limits at a time prior to obtaining PSC approval of a connection agreement, Carolina Water Service may seek an upgrade of its facility according to the schedule set forth below⁴

1. If, prior to obtaining PSC approval of a connection agreement, it becomes necessary for Carolina Water Service to upgrade the I-20 facility in order to meet permitted discharge limits, Carolina Water Service may submit a

³ 24 S.C. Code Ann. Regs. 61-9.122.6 was amended, effective June 27, 2003, to provide that the conditions of an expired permit do not continue in force after the permittee has submitted a timely and complete application if a permit requires connection to a regional sewer system or other treatment facilities under a 208 Plan and the permittee has been notified by the Department that the regional sewer is operational.

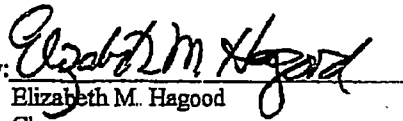
⁴ A future upgrade of the I-20 facility would not have the effect of changing the current status of the I-20 plant as a temporary facility under the Central Midlands 208 Plan. Further, the modified schedule set forth herein does not change the terms of the schedule of compliance for an upgrade of the I-20 facility to meet the new discharge limit for zinc which has already been established in the reissued NPDES Permit issued by the Department on September 10, 2001, and which was subsequently affirmed by this Board on November 13, 2003.

- complete preliminary engineering report for upgrading its facility to DHEC;
2. Within 180 days of receipt of DHEC's written approval of Carolina Water Service's preliminary engineering report to upgrade, Carolina Water Service is to submit complete plans and specifications for the facilities set forth in the DHEC-approved preliminary engineering report;
 3. Within 45 days of receipt of DHEC's written approval of Carolina Water Service's plans and specifications to upgrade, Carolina Water Service will begin construction of the facilities shown in the plans and specifications approved by DHEC;
 4. Within 365 days of receipt of the construction permit from DHEC, Carolina Water Service will complete construction;
 5. Within 60 days of completion of construction of the upgrade, Carolina Water Service will begin complying with the final effluent limits, as established by DHEC in the upgrade plans and specifications.

IT IS SO ORDERED.

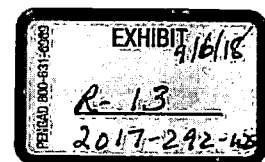
FOR THE BOARD

By:


Elizabeth M. Hagood
Chairman

Dated: March 15, 2004
Columbia, South Carolina

Exhibit 9



Surface Water Discharge PERMIT

In Accordance With the
National Pollutant Discharge Elimination System (NPDES)

This NPDES Permit Certifies That

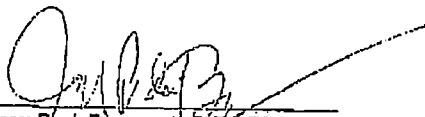
TOWN OF LEXINGTON
Coventry Woods Wastewater Treatment Plant

has been granted permission to discharge treated wastewater from a facility located at
***southwest of US Highway #378 in the Coventry Woods Subdivision
located in the Town of Lexington
Lexington County***

to receiving waters named

Twelve Mile Creek

In accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, and III hereof. This permit is issued in accordance with the provisions of the Pollution Control Act of South Carolina (S.C. Code Sections 48-1-10 *et seq.*, 1976), Regulation 61-9 and with the provisions of the Federal Clean Water Act (PL 92-500), as amended, 33 U.S.C. 1251 *et seq.*, the "Act."


Jeffrey P. deBessonnet, P.E., Director
Water/Facilities Permitting Division
Bureau of Water

Issued: March 24, 2000

Expires: April 30, 2002

Effective: May 1, 2000

Permit No.: SC0026735



PART I

A. EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS

1. *** INTERIM LIMITS *** During the period beginning on the effective date of this permit and lasting until October 1, 2001, the permittee is authorized to discharge from outfall serial number 001. Such discharge shall be limited and monitored by the permittee as specified below:

EFFLUENT CHARACTERISTICS	DISCHARGE LIMITATIONS					MONITORING REQUIREMENTS		
	Pounds per Day		Other Units					
	Monthly Average	Weekly Average	Monthly Average	Weekly Average	Daily Maximum	Measurement Frequency	Sample Type	Sample Point
Flow	---	---	1.95 MGD	1.95 MGD	---	Daily	Continuous	Effluent
Biochemical Oxygen Demand - 5 Day (BOD ₅)	487.9	731.8	30 mg/l	45 mg/l	---	Weekly	24 Hour Composite	Effluent
Total Suspended Solids (TSS)	487.9	731.8	30 mg/l	45 mg/l	---	Weekly	24 Hour Composite	Effluent
Ammonia Nitrogen (NH ₃ -N) Summer (Mar-Oct)	24.4	36.6	1.50 mg/l	2.25 mg/l	---	Weekly	24 Hour Composite	Effluent
Ammonia Nitrogen (NH ₃ -N) Winter (Nov-Feb)	40.7	61.0	2.50 mg/l	3.75 mg/l	---	Weekly	24 Hour Composite	Effluent
Fecal Coliform	---	---	200/100 ml	---	400/100 ml	Weekly	Grab	Effluent
Total Residual Chlorine (TRC)	---	---	< 0.1 mg/l	---	< 0.1 mg/l	Weekly	Grab	Effluent
Dissolved Oxygen (DO)	---	---	6.0 mg/l Minimum at all times			Daily	Grab	Effluent
pH	---	---	6.0 - 8.5 Standard Units			Daily	Grab	Effluent
Total Phosphorus	MR	MR	MR mg/l	MR mg/l	---	1/Quarter	24 Hr. Comp.	Effluent
Total Cadmium (Cd)	---	---	0.01 mg/l *	---	0.01 mg/l *	1/ Month	24 Hr. Comp.	Effluent
Total Copper (Cu)	---	---	0.02 mg/l	---	0.03 mg/l	1/ Month	24 Hr. Comp.	Effluent
Total Lead (Pb)	---	---	0.05 mg/l *	---	0.12 mg/l	1/ Month	24 Hr. Comp.	Effluent
Total Zinc (Zn)	---	---	0.29 mg/l	---	0.32 mg/l	1/ Month	24 Hr. Comp.	Effluent

* These are detection limits.

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2. There shall be no discharge of floating solids or visible foam in other than trace amounts nor shall the effluent cause a visible sheen on the receiving waters.
3. Samples taken in compliance with the monitoring requirements specified above shall be taken at the following locations: nearest accessible point after final treatment but prior to actual discharge or mixing with the receiving waters.
4. Samples shall be collected in accordance with Part I.E.8.
5. MR = Monitor and Report only.
6.
 - a. If the monthly average concentration limits for BOD₅ and Total Suspended Solids (TSS) is less than or equal to 30 mg/l, then for BOD and TSS, the arithmetic mean of the values of the effluent shall not exceed 15 percent of the arithmetic mean of the values of the influent.
 - b. If the monthly average concentration limits for BOD₅ is less than or equal to 30 mg/l and the monthly average concentration for TSS is greater than 30 mg/l, then for BOD, the arithmetic mean of the values of the effluent shall not exceed 15 percent of the arithmetic mean of the values of the influent.
 - c. If the monthly average concentration for BOD₅ is equal to 45 mg/l and the monthly average concentration for TSS is greater than 30 mg/l, then for BOD, the arithmetic mean of the values of the effluent shall not exceed 35 percent of the arithmetic mean of the values of the influent.

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B. EFFLUENT TOXICITY LIMITATIONS AND MONITORING REQUIREMENTS

INTERIM LIMITS

1. During the period beginning on the effective date of this permit and lasting until October 1, 2001, the permittee is authorized to discharge from outfall serial number 001.

Such discharge shall be limited and monitored by the permittee as specified below:

EFFLUENT CHARACTERISTICS	DISCHARGE LIMITATIONS		MONITORING REQUIREMENTS	
	Other Units		Measurement Frequency	Sample Type
	Monthly Average	Daily Maximum		
Whole Effluent Toxicity Acute Testing @ ATC = 100%	—	0*	1/Quarter	24 Hour Composite
Whole Effluent Toxicity Chronic Testing @ CTC = 72%	—	0*	1/Quarter	24 Hour Composite

* See Part III. D. for additional toxicity requirements.

- a. Samples taken in compliance with the monitoring requirements specified above shall be taken at the following locations: at or near the discharge, but prior to mixing with the receiving waters or other waste streams.

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C. GROUNDWATER REQUIREMENTS

Not applicable to this permit.

D. SCHEDULE OF COMPLIANCE

1. The following schedule shall be utilized to eliminate discharge and close this facility:
 - a. Submit approvable plans and specifications for discharge elimination and a plan for facility closure by September 1, 2000.
 - b. Start construction for discharge elimination by March 1, 2001.
 - c. Complete construction for discharge elimination and eliminate discharge by October 1, 2001.
 - d. Complete facility closure by February 1, 2002.
2.
 - a. In accordance with the Area wide 208 Water Quality Management Plan, this facility is considered a temporary treatment facility that must be closed out. The Department has determined that a regional sewerage system is available. The permittee has until October 1, 2001 to cease discharge from this facility (see paragraph 1 above).
 - b. In sufficient time to eliminate the discharge in accordance with item (a) above, the permittee must obtain all necessary approvals and permits, e.g. the construction permit for the connection.
 - c. This facility must be closed out in strict compliance with the Regulation 61-82 and Regulation 61-9.503, by February 1, 2002. The closure plan must be approved by the Department prior to the elimination of the facility. In the event that this treatment facility must be abandoned, the local DHEC District office must be notified before the facility connects to the regional sewerage system.
3. No later than 14 calendar days following a date identified in the above schedule of compliance, the permittee shall submit either a report of progress or, in the case of specific actions being required by identified dates, a written notice of compliance or noncompliance. In the latter case, the notice shall include the cause of noncompliance, any remedial actions taken, and the probability of meeting the next scheduled requirement.

E. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken as required herein shall be representative of the volume and nature of the monitored discharge.

2. Flow Measurements

Appropriate flow measurement devices and methods consistent with accepted scientific practices shall be present and used to ensure the accuracy and reliability of measurements of

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the volume of monitored discharges. The devices shall be installed, calibrated and maintained to ensure that the accuracy of the measurements is consistent with the accepted capability of that type of device. Devices selected shall be capable of measuring flows with a maximum deviation of less than $\pm 10\%$ from the true discharge rates throughout the range of expected discharge volumes. The primary flow device must be accessible to the use of a continuous flow recorder. Where a flume is present, a separate stilling well for Department/EPA use must be provided if required by the Department.

3. Reporting Monitoring Results

a. Effluent Limitation Monitoring

Effluent limitation monitoring results from Part I.A. obtained each month shall be reported monthly on a Discharge Monitoring Report (DMR) form (EPA Form 3320-1). The first report is due postmarked no later than the 28th day of the month following the month this permit becomes effective.

b. Effluent Toxicity Monitoring (if applicable)

Effluent toxicity monitoring results from Part I.B. shall be reported on a DMR form and an Attachment for Toxicity Test Results form (DHEC Form 3420, 8/96). The attachment form shall be submitted with the corresponding DMR form. The first report is due postmarked no later than the 28th day of the month following the designated monitoring period listed in Part I.B., beginning on the effective date of this permit.

c. Groundwater Monitoring (if applicable)

Groundwater monitoring results must be reported on a Groundwater Monitoring Report Form (DHEC 1938 or DHEC 2110 (9/92)). The attachment form shall be submitted with the corresponding DMR form. The first report is due postmarked no later than the 28th day of the month following the designated monitoring period listed in Part I.C., beginning on the effective date of this permit.

d. Pretreatment Program Monitoring (if applicable)

Data for monitoring the Pretreatment Program shall be submitted with the Discharge Monitoring Results. The data and the schedule for submittal is specified in Part III. A. (Pretreatment Requirements).

e. Submittal of Reports

- (1) One original and one copy of the Discharge Monitoring Reports (DMRs) shall be submitted to the:

S.C. Department of Health and Environmental Control
Bureau of Water
Compliance Assurance Division
Permit and Data Administration Section
2600 Bull Street
Columbia, South Carolina 29201

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- (2) One original and one copy of all other reports required by this permit, other than the DMRs, shall be submitted to the:

S.C. Department of Health and Environmental Control
Bureau of Water
Water Enforcement Division
Water Pollution Enforcement Section
2600 Bull Street
Columbia, South Carolina 29201

4. Test Procedures

Test procedures for the analysis of pollutants shall conform to regulations published pursuant to State Environmental Laboratory Certification Regulation 61-81 and Section 304(h) of the Act, as amended. (Federal Register, October 16, 1973; Title 40, Chapter I, Sub-chapter D, Part 136 "Guidelines Establishing Test Procedures for the Analysis of Pollutants." Amended by Federal Register, December 1, 1976, October 8, 1991, and any other amendments that may be promulgated.)

5. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a. the exact place, date and time of sampling;
- b. the dates and times the analyses were performed;
- c. the person(s) who performed the analyses and the laboratory certification number where applicable;
- d. the analytical techniques or methods used; and
- e. the results of all required analyses.

6. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified herein, the results of such monitoring shall be included in the calculation and reporting of the values required in the Discharge Monitoring Report Form (EPA-3320-1). Such increased frequency shall also be indicated. Additional or accelerated monitoring may be required to determine the nature and impact of a non-complying discharge on the environment or to determine if a single non-complying sample is representative of the long term condition (monthly average).

7. Records Retention

All records and information resulting from the monitoring activities required by this permit including all records of analysis performed, calibration and maintenance of instrumentation, and

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recordings from continuous monitoring instrumentation shall be retained for a minimum of three (3) years, or longer if requested by the Department. The permittee shall furnish to the Department, upon request, copies of records required to be kept by this permit.

8. Definitions

- a. "Monthly average", other than for fecal coliform, is the arithmetic mean of all samples collected in a calendar month period. The monthly average for fecal coliform bacteria is the geometric mean of all samples collected in a calendar month period. The monthly average loading is the arithmetic average of all individual loading determinations made during the month.
- b. "Weekly average", other than for fecal coliform, is the arithmetic mean of all the samples collected during a one-week period. The weekly average for fecal coliform is the geometric mean of all samples collected during a one-week period. For self-monitoring purposes, weekly periods in a calendar month are defined as three (3) consecutive seven day intervals starting with the first day of the calendar month and a fourth interval containing seven (7) days plus those days beyond the 28th day in a calendar month. The value to be reported is the single highest of the four (4) weekly averages computed during a calendar month. The weekly average loading is the arithmetic average of all individual loading determinations made during the week.
- c. "Daily maximum" is the highest average value recorded of samples collected on any single day during the calendar month.
- d. "Instantaneous maximum or minimum" is the highest or lowest value recorded of any sample collected during the calendar month.
- e. "Arithmetic Mean" of any set of values is the summation of the individual values divided by the number of individual values.
- f. "Geometric mean" of any set of values is the Nth root of the product of the individual values where N is equal to the number of individual values. The geometric mean is equivalent to the antilog of the arithmetic mean of the logarithms of the individual values. For purposes of calculating the geometric mean, values of zero (0) shall be considered to be one (1).
- g. "Department" is the South Carolina Department of Health and Environmental Control.
- h. "Act" is the Clean Water Act (Formerly referred to as the Federal Water Pollution Control Act) Public Law 92-500, as amended.
- i. "Grab Sample" is an individual discrete or single influent or effluent portion of at least 100 milliliters collected at a time representative of the discharge and over a period not exceeding 15 minutes and retained separately for analysis. Instantaneous flow measured at the time of grab sample collection shall be used to calculate quantity.

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J. "Composite Sample" is one of the following four types of composite samples as specified within this permit:

- (1) An influent or effluent portion collected continuously over a specified period of time at a rate proportional to the flow.
- (2) A combination of not less than eight (8) influent or effluent grab samples collected at regular (equal) intervals over a specified period of time, properly preserved, (See part I.E.4.) and composited by increasing the volume of each aliquot in proportion to flow. If continuous flow measurement is not used to composite in proportion to flow, the following method will be used: Take an instantaneous flow measurement each time a grab sample is collected. At the end of the sampling period, sum the instantaneous flow measurements to obtain a total flow to determine the partial amount (percentage) of each grab sample to be combined to obtain the composite sample.
- (3) A combination of not less than eight (8) influent or effluent grab samples of equal volume but at variable time intervals that are inversely proportional to the volume of the flow. That is, the time interval between aliquots is reduced as the volume of flow increases.
- (4) This is an optional method that may be used with prior Departmental approval if effluent flows, on a daily basis, do not vary more than $\pm 15\%$. A combination of not less than eight (8) influent or effluent grab samples of constant (equal) volume collected at regular (equal) time intervals over a specified period of time, while being properly preserved.

Continuous flow or the sum of instantaneous flows measured and averaged for the specified compositing time period shall be used with composite sample results to calculate quantity.

9. **Right of Entry**

The permittee shall allow the Commissioner of the Department of Health and Environmental Control, the Regional Administrator of EPA, and/or their authorized representatives:

- a. To enter upon the permittee's premises where a regulated facility or activity and effluent source is located in which any records are required to be kept under the terms and conditions of this permit; and,
- b. At reasonable times to have access to and copy any records required to be kept under the terms and conditions of this permit; to inspect any facilities, equipment (including monitoring and control equipment), practices or operations regulated or required under this permit; and to sample or monitor any substances or parameters at any location for the purpose of assuring permit compliance.

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PART II

A. GENERAL REQUIREMENTS

1. Duty to Comply

The permittee must comply with all conditions of this permit. Any permit non-compliance constitutes a violation of the Act and the South Carolina Pollution Control Act and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for the denial of a permit renewal application.

2. Civil and Criminal Liability

- a. Any person who violates a term, condition or schedule of compliance contained within this permit is subject to the actions defined by Sections 48-1-320 and 48-1-330 of the South Carolina Pollution Control Act.
- b. Except as provided in permit conditions on "Bypassing" (Part II.C.2.), nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for non-compliance.
- c. It shall not be an acceptable defense of the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.
- d. It is the responsibility of the permittee to have a treatment facility that will meet the final effluent limitations of this permit. The approval of plans and specifications by the Department does not relieve the permittee of responsibility for compliance.

3. Oil and Hazardous Substance Liability

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties to which the permittee is or may be subject to under Section 311 of the Act, the South Carolina Pollution Control Act or applicable provisions of the South Carolina Hazardous Waste Management Act and the South Carolina Oil and Gas Act.

4. Permit Modification

- a. The permittee shall furnish to the Department within a reasonable time any relevant information which the Department may request to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit, or to determine compliance with the permit.
- b. Upon sufficient cause, this permit may be modified, revoked, reissued, or terminated during its term, after public notice and opportunity for a hearing. Modifications deemed to be minor will not require public notice.

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- c. The filing of a request by the permittee for a permit modification, or a notification of planned changes or anticipated non-compliance, does not stay any permit condition.

5. Toxic Pollutants

Notwithstanding Part II.A.4. above, if a toxic effluent standard or prohibition (including any schedule of compliance specified in such effluent standard or prohibition) is established under Section 307(a) of the Act for a toxic pollutant which is present in the discharge and such standard or prohibition is more stringent than any limitations for such pollutant in this permit, this permit shall be revised or modified in accordance with the toxic effluent standard or prohibition and the permittee so notified.

6. State Laws

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law or regulation under authority preserved by Section 510 of the Act.

7. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

8. Severability

The provisions of this permit are severable, and if any provision of this permit, or the application of any provision of this permit to any circumstances, is held invalid, the application of such provision to other circumstances, and the remainder of this permit shall not be affected thereby.

9. Onshore and Offshore Construction

This permit does not authorize or approve the construction of any onshore or offshore physical structures or facilities or the undertaking of any work in any navigable waters.

B. REPORTING REQUIREMENTS

1. Change in Discharge

All discharges authorized herein shall be consistent with the terms and conditions of this permit. The discharge of any pollutant identified in this permit more frequently than or at a level in excess of that authorized shall constitute a violation of the permit. Any planned facility expansions, production increases, or process modifications which will result in a new or different discharge of pollutants must be reported by submission of a new NPDES application or, if such changes will not violate the effluent limitations specified in this permit, by notice to the Department of such changes. Following such notice, the permit may be modified to specify and limit any pollutant not previously limited.

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2. Twenty-Four Hour Non-Compliance Reporting

- a. The permittee shall report any non-compliance with provisions specified in this permit which may endanger public health or the environment. The permittee shall notify the Department orally within 24 hours of becoming aware of such conditions. During normal working hours call 803/898-4300. After hour reporting should be made to the 24 hour Emergency Response telephone number 803/253-6488. The permittee shall provide the following information to the Department in writing, within five (5) days of becoming aware of such conditions:
 1. A description of the discharge and cause of non-compliance; and,
 2. The period of non-compliance, including exact dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate and prevent recurrence of the non-complying discharge.
- b. The following violations shall be included in a 24 hour report when they might endanger health or the environment:
 1. An unanticipated bypass which exceeds any effluent limitation in this permit;
 2. Any upset which exceeds any effluent limitation in the permit.
- c. As soon as the permittee has knowledge of or anticipates the need for a bypass, but not later than ten (10) days before the date of the bypass, it shall notify the Department and provide a determination of the need for bypass as well as the anticipated quality, quantity, time of duration, and effect of the bypass.

3. Other Non-Compliance

The permittee shall report in narrative form, all instances of non-compliance not previously reported under Section B, Paragraph B.2., at the time Discharge Monitoring Reports are submitted. The reports shall contain the information listed in Paragraph B.2.a.

4. Transfer of Ownership or Control

A permit may be transferred to another party under the following conditions:

- a. The permittee notifies the Department of the proposed transfer at least thirty (30) days in advance of the proposed transfer date;
- b. A written agreement is submitted to the Department between the existing and new permittee containing a specific date for the transfer of permit responsibility, coverage, and liability for violations up to that date and thereafter.

Transfers are not effective if, within thirty (30) days of receipt of proposal, the Department disagrees and notifies the current permittee and the new permittee of the intent to modify, revoke and reissue, or terminate the permit and to require that a new application be filed.

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5. Expiration of Permit

The permittee is not authorized to discharge after the expiration date of this permit, unless a completed application for reissuance is submitted no later than one hundred eighty (180) days prior to the expiration date. Permission may be granted to submit an application later than this, but not later than the expiration date of the permit. In accordance with Section 1-23-370 of the code of laws of South Carolina, if a timely and sufficient application is made for any activity of a continuing nature, the existing permit does not expire until a final determination is made to renew or deny renewal of the existing permit.

6. Signatory Requirements

All applications, reports or information submitted to the Department shall be signed and certified.

a. All permit applications shall be signed as follows:

1. For a corporation: by a principal executive officer of at least the level of vice-president or by a duly authorized representative;
2. For a partnership or sole proprietorship: by a general partner or the proprietor, respectively; or,
3. For a municipality, State, Federal or other public agency: by either a principal executive officer or ranking elected official.

b. All reports required by the permit and other information requested by the Department shall be signed by a person described above or by duly authorized representation only if:

1. The authorization is made in writing by a person described above and submitted to the Department;
2. The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity, such as the position of plant manager, superintendent, or position of equivalent responsibility. (A duly authorized representative may thus be either a named individual or any individual occupying a named position.)

7. Availability of Reports

Except for data determined to be confidential under Section 48-1-270 of the South Carolina Pollution Control Act, all reports prepared in accordance with the terms and conditions of this permit shall be available for public inspection at the offices of the Department and the Regional Administrator. As required by the Act, effluent data shall not be considered confidential. Knowingly making any false statement on any such report may result in the imposition of criminal penalties as provided for in Section 48-1-340 of the South Carolina Pollution Control Act.

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8. Changes in Discharges of Toxic Pollutants or Hazardous Substances

- a. The permittee shall notify the Department as soon as it knows or has reason to believe that any activity has occurred or will occur which would result in the discharge in any outfall of:
 1. Any toxic pollutant(s) identified under Section 307(a) of the Act which exceed the highest of the following concentrations and are not limited in the permit.
 - 1 mg/l for antimony (Sb);
 - 0.600 mg/l for 2,4-dinitrophenol or 2-methyl, -4,6-dinitrophenol;
 - 0.200 mg/l for acrolein or acrylonitrile;
 - 0.100 mg/l for any other toxic pollutant; or,
 - Ten (10) times the maximum concentration value reported in the permit application.
 2. Any hazardous substance(s) identified under Section 311 of the Act as determined by Federal Regulation 40 CFR 117.
- b. The permittee must notify the Department as soon as it knows or has reason to believe that it has begun or expects to begin to use or manufacture as an intermediate or final product or by-product any toxic pollutant or hazardous substance which was not reported in the permit application.

C. OPERATION AND MAINTENANCE

1. Facilities Operation

- a. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes effective performance based on design facility removals, adequate funding, adequate operator staffing and training, odor control procedures, and adequate laboratory and process controls as determined by the laboratory certification program of the Department. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of the permit. Maintenance of facilities, which necessitates unavoidable interruption of operation and degradation of effluent quality shall be scheduled during non-critical water quality periods and carried out in a manner approved by the Department.
- b. The permittee shall provide for the performance of routine daily treatment plant inspections by the certified operator as defined in Part II.C.1. The inspection shall include, but is not limited to, areas which require a visual observation to determine efficient operations and for which immediate corrective measures can be taken using

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the O & M manual as a guide. All inspections shall be recorded and shall include the date, time and name of person making the inspection, corrective measures taken, and routine equipment maintenance, repair, or replacement performed. The permittee shall maintain all records of inspections at the permitted facility as required by Part I.E.7, and the records shall be made available for on-site review during normal working hours.

- c. The permittee shall provide for an operator, as certified by the South Carolina Board of Certification for Environmental Systems Operators, with a grade equal to or higher than the classification designated in Part III.B.1. The name and grade of the operator of record shall be submitted to the Department prior to placing the facility into operation. A roster of operators associated with the facility's operation and their certification grades shall also be submitted with the name of the "operator-in-charge". Any changes in operator or operators shall be submitted to the Department as they occur.
- d. The permittee shall maintain at the permitted facility a complete Operations and Maintenance Manual for the waste treatment plant. The manual shall be made available for on-site review during normal working hours. The manual shall contain operation and maintenance instructions for all equipment and appurtenances associated with the waste treatment plant. The manual shall contain a general description of the treatment process(es), operating characteristics that will produce maximum treatment efficiency and corrective action to be taken should operating difficulties be encountered.

2. Bypassing

Any intentional diversion from or bypass of waste streams from any portion of wastewater collection and treatment facilities which is not a designed or established operating mode for the facility is prohibited except (a) where unavoidable to prevent loss of life, personal injury or severe property damage, or (b) where excessive storm drainage or run-off would damage any facilities necessary for compliance with the effluent limitations and prohibitions of this permit and there were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities or retention of untreated wastes. "Severe property damage" does not mean economic loss caused by delays in production.

3. Duty to Mitigate, Halt or Reduce Activity

The permittee shall take all reasonable steps to prevent, minimize or correct any adverse impact on public health or the environment, resulting from non-compliance with this permit. Upon reduction, loss, or failure of the treatment facility, the permittee shall, to the extent necessary to maintain compliance with this permit, control production or all discharges or both until the facility is restored or an alternative method of treatment is provided.

4. Power Failures

In order to maintain compliance with effluent limitations and prohibitions of this permit, the permittee shall either:

- a. In accordance with the Schedule of Compliance contained in Part I.D., provide an alternative power source sufficient to operate the wastewater control facilities:

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or, if such alternative power source is not in existence, and no date for its implementation appears in Part I.D., have a plan of operation which will:

- b. Halt, reduce, or otherwise control production and/or all discharges upon the reduction, loss, or failure of the primary source of power to the wastewater control facilities.

5. Removed Substances

Solids, sludges, filter backwash or other residuals removed in the course of treatment or control of wastewaters shall be disposed of in a manner such as to prevent such materials from entering State waters and in accordance with guidelines issued pursuant to Section 405 of the Act, and the terms of a construction or NPDES and/or solid or hazardous waste permit issued by the Department (See Part III for specific disposal method approved).

6. All Weather Access Road

The permittee shall maintain an all weather access road to the wastewater treatment plant, and appurtenances at all times.

7. Other Permits (e.g. Construction, Stormwater)

The permittee may be required to obtain additional permits (e.g. Construction Permits, Stormwater permits) prior to placing any facilities or sewerage systems (including all outfalls) in operation, or any permitted expansions (included in Part I, of this NPDES permit) of the facilities or sewerage systems (including all outfalls) in operation. The issuance of an NPDES permit does not authorize the permittee to place facilities or sewerage systems (including outfalls) in operation without written approval from the Department of Health and Environmental Control.

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PART III

A. PRETREATMENT REQUIREMENTS

1. Pretreatment Regulations and Program Requirements

- a. All industrial users which discharge wastewater into the Permittee's system are required to comply with pretreatment provisions of the Act, as set forth in the General Pretreatment Regulations, 40 CFR Part 403, promulgated thereunder, the approved State Pretreatment Program, and the permittee's approved pretreatment program.
- b. This permit shall be modified, or alternatively revoked and reissued, to incorporate an approved POTW Pretreatment Program.
- c. Any application for authority to revise categorical pretreatment Standards to reflect POTW removal of pollutants in accordance with the requirements of 40 CFR 403.7 must be submitted to the Department at the time of application for POTW pretreatment program approval or at the time of permit expiration and reissuance thereafter.

2. Prohibited Discharges

The Permittee shall not allow discharge of pollutant(s) into its treatment works by any non-domestic source(s), if such pollutant(s) may inhibit or interfere with the operation or performance of the works. Further, the Permittee shall not allow introduction of the following pollutants into its treatment works:

- a. Pollutant(s) which create a fire or explosion hazard in the POTW, including, but not limited to, wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade using the test methods specified in 40 CFR 261.21.
- b. Pollutant(s) which will cause corrosive structural damage to the POTW, but in no case discharges with pH lower than 5.0, unless the works is specifically designed to accommodate such discharges.
- c. Solid or viscous pollutant(s) in amounts which will cause obstruction to the flow in the POTW resulting in interference.
- d. Any pollutant, including oxygen demanding pollutants, (BOD, etc.), released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the POTW.
- e. Heat in amounts which will inhibit biological activity in the POTW resulting in interference, but in no case heat in such quantities that the temperature at the POTW Treatment Plant exceeds 40°C (104°F) unless the Approval Authority, upon request of the POTW, approves alternate temperature limits.
- f. Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through.

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- g. Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.
- h. Any trucked or hauled pollutants, except at discharge points designated by the POTW.

Upon development of specific limits for these pollutant categories, either in an approved POTW Pretreatment Program or otherwise, such limits shall be deemed prohibitions for the purpose of Section 307(d) of the Act and shall be enforceable in lieu of the general prohibitions set forth above.

B. ADDITIONAL OPERATIONAL REQUIREMENTS

- 1. The wastewater treatment plant is assigned a classification of Group III-B (Biological) in the Permit to Construct which is issued by the Department. This classification corresponds to an operator with a grade of B.
- 2. The wastewater treatment plant is assigned a Reliability Classification of Class to be determined, in accordance with Section 67.400 "Reliability Classifications" of the Standards for Wastewater Facility Construction: R.61-67.
- 3. The Permittee shall monitor all parameters consistent with conditions established by this Permit on the second (2nd) Wednesday of every calendar month, unless otherwise approved by this Department. Additional monitoring, as necessary to meet the frequency requirements of this Permit (Part I.A., I.B., and I.C., if applicable) shall be performed by the Permittee.

C. SLUDGE REQUIREMENTS

- 1. **Sludge Use and Disposal**
 - a. The permittee shall comply with effluent standards and/or prohibitions established under Section 307(a) of the Clean Water Act (CWA) for toxic pollutants, standards for sludge use and disposal established in 40 CFR Parts 122, 123, 258, 501 and 503, under Section 405(d) of the CWA, and R.61-9.503 State Domestic Sludge Regulations, within the time provided in the regulations that establish these prohibitions or standards for sludge use or disposal, even if the NPDES permit has not yet been modified to incorporate the requirement.
 - b. The Permittee shall take all reasonable steps to minimize or prevent any discharge or sludge use or disposal in violation of this permit which has a reasonable likelihood of adversely affecting human health or the environment.
 - c. This permit may be modified to address any standard for sludge use or disposal promulgated under Section 405(d) and Section 503 of the Clean Water Act and R.61-9.503 State Domestic Sludge Regulations or additional controls of a pollutant or practice not currently limited in this permit.
 - d. It must be noted that 40 CFR Part 503 Standards for the Use or Disposal of Sewage Sludge, Federal Register Volume 58, No. 32, pages 9248 through 9415, dated February 19, 1993, is effective March 22, 1993, and R.61-9.503 State Domestic Sludge Regulations is effective June 28, 1996. Any sludge disposal permits issued by the

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Department will remain in effect and all conditions and requirements will apply; however, this does not relieve the permittee from complying with the conditions of 40 CFR Part 503 or State Regulation 61-9.503.

1. Compliance with the standards (40 CFR Part 503 and R.61-9.503) shall be achieved as expeditiously as practicable, but in no case later than February 19, 1994.
2. When compliance with the standard requires construction of new pollution control facilities, compliance with the standards (40 CFR Part 503 and R.61-9.503) shall be achieved as expeditiously as possible but in no case later than February 19, 1995.
3. All other requirements for the frequency of monitoring, record keeping, and reporting identified in 40 CFR Part 503 or R.61-9.503, are effective on July 20, 1993.
4. Class I sludge management facilities (includes but is not limited to all facilities with pretreatment programs, Publicly Owned Treatment Works (POTW) with a design flow rate equal to or greater than 1 Million gallons per day, and POTW's that serve 10,000 people or more) shall submit the following to EPA Region IV (Attn: Regional Sludge Management Coordinator, Office of Water, EPA Region IV, 100 Alabama Street SW, Atlanta, GA 30303) with a duplicate copy to the Department:
 - a. The information in 40 CFR Part 503.17(a) except the information in § 503.17(a)(3)(ii), 503.17(a)(4)(ii) and 503.17(a)(5)(ii), for the appropriate requirements on February 19 of each year.
 - b. The information in 40 CFR Part 503.17(a)(5)(ii)(A) through (a)(5)(ii)(G) on February 19 of each year when ninety (90) percent or more of any of the cumulative pollutant loading rates in Table 2 of § 503.13 is reached at a site.

The requirements to send information to EPA Region IV will remain in effect until the State of South Carolina is delegated the sludge program under 40 CFR Part 123 or 40 CFR Part 501. The permittee is also required to send a copy of the information to the Department under the requirements of R.61-9.503.

- e. Until such time as a specific federal sludge disposal permit is issued under the provisions of 40 CFR Part 503, the direct enforceability (§ 503.3(b)) of the sludge standards requires that the permittee shall not use or dispose of sewage sludge through any practice for which requirements are established in 40 CFR Part 503, except in accordance with those requirements. If the Department includes State sludge permit requirements under R.61-9.503, the conditions of that permit shall apply in addition to any requirements under 40 CFR Part 503.
- f. 1. The permittee must obtain prior Departmental approval of planned changes in the facility when the alteration or addition results in a significant change in the permittee's sludge use or disposal practices, and such alteration, addition or

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change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use of disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan.

2. The sludge disposal permit may be modified or revoked and reissued if there are material and substantial alterations or additions to the permitted facility or activity (including a change or changes in the permittee's sludge use or disposal practice) which occurred after the permit issuance which justify the application of permit conditions which are different from or absent in the existing permit.
 - g. The sludge disposal permit may be terminated if there is a change in any condition that requires either a temporary or permanent reduction or elimination of any discharge or sludge use or disposal practice controlled by the permit.
 - h. Periodic inspections will be conducted by Department authorized representatives to ensure compliance with State regulations and permit stipulations. Any necessary modification to this permit may be based upon these evaluations.
 - i. Records of monitoring required by the permits related to sludge use and disposal activities must be kept at least five (5) years (or longer as required by 40 CFR Part 503 or R.61-9.503).
 - j. Sludge monitoring procedures shall be those specified in 1) R.61-9.503; 2) 40 CFR Part 503; 3) 40 CFR Part 136; or 4) other procedures specified in the sludge permit (in that order of "preference" depending on the availability and applicability of a particular method at the time the sludge permit is issued).
 - k. The permittee must provide sludge monitoring results on a form(s) approved by the Department.
 - l. The permittee shall submit the results of all sludge monitoring if done more frequently than required by the sludge permit. The permittee may be required to maintain specific records at the facility and on request may also be required to furnish them to the Department.
 - m. The permittee should note that under 40 CFR 122.44(f), the "anti-backsliding" provision applies only to surface water dischargers. The "anti-backsliding" provision does not apply to sludge use and disposal activities.
2. **Sludge Transportation and Disposal**

Sludge solids will be removed from this facility and transported to the Chambers Landfill #402400-1101 (formerly DWP-126) under the following conditions:

- a. All containers for sludge collection and transportation shall be structurally sound in every respect and shall be so constructed as to prevent leakage or spillage of any kind while in the process of pumping, storage, or transit.

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- b. Permitting of sludge hauling will be on a five (5) year basis coincidental with and part of this NPDES permit for the sludge generator. This transportation permit is effective immediately and expires with the expiration of this NPDES permit.
- c. The total volume of waste transported shall not exceed 1,200 tons per year.
- d. The hauling of sludge may be temporarily suspended or permanently revoked when, in the opinion of the South Carolina Department of Health and Environmental Control or any of its authorized representatives, the Permittee has failed to comply with the permitting, hauling, transportation, or disposal requirements of these guidelines.
- e. The Permittee is responsible for the handling, transportation, and disposal of all sludge from the various source(s) transported to the approved disposal site. This responsibility includes, but is not limited to spills, accidents, unauthorized leaks, or other hazards which may occur.

D. WHOLE EFFLUENT TOXICITY TESTING REQUIREMENTS

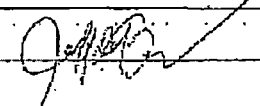
1. Acute Toxicity Testing

- a. A 48-hour static acute toxicity test shall be conducted at the frequency stated in Part I. Effluent Toxicity Limitations and Monitoring Requirements using a control and the acute test concentration (ATC) (100%). The test shall be conducted using Ceriodaphnia dubia as the test organism, in accordance with "Methods for Measuring the Acute Toxicity of Effluents to Freshwater and Marine Organisms" EPA/600/4-90/027F]. The results shall be submitted on the "DMR Attachment for Toxicity Test Results" for each test and in accordance with Part I(C)(3) of the permit.
- b. If the test group (at the ATC) Ceriodaphnia dubia survival is less than the control group survival by a percent significant at the 0.05 α level (95 percent one-ended confidence level), the test shall be deemed a failure.
- c. The permittee must indicate on the discharge monitoring report forms whether the test passes or fails. If the test fails, the number "1" shall be placed on the form. If the test passes, the number "0" shall be placed on the form.

2. Chronic Toxicity Testing

- a. A three-brood chronic toxicity test shall be conducted at the frequency stated in Part I.A. Effluent Toxicity Limitations and Monitoring Requirements using a control and the chronic test concentration (CTC) (72%). The test shall be conducted using EPA Method 1002.0, which uses Ceriodaphnia dubia as the test organism, in accordance with "Short-Term Methods for Estimating Chronic Toxicity of Effluents and Receiving Waters to Freshwater Organisms," (EPA/600/4-91/002; 3rd ed.). The results shall be submitted on the "DMR Attachment for Toxicity Test Results" for each test and in accordance with Part I(C)(3) of the permit.
- b. If the test group (at the CTC) Ceriodaphnia dubia survival and/or reproduction is less than the control group survival and/or reproduction by a percent significant at the 0.01 α level (99 percent one-ended confidence level), the test shall be deemed a failure.

Modification Date July 11, 2001

Modification Signature 

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- b. Permitting of sludge hauling will be on a five (5) year basis coincidental with and part of this NPDES permit for the sludge generator. This transportation permit is effective immediately and expires with the expiration of this NPDES permit.
- c. The total volume of waste transported shall not exceed 2,000 tons per year.
- d. The hauling of sludge may be temporarily suspended or permanently revoked when, in the opinion of the South Carolina Department of Health and Environmental Control or any of its authorized representatives, the Permittee has failed to comply with the permitting, hauling, transportation, or disposal requirements of these guidelines.
- e. The Permittee is responsible for the handling, transportation, and disposal of all sludge from the various source(s) transported to the approved disposal site. This responsibility includes, but is not limited to spills, accidents, unauthorized leaks, or other hazards which may occur.

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- b. If the test group (at the CTC) Ceriodaphnia dubia survival and/or reproduction is less than the control group survival and/or reproduction by a percent significant at the 0.01 α level (99 percent one-ended confidence level), the test shall be deemed a failure.

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- c. The permittee must indicate on the discharge monitoring report forms whether the test passes or fails. If the test fails, the number "1" shall be placed on the form. If the test passes, the number "0" shall be placed on the form.

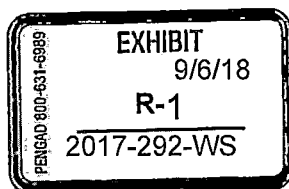
E. OTHER GROUNDWATER REQUIREMENTS

Not applicable to this permit.

F. OTHER REQUIREMENTS

1. Reopener Clauses

- a. This permit may be modified or revoked and reissued to incorporate new or modify existing toxicity limitations and monitoring requirements in the event toxicity testing or other studies conducted on the effluent or receiving waters indicate that detrimental effects may be expected in the receiving waters as a result of this discharge.
- b. This permit may be modified or revoked and reissued to incorporate new or modify existing metals limitations and monitoring requirements in the event toxicity testing, pretreatment limits, or other studies conducted on the effluent or receiving waters indicate that detrimental effects may be expected in the receiving waters as a result of this discharge.
- c. This permit may be modified or revoked and reissued to facilitate a reduction in the metals monitoring frequency if, after sufficient testing to determine no reasonable potential, a reduction is deemed appropriate by the Department. This statement does not guarantee a reduction in the metals monitoring frequency.



Carolina Water Service, Inc.
Operating Experience, Rate Base and Rate of Return
Combined Operations
Docket No. 2017-292-WS
Test Year Ended August 31, 2017

Rehearing Audit Exhibit DFS-1

Description	(1) Per PSC Order No. 2018-345(A) \$	(2) ORS Rehearing Adjustments \$	(3) After ORS Rehearing Adjustments \$	(4) ORS Proposed Rehearing Decrease \$	(5) After ORS Rehearing Decrease \$
Operating Revenues					
Service Revenues - Water	12,092,771	-	12,092,771	-	12,092,771
Service Revenues - Sewer	10,591,452	-	10,591,452	(127,500) (K)	10,463,952
Miscellaneous Revenues	527,899	-	527,899	(1,540) (L)	526,359
Uncollectible Accounts	(338,928)	-	(338,928)	1,884 (M)	(337,044)
Total Operating Revenues	22,873,194	-	22,873,194	(127,156)	22,746,038
Maintenance Expenses					
Salaries and Wages	2,699,723	-	2,699,723	-	2,699,723
Capitalized Time	(541,688)	-	(541,688)	-	(541,688)
Purchased Power	820,160	-	820,160	-	820,160
Purchased Water and Sewer	3,927,915	-	3,927,915	-	3,927,915
Maintenance and Repair	2,328,889	(96,892) (A)	2,231,997	-	2,231,997
Maintenance Testing	256,619	-	256,619	-	256,619
Meter Reading	110,180	-	110,180	-	110,180
Chemicals	399,940	-	399,940	-	399,940
Transportation	205,565	-	205,565	-	205,565
Operating Exp. Charged to Plant	0	-	0	-	0
Total Maintenance Expenses	10,207,303	(96,892)	10,110,411	-	10,110,411
Salaries and Wages	627,460	-	627,460	-	627,460
Office Supplies & Other Office Exp	304,108	-	304,108	-	304,108
Regulatory Commission Exp.	138,929	(14,979) (B)	123,950	-	123,950
Pension & Other Benefits	819,258	-	819,258	-	819,258
Rent	25,402	-	25,402	-	25,402
Insurance	292,007	-	292,007	-	292,007
Office Utilities	540,417	-	540,417	-	540,417
Outside Services	272,599	-	272,599	-	272,599
Non-Utility Misc Income	0	-	0	-	0
Miscellaneous	(80,508)	-	(80,508)	-	(80,508)
Total General Expenses	2,939,672	(14,979)	2,924,693	-	2,924,693
Depreciation	1,634,435	(1,377) (C)	1,633,058	-	1,633,058
Amortization of CIAC	(405,850)	-	(405,850)	-	(405,850)
Taxes Other Than Income	3,042,436	-	3,042,436	(669) (N)	3,041,767
Income Taxes - State	188,283	5,663 (D)	193,946	(6,324) (O)	187,622
Income Taxes - Federal	614,357	22,593 (E)	636,950	(25,234) (P)	611,716
Sale of Utility Property	-	-	0	-	0
Amort. Investment Tax Credit	(8,853)	-	(8,853)	-	(8,853)
Amortization of PAA	(15,373)	-	(15,373)	-	(15,373)
Total Other Expenses	5,049,435	26,879	5,076,314	(32,227)	5,044,087
Total Operating Expenses	18,196,410	(84,992)	18,111,418	(32,227)	18,079,191
Net Operating Income	4,676,784	84,992	4,761,776	(94,929)	4,666,847
Customer Growth	62,269	1,132 (F)	63,401	(1,264) (Q)	62,137
Interest During Construction	-	-	0	-	0
Net Income (Loss) For Return	4,739,053	86,124	4,825,177	(96,193)	4,728,984
Original Cost Rate Base:					
Gross Plant In Service	96,559,114	(91,785) (G)	96,467,329	-	96,467,329
Accumulated Depreciation	(12,988,919)	1,377 (H)	(12,987,542)	-	(12,987,542)
Net Plant In Service	83,570,195	(90,408)	83,479,787	-	83,479,787
Deferred Charges	0	-	0	-	0
Cash Working Capital	1,620,963	(13,984) (I)	1,606,979	-	1,606,979
Contributions In Aid of Construction	(20,930,124)	-	(20,930,124)	-	(20,930,124)
Accumulated Deferred Income Taxes	(7,539,472)	-	(7,539,472)	-	(7,539,472)
Customer Deposits	(336,522)	-	(336,522)	-	(336,522)
Advances in Aid of Construction	0	-	0	-	0
Plant Acquisition Adjustment	(860,085)	-	(860,085)	-	(860,085)
Total Rate Base	55,524,955	(104,392)	55,420,563	-	55,420,563
Return on Rate Base	8.53%		8.71%		8.53%
Operating Margin	13.23%		13.62%		13.27%
Interest Expense	1,713,755	(3,315) (J)	1,710,440	0	1,710,440

Carolina Water Service, Inc. - Docket No. 2017-292-WS
Explanation of ORS Rehearing Adjustments
Test Year Ended August 31, 2017

Rehearing Audit Exhibit DFS-2

Adj #	Description	Operating Revenues \$	Miscellaneous Revenues \$	Uncollectible Accounts \$	Maintenance and Repair \$	Regulatory Commission Expense \$	Depreciation \$	Taxes Other Than Income \$	Income Taxes - State \$	Income Taxes - Federal \$	Customer Growth \$	Gross Plant In Service \$	Accumulated Depreciation \$	Cash Working Capital \$	Interest on Debt \$

ORS Rehearing Adjustments

1	To normalize sludge hauling expenses.				(96,892)				4,845	19,330	968			(12,112)	(385)
2	To remove the amortization of litigation expenses.					(14,979)			749	2,988	150			(1,872)	(59)
3	To adjust the environmental component of the Fritsgate wastewater treatment plant equalization basin.						(1,377)		69	275	14	(91,785)	1,377		(2,871)
Total ORS Rehearing Adjustments		-	-	-	(96,892)	(14,979)	(1,377)	-	5,663	22,593	1,132	(91,785)	1,377	(13,984)	(3,315)
					(A)	(B)	(C)		(D)	(E)	(F)	(G)	(H)	(I)	(J)

ORS Proposed Rehearing Decrease

4	Adjust Revenue, Taxes & Customer Growth for the ORS Rehearing Decrease	(127,500)	(1,540)	1,884				(669)	(6,324)	(25,234)	(1,264)				
Total ORS Proposed Rehearing Decrease		(127,500)	(1,540)	1,884	-	-	-	(669)	(6,324)	(25,234)	(1,264)	-	-	-	-
		(K)	(L)	(M)				(N)	(O)	(P)	(Q)				

ACCOUNTING FOR PUBLIC UTILITIES

Volume 1

ROBERT L. HAHNE

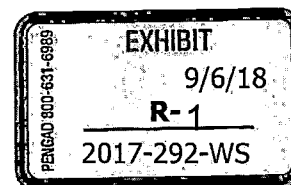
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2017

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Surrebuttal Rehearing Audit Exhibit DFS-1**Page 2 of 5****§ 7.05**

ACCOUNTING FOR PUBLIC UTILITIES

7-6**§ 7.05 Pro Forma Adjustments to the Test Year Data**

Under changing conditions, especially in an expanding system, the use of a test year, other than one based on fully forecasted data, will create a critical need for pro forma adjustments. Even in stable conditions, historical data will likely require restatement for actual occurrences not expected to recur or for events that are expected to occur but did not exist (in whole or in part) in the test year. Further, there may be events that did occur and are expected to continue but the related costs are not deemed the customers' responsibility. The pro forma adjustments that are normally utilized fit into one of the following categories:

- (1) normalizing adjustments (to restate the period data for abnormal conditions);
- (2) annualizing adjustments (to extend over the period, or to eliminate from the period, events that had partial period effects and are either recurring or have terminated);
- (3) out-of-period adjustments (to assign properly events of the period to the period);
- (4) attritional adjustments (to recognize changing conditions, including annualizing of conditions, updating of conditions, or adjusting for any known and measurable changes in events or conditions that will affect future cost or revenue levels); or

Rel. 34-11/2017 Pub.0169

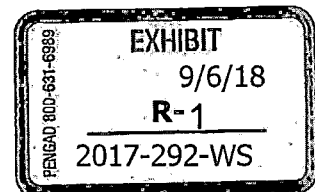
IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

CONGAREE RIVERKEEPER, INC.,	)	Civil Action Number: 3:15-cv-00194-MBS
	)	
Plaintiff,	)	
	)	ORDER AND OPINION
vs.	)	
	)	
CAROLINA WATER SERVICE, INC.,	)	
	)	
<u>Defendant.</u>	)	

On January 14, 2015, Plaintiff Congaree Riverkeeper, Inc. ("Plaintiff") sued Defendant Carolina Water Service, Inc. ("Defendant") for violations of the Clean Water Act ("CWA"), 33 U.S.C. §§ 1251 *et seq.* (2012). In Claim I, Plaintiff claims that Defendant violated its National Pollutant Discharge Elimination System ("NDPES") permit by failing to connect its wastewater treatment plant ("WWTP") to the regional system. In Claim III, Plaintiff asserts Defendant violated the effluent limitations allowed under Defendant's NDPES permit. Plaintiff moves for summary judgment on Claims I and III. ECF No. 57. Defendant moves for summary judgment on Claim I. ECF No. 58.¹

On August 1, 2016, the South Carolina Department of Health and Environmental Control ("DHEC") denied Defendant's permit renewal request. ECF No. 64-1. On September 7, 2016, the court issued a text order requiring each party submit a supplemental brief on the impact of DHEC's decision to deny the permit renewal on the present case. Both parties asserted that DHEC's decision not to renew does not affect the current case. ECF No 64 at 5 (Plaintiff's supplemental brief); ECF No. 65 at 1 (Defendant's supplemental brief).

¹ Plaintiff consented to dismissal of Claim II at the motion to dismiss hearing held on June 18, 2015. *See* ECF No. 21 at 2.



For the reasons set for below, the court grants Plaintiff's motion for summary judgment and denies Defendant's motion for summary judgment. The court finds there is no genuine issue of material fact that Defendant violated the terms of its NDPES permit by failing to connect to the regional system. The court finds there is no genuine issue of material fact that Defendant exceeded its effluent limitations and Defendant cannot demonstrate the affirmative defense of "upset."

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff is a § 501(c)(3) not-for-profit organization that works to protect and improve the environmental status and recreational uses of the Congaree, Lower Saluda, and Lower Broad Rivers in South Carolina. ECF No. 1 at ¶ 12. Plaintiff's board, staff, and members live near and regularly visit the Lower Saluda River and intend to visit that river in the future. ECF No. 1 at ¶ 14. Defendant owns and operates wastewater treatment plants ("WWTPs") and other associated facilities as a public utility pursuant to South Carolina Code Annotated §§ 58-3-5(6), 58-3-10(4). ECF No. 58-1 at 5. The Public Service Commission of South Carolina ("PSC") has exclusive jurisdiction to regulate public utilities in South Carolina, including the oversight and approval of any agreement or contract affecting a public utility's ability to provide sewer service to citizens. ECF No. 58-1 at 6 n.6. PSC issued Defendant's WWTPs operating certificates of public convenience and necessity. ECF No. 58-1 at 5.

Central Midlands Counsel of Governments ("CMCOG") is tasked with conducting water quality planning and management for the Midlands region of South Carolina. *See* ECF No. 58-1 at 3-4. The Town of Lexington ("Town") falls within the Midlands region and was chosen as the Designated Management Agency ("DMA") and regional provider of wastewater collection by the CMCOG, in consultation with the governor, pursuant to 33 U.S.C. § 1288(a). ECF No. 58-1

at 4 n.3. DHEC has the overarching responsibility of regulating activities affecting water quality and establishing classifications and standards. DHEC's issues NPDES permits. Any DHEC decision may be appealed to an administrative law court ("ALC"). The ALC decision may then be appealed to the South Carolina Board of Health and Environmental Control ("Board"). Finally, any Board decision may be appealed to a South Carolina circuit court.

In 1979, pursuant to CWA § 208, 33 U.S.C. § 1288, CMCOG drafted *The 208 Water Quality Management Plan for the Central Midlands Region* (the "208 Plan") a waste treatment and water quality plan for the region. The 208 Plan was most recently updated in 2004. In the 208 Plan, CMCOG states a general policy to consolidate smaller facilities into regional systems. ECF No. 58-1 at 4.² A 1993 revision of the 208 plan designated a facility owned by the City of Cayce, South Carolina, as the regional treatment facility ("RTF") that would service the Midlands region. ECF No. 58-1 at 5.

Defendant owns and operates a WWTP in Lexington County, South Carolina, known as the I-20 Plant. *Id.* DHEC issued NPDES Permit No. SC0035564 ("the Permit") to Defendant on November 17, 1994, (effective January 1, 1995). ECF No. 57 at 4. The Permit was modified in April 1996 and was due to expire on September 30, 1999. ECF 57-1. The Permit authorizes Defendant to discharge wastewater from the I-20 Plant into the Lower Saluda River subject to effluent limitations and monitoring requirements. Importantly, the Permit provides that "[i]n accordance with the [208 Plan], the [I-20] facility is considered a temporary treatment facility that will be closed out when the regional sewer system is constructed and available." ECF No.

² "Small, public or private domestic wastewater treatment facilities are considered temporary facilities. When a regional wastewater collection system, public or private, becomes available, these facilities will be required to connect to that system." 208 Plan at 44.

57-1. Defendant's permit was to expire when the regional system received its permit to operate.

Id.

On April 7, 1999, Town completed construction on the regional sewer line and received a Permit to Operate from DHEC. ECF No. 58-1 at 6. On April 21, 1999, DHEC informed Defendant and Town that the regional system received its permit to operate and that Defendant's construction permit to connect to the regional system was approved. ECF Nos. 65-4, 65-5. Town and Defendant were unable to agree on the terms of a connection. ECF No. 65 at 2. Defendant never constructed the pipeline to connect to the regional system. *Id.* On July 16, 1999, and August 24, 1999, Defendant sought a major modification to the Permit that would allow the I-20 Plant to continue operating indefinitely as Defendant negotiated with Town and sought PSC approval to connect to the regional system. ECF 61-2 at 24-25. DHEC denied Defendant's major modification requests on the basis that Defendant did not provide good cause for its requests. ECF 61-4 at 2. In February 2000, DHEC found that Defendant was in violation of the Permit due to Defendant's failure to connect to the regional system and for exceeding permitted discharge levels. ECF No. 61-5. In February or March 2000, Defendant appealed denial of the modification, denial of permit reissuance, and issuance of violations to the ALC. *See Carolina Water Service v. S.C. Dept. of Health and Environ. Control*, No. 99-ALJ-07-0450, 2002 WL 385126 (S.C. Admin. L. Judge Div. Feb. 25, 2002) [hereinafter 2002 ALC Decision].

In July 2000, DHEC and Town entered into an agreement that (1) noted Town's regional system had insufficient capacity to handle the wastewater from Defendant's system, (2) noted PSC must approve any agreement between Town and Defendant, and (3) required Town to offer Defendant a contract by August 5, 2000. ECF No. 65 at 3. Town and Defendant came to an agreement and submitted said agreement to PSC (Docket No. 2000-425-S); however, Defendant

withdrew the agreement from consideration in January 2001 pending consideration of Defendant and Town's joint amendment to the 208 Plan. *Id.* The amendment from Defendant and Town proposed that the I-20 Plant be designated as a permanent treatment facility and not be required to connect to the regional facility. *Id.*

On March 22, 2001, CMCOG approved the joint amendment to the 208 Plan. ECF No. 58-1 at 7. However, DHEC refused to certify the amendment. ECF No. 58-1 at 7. In August 2001 Defendant, Town, and CMCOG filed a petition in the ALC protesting DHEC's refusal to certify the proposed amendment. The Lexington County Joint Municipal Water and Sewer Commission intervened. *See CMCOG v. DHEC*, Nos. 01-ALJ-07-0363-CC, 01-ALJ-07-0364-CC, 01-ALJ-07-0365-CC, 01-ALJ-07-0433-CC, 2002 WL 31716469 (S.C. Admin. L. Judge. Div. Oct. 22, 2002).

On February 25, 2002, the ALC issued a decision on Defendant's appeal of DHEC's denial of the modification, denial of permit reissuance, and issuance of violations. The ALC deferred to CMCOG's finding that Defendant was in conformance with the NDPES permit until February 24, 2000, because the regional system was not available for connection. *Carolina Water Service*, 2002 ALC Decision at *4, *6. Further, the ALC modified the permit compliance schedule requiring Defendant connect to the regional system. *Id.* at 9. Essentially, the ALC ordered that Defendant was under an "on-going obligation to negotiate an agreement and to continue to seek an agreement between [Defendant] and [Town] that will be approved by the PSC." *Id.* at 10. The order then states specific timeframes if PSC approves of an agreement. Alternatively, the ALC held that if PSC denies the connection agreement, then the permit will expire after one hundred-eighty days of the final PSC Order. *Id.*

Defendant and DHEC both appealed to the DHEC Board. *Carolina Water Service v. S.C. Dep't of Health and Environ. Control*, No. 99-ALJ-07-0450, ECF No. 16-3 (DHEC Board Order

March 15, 2004) [hereinafter 2004 Board Order]. The DHEC Board reversed the ALC's holding that Defendant's permit would expire one hundred-eighty days after a PSC denial but otherwise affirmed the ALC's amended schedule to connect to the regional system—including Defendant's on-going obligation to negotiate with Town for an acceptable contract. *Id.* at 5.

In 2002, Defendant submitted the 2000 interconnection agreement to PSC for approval, with modifications to the customer rate. PSC refused to approve the interconnection, finding the proposed agreement against the public interest. *In re Application of Carolina Water Service*, No. 2002-147-S, 2003 WL 26623818 at *5 (S.C.P.S.C. 2003). PSC found that Defendant agreed to pay too high a rate for the service received and Defendant's customers, in effect, would subsidize the regional system. *Id.* at 6. PSC denied Defendant and Town's alternative plan, which would sell one of Defendant's other facilities and designate the I-20 Plant as a permanent treatment facility. *Id.*

In August 2009, the City of Cayce, Town, and the Lexington County Joint Municipal Water and Sewer Commission entered into a contract to expand the capacity of the Cayce regional treatment plant. *See* ECF No. 58-3. The construction of the expansion was financed through issuance of tax-exempt bonds with restrictive covenants designed to preserve the bonds' tax-exempt status.³ ECF No. 58-3 at 38–39. One condition is a restriction on the amount of wastewater from "Private Business Use" that can be treated. *Id.* "Private Business Use" includes a private utility like the I-20 Plant. *Id.*; *see also* ECF No. 58-1 at 9. Town covenanted that it would not enter into any contract or agreement for sale of its wastewater services or allocated capacity that constitutes a "Private Business Use." ECF No. 58-3 at 39. If Town contracted with another party for activity that constituting "Private Business Use," the contract "may cause the

³ As this was in 2009, Town knew of Defendant's requirement to connect to its regional system.

interest on [b]onds to be included in the gross income of the holders,” thereby, extinguishing the bonds’ tax-exempt status. *See* ECF No. 58-3 at 38.

Defendant did not engage in negotiations with Town after the denial by PSC in 2003 until 2014, after Plaintiff served its notice of intent to sue under the CWA. *See* ECF No. 58-1 at 8. In July 2012, Defendant again inquired into making the I-20 Plant into a permanent facility and stated to DHEC that it had not had “any recent discussions with [Town] about hooking up to [the regional] system.” ECF No. 57-4.

On November 6, 2013, Plaintiff served on Defendant and DHEC notice of intent to sue under the CWA. ECF No. 58-1 at 10. Plaintiff asserted that Defendant was in violation of NPDES Permit SC0035564 since it has failed to eliminate its discharge into the Saluda River. ECF No. 58-1 at 10.

On March 21, 2014, Defendant initiated negotiations with Town regarding a possible connection to the regional system. No. 58-5. On May 8, 2014, Town responded that it was not interested in an interconnection at the time. ECF No. 7-10.

On July 31, 2014, Defendant and Town entered into a confidentiality agreement to negotiate a sale of the I-20 Plant. ECF No. 58-6. Town was interested in acquisition of the I-20 Plant only if it also acquired another facility owned by Defendant, the Watergate system. ECF No. 58-7. Before engaging in further negotiations Defendant requested a non-binding letter “indicating that a \$13.5 Million price is within a reasonable range of value that the Town would be willing to consider paying.” *Id.* Town declined to enter into a non-binding letter of agreement, stating it was unable to determine if that price was within a reasonable range without other information. ECF No. 58-7. Defendant provided Town with maps of the system, as requested. ECF No. 58-7. In December 2014, Defendant provided Town with additional information on the

Office of Regulatory Staff
Carolina Water Service, Inc.
Docket No. 2017-292-WS

Surrebuttal Rehearing Exhibit DMH-1

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number of customers, yearly revenue, yearly costs, and other data. ECF No. 58-8. Town did not respond to Defendant about the proposed price and did not make an offer for the systems. ECF No. 58-1 at 11.

In July 2015, Defendant submitted a draft permit renewal to DHEC, which sought to add that “[t]o connect to the Town DHEC recognizes that [PSC] must approve an agreement related to connection to the regional sewer line.” ECF No. 65-8 at 34. DHEC issued a fact sheet noting that Defendant would need PSC approval and that DHEC does not have the authority to force Defendant and Town make a connection agreement. *Id.* at 41. On August 25, 2015, DHEC held a public hearing to elicit public feedback on Defendant’s permit renewal request. ECF No. 65 at 7. Approximately 285 individuals attended the hearing, including numerous public officials. ECF No. 64 at 3. Almost all attendees advocated for denial of the renewal permit. *Id.*; ECF No. 58-18 at 4.

On September 3, 2015, Defendant unilaterally filed an application with PSC seeking approval of an interconnection agreement at the wholesale treatment rate Town charged Defendant for another system. ECF No. 34-1 (PSC Docket No. 2015-327-S). Defendant did not seek Town’s approval before submitting the application. ECF No. 58-10 at 2.

On September 4, 2015, DHEC issued a notice of intent to deny the renewal permit. ECF No. 33-1 at 1. DHEC determined Defendant was ineligible for a permit renewal because Defendant’s permit required Defendant to connect to the regional system once the system was operational and Defendant failed to do so. ECF No. 33-1 at 1.

On September 9, 2015, Defendant sent Town a letter requesting interconnection on the terms set forth in the September 3, 2015, application. ECF No. 58-9. Town declined any interest in an interconnection agreement as the terms did not accurately reflect current costs. ECF No.

58-10 at 2-3. Town indicated a continued interest in acquisition of the I-20 Plant, but only if Defendant agreed to pay a portion of Town's due diligence. ECF No. 58-1 at 12-13. Defendant responded that it was not interested in such an agreement. ECF No. 58-1 at 12.

On November 10, 2015, South Carolina Office of Regulatory Staff organized a meeting to facilitate negotiations between Defendant and Town. ECF No. 65 at 8. At this meeting, Town's limiting contractual and bond covenants were discussed. *Id.* In January 2016, Defendant's PSC application was dismissed without prejudice. *See* ECF No. 65-8 at 74. Between April 2016 and July 2016, DHEC conducted numerous mediation sessions between Defendant and Town. ECF No. 65 at 9.

On August 1, 2016, DHEC formally denied Defendant's permit renewal request. ECF No. 64-1. As part of DHEC's denial, DHEC required Defendant and Town submit a coordinated plan for Defendant to connect to the regional treatment facility within sixty days. ECF No. 64-2 at 5. If DHEC did not approve that plan, an amended plan must be resubmitted within fifteen days. *Id.* Finally, Defendant's plant must be connected to the regional system and cease discharge within twelve months. *Id.* Defendant appealed denial of permit reissuance to ALC on September 21, 2016. ECF No. 65 at 10.

To date, there has been no interconnection agreement or acquisition agreement for the I-20 Plant and Defendant continues to discharge water into the Saluda River. Defendant is permitted limited discharges into the Saluda River. Defendant has exceeded those discharge limits twenty-three times between 2009 and 2013. ECF No. 1-3.

II. LEGAL STANDARD

The court shall grant summary judgment if "there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56. The judge

does not weigh evidence but determines if there is a genuine issue for trial. *Anderson v. Liberty Lobby*, 477 U.S. 242, 249 (1986). The party seeking summary judgment bears the initial burden of coming forward and demonstrating an absence of a genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Once the moving party has met its burden, the nonmoving party must affirmatively demonstrate that there is a genuine issue of material fact for trial. *Matsushita Elec. Indus. Co. Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). The court should grant summary judgment if a party fails to “establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex Corp.*, 477 U.S. at 322.

III. ANALYSIS

Plaintiff moves for summary judgment on Claims I and III. Plaintiff argues that there is no genuine issue of material that (1) Plaintiff has standing to sue, (2) Defendant was required to connect to the regional treatment facility under the 1994 Permit, and (3) Defendant violated the effluent limitations requirement on twenty-three occasions. Defendant moves for summary judgment on Claim I. Defendant claims there is no genuine issue of material fact that (1) Plaintiff lacks standing, (2) Plaintiff is barred by the statute of limitations, (3) the 2002 modifications to the permit apply and Defendant is in compliance with the modified terms, or if the 1994 Permit applies, Defendant is in compliance with the 1994 Permit as well. Defendant argues there is a genuine issue of material fact whether it has an “upset defense” to its effluent limitations violations.

A. Claim I: Violation of Connection Requirement

1. Plaintiff Not Barred by Statute of Limitations

Defendant asserts that the alleged violation of failure to connect occurred more than five years prior to the filing of the complaint; therefore, Plaintiff's action is barred by the statute of limitations. At the motion to dismiss stage, the court held that the violation is ongoing, thus not barred by the statute of limitations.

Defendant also argued that Plaintiff's first cause of action was barred by the five-year statute of limitations contained in 28 U.S.C. § 2462. Plaintiff countered that the alleged violation was a continuing violation. Citizen-plaintiffs show an ongoing violation "either (1) by proving violations that continue on or after the date the complaint is filed, or (2) by adducing evidence from which a reasonable trier of fact could find a continuing likelihood of a recurrence in intermittent or sporadic violations. Intermittent or sporadic violations do not cease to be ongoing until the date when there is no real likelihood of repetition." *Chesapeake Bay Found., Inc. v. Gwaltney of Smithfield, Ltd.*, 844 F.2d 170, 171-72 (4th Cir. 1988). Assuming for the purposes of the motion to dismiss that Defendant's failure to connect its facility to the regional system is a violation of the permit, the Court concluded that the violation as alleged is ongoing because discharge from the facility is alleged to be regularly entering the Lower Saluda River.

ECF No. 21.

The court declines to disturb its prior holding. Plaintiff is not barred by the statute of limitations as the failure to connect is an ongoing violation.

2. Standing

At the motion to dismiss stage, the court stated that Plaintiff had standing and denied Defendant's motion to dismiss without prejudice. Defendant moves for summary judgment that Plaintiff lacks standing. Plaintiff must demonstrate that it has standing to bring the case. Plaintiff asserts associational standing. To demonstrate associational standing, Plaintiff must show "(a) its members would otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane to the organization's purpose; and (c) neither the claim asserted nor the

relief requested requires the participation of individual members in the lawsuit.” *Am. Canoe Ass’n v. Murphy Farms, Inc.*, 326 F.3d 505, 517 (4th Cir. 2003) (quoting *Hunt v. Wash. State Apple Advert. Comm’n*, 432 U.S. 333, 343 (1977)).

A member has standing to sue in their own right where he or she can establish the three elements of Article III standing: (1) injury, (2) traceability, and (3) redressability. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992). A plaintiff bears the burden of establishing injury, traceability, and redressability. *Id.* at 560–61. Plaintiff asserts that its members have “suffered injuries that are fairly traceable to the discharges from the [I-20 Plant], and a court order would redress these injuries.” ECF No. 57 at 9. Defendant argues that Plaintiff fails to demonstrate that the alleged injuries were caused by Defendant rather than third parties not before the court, Town and PSC. Defendant next argues that Plaintiff fails to demonstrate that its injuries would be redressed by a favorable decision, because redressing Plaintiff’s alleged injury involves third parties, Town and PSC. ECF No. 58-1 at 31–32. For the reasons set forth below, the court finds that Plaintiff’s injuries are traceable to Defendant and can be redressed by this court.

a. Injury

To demonstrate legal “injury,” the plaintiff “must have suffered ‘an injury in fact’—an invasion of a legally protected interest which is (a) concrete and particularized . . . and (b) actual or imminent, not ‘conjectural’ or ‘hypothetical.’” *Lujan*, 504 U.S. at 560 (internal citations omitted). In an environmental case, “plaintiffs adequately allege injury when they aver that they use the affected area and are persons ‘for whom the aesthetic and recreational values of the area [are] lessened’” by the alleged activity. *Friends of the Earth, Inc. v. Laidlaw Environ. Servs. (TOC), Inc.*, 528 U.S. 167, 183 (2000) (stating that plaintiffs who avoid using the portion of the

river due to concerns about discharges from the facility sufficiently allege injury). Mere speculative intentions, such as the intent to visit the area “someday” are insufficient to demonstrate a concrete injury. *See Lujan*, 504 U.S. at 564.

Here, Plaintiff’s members specify their use of the river and their attempts to avoid the river in the area of the I-20 Plant discharge pipe. Regan Norris often fishes and kayaks in the Lower Saluda River; however, he tries to avoid kayaking near the discharge pipe and is concerned about eating fish from the river. ECF No. 15-2 at ¶¶ 5–6. Amanda Odum avoids kayaking and canoeing in the Lower Saluda River near the I-20 Plant discharge pipe. ECF No. 15-3 at ¶ 6. Bill Stangler uses the Lower Saluda River but avoids contact with water near the I-20 Plant discharge pipe. ECF No. 15-4 at ¶ 3–4. Hartley Barber owns a tour guide company that provides guided tours of the Lower Saluda, and tells clients to avoid that section of the river when the pipe is discharging wastewater. ECF No. 15-5 at ¶¶ 3–5. Each of the Plaintiff’s members also state aesthetic issues with the water’s appearance and smell.

Defendant makes a conclusory statement that Plaintiff has not shown sufficient injury. ECF No. 58-1 at 31 n.28. Defendant attempts to cast Plaintiff’s cited declarations as lacking personal knowledge and offering legal conclusions. ECF No. 60 at 25. The court disagrees. Plaintiff has demonstrated that its members use the affected area, thus have personal knowledge, and that they avoid the area due to aesthetic and health concerns. Plaintiff has demonstrated injury.

b. Traceability

To demonstrate “traceability,” the plaintiff must show “a causal connection between the injury and the conduct complained of [that is] fairly trace[able] to the challenged action of the defendant, and not . . . th[e] result [of] independent action by some third party.” *Id.* In

environmental cases, the plaintiff does not need to “show to a scientific certainty that the defendant’s actions caused the precise harm.” *S.C. Wildlife Fed’n v. S.C. Dep’t of Trans.*, 485 F. Supp. 2d 661, 670 (D.S.C. 2007). A plaintiff “need not show that a particular defendant is the only cause of their injury.” *Nat. Res. Def. Council, Inc. v. Watkins*, 954 F.2d 974 (4th Cir. 1992). However, a plaintiff must demonstrate there are not “independent actors not before the court[] and whose exercise of broad and legitimate discretion the courts cannot presume either to control or to predict.” *Lujan*, 504 U.S. at 560.

First, the harm is traceable to Defendant. Defendant is discharging treated wastewater into the Saluda River. While there may be additional businesses discharging into the Saluda River, Plaintiff’s members specifically noted the area around Defendant’s discharge pipe in their affidavits. *See* affidavits cited *supra* Section III.a.ii.1. This aesthetic injuries are traceable to Defendant. Second, while there is more than one party required to connect the I-20 Plant to the regional system, the harm is still traceable to Defendant. The Permit puts the onus on Defendant to provide a satisfactory agreement for PSC’s approval. The prior denials demonstrate what PSC will find acceptable in a proposed agreement. Further, Defendant has the obligation to contract with Town or take other measures to fulfill the Permit requirements. Defendant has kept its plant open for seventeen years after it was required to connect. While regional connection does require other actors’ assistance and approval, Defendant cannot be rewarded for its lack of a good faith effort to engage in negotiations and receive the required approvals. The court finds that the independent actors’ behavior is sufficiently predictable. The court finds that Plaintiff’s injury is traceable to Defendant’s actions.

c. Redressability

Lastly, to demonstrate “redressability,” the plaintiff must demonstrate that it is “‘likely,’ as opposed to merely ‘speculative,’ that the injury will be ‘redressed by a favorable decision.’” *Lujan*, 504 U.S. at 561. The redressability requirement ensures that the plaintiff would personally benefit in a tangible way from the court’s intervention. *Friends of the Earth, Inc. v. Gaston Copper Recycling Corp.*, 204 F.3d 149, 162 (4th Cir. 2000) (citing *Warth v. Seldin*, 422 U.S. 490, 508 (1975)). A plaintiff must demonstrate standing separately for each form of relief sought. *See, e.g., City of Los Angeles v. Lyons*, 461 U.S. 95, 109 (1983) (observing that notwithstanding the fact that plaintiff had standing to pursue damages, he lacked standing to pursue injunctive relief); *see also Lewis v. Casey*, 518 U.S. 343, 358 n.6 (1996) (“[S]tanding is not dispensed in gross.”). Plaintiff seeks an injunction and civil penalties. ECF No. 1 at 16.

i. *Injunctive Relief*

A plaintiff seeking injunctive relief demonstrates redressability by alleging a “continuing violation or the imminence of a future violation” of the statute at issue. *Friends of the Earth, Inc.*, 204 F.3d at 162 (citing *Steel Co. v. Citizens for a Better Env’t*, 523 U.S. 83, 108 (1998)). However, if the redress requires action by a third party, it does not fulfill Article III redressability. *Lujan*, 504 U.S. at 569. For example, in *Lujan*, the requested relief required consultation between the defendant and third party agencies that were not before the court. *Id.* As an example, the Court of Appeals for the Fourth Circuit in *Friends for Ferrell Parkway* found that the Fish and Wildlife Service (“FWS”) was not the proper defendant because (1) a private third party contracted to sell the land to FWS, (2) the alleged injuries were not due to FWS’s intent to create a sanctuary, and (3) a third party city would have to develop the land. *Friends for Ferrell Parkway, LLC v. Stasko et. al.*, 282 F.3d 315, 324 (4th Cir. 2002). Therefore, any relief

granted against defendant FWS would have no impact on the plaintiff's alleged injuries. *Id.*; see *Frank Krasner Enter. Ltd. v. Montgomery Cty.*, 401 F.3d 230 (4th Cir 2005) (finding that third party was not before the court and court could not compel third party to rent space or subsidize plaintiff).

Plaintiff asserts that, as to Claim I, redressability is shown by alleging a continued or imminent violation. ECF No. 57 at 11; see also *Gaston Copper*, 204 F.3d at 154. Defendant argues that an injunction by this court for a sale, connection agreement, eminent domain action, condemnation, or closure of the facility is too speculative or dependent upon third parties to suffice the redressability requirement of standing. Defendant asserts that any agreement for connection requires a contract with Town and PSC approval. Lastly, Defendant asserts that as Town and PSC are not before the court, the court cannot order Town to condemn the property. The court disagrees with Defendant. In *Ferrell Parkway*, there were numerous other actors who needed to take action counter to their stated plans, *i.e.*, the city's sale of the land demonstrated that it did not intend to develop the land. Here, the parties are in negotiations for the connection of the I-20 Plant to the regional system. The court need not compel the parties to take action counter to their stated plans. The court may issue an injunction dictating a specific time to connect to the regional plant that provides sufficient time for Defendant to contract with Town and seek PSC approval. Relief for Plaintiff is not too speculative or dependent upon third parties.

ii. Civil Penalties

Plaintiff alternatively requests civil penalties, *i.e.*, monetary relief. "All civil penalties have some deterrent effect." *Hudson v. United States*, 522 U.S. 93, 102 (1997). Civil penalties under the [CWA] do more than incentivize immediate compliance, they also deter future violations. *Laidlaw*, 528 U.S. at 186. Defendant argues standing for civil penalties for Claim I

suffers the same defect as standing for an injunction. Should the court impose a civil penalty on CWS for not connecting and ceasing discharges, Defendant's compliance to avoid future penalties would still be subject to an agreement with various third parties not bound by an order of the court. Defendant has continued to engage in profitable activity, in violation of its permit, for seventeen years. The court finds that an imposition of civil penalties is not inequitable. Such penalties would be an incentive for Defendant to engage in further negotiations with Town. Accordingly, civil penalties would redress Plaintiff's injuries.

The court finds that element "(a)" of standing is met, Plaintiff has demonstrated injury, traceability, and redressability. As to element "(b)," Plaintiff's purpose is "protecting the natural environment and public health." ECF No. 57 at 12. As this matter involves water pollution, it is germane to the association's purpose. As to element "(c)," individual participation is not required as the relief sought is compliance with the NDPES permit, not private damages or injunctions tailored for the individual plaintiff. *Id.* at 12-13. The court finds that Plaintiff meets elements (b) and (c). Plaintiff has organizational standing.

3. *Burford* Abstention

In a footnote, Defendant argues the *Burford* abstention doctrine applies. ECF No. 58-1 at 30 n.27.⁴ See *Palumbo v. Waste Tech. Indus.*, 989 F.2d 156, 160 (4th Cir. 1993) (abstaining where Attorney General should have raised issue on direct appeal or to the Clean Air Act regulatory bodies). *Burford* abstention permits a federal court to dismiss a case only if it presents "difficult questions of state law bearing on policy problems of substantial public import whose

⁴ Defendant is cautioned from making arguments in footnotes, while it saves space, arguments contained within footnotes are generally considered with less force and make briefings difficult to read.

importance transcends the result in the case then at bar” or if it “would be disruptive of state efforts to establish a coherent policy with respect to a matter of substantial public concern.” *Colorado River Water Conservation Dist. v. United States*, 424 U.S. 800, 814 (1976); *see Ohio Valley Envtl. Coal. Inc. v. Maple Coal Co.*, 808 F. Supp. 2d 868 (S.D.W. Va. 2011) (holding that *Burford* does not apply as the issue was whether the West Virginia agency complied with CWA permit modification requirements). Here, similar to *Ohio Valley*, Plaintiff is asserting that DHEC did not comply with CWA permit requirements and accordingly is asserting that Defendant is not complying with the validly issued 1995 Permit. The case does not bear on difficult questions of state law, instead it bears directly on implementation of federal law. Nor is the case disruptive of state efforts to establish a coherent policy regarding NDPES permitting systems. *Burford* abstention does not apply.

4. Violation of the CWA

The CWA is a strict liability statute. The court must determine which permit applies, the terms of the applicable permit, and whether Defendant violated those terms.

a. 2002 Modifications

The first issue is whether the Defendant may assert that the terms stated in the 2002 ALC Decision govern whether there was a violation. Plaintiff argues that Defendant cannot argue the 2002 ALC Decision modified Defendant’s requirements because Defendant has “consistently and repeatedly admitted in prior filings to this Court that the 1995 Permit is *the* operable permit, and that its language controls liability.” ECF No. 59 at 4 (emphasis in original). Plaintiff asserts that under the “law of the case” doctrine, Defendant is prohibited from modifying its argument. ECF No. 59 at 5. Defendant argues that the court’s “jurisdiction to entertain citizen suits for alleged violations of NDPES Permits only extends to the terms of the permit which is ‘in effect’

at the time that the citizen suit is brought,” and the 2002 modifications were the terms in effect. ECF No. 61 at 5. Defendant further argues that Plaintiff misstates the “law of the case” doctrine, and that it is inapplicable to factual allegations. ECF No. 61 at 6.

“Law of the case” doctrine “posits that when a court decides upon a rule of law, that decision should continue to govern the same issues in subsequent stages in the same case.” *United States v. Aramony*, 166 F.3d 655, 661 (4th Cir. 1999) (citing *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 816 (1988)). The court has not made a determination of whether the 1995 Permit or 2002 modifications apply. “Law of the case” doctrine is inapplicable.

However, the rule of judicial admission may apply. Under the rule of judicial admission, “a party is bound by the admissions of his pleadings.” *Lucas v. Burnley*, 879 F.2d 1240, 1242 (4th Cir. 1989). A judicial admission is a “representation that is ‘conclusive in the case’” such as “formal concessions in the pleadings, or stipulations by a party or its counsel, that are binding upon the party making them.” *Minter v. Wells Fargo Bank, N.A.*, 762 F.3d 339, 347 (4th Cir. 2014) (citing *Meyer v. Berkshire Life Ins. Co.*, 372 F.3d 261, 264 (4th Cir. 2004)). In *Lucas* the Fourth Circuit Court of Appeals found that there was a binding judicial admission where the issue was raised in the complaint and admitted in the answer. *Id.*; see also *Brown v. Sikora & Assocs., Inc.*, No. 04-0579, 2007 WL 1068241, at *4 (D.S.C. Mar. 30, 2007) (finding that admission in amended answer and cross-claim was binding on the party), *aff’d* 311 F. App’x 568 (4th Cir. 2008). However, a judicial admission is only binding if the statement is “deliberate, clear, and unambiguous.” *Everett v. Pitt. Cty. Bd. of Educ.*, 788 F.3d 132, 141 (4th Cir. 2015); see *Fraternal Order of Police Lodge No. 89 v. Prince George’s Cty.*, 608 F.3d 183, 189–90 (4th Cir. 2010) (finding that party did not make judicial admission where party could have only

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preserved its objection “by continuing to argue with the court after it has already forcefully rejected” the position).

Plaintiff asserts that the below referenced language demonstrates Defendant’s admission that the 1995 Permit applies to this matter:

The Answer filed by CWS admits that the 1995 Permit is the relevant document in this case, stating that its “discharge is authorized pursuant to” the discharge permit issued by DHEC “November 17, 1994 (‘NPDES Permit SC0035564’),” with a copy of the 1995 Permit “attached hereto and incorporated herein by reference as Answer Exhibit ‘A.’” Dkt. 8 (Answer) at ¶ 2. *The 1995 Permit referenced in and attached as Exhibit A to the Answer is identical to the Permit referenced in and attached to the Complaint.*

... The Answer goes on to repeatedly reference the language of the attached 1995 Permit as controlling. *See, e.g., id.* at ¶ 39 (“Defendant admits . . . that NPDES Permit No. SC0035564 requires that the I-20 WWPT be closed out . . .”); *id.* (“Defendant affirmatively asserts that NPDES Permit SC0035564 on its face” recognizes the I-20 Plant as regional facility); *id.* at ¶ 52 (“Defendant craves reference to NPDES Permit SC0035564 for its content and denies any allegation [] inconsistent with the language of same.”) (emphases added). The only version of NPDES Permit SC0035564 referenced in, discussed in, and attached to the Answer is the 1995 Permit.

ECF No. 59 at 6–7 (emphases in original).

Plaintiff further points out that in Defendant’s motion to dismiss, Defendant stated that “[t]he I-20 WWTP is authorized to operate and discharge wastewater into the Lower Saluda River pursuant to a discharge permit issued by [DHEC] in accordance with [NDPES] under the [CWA] and provisions of South Carolina law. *See* Exh. A, ‘NDPES Permit SC0035564,’ issued Nov. 17, 1994.” ECF No. 7-2 at 3. Defendant argues that Plaintiff fails to point to a “deliberate, clear, and unambiguous statement that [Defendant] intended to waive the application of the modified terms of the schedule of compliance.” ECF No. 61 at 7. Additionally, Defendant focuses on the requirement that the court apply the permit “which [is] ‘in effect’ at the time the citizen suit is brought.” ECF No. 61 at 5.

In discussing whether an injunction may be granted where there are “wholly past” violations, the Supreme Court in *Gwaltney of Smithfield Ltd. v. Chesapeake Bay Foundation, Inc.*, held that “[a] citizen suit may be brought only for violation of a permit limitation ‘which is in effect’ under the act.” 484 U.S. 49, 59 (1987) (citing 33 U.S.C. § 505(f)). Defendant interprets this to mean that the court must apply the permit in place at the time the complaint was filed. The court disagrees with Defendant’s interpretation. The court finds that the *Gwaltney* court was merely stating that the violations of the permit cannot be wholly in the past, *i.e.*, there must be a chance of violations in the future. *Id.* at 59. The Court did not address which permit out of two or more options would apply.

The court finds that judicial admission does not apply. Defendant did not explicitly state that the 1995 Permit is the only applicable permit, Defendant merely responded (and denied) the complaint’s allegations based on the 1995 Permit, there does not appear to be a clear and unambiguous waiver.

b. Modification Procedures

Plaintiff next argues that the 2002 modifications cannot apply because the modifications fail to follow the proper procedure under the CWA. ECF No. 59 at 9. Federal and state regulations govern the modification of NDPES permits.⁵ See *Citizens for a Better Env’t-CA v. Union Oil Co. of CA*, 83 F.3d 1111, 1120 (9th Cir. 1996). The applicable regulations require (1) a draft permit, (2) accompanying fact sheet setting forth the factual, legal, and policy questions considered while drafting the permit, (3) public notice and comment period, and (4) the opportunity to request a public hearing. See 40 C.F.R. §§ 122.62, 124.5–124.12; S.C. Code Regs.

⁵ Requests for modifications of NDPES permits follow the same procedures as requests for new permits. 40 C.F.R. §§ 123.25(a)(22) & (a)(25).

§§ 61-9-125.5 to 125.13. “These regulations, both procedural and substantive, ensure that the standard embodied in an NDPES permit cannot be evaded with the cooperation of compliant state regulatory authorities. For instance, there are public notice requirements for a permit modification process” *Citizens for a Better Env’t-CA*, 83 F.3d at 1120. Under 40 C.F.R. § 124.6(e)

[a]ll draft permits prepared by EPA under this section shall be accompanied by a statement of basis or fact sheet, and shall be based on the administrative record, publicly noticed, and made available for public comment. The Regional Administrator shall give notice of opportunity for a public hearing, issue a final decision, and respond to comments.

(internal citations omitted). In *United States v. Smithfield Foods Inc.*, the Fourth Circuit Court of Appeals affirmed the district court’s finding of improper modification because “[the defendant] did not follow the procedures required for the modification of a permit, and none of the Board’s Special Orders and letters were issued in accordance with the permit modification procedures.” 191 F.3d 516, 524 (4th Cir. 1999) (quoting *United States v. Smithfield Foods Inc.*, 965 F. Supp. 769, 787–88 (E.D. Va. 1997)); see also *Waterkeeper Alliance, Inc. v. U.S. Envtl. Prot. Agency*, 399 F.3d 486, 503 (2d Cir. 2005); *Proffitt v. Rohm & Haas*, 850 F.2d 1007, 1013 (3d Cir. 1988); *Citizens for a Better-Env’t-CA*, 83 F.3d at 1120. If a permit modification fails to comply with the modification procedures, especially public participation, the lawsuit will proceed on the terms of the original permit. *Riverkeeper, Inc. v. Mirant Lovett LLC*, 675 F. Supp. 2d 337, 346 (S.D.N.Y. 2009).

Defendant argues that it followed proper state procedures and Plaintiff’s argument amounts to an improper collateral attack on state administrative procedures. ECF No. 61 at 8. Defendant attempts to distinguish *Smithfield Foods* and *Citizens for a Better Environment* by asserting that neither defendant had sought a modification order, the terms were changed after

violations by either the applicable water board or a court. The court finds Defendant's attempt to distinguish unsuccessful. In both *Smithfield Foods* and *Citizens for a Better Environment* state administrative action failed to comply with federal and state procedures, which is the same as the present case. The pertinent issue is whether the modification procedures were followed in full, which was not done in this case.

Finally, Defendant asserts that because its modification request was initially denied, it no longer has to comport with the modification requirements of 40 C.F.R. § 124.5: "Denials of requests for modification, revocation and reissuance or termination are not subject to public notice, comment, or hearings." *See* 40 C.F.R. § 124.5(b). This is inapposite. The regulation merely states that if the permit modification is denied, the issuing body does not need to hold a public hearing. If the permit is going to be denied, it does not change the status quo and public input is unnecessary. However, if there is a modification to the permit, there must be a public hearing (if sufficient public interest). Accordingly, the proper procedure would have Defendant appeal the denial to modify to the Board, the Board overrule the denial and then submit the request to a public notice and comment period. The court finds proper modification procedures were not followed; therefore, the 1995 Permit applies.⁶

c. Violation of 1995 Permit

i. *Interpretation of 1995 NDPES Permit*

To interpret a provision of an NDPES permit, the court uses the same manner of interpretation as it would interpreting contracts or other legal documents. *Piney Run Pres. Ass'n v. Cty. Comm'rs of Carrol Cty.*, 268 F.3d 255, 269 (4th Cir. 2001). If "the language is plain and

⁶ As the 1995 Permit applies, the court declines to consider whether the 2002 modifications violated the CWA's anti-backsliding rule.

capable of legal construction, the language alone must determine' the permit's meaning." *Id.* at 270 (citing *FDIC v. Prince George Corp.*, 58 F.3d 1041, 1046 (4th Cir. 1995)). "[E]xtrinsic evidence may only be considered if the contract is ambiguous." *Pres. Capital Consultants, LLC v. First Am. Title Ins. Co.*, 751 S.E.2d 256, 261 (S.C. 2013). Lastly, an NDPES permit must be interpreted to give full meaning and effect to all of its provisions and avoid focusing on a few isolated provisions. *Nat'l Res. Def. Counsel v. Cty. of Los Angeles*, 725 F.3d 1194, 1206 (9th Cir. 2013). However, if the terms of the permit are "ambiguous," the court "must look to extrinsic evidence to determine the correct understanding of the permit." *Id.* at 270 (citing *Northwest Environ. Advocates v. City of Portland*, 56 F.3d 979, 983 (9th Cir. 1995)). A term in a permit is ambiguous "if reasonable people could find its terms susceptible to more than one interpretation." *Klamath Water Users Protective Ass'n v. Patterson*, 204 F.3d 1206, 1210 (9th Cir. 1999). "[A]n interpretation which gives reasonable, lawful, and effective meaning to all the terms is preferred to an interpretation which leaves a part unreasonable, unlawful, or of no effect." Restatement (Second) of Contracts § 203(a) (1981). It is a question of law whether the language of a contract is ambiguous. *S.C. Dep't of Nat. Res. v. Town of McClellanville*, 550 S.E.2d 299, 302-03 (S.C. 2001).

The language at issue in paragraph 3(c) of the NDPES permit states:

Within 90 days after the issuance date of the Permit to Operate for the regional sewer system, the Permittee will connect to the regional sewer system and cease the discharge to the Saluda River. This permit will expire on the date of issuance of the Permit to Operate the connection between this facility and the regional sewer system. In accordance with the Area Wide 208 Management Plan, this facility is considered a temporary treatment facility that will be closed out when the regional sewer system is constructed and available.

NPDES Permit No. SC0035564, ECF No. 57-1 at 8.

The terms in question are “connect” and “available.” The court finds that both “connect” and “available” are ambiguous terms with reasonable interpretations by both parties. Therefore, the court will look to extrinsic evidence to determine the meaning of the terms. Additionally, the court considers the permit in regard to the CWA’s purpose, which is to eliminate discharges from the nation’s waterways. 33 U.S.C. § 1251.

(1) Connect

Plaintiff argues that the term “connect” “does not specify any required means of connection – *e.g.*, through an interconnection agreement with the Town of Lexington; a sale of the I-20 Plant to the Town of Lexington; or other means, such as hostile or friendly condemnation.” ECF No. 57 at 5. Plaintiff states the Permit’s requirements are to “[1] connect to the regional sewer system and [2] cease discharge to the Saluda River” “[w]ithin 90 days after the issuance of the Permit to Operate for the regional system.” ECF No. 57 at 13. Plaintiff asserts that the Permit provides no caveats such as “if feasible” or “when an interconnection agreement is approved by [PSC].” ECF No. 57 at 15. Plaintiff argues that the term “interconnection” as used by Defendant is too narrow of a reading as it only “denotes a bulk-services agreement whereby . . . [Defendant] would retain ownership and profits from the [Defendant’s] system.”

Defendant argues that the Permit requires physical connection, *i.e.*, an interconnection, pointing to the requirements: “[Defendant] shall be responsible for submission of plans and specifications for the connection to the regional sewer system[,]” and “[Defendant] will connect to the regional sewer system and cease the discharge into the Saluda River.” ECF No. 58-1 at 26. Defendant further points to the 208 Plan, which states as a general rule “[w]hen a regional wastewater collection system, public or private, becomes available, these facilities will be

required to connect to that system.” ECF No. 58-1 (citing ECF No. 7-6 at 44) (emphasis in original).

Looking at the entirety of paragraph 3(c), Plaintiff asserts that the sentence cited by Defendant are “merely explanatory phrases that do not modify the connection requirement.” ECF No. 62 at 4. The court finds Plaintiff’s arguments accurately reflect the terms of the NDPES Permit. Paragraphs 3(a) and 3(b) place the onus on Defendant to seek connection—Defendant is required to submit plans for connection and begin construction of the connection. Further, in 1998, Defendant appeared to understand that the onus was on Defendant to connect, as demonstrated by Defendant seeking and receiving a construction permit in 1998 to connect the I-20 Plant. ECF No. 65-5. Defendant sought the construction permit even though there was no connection agreement in place. *See id.* Defendant’s current argument conflicts with the 208 Plan. The 208 Plan clearly states that temporary facilities, such as Defendant, must “consolidate” with a regional system. DHEC has repeatedly required Defendant to connect to the regional system and cease discharging. There are numerous ways to connect to the facility. The court finds “connect” does not mean on Defendant’s terms, nor does it infer that Defendant will have a continuing role after connection is made.

(2) Available

Plaintiff understands the term “available” to mean physically available. Defendant understands the terms to mean contractually available. In 2000, DHEC charged Defendant with violating the terms of the permit, namely failure to connect to the regional system when it became physically available. *Carolina Water Service*, 2002 ALC Decision at *1. The ALC Court held that the system was not available to Defendant, deferring to CMCOG’s determination that Defendant was in compliance with the NDPES permit. *Id.* at 6. However, the court also found

that Defendant should have submitted whatever contract it could negotiate to have “at least attempted to reach an acceptable and timely agreement.” *Id.* at 7. Additionally, the ALC court held that if PSC did not approve of the agreement, Defendant’s permit would expire after 180 days. *Id.* at 10. The Board modified the 2002 ALC Decision by instituting a new compliance schedule that merely required Defendant engage in “ongoing negotiations.”

DHEC recently revoked Defendant’s NDPES permit. ECF No. 64-1 at 1. DHEC explained that Defendant has a “permit which requires connection to a regional sewer system . . . under the water quality management plan under section 208 of the CWA [Defendant] is ineligible for reissuance of a permit once notified by the Department that a regional sewer system is operational.” ECF No. 64-1 at 3. DHEC equates the term “available” with “operational,” meaning that the regional treatment is operating and physically available for connection. The “permit author[’s]” interpretation is significant when determining ambiguous permit terms. *See Northwest Envt’l Advocates v. City of Portland*, 56 F.3d 979 (9th Cir. 1995). The court finds that the term “available” means physically available.

In conclusion, the court finds that Defendant was required to physically connect to the regional system, in any manner possible, when it became physically available in 1999.

ii. Strict Liability

The CWA is a strict liability statute. ECF No. 57 at 20; *see Piney Run*, 268 F.3d at 265. Accordingly, the “reasonableness or bona fides of an alleged violator’s efforts to comply with its permit is not relevant in determining whether a violator is liable under the [CWA].” *Friends of the Earth Inc. v. Laidlaw Environmental Servs.*, 890 F. Supp. 470, 496 (D.S.C. 1995).

In determining the amount of a civil penalty the court shall consider the seriousness of the violation or violations, the economic benefit (if any) resulting from the violation, any history of such violations, any good-faith efforts to

comply with the applicable requirements, the economic impact of the penalty on the violator, and such other matters as justice may require.

33 U.S.C. § 1319(d). Generally, a fine must be imposed; however, the district court has discretion in the amount fined. *Stoddard v. Western Carolina Regional Sewer Auth.*, 784 F.2d 1200, 1208 (4th Cir. 1986). The court may take into account whether “levying [] statutory penalties would merely diminish the resources available to correct the problems caused by the discharge.” *Id.* The court first considers the seriousness of the violation. The court finds that the sewage discharge is a serious violation. Next, the court calculated the economic benefit Defendant made on the I-20 Plant between 2009 and 2013, which averaged \$689,000 per year. See ECF No. 58-8 at 8-11. Third, Defendant has violated its permit for over seventeen years; however, only recently have any person or group undertaken an enforcement action. The last enforcement action ended in 2002. In 1998, Defendant initially attempted to comply with the permit; however, Defendant failed to undertake any attempt to comply with the permit between 2002 and 2014. Lastly, Defendant will need to undertake costs to correct the problems caused by its failure to fulfill the permit requirements. Taking the above into consideration, the court orders a fine in the amount of \$1,500,000.

B. Claim III: Violation of Effluent Limitations

Plaintiff moves for summary judgment on Claim III. The court finds that there is no genuine issue of material fact that Defendant violated its effluent limitations twenty-three times since 2009.⁷ However, Defendant argues there is a genuine issue of material fact whether Defendant qualifies for an “upset defense.” An upset defense is an affirmative defense for

⁷ Defendant exceeded its effluent limitations February 2009 (1), April 2009 (1), June 2009 (1), April 2010 (2), September 2010 (1), April 2011 (3), September 2011 (1), February 2012 (1), April 2012 (1), August 2012 (1), January 2013 (1), February 2013 (1), April 2013 (3), May 2013 (1), July 2013 (1), August 2013 (1), February 2014 (1), January 2015 (1), October 2015 (1), and November 2015 (1). ECF Nos. 1-3; 57-8 at 6; 57 at 22.

liability for noncompliance with an NDPES permit requirement. Defendant has the burden of proof to show:

[A]n exceptional incident in which there is unintentional and temporary noncompliance with technology based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

40 C.F.R. § 122.41(n)(1); S.C. Code Ann. Regs. 61-9.122.41(n)(1). To claim a defense of upset, the Defendant must show compliance with the oral notice or written submission requirements.

S.C. Code Ann. Regs 61-9.122.41(n). South Carolina requires oral notice to DHEC within twenty-four hours and a detailed written submission within five days. S.C. Code Ann. Regs. 61-9.122.41(f)(6)(i). Specifically, the Defendant must demonstrate:

Through properly signed contemporaneous logs, or other relevant evidence that:

- (i) An upset occurred and that the permittee can identify the cause(s) of the upset;
- (ii) The permitted facility was at the time being properly operated; and
- (iii) The permittee submitted notice of the upset as required in paragraph (f)(6)(ii)(B) of this section (24 hour notice).
- (iv) The permittee complied with any remedial measures required under paragraph (d) [(duty to mitigate harm)] of this section.

S.C. Code Ann. Regs. 61-9.122.41(n)(3). The notice submitted to DHEC shall include (1) description of noncompliance and its cause, (2) period of noncompliance, including exact dates and times, (3) if noncompliance has not been corrected, the anticipated time it is expected to continue; and (4) steps to reduce, eliminate, and prevent reoccurrence. S.C. Code Ann. Regs. 61-9.122.41(f)(6). The written report may be waived by DHEC if an oral report is received within twenty-four hours. *Id.*

Plaintiff argues that Defendant did not follow proper procedures; therefore, cannot assert an upset defense. Defendant stated that its monitoring procedures consist of: (1) third party

testing, (2) if there's an effluent violation the "operator of the I-20 Plant fills out an excursion report noting any known condition that may have contributed to the exceedance," (3) takes steps to correct the exceedance, and (4) reports the exceedances on the monthly reports submitted to DHEC. ECF No. 60-3 at ¶ 6. If the exceedance is ongoing and poses a threat to public health, Defendant will immediately report to DHEC. *Id.* Defendant summarized the exceedance explanations submitted to DHEC in the DMRs. *Id.* Defendant alleged issues with high algae bloom, seasonal turnover, defective "sonic unit," excessive rainfall, extreme winter weather conditions, and maintenance to the sewer main. *Id.* at ¶ 8. Defendant has not shown that it met the requirement to report in twenty-four hours/five days. As Defendant fails to show there is a genuine issue of material fact that it met reporting requirements to claim an upset defense, the court grants Plaintiff's motion for summary judgment on Claim III. As explained above, CWA is a strict liability statute. For each effluent violation, Defendant is fined \$1,000, totaling \$23,000.

IV. CONCLUSION

Based on the foregoing, Plaintiff's motion for summary judgment is **granted**. Defendant's motion for summary judgment is **denied**. For the reasons stated above, the court fines Defendant \$1,500,000 for Defendant's failure to connect to the regional system and \$23,000 for Defendant's violation of the effluent limitations, totaling \$1,523,000. The fine shall be paid to the United States Treasury. *Gwaltney of Smithfield Ltd.*, 484 U.S. at 53 (finding that "[i]f a citizen prevails in such an action, the court may order injunctive relief and/or impose civil penalties payable to the United States Treasury. [33 U.S.C.] § 1365(a).")

GOOD CAUSE HAVING BEEN SHOWN THEREFORE, IT IS ORDERED that effective April 1, 2018, Defendant Carolina Water Service, Inc. a South Carolina Corporation, its directors, principals, officers, agents, servants, employees, representatives, successors, and

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assigns, and all those acting in concert or participation with them shall be, and hereby are,

PERMANENTLY ENJOINED and restrained from:

- (1) discharging any treated or untreated waste water into the Saluda River; and
- (2) must connect to a regional waste water treatment plant, in any manner, in

accordance with the 208 Plan.

s/ Margaret B. Seymour
The Honorable Margaret B. Seymour
Senior United States District Court Judge

March 29, 2017
Columbia, South Carolina

Office of Regulatory Staff
Summary of Adjustments to Legal Expenses
Carolina Water Service, Inc.
Docket No. 2017-292-WS

Surrebuttal Rehearing Exhibit DMH-2

Line #	Summary of ORS Adjustments	CRK v. CWS	Town of Lexington v. CWS (condemnation)	ALC - DHEC Permit Denial	ALC - I-20 Connection	CWS v. EPA	Expenses	Advances	TOTAL
1	Starting Balance	\$ 395,196.25	\$ 78,482.00	\$ 233,223.00	\$ 51,039.00	\$ 146,420.25	\$ 12,319.91	\$ 74,828.23	\$ 991,508.64
2	ORS Adjustment - Exhibit DMH-4	\$ (79,177.50)	\$ (9,306.00)	\$ (40,180.50)	\$ (11,533.50)	\$ (15,777.00)	\$ -	\$ -	\$ (155,974.50)
3	ORS Adjustment - Exhibit DMH-2	\$ (19,912.00)	\$ -	\$ -	\$ -	\$ -	\$ (465.37)	\$ -	\$ (20,377.37)
4	ORS Adjustment - Exhibit DMH-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,854.54)	\$ (74,828.23)	\$ (86,682.77)
5	ORS Adjustment - Exhibit DMH-5	\$ 19,759.50	\$ 2,985.00	\$ (19,759.50)	\$ (2,985.00)	\$ -	\$ -	\$ -	\$ -
6	Advance Reallocation - Surrebuttal	\$ 21,049.14	\$ 52,442.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,491.14
7	Ending Balance	\$ 336,915.39	\$ 124,603.00	\$ 173,283.00	\$ 36,520.50	\$ 130,643.25	\$ -	\$ -	\$ 801,965.14
8	ORS Adjustment - Remove all legal expenses for CRK v. CWS	\$ (336,915.39)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (336,915.39)
9	ORS Adjustment - Remove all legal expenses for CWS v. EPA	\$ -	\$ -	\$ -	\$ -	\$ (130,643.25)	\$ -	\$ -	\$ (130,643.25)
10	ORS Recommendation for Deferral	\$ -	\$ 124,603.00	\$ 173,283.00	\$ 36,520.50	\$ -	\$ -	\$ -	\$ 334,406.50

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