THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY AND EXHIBITS

OF

WILLIE MORGAN

DOCKET NO. 2005-110-WS

Petition of the Office of Regulatory Staff to Request Forfeiture of the Bond and to Request Authority to Petition the Circuit Court for Appointment of a Receiver

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2 **TESTIMONY OF WILLIE J. MORGAN**

3 **FOR**

4 **THE OFFICE OF REGULATORY STAFF**

5 **DOCKET NO. 2005-110-W/S**

6 **IN RE: PINEY GROVE UTILITIES, INC.**

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8

9 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**
10 **OCCUPATION.**

11 A. My name is Willie J. Morgan, and my business address is 1441 Main Street, Suite
12 300, Columbia, South Carolina 29201. I am employed by the state of South
13 Carolina, Office of Regulatory Staff ("ORS") as the Program Manager for the
14 Water and Wastewater Department.

15 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**
16 **EXPERIENCE.**

17 A. I received a Bachelor of Science Degree in Engineering from the University of
18 South Carolina in 1985 and a Master of Arts Degree in Management from
19 Webster University in 2000. I am a licensed Professional Engineer registered in
20 the state of South Carolina. My professional affiliations are as a member of the
21 American Water Works Association ("AWWA") and the South Carolina Section
22 of the American Water Works Association ("SC-AWWA"). After graduation
23 from the University of South Carolina, I was employed by the South Carolina

1 Department of Health and Environmental Control ("DHEC") as an Environmental
2 Engineer Associate. Later, I was promoted to the position of Permitting Liaison
3 where I assisted industries and the public with environmental permitting
4 requirements in the state of South Carolina. This assistance included providing
5 information about air quality, solid and hazardous waste management, and water
6 and wastewater management requirements. I was employed by DHEC for
7 nineteen years. On October 2, 2004, I joined ORS as the Program Manager for
8 the Water and Wastewater Department.

9 **Q. DO YOU HAVE ANY PUBLICATIONS TO YOUR CREDIT?**

10 A. Yes.

11 **Q. WHAT ARE THE NAMES OF SOME OF THOSE PUBLICATIONS?**

12 A. While at DHEC, I published several editions of a document called "A General
13 Guide to Environmental Permitting in South Carolina." This guide is a summary
14 of the various environmental requirements that affect businesses and industries
15 located or operating within the state of South Carolina. Another publication
16 authored includes a document called "Environmental Protection Fees." This
17 document is a summary of the fees charged for environmental programs. It
18 includes detailed information about the fee that is collected by water utilities to
19 implement the Safe Drinking Water Act Regulatory Program.

20 **Q. CAN YOU DESCRIBE THE MISSION OF THE OFFICE REGULATORY**
21 **STAFF?**

1 A. The mission of ORS is to represent the public interest in utility regulation by
2 balancing the concerns of the using and consuming public, the financial integrity
3 of public utilities, and the economic development of South Carolina.

4 **Q. CAN YOU DESCRIBE YOUR RESPONSIBILITIES AS THE PROGRAM**
5 **MANAGER FOR WATER AND WASTEWATER WITH THE OFFICE OF**
6 **REGULATORY STAFF?**

7 A. Yes. My responsibilities include performing analysis and providing testimony in
8 formal proceedings before the South Carolina Public Service Commission
9 regarding rate base determinations, rate schedules, general terms and conditions,
10 cost of service and depreciation studies, and assuring compliance with applicable
11 rules and regulations. In addition, my responsibilities include monitoring federal
12 activity to determine impact on state regulations and policies.

13 **Q. HAVE YOU COMPLETED ADDITIONAL TRAINING AND/OR**
14 **EDUCATION SINCE YOUR GRADUATION FROM THE UNIVERSITY**
15 **OF SOUTH CAROLINA?**

16 A. I have completed courses in preparation for the professional engineering
17 examination as well as various review and continuing professional education
18 courses. The continuing professional education courses include attendance at the
19 2004 Eastern National Assocaition Regulatory Utility Commissioners
20 ("NARUC") Utility Rate School: Basics of Ratesetting, the 2005 SC-AWWA
21 Annual Meeting, and other water and wastewater facility specific courses.

22 **Q. HOW LONG HAVE YOU BEEN INVOLVED WITH THE REGULATORY**
23 **OVERSIGHT AND ASSISTANCE IN THE AREA PROVISION OF**

1 **ENGINEERING SERVICES TO WATER AND WASTEWATER**
2 **FACILITIES?**
3 A. My experience includes over nineteen years of regulatory compliance experience
4 in providing assistance and regulatory oversight for water and wastewater
5 facilities.
6 **Q. PLEASE DESCRIBE THE NATURE OF YOUR ASSIGNMENT IN**
7 **CONNECTION WITH THIS PROCEEDING.**
8 A. While ORS officially began its responsibility of oversight to Piney Grove
9 Utilities, Inc. ("PGU") on January 1, 2005, some of the members of our agency
10 have long been involved with PGU when they were staff members at the South
11 Carolina Public Service Commission. In connection with the filing of the petition
12 to the South Carolina Public Service Commission for the forfeiture of PGU's
13 performance bond and to obtain a receiver, I identified several issues to other
14 agency staff members and the Executive Director that warranted immediate
15 attention. My assignment was to provide relevant information to our agency in
16 helping it to decide what course of action to take in regards to the problems that
17 had been occurring with PGU.
18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING PINEY**
19 **GROVE UTILITIES, INC. FOR THIS PROCEEDING?**
20 A. The purpose of my testimony is to set forth my findings and the ORS staff's
21 findings relative to the petition of ORS to request forfeiture of the PGU
22 performance bond and to request authority to petition the circuit court for
23 appointment of a receiver of PGU. Specifically, I will focus on the facility's

1 engineering and maintenance requirements, regulatory obligation, excessive
2 charges, and environmental compliance issues as well as PGU's lack of
3 responsiveness in addressing regulatory compliance obligations under its
4 authority to provide adequate sewer service.

5 **Q. ARE YOUR FINDINGS AND THE ORS STAFF'S FINDINGS SET FORTH**
6 **IN YOUR TESTIMONY AND ATTACHED EXHIBITS?**

7 A. Yes.

8 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**
9 **REVIEW.**

10 A. I used information provided by PGU in its application for approval of a pending
11 contract with the City of Cayce (Commission Docket # 2004-112-S); information
12 from the City of Cayce; ORS records and existing interaction with PGU and its
13 owner; records from the PSC; Secretary of State's records; and information
14 gathered through on-site visits and through ORS's data requests. I further
15 consulted with and used information from DHEC, wastewater treatment facility
16 vendors, and NARUC. Using this information, ORS staff was able to obtain a
17 better understanding of PGU's system design and operations as well as the
18 problems that were being identified concerning the utility management and
19 operations.

20 **Q. PLEASE EXPLAIN THE PHYSICAL LOCATION OF PGU'S**
21 **WASTEWATER SYSTEMS AND THE NUMBER OF CUSTOMER TAPS.**

22 A. **<u>Lloydwood Subdivision</u>**

1 Exhibit WJM-1 is a customer service area map showing the sewer collection and
2 treatment system location for the Lloydwood subdivision. The sewer system is
3 not completely built for the entire service area. In addition, there are some lots
4 that are vacant and do not contain a residence. This system is located in
5 Lexington County near the Dixiana Community off of Highway 321 and serves
6 only residential customers. Currently, there are approximately 350 sewer taps
7 connected to this sewer system. The customers in the Lloydwood subdivision are
8 supplied water by the City of Cayce.

9 **Franklin Park Subdivision**

10 Exhibit WJM-2 is a customer service area map showing the sewer collection and
11 treatment system. While ORS does not have a water distribution and water
12 supply well system service area map for the Franklin Park subdivision, the water
13 distribution system covers the same area as the sewer system. In addition, there
14 are some lots that are vacant and do not contain a residence. This system is
15 located in the Hopkins Community south of Lower Richland Boulevard off of
16 Cabin Branch Road. Currently, there are approximately 56 water and 56 sewer
17 taps being served by PGU.

18 **Q. PLEASE EXPLAIN THE SEWER SYSTEM ASSETS ASSOCIATED**
19 **WITH PGU.**

20 A. PGU customers are solely residential customers. PGU was given the authority by
21 the South Carolina Public Service Commission to provide water and sewer
22 service for compensation in Lexington and Richland Counties. See Exhibit WJM-

3, Order No. 92-29 issued in Docket No. 90-807-W/S (January 24, 1992). The system assets associated with PGU are described below:

Lloydwood Subdivision

The sewer system in the Lloydwood subdivision is composed of a gravity flow collection system that transports the collected sewerage or wastewater to a central location within the subdivision. The wastewater is collected in a wet well (pump station) located within the fenced area of the wastewater treatment facility ("WWTF"). The wastewater is then pumped to an aeration lagoon where the wastewater is biologically treated with the aid of two aerators. The wastewater travels from the aeration lagoon to a chlorination chamber where chlorine is added by the use of gas cylinders to disinfect the wastewater. The wastewater then travels to the polishing pond before it is released into the flow monitoring chamber. The wastewater effluent from the flow monitoring chamber then is discharged between two homes in the subdivision via a ditch. From there, the effluent travels through a culvert into the storm drain along Old Plantation Drive. The effluent then travels underneath Old Plantation Drive and through a culvert on the other side of the street beside another house. The effluent flow is then commingled with the surface water drainage flow of an open ditch immediately behind this house. The discharge flow capacity of the WWTF is 154,800 gallons per day as permitted by DHEC.

Franklin Park Subdivision

The sewer system in the Franklin Park subdivision is composed of a gravity flow collection system that transports the collected sewage or wastewater to a single

1 large treatment lagoon located approximately 0.25 miles northeast of the
2 intersection of Cabin Branch and secondary road #55 in Richland County. The
3 wastewater from the treatment lagoon flows out of the lagoon through a piping
4 system where it is disinfected with chlorine tablets. The wastewater discharges
5 into a flow monitoring chamber. From there, the wastewater effluent is then
6 discharged into an open ditch and into Cabin Branch to Myers Creek to the
7 Congaree River. The discharge flow capacity of the WWTF is 400,000 gallons
8 per day as permitted by DHEC.

9 **Q. WHAT IS YOUR UNDERSTANDING OF THE OWNERSHIP OF PINEY**
10 **GROVE UTILITIES, INC.?**

11 A. It is my understanding that PGU is owned solely by Mr. D. Reece Williams, IV.
12 Also, Mr. Williams owns three other utilities, Piedmont Water Company, Inc.,
13 Eagle Point Water Company, Inc., and River Pines Water Company, Inc. which
14 are all regulated by the South Carolina Public Service Commission. Another
15 utility owned by Mr. Williams, Foxborough Treatment, LLC, is not currently
16 registered with the South Carolina Public Service Commission. Foxborough
17 Treatment, LLC is a wastewater treatment system located in Clarendon County
18 near the town of Summerton.

19 **Q. PLEASE EXPLAIN EXHIBIT WJM-4 OF YOUR REPORT.**

20 A. Exhibit WJM-4, consisting of 17 pages, are copies of bills and complaint
21 information that I received from customers of PGU prior to the filing of the
22 petition of ORS to request forfeiture of the PGU performance bond and to request
23 authority to petition the circuit court for appointment of a receiver of PGU. In

addition, I received numerous complaints from other customers of the Lloydwood subdivision by telephone on and after April 5, 2005. Most of these complaints centered on the excessive deposit of $90 that was requested by PGU and the $5 late fee that was assessed when customers were late paying their bill. However, the customer complaint at 104 Lloydwood Drive also included a complaint about not getting proper credit for a payment made for their December 2004 bill and being penalized a $5 late fee charge every month for not being current with their payment. Also, the customer complained that they were not reimbursed by Mr. Reece Williams for services rendered on December 11, 2004 to clean out a sewer line belonging to PGU. In addition to the issues raised in the complaints filed with ORS, other billing problems were identified by investigations performed by ORS . They are listed as follows:

1. No contact telephone number. See R.103-532.1.(e).
2. No emergency telephone number for after hours. See R.103-532.1.(e).
3. The $90 deposit assessed is excessive. R.103-531.1 restricts the deposit amount to an estimated two months bill for new customers or a maximum deposit to an amount equal to the total actual bill of the highest two consecutive months over the past twelve months.
4. Bills not being mailed in a timely manner. See R.103-532.
5. The customers are being charged a late fee even if they pay within the 25 days allowed under R.103-532.2.
6. Late payment charge is excessive. PGU is charging a $5.00 late fee. R.103-532.2. restricts the amount to 1 and ½ % of the unpaid balance.
7. The payment due date is missing. See R.103-532.1.(f).

Q. DID YOUR OFFICE ATTEMPT TO GET PINEY GROVE UTILITIES, INC. TO ADDRESS THESE COMPLAINT ISSUES?

1 A. Yes. Our agency advised Mr. Reece Williams of PGU on several occasions about
2 the regulatory requirement pertaining to the maximum deposit amount that could
3 be charged per customer. Mr. Williams was advised that the maximum amount
4 that he could charge was $30.00. This is consistent with PGU's approved rates as
5 outlined in Exhibit WJM-5 and the PSC regulation 103-531.1 for sewerage
6 utilities. In addition to the recent attempts to address complaints concerning the
7 excessive deposit issue, records in the PSC files show that the PSC staff attempted
8 to get Mr. Williams to address this issue on numerous occasions as far back as
9 January 2003. I personally informed Mr. Williams of PGU about the maximum
10 amount that his company could charge for deposits and what he could charge for
11 late fees. This was done in March and April of this year via telephone. Also, our
12 Legal Office sent Mr. Williams of PGU a letter dated April 15, 2005 requesting
13 that PGU "...comply with state law by amending its bill forms and billing
14 practices to conform to all applicable PSC regulations." See Exhibit WJM-6,
15 copy of April 15, 2005 letter from Mr. Benjamin P. Mustian, Esq. to Mr. Reece
16 Williams. Also, the letter requested that PGU revise its deposit requirement and
17 assessment of late fees to comply with the PSC regulations. In addition, PGU was
18 requested to refund the excess deposits collected. In order to verify PGU's
19 compliance with the request, PGU was requested to submit documentation
20 agreeing to the changes, provide evidence that the bill form had been changed,
21 and show proof that the excess deposits were refunded. To date, this has not been
22 done.

23 **Q. PLEASE EXPLAIN EXHIBIT WJM-7 OF YOUR REPORT.**

1 A. Exhibit WJM-7 is a copy of the notice sent to Mr. Reece Williams of PGU
2 requesting information about the interruption of sewer service to some of the
3 residences in the Lloydwood subdivision because of a sewer main backup
4 problem that occurred on March 27 through March 30, 2005. To date, neither Mr.
5 Reece Williams nor PGU has provided ORS with a written response to this
6 request. Also, the customers' yards that were disturbed as part of this repair effort
7 have not been restored as required pursuant to regulation 103-537.B.
8 Furthermore, it should be noted that neither the PSC nor ORS was notified by
9 PGU about this interruption of service as required by 26 S.C. Code Regs. 103-
10 514.A. ORS was informed about this interruption of service by DHEC and
11 customers of PGU.

12 **Q. WHAT SPECIFIC ENVIRONMENTAL REGULATORY**
13 **REQUIREMENTS HAVE BEEN IDENTIFIED TO YOUR OFFICE AS**
14 **BEING A PROBLEM ON PINEY GROVE UTILITIES, INC.'S SYSTEMS?**

15 A. Prior to this petition being filed, , I became aware that the operator, EA Services,
16 Inc., was going to quit at the end of March if it did not receive some form of
17 payment from PGU for the work that it was doing at the WWTF in the
18 Lloydwood subdivision. During the week of April 18, 2005, I learned, through
19 discussions with DHEC, that EA Services was no longer providing operator
20 service for PGU and that their was no disinfection or chlorination of the sewage at
21 the Lloydwood subdivision. Attempts were made by ORS to get Mr. Reece
22 Williams of PGU to address this problem in order to prevent the continued release
23 of improperly treated wastewater. This included a conference call with Mr.

Williams on the morning of Friday, April 22, 2005. The operator problem was never addressed by Mr. Williams or PGU.

Mr. Chad Campbell, Investigator at ORS, and I scheduled a site visit with Mr. Williams for Monday, April 25, 2005 to review the WWTF and collection system at the Lloydwood subdivision and to offer assistance with complying with the various regulatory requirements. The site visit identified numerous issues that needed to be addressed by the utility. See Exhibit WJM-8, ORS Wastewater Inspection Report of April 25, 2005. The deficiencies noted during the site visit of April 25, 2005 are outlined as follows:

A. Excessive vegetation growth problem within fenced area surrounding WWTF (See Exhibit WJM-9),

B. Duck weed problem within WWTF lagoons (aeration lagoon and polishing pond (See Exhibit WJM-10),

C. Contact telephone number not available on fence or gate to WWTF (See Exhibit WJM-11),

D. Pump in wet well cycling too often (needs to be repaired),

E. Objectionable odor problem within fenced area of WWTF and from discharge flow outside of fenced area below WWTF,

F. Excessive debris and vegetation in disinfection contact chamber (See Exhibit WJM-12),

G. Multiple (two) customers yards need to be repaired by utility,

H. Service pipe connection need to be located by the utility, and

I. Customer complaints concerning sewage backup should be rectified.

To date, the only item identified during the inspection on April 25, 2005 by ORS that has been addressed by PGU is the placement of a contact telephone number on the gate to the WWTF.

1 I conducted another inspection on portions of PGU's Lloydwood subdivision
2 sewer system on Thursday, April 28, 2005. The main purpose of the inspection
3 was to review an overflowing manhole problem that had been reported earlier to
4 our agency by DHEC. This inspection revealed a repair of the overflow problem.
5 Conditions indicated the release of sewage along the street beginning at 336
6 Southhall Road for approximately 100 feet before entering a storm drain along the
7 side of the street. See Exhibit WJM-13, ORS Wastewater Inspection Report of
8 April 28, 2005.
9 Because of continued complaints from customers of PGU, ORS conducted an
10 inspection of all three subdivisions (Lloydwood, Franklin Park, and Allbene Park)
11 being provided with water and/or sewer service by PGU on Wednesday, May 25,
12 2005. The complaints included customer billing problems, low water pressure
13 problems in the Allbene Park subdivision, water leaks in Allbene Park and
14 Franklin Park, and yard repair problems. This inspection was conducted by our
15 office and DHEC. Ms. Dawn Hipp and I attended this inspection on behalf of
16 ORS. Present on the inspection from DHEC were Mr. Bradley W. Martin and
17 Ms. S. Michele Culbreath. Mr. Williams was given notice of this site audit in our
18 letter dated April 29, 2005. See Exhibit WJM-14, ORS letter to Mr. Reece
19 Williams from Willie J. Morgan. However, no one from the company attended
20 the site audit. This site audit of PGU identified numerous issues that needed to be
21 addressed by the utility. Some of the issues that were identified during this site
22 audit were the same issues that had been noted to the utility owner of PGU during

the site audit of April 25, 2005 for the Lloydwood subdivision. The deficiencies noted during the site visit of April 25, 2005 are outlined as follows:

Lloydwood Subdivision Sewer System

A. Excessive vegetation growth problem within fenced area surrounding WWTF,

B. Duck weed problem within WWTF lagoons (aeration lagoon and polishing pond,

C. Pump in wet well cycling too often (needs to be repaired),

D. Objectionable odor problem within fenced area of WWTF but not as bad compared to time of site audit on April 25, 2005,

E. Excessive debris and vegetation in disinfection contact chamber,

F. Multiple customers yards need to be repaired by utility [236 Lloydwood Drive (Yard not repaired by utility after line repair), 238 Lloydwood Drive (Yard not repaired by utility after line repair.), and 315 Lloydwood Drive (The yard at 315 Lloydwood Drive has a 5x5 sinkhole in front of resident's yard. The sinkhole has been in yard since 2003. It is being caused by a crack in the utility sewer main. Evidence exists of sand in utility manhole on corner of Ravenscroft and Llyodwood Drive. Resident contacted utility. Resident had a load of sand dumped into hole)],

G. Warning signs on the fence did not have a company name for individuals to call in case of an emergency.

See Exhibit WJM-15, ORS Wastewater Inspection Report of May 25, 2005. See Exhibit WJM-16 for picture of unrepaired yard at 236 Lloydwood Drive. Also, see Exhibit WJM-17 for picture of sinkhole at 315 Lloydwood Drive. DHEC has issued multiple orders for violations of the sewer system permits related to problems on the collection system, WWTF, and for violation of the NPDES permit.

Franklin Park Subdivision Sewer System

A. Chlorination at WWTF is taking place in the contact chamber which is not DHEC approved.

B. De-chlorination is not being done as required by NPDES permit for WWTF.

C. There are no warning signs on the fence for the WWTF providing a contact telephone number and company name for individuals to call in case of an emergency. A contact telephone number and name for the utility should be on the fence or near the fence such that individuals could call in case there is an emergency associated with the wastewater treatment system.

D. Extreme overgrowth of vegetation within the WWTF fencing. Full grown trees line the lagoon.

E. Grease build-up evident in the contact chamber at the WWTF.

F. Gate to WWTF unlocked and chain needs repair.

See Exhibit WJM-18, ORS Wastewater Inspection Report of May 25, 2005.

Q. HAVE YOU IDENTIFIED ANY OTHER PROBLEMS WITH THE BILLING PRACTICES OF PGU?

A. Yes. Customers in the Franklin Park and Allbene Park subdivisions are being charged an excessive late fee of $3.00 per month if they are late in paying their bills. Customers are being overcharged for deposits, and deposits are not being refunded properly.

In addition, the customers in the Lloydwood, Franklin Park, and Allbene Park subdivisions are not given the proper amount of time to pay their bills as required pursuant to regulation 103-532.2 and 103-732.2. Also, the bill form is missing reference to the applicable rate schedule approved by the PSC.

See Exhibit WJM-19, consisting of 5 pages for copies of a sampling of customer bills.

1 **Q. WHAT ARE SOME OF THE ADDITIONAL PROBLEMS THAT ORS**
2 **HAS IDENTIFIED TO PGU CONCERNING COMPLIANCE WITH THE**
3 **PSC RULES AND REGULATIONS?**

4 A. PGU's performance bond is outdated. See Exhibit WJM-30, current performance
5 bond for PGU. The bond must be updated to be consistent with the current state
6 statue and regulations governing private utilities. PGU has failed to submit its
7 annual reports for the past four years. PGU has failed to update its utility
8 representative form. No notices of violation have been filed with the Commission
9 for violation of PSC or DHEC rules as required pursuant to regulation 103-714.C
10 and 103-514.C. As required pursuant to regulation 103-714.B and 103-514.B,
11 scheduled interruptions of service have not been preceded by adequate notice to
12 all affected customers (i.e., shut off on Wednesday, July 13, 2005, etc.).
13 Complaint records are not kept in accordance with regulation 103-516 and 103-
14 716. Customer deposits and interest on deposits are not returned properly as
15 required pursuant to regulation 103-531.1 through 7 and 103-731.1 through 7.
16 Up-to-date water utility maps have not been provided to ORS as requested in
17 accordance with regulation 103-730.A.

18 The utility has not been providing proper maintenance on its water and sewer
19 systems. Excessive vegetative growth exists throughout the water and sewer
20 utility system property at all of the properties owned by PGU. Records obtained
21 by ORS as part of its data request to PGU does not show that the water or sewer
22 lines are being cleaned routinely (i.e, the water lines in Allbene Park and Franklin

1 Park are not flushed regularly as preventative maintenance, the sewer lines in
2 Franklin Park and Lloydwood are not cleaned or pressure washed regularly).

3 **Q. DURING YOUR REVIEW OF THE UTILITY, ARE THERE ANY OTHER**
4 **PROBLEMS THAT YOU CAN IDENTIFY CONCERNING THE**
5 **OPERATION AND MANAGEMENT OF THE UTILITY THAT ARE NOT**
6 **IN COMPLIANCE WITH COMMISSION RULES AND REGULATIONS?**

7 A. The utility does not have a local office for the public to inspect schedule of rates,
8 contract forms, rules, and regulation of the company as required pursuant to
9 regulation 103-730.C. and 103-530.C. The utility does not notify customers with
10 complaints that the utility is under the jurisdiction of the Commission or that the
11 customer may notify the Commission of his complaint as required pursuant to
12 regulation 103-730.F. and 103-530.F. Every private utility company, including
13 water and sewer companies like PGU, must file a statement showing its gross
14 operating revenue from operations for the preceding calendar year. The company
15 must pay a regulatory fee based on a formula that is applied to that revenue. PGU
16 has failed to comply with this requirement concerning gross receipts for at least
17 the past two years.

18 **Q. WHY DO YOU BELIEVE A RECEIVER SHOULD BE APPOINTED TO**
19 **MANAGE AND OPERATE PINEY GROVE UTILITIES?**

20 A. The problems that ORS and DHEC have identified are well beyond the level of
21 what should be tolerated from a sewer utility. There have been and continue to be
22 numerous customer complaints about the safety and adequacy of service that is
23 being provided by PGU, its owner Mr. Williams, and its staff. When problems

1 occur with the operations of PGU, the problems are compounded by the lack of
2 responsiveness and/or slowness in responsiveness to the issue. The utility has
3 failed to properly address system complaints and billing issues, including
4 excessive charges, in a timely manner. The utility has not been providing proper
5 maintenance on its water and sewer systems. These issues have and continue to
6 be presented to the utility by ORS, DHEC, and customers of PGU.
7 Also, PGU failed to file proper reports including its annual reports for the past
8 four years, updated performance bond information, gross receipts, interruption of
9 service information to customers and ORS, and boil water notices to customers.
10 **Q. WHY DO YOU BELIEVE THE PERFORMANCE BOND SHOULD BE**
11 **REVOKED?**
12 A. The performance bond in place to ensure that the utility provides adequate and
13 proper service as required by 26 S.C. Code Ann. §58-3-720. Such a bond is based
14 on, but not limited to, the expenses to cover the Operation and Maintenance
15 Expenses, General and Administrative Expenses, Taxes Other Than Income
16 Taxes, Income Taxes, and Debt Service including Interest Expenses. PGU has
17 clearly not been providing safe and adequate service to its customers. PGU has
18 almost completely disregarded the Commission rules and regulations. PGU and
19 its representatives have been non-responsive in addressing problems on its
20 systems and customer complaints.
21 **Q. WHAT WOULD THE FUNDS OBTAINED FROM THE FORFEITURE OF**
22 **THE PROFORMANCE BOND BE USED FOR?**

1 A. In addition to paying for the cost of maintaining and servicing the facility in
2 general, the funds could be used to fix some of the problems that exist on the
3 sewer systems of PGU. Funds can be used from the forfeiture of the bond to
4 repair yards in the Lloydwood subdivision or repair the damaged sewer collection
5 system at 315 Lloydwood Drive.

6 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

7 A. Yes, it does.

DIRECT EXHIBITS

OF

WILLIE MORGAN

2005-110-W/S

Petition of the Office of Regulatory Staff to Request Forfeiture of the Bond and to Request Authority to Petition the Circuit Court for Appointment of a Receiver

EXHIBIT INDEX OF THE WATER/WASTEWATER DEPARTMENT

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2005-110-W/S

PINEY GROVE UTILITIES, INC.

WILLIE J. MORGAN TESTIMONY

EXHIBIT NO.	EXHIBIT TYPE	PREPARED BY
WJM-1	PGU Customer Service Area Map for Lloydwood	PGU
WJM-2	PGU Customer Service Area Map for Franklin Park	PGU
WJM-3	Commission Order No. 92-29	PSC
WJM-4	Customer Bills and Complaints	PGU & Customers
WJM-5	PGU Rate Schedule	PSC
WJM-6	Benjamin P. Mustian letter to Reece Williams	ORS
WJM-7	Willie J. Morgan letter to Reece Williams (3/31/05)	ORS
WJM-8	Inspection Report of April 25, 2005	ORS
WJM-9	Photograph of Excessive Overgrowth	ORS
WJM-10	Photograph of Duck Weed Problem	ORS
WJM-11	Photograph of Gate Signs	ORS
WJM-12	Photograph of Excessive Vegetation	ORS
WJM-13	Inspection Report of April 28, 2005	ORS
WJM-14	Willie J. Morgan letter to Reece Williams (4/29/05)	ORS
WJM-15	Inspection Report of May 25, 2005 - Lloydwood	ORS
WJM-16	Photograph of Unrepaired Yard	ORS
WJM-17	Photograph of Sinkhole in Yard	ORS
WJM-18	Inspection Report of May 25, 2005 – Franklin Park	ORS
WJM-19	Customer Bills	PGU

EXHIBIT WJM-3

EXHIBIT D

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 90-807-W/S - ORDER NO. 92-29

JANUARY 24, 1992

IN RE: Application of Piney Grove Utilities, Inc. for Approval of a New Schedule of Rates and Charges for Water and Sewer Service Provided to its Customers in Lexington and Richland Counties, South Carolina.	ORDER APPROVING RATES AND CHARGES

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by Piney Grove Utilities, Inc. (the Company or Piney Grove) on July 25, 1991, for an increase in its rates and charges for water and sewer service provided to its customers in Lexington and Richland Counties, South Carolina. The Application was filed pursuant to S.C. Code Ann.§58-5-240 (Supp. 1991) and 26 S.C. Regs. 103-821 (1976).

By letter dated August 12, 1991, the Commission's Executive Director instructed the Company to publish a prepared Notice of Filing, one time, in a newspaper of general circulation in the area affected by the Company's Application. The Notice of Filing indicated the nature of the Company's Application and advised all interested parties of the manner and time in which to file appropriate pleadings. Additionally, the Company was instructed to directly notify all of its customers affected by the proposed increase. The Company submitted affidavits indicating that it had complied with these instructions.

A Petition to Intervene was filed on behalf of Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate). A

Notice of Protest was filed by Mrs. Bessie Lee Green.

The Commission Staff (Staff) made on-site investigations of the Company's facilities, audited the Company's books and records, and gathered other detailed information concerning the Company's operations. The Consumer Advocate also conducted discovery relating to the Company's Application.

On December 12, 1991, a public hearing concerning the matters asserted in the Company's Application was held in the Commission's hearing room. Pursuant to S.C. Code Ann.§58-3-95 (Supp. 1991), a panel of three Commissioners, Vice Chairman Yonce, presiding, Commissioner Arthur, and Commissioner Mitchell, was designated to hear and rule on this matter. Louis H. Lang, Esquire, represented the Company; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

Upon full consideration of the Company's Application, the evidence presented at the hearing, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Piney Grove provides water service to 123 customers in Graustark, Allbene Park, and Franklin Park Subdivisions and sewer service to 339 customers in Lloydwoods and Franklin Park Subdivisions in Lexington and Richland Counties, South Carolina.

2. Piney Grove was acquired from General Utilities, Inc. in 1985. Piney Grove's present rates and charges are those that were approved for

General Utilities, Inc. between 1970 and 1973.[1] Currently, Piney Grove charges a monthly minimum of $4.00 for use of 133 cubic feet for water service to its Allbene Park and Graustark Subdivisions and a minimum of $4.00 for use of 3,000 gallons of water to its customers in the Franklin Park Subdivision. Piney Grove charges a $7.50 fee for disconnection or reconnection of its water service.

3. Piney Grove charges $3.00 per month, or $30.00 per year in advance, for sewer service to its customers in the Franklin Park Subdivision. The Company charges its customers in the Lloydwood Subdivision $4.50 per month for sewer service.

4. Piney Grove proposes to charge its customers a monthly Basic Facility Charge of $9.00 and a monthly Commodity Charge of $3.50 per 1,000 gallons or 133 cubic feet for water service. This charge results in an increase of 402.43% on an average customer's monthly bill. In addition, Piney Grove proposes to increase its disconnect and reconnect charge for water service to $35.00.

5. Piney Grove proposes to charge its customers a monthly charge of $29.00 for sewer service. This charge results in an increase of 867.67% on an

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Specifically, the Company's water and sewer charges were approved by the following orders.

SUBDIVISION		ORDER NO.	DOCKET NO.	DATE
GRAUSTARK	(WATER)	15,156	15,033	4-7-70
ALLBENE PARK	(WATER)	15,157	15,034	4-7-70
FRANKLIN PARK	(WATER)	15,176	15,066	4-21-70
FRANKLIN PARK	(SEWER)	15,177	15,067	4-21-70
LLOYDWOOD	(SEWER)	16,753	16,578	3-22-73

average Franklin Park Subdivision customer's monthly bill. This proposed charge results in an increase of 544.44% on an average Lloydwood Subdivision customer's monthly bill.

6. Piney Grove asserts that its requested increase in rates and charges are necessary and justified because it is currently losing money on its water and sewer operations. Specifically, Piney Grove notes that in 1990, it had a net operating loss of $63,912 and in 1989 it had a net operating loss of $73,597. Piney Grove claims that it is unlikely that it can continue its provision of water and sewer service without a satisfactory rate increase.

7. Piney Grove asserts that C.W. Haynes & Company, the developer of three of the subdivisions, manages the Company but does not collect a management fee. Piney Grove states that C.W. Haynes and Company and its shareholders have loaned the Company money in order to maintain its water and sewer operations.

8. Piney Grove proposes that the appropriate test year upon which to consider its requested increase is the twelve month period ending December 31, 1990.

9. Under its presently approved rates, the Company states that its per book operating revenues for the test year were $27,562.[2] The Company seeks an increase in its rates and charges for water and sewer service in a manner which would increase its operating revenues by $136,231.

10. Staff proposes to adjust the Company's per book revenues by $389.

Unless otherwise stated, this Order will refer to the combined water and sewer revenues and expenses of the Company.

This adjustment reflects revenues which will be received based on the number of the Company's sewer customers at the end of the test year. Accordingly, after accounting and pro forma adjustments, Staff concluded that Piney Grove's operating revenues were $27,951.

11. The Company asserts that under its presently approved rates, its operating expenses for the test year, after accounting and pro forma adjustments, were $128,157. Staff concludes that the Company's operating expenses for the test year, after accounting and pro forma adjustments, were $71,886. Staff made this proposal after making the following adjustments to the Company's expense accounts:

(A) Management Fee

The Company proposed to pay 5% of its revenues as a management fee to C.W. Haynes & Company. The Company explained that the proposed management fee would reimburse C.W. Haynes & Company for the expenses it incurs such as postage, bookkeeping, and salaries in managing Piney Grove. The Company admitted that the selection of a charge of 5% of its revenues was not based on any type of study of C.W. Haynes & Company's costs to perform services for Piney Grove.

Staff did not propose a management fee for Piney Grove. Staff accounting witness Scott testified that the Company had no documentation supporting its proposed management fee and that because the Company did not pay any management fees during the test year, there was no known and measurable information upon which to accept the Company's proposed adjustment.

(B) Rate Case Expenses

The Company estimated that its rate case expenses would be $1,000 and, thereafter, proposed to recover the $1,000 expense over a three year period. Staff amortized the Company's actual rate case expenses of $1,771 over a three year period for an adjustment of $590.

(C) Capitalization of Plant

Staff proposed to capitalize water pump controls, two water pumps, a chemical tie-in pump, and a sewer lift pump which were purchased and installed after the test year. This adjustment increased the Company's plant in service by $9,597.

(D) Depreciation Expense/Accumulated Depreciation

The Staff proposed to adjust the Company's depreciation expense on the Company's plant to reflect straight-line depreciation rather than depreciation on an accelerated rate as recorded on the Company's books. The Staff's proposed depreciation rate was based on rates recommended by the Commission's Water and Wastewater Department. Staff's annualization reduced the Company's depreciation expense by $7,658 and, likewise, its accumulated depreciation by $7,658.

(E) Interest Expense

During the test year, the Company did not pay any interest expense. The Company proposes to recover $21,858 in interest for loans made to Piney Grove by its shareholders and C. W. Haynes and Company, Inc. This interest expense was calculated by assuming the Company would repay its debt at an average interest rate of 10% over the next five years.

Staff proposes to synchronize the Company's interest expense with the debt portion of its rate base. Staff witness Scott testified that this method of calculating interest ensures that the interest expense is associated with rate base and is not interest associated with debt incurred to cover cash flow problems or to support non-utility related business activities.

12. The Company stated that, after accounting and pro forma adjustments to its operating revenues and operating expenses, its net income for return was ($100,595). Staff found that, after accounting and pro forma adjustments to the Company's operating revenues and operating expenses, the Company's net income for return was ($43,935).

13. After making its accounting and pro forma adjustments, Staff concluded that the Company's present operating margin is (181.35%).[3] Staff concludes that the Company's proposed increase in rates and charges would increase the Company's operating margin to 39.32%.

14. Ms. Green, a resident of Franklin Park, testified she received water and sewer service from Piney Grove. She testified that while she had not experienced any problem with the quality of water, her water supply was not reliable. Ms. Green testified that within the past year she had been without water on at least six occasions. Ms. Green explained that Franklin Park was a low income area and that its water service was not sufficiently reliable to justify an increase in the amount proposed by the Company.

15. Ms. Cooper, another resident of Franklin Park, testified that her

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The Company did not provide an operating margin.

water service had also been interrupted during the past year. She explained that while Piney Grove's rates were currently low, an increase should only be granted if the water service improved. Ms. Cooper testified she had no complaints with her sewer service.

CONCLUSIONS OF LAW

1. The Company is a water and sewer utility providing water and sewer service in its service area within South Carolina. The Company's operations in South Carolina are subject to the jurisdiction of the Commission pursuant to S. C. Code Ann. §58-5-10, et seq. (1976).

2. A fundamental principle of the ratemaking process is the establishment of a historical test year as the basis for calculating a utility's revenues and expenses and, consequently, the validity of the utility's requested rate increase. While the Commission considers a utility's proposed rate increase based upon occurrences within the test year, the Commission will also consider adjustments for any known and measurable out-of-test-year changes in expenses, revenues, and investments and will also consider adjustments for any unusual situations which occurred in the test year. See, Parker v. South Carolina Public Service Commission, 280 S.C. 310, 313 S.E.2d 290 (1984), citing City of Pittsburgh v. Pennsylvania Public Utility Commission, 187 Pa.Super. 341, 144 A.2d 648 (1958); Southern Bell v. The Public Service Commission, 270 S.C. 590, 244 S.E.2d 278 (1978).

In light of the fact that the Company proposes that the twelve-month period ending December 31, 1990, is the appropriate test year and Staff has audited the Company's books for that test year, the Commission concludes that

the twelve-month period ending December 31, 1990, is the appropriate test year for the purposes of this rate request.

3. The Commission concludes that the Company's operating revenues for the test year were $27,951. In making this conclusion, the Commission has accepted Staff's proposal to adjust the Company's revenue to project its actual revenue based on its year-end customers. The Commission concludes this method of annualization is appropriate.

4. The Commission has considered each proposed adjustment to the Company's operating expenses as suggested by the Company, the Consumer Advocate, and Staff. The Commission approves or disapproves of each of the proposed adjustments as follows:

(A) Management Fee

The Commission concludes that, for the purposes of this ratemaking proceeding, the Company's proposed management fee should be denied. While it recognizes that the Company does not incur postage, rent, telephone, and other typical utility expenses because these expenses are absorbed by C.W. Haynes and Company, the Commission nonetheless concludes that there is no evidence in the record which supports the selection of a management fee of 5% of the Company's revenues. Accordingly, on the basis of the present record, the Commission concludes it would be inappropriate to allow the Company to recover a management fee from its ratepayers.

(B) Rate Case Expenses

The Commission accepts Staff's proposal to amortize the Company's known rate case expenses over a three year period. Accordingly, the Commission

adopts Staff's recommendation to allow Piney Grove to recover $590 over three years.

(C) Capitalization of Plant

The Commission accepts Staff's proposal to include in plant items that were purchased and installed by the Company outside of the test year. The Company finds that these plant items are being used to benefit the ratepayers and, therefore, are properly recoverable. Hamm v. Southern Bell, __S.C.__, 394 S.E.2d 311 (1990), supra.

(D) Depreciation Expense

The Commission accepts Staff's proposal to depreciate the Company's plant on a straight-line basis at rates previously recommended by the Water and Wastewater Department for similar items. The Commission finds that without documentation supporting its proposed rates, the Company's accelerated depreciation rates are inappropriate.

(E) Interest Expense

The Commission adopts Staff's proposal to synchronize the Company's interest expense and its associated income tax savings to the debt portion of its rate base. The Commission finds that Staff's proposal equitably allocates interest expense and tax savings between the utility's shareholders and ratepayers as it insures that ratepayers will not pay for interest expense incurred for non-utility purposes.

(F) Miscellaneous and Other Adjustments

The Commission adopts all other pro forma and accounting adjustments proposed by Staff and not objected to by any party. All other adjustments

proposed by various parties not specifically addressed herein have been considered by the Commission and have been denied. The Commission has also adjusted all general, state, and federal taxes to reflect all other approved adjustments.

5. Based on the above determinations concerning the accounting and pro forma adjustments to the Company's revenues and expenses, the Commission concludes that Piney Grove's net income (loss) for return is as follows:

TABLE A
NET INCOME FOR RETURN

BEFORE RATE INCREASE

Operating Revenues		$27,951
Operating Expenses		71,886
Net Operating Income (Loss)	($43,935)	
Customer Growth		-0-
Net Income (Loss) for Return	($43,935)	

6. Under the guidelines established in the decisions of Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923), and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944), this Commission does not ensure through regulation that a utility will produce net revenues. As the United States Supreme Court noted in Hope, a utility "has no constitutional rights to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures." However, employing fair and enlighted judgment and giving consideration to all relevant facts, the Commission should establish rates which will produce revenues "sufficient to assure confidence in the financial soundness of the utility and . . . that are adequate under efficient and

economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties." Bluefield, supra, at 692-693.

7. There is no statutory authority prescribing the method which this Commission must utilize to determine the lawfulness of the rates of a public utility. For a water and sewer utility whose rate base has been substantially reduced by customer donations, tap fees, contributions in aid of construction, and book value in excess of investment, the Commission may decide to use the "operating ratio" and/or "operating margin" method for determining just and reasonable rates. The operating ratio is the percentage obtained by dividing total operating expenses by operating revenues; the operating margin is determined by dividing the net operating income for return by the total operating revenues of the utility. This method was recognized as an acceptable guide for ratemaking purposes in Patton, supra.

The Commission concludes that use of the operating margin is appropriate in this case. Based on the Company's gross revenues for the test year, after accounting and pro forma adjustments under the presently approved schedules, the Company's operating expenses for the test year, after accounting and pro forma adjustments, and customer growth, the Company's present operating margin (loss) is as follows:

TABLE B
OPERATING MARGIN

BEFORE RATE INCREASE

Operating Revenues	$27,951
Operating Expenses	71,886
Net Operating Income (Loss)	($43,935)
Customer Growth	-0-
Total Income for Return	($43,935)
Operating Margin (Loss) (After Interest)	(181.35%)

8. The Commission is mindful of the standards delineated in the Bluefield decision and of the need to balance the respective interests of the Company and of the consumer. It is incumbent upon this Commission to consider not only the revenue requirements of the Company but also the proposed price for the water and sewer service, the quality of the water and sewer service, and the effect of the proposed rates upon the consumer. See, Seabrook Island Property Owners Ass. v. S. C. Public Service Commission, __S.C.__, 401 S.E.2d 672 (1991); S.C. Code Ann.§58-5-290 (1976).

9. The fundamental criteria of a sound rate structure have been characterized as follows:

> ...(a) the revenue-requirement or financial-need objective, which takes the form of a fair return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.

Bonbright, Principles of Public Utility Rates (1961), p. 292.

10. Based on the considerations enunciated in Bluefield and Seabrook Island and on the fundamental criteria of a sound rate structure as stated in Principles of Public Utility Rates, the Commission determines that the Company should have the opportunity to earn a 6.04% operating margin for the next year and an operating margin of 8.50% thereafter. In order to have a reasonable opportunity to earn a 6.04% operating margin in the next year and a 8.50% operating margin thereafter, the Company will need to produce $85,534 in total annual operating revenues for the next year and $88,474 in total annual operating revenues thereafter.

TABLE C
OPERATING MARGIN

AFTER RATE INCREASE	YEAR 1	SUCCEEDING YEARS
Operating Revenues	85,534	88,474
Operating Expenses	73,611	74,197
Net Operating Income	11,923	14,277
Customer Growth	-0-	-0-
Total Income for Return	11,923	14,277
Operating Margin (After Interest)	6.04%	8.50%

11. The Commission has carefully considered the financial needs of the Company and the concerns of its customers. While the Commission recognizes that the Company is currently operating with a negative operating margin, the Commission also recognizes that there is customer dissatisfaction with the reliability of the Company's water service.

Further, the Commission recognizes that the Company's proposed $9.00 monthly Basic Facility Charge and $3.50 per 1,000 gallon usage charge would

increase an average residential customer's monthly water bill by 402.43%. Similarly, Piney Grove's proposal to increase its sewer rates from a flat rate of $3.00 per month for customers in Franklin Park and $4.50 per month for customers in Lloydwood to $29.00 per month would increase a Franklin Park customer's sewer bill by 867.67% per month and a Lloydwood customer's sewer bill by $544.44% per month.

12. On the other hand, the Commission recognizes that the Company's rates have not been increased since the inception of the water and sewer systems in the early 1970s. The Commission is cognizant of the fact that basic expenses have increased with time. Moreover, the Commission notes that since 1985 the Company has made $189,111 worth of capital improvements to its water and sewer facilities which directly benefit its current ratepayers.

13. The Commission concludes that an increase in the Company's water and sewer rates is necessary. However, the Commission finds that Company's proposed increase is inappropriate. Accordingly, for water service the Commission will allow the Company to charge a Basic Facility Charge of $6.00 per month and a usage charge of $2.00 per 1,000 gallons. The Commission approves the Company's proposed $35.00 disconnection and reconnection fee as reasonable. 26 S. C. Regs. Ann. 103-732.5 (Supp. 1991).

14. For one year from the date of this Order the Commission approves a flat rate of $10.00 per month for sewer service for customers in the Franklin Park Subdivision. Thereafter, the Commission approves a flat rate of $15.00 per month for customers in the Franklin Park Subdivision. The Commission approves a flat rate of $15.00 per month for sewer service for customers in the

Lloydwood Subdivision. Finally, the Commission approves late payment fees and a sewer reconnection fee in keeping with 26 S.C. Regs. 103-532.2 and 103-532.4 (Supp. 1991).

15. Based on the above considerations and reasoning, the Commission hereby approves the proposed rates and charges as stated in this Order as a just and reasonable manner in which to produce and distribute the increased revenues which are necessary to provide Piney Grove with the opportunity to earn its approved operating margins.

16. Accordingly, it is ordered that the rates and charges attached on Appendix A are approved for service rendered on or after the date of this Order. The schedule is hereby deemed to be filed with the Commission pursuant to S.C. Code Ann. §58-5-240 (1976).

17. It is ordered that if the approved schedule is not placed in effect until three (3) months after the effective date of this Order, the approved schedule shall not be charged without written permission of the Commission.

18. It is further ordered that the Company maintain its books and records for water and sewer operations in accordance with the NARUC Uniform System of Accounts for Class C Water and Sewer Utilities, as adopted by this Commission.

19. Finally, the Commission recognizes that Piney Grove has been attempting to sell its water and sewer systems. The Commission encourages Piney Grove to continue in this effort.

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

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)

EXHIBIT WJM-4

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2351-LL

Period Ending
02-28-2005

Page Number
1

Telephone
See Note Above

DENNIS J KNIGHT
104 LLOYDWOOD DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description		Amount
	Service Location: 104 LLOYDWOOD DRIVE		
	Previous Balance		40.00
02-15-05	Late Fee for January, 2005		5.00
02-28-05	Sewer Fee for February, 2005		15.00
	PAST DUE AMOUNT = $40.00		
	January 2005	20.00	
	December 2004	15.00	
	November 2004	5.00	

DISCONNECTION OF SERVICE NOTICE

Your account is past due. Please remit payment in full or provide a WRITTEN EXPLANATION in the space below.

This MUST be postmarked on or before March 8, 2005 to avoid disconnection of your service AND a reconnection charge of $50.00. If you mailed your payment within the last 3 business days, please disregard this notice.

*** There will be no reconnections after 5:00 PM. ***
*** Reconnections will be made the following WORK day. ***

3-3-05 CALL me about this as you apparently did not read my letter from last month - (copy attached)
Dennis Knight 796 8877

Current	Over 30 Days	Over 60 Days	Over 90 Days	Net Deposit	Pay This Amount
20.00	20.00	15.00	5.00	Zero	60.00

Knight's Plumbing Company

104 Lloydwood Drive
West Columbia, South Carolina 29172

February 22, 2005

Mr. Reece Williams
Piney Grove Utilities
P O Box 3096
West Columbia, S. C. 29171

Dear Mr. Williams,

Since I haven't heard from you since our last phone conversation about 3 weeks ago, I am sending you a copy of the invoice we discussed. I am also enclosing a copy of my recent sewer bill for January 05. As you can see, the December bill was paid, so the balance due is only $15.00. (No late fees added in)

The original balance due on your invoice is $95.00 and since your invoice is over 60 days old, the late charges should be $10.00 (the same that you charged me) making your outstanding balance $105.00. I deducted the $15.00 I owe Piney Grove, leaving an outstanding balance due Knight's Plumbing of $90.00.

Let me know if you want me to continue deducting my monthly bill from Piney Grove's or if you plan to send me a check for the balance due. I will be awaiting your reply either by letter or phone.

Sincerely,

Yvonne Knight
Knight's Plumbing
796-8877

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2351-LL

Period Ending
01-31-2005

Page Number
1

Telephone
803 606-9224

DENNIS J KNIGHT
104 LLOYDWOOD DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 104 LLOYDWOOD DRIVE	
	Previous Balance	~~20.00~~
01-15-05	Late Fee for December, 2004	not paying ~~5.00~~
01-31-05	Sewer Fee for January, 2005	15.00
	PAST DUE AMOUNT = $20.00	
	December 2004	15.00
	November 2004	~~5.00~~ not paying late fee

This was paid 12-26-04 Check # 8998
Check cleared 1-3-05 - See below

DENNIS J. OR YVONNE L. KNIGHT
104 LLOYDWOOD DR. 796-8877
WEST COLUMBIA, SC 29172

8998

Date 12-26-04

87-448/539 SC 719

Pay to the order of Piney Grove Utilities $ 15.00

Fifteen + 00/100 Dollars

Bank of America

Bank of America Advantage®

ACH R/T 053904483

For 2351-LL

Yvonne Knight

⑆053904483⑆ 000055257521⑈ 8998 ⑈000000 1500⑈

15.00

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
20.00	15.00	5.00		Zero	~~40.00~~

853100380
123104
BANK OF AMERICA, NA CAR
858 [illegible] E TRYON RD RALEIGH NC
VS DATE 01/03/05
P30 E C 017 SC
6400128473

[illegible]
FCBT CO. INC.
123104 71194253

FOR DEPOSIT ONLY

KNIGHTS PLUMBING CO.

104 Lloydwood Drive
West Columbia, SC 29172
(803) 796-8877

Job Invoice

10484

Bill To Tommy Looper	Date 12-11-04
Address 410 Old Plantation	Phone 794-4117
City W. Cola SC 29172	Work Phone 2373464
Job Name & Location	
unstop sewer	

Cleaned the line at the tap in the street. Line was not stopped up on this property.	95.00
(Bill Sent to Piney Grove Utilities to be paid per Reece Williams)	
	$ 95.00

ANY REPAIRS PERFORMED ON POLYBUTYLENE PIPE OR FITTINGS CARRY NO WARRANTY.

I hereby acknowledge the satisfactory completion of the above described work:

SIGNATURE

IMPORTANT: All accounts 30 days past due are subject to a Finance Charge of 2% PER MONTH, which is an ANNUAL PERCENTAGE of 24%

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2349-LL

Period Ending
03-31-2005

Page Number
1

Telephone
803 606-9224

MICHAEL S MCFARLAND
103 LLOYDWOOD DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description		Amount
	Service Location: 103 LLOYDWOOD DRIVE		
	Previous Balance		15.00
03-15-05	Late Fee for February, 2005		5.00
03-31-05	Sewer Fee for March, 2005		15.00
	PAST DUE AMOUNT = $15.00		
	February 2005	15.00	

Please call me if you need anything more.
Thanks
Sadie W. McFarland
794-0724

APR 19 2005
RECEIVED

Total due payment POSTMARKED by 04-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
20.00	15.00			Zero	35.00

Piney Grove Utilities
Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Customer Number: 2349-LL
Service Location: 103 LLOYDWOOD DRIVE

Amount Due: $35.00

Sewer Deposit Contract

March 31, 2005

We are providing you with Sewer Service.

For this service I agree to pay such rates as established by the provider. I also agree to conform to all the rates, rules and regulations as now or hereafter in force, and which are made part of this contract. The current deposit required for your location is $90.00.

Your Signature: _____

Please remit the $90.00 plus the balance due on the enclosed statement by the due date (on the statement).

Mailing Address:

MICHAEL S MCFARLAND

103 LLOYDWOOD DRIVE

WEST COLUMBIA SC 29172

Home Phone: 803 794-0724

Work Phone:

Make any Corrections Required:

_____

_____

_____

_____

_____

_____

OFFICE OF REGULATORY STAFF
RECEIVED
APR 19 2005

OFFICE OF REGULATORY STAFF
RECEIVED
APR 04 2005
RECEIVED

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2351-LL

Period Ending
03-31-2005

Page Number
1

Telephone
See Note Above

DENNIS J KNIGHT
104 LLOYDWOOD DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description		Amount
	Service Location: 104 LLOYDWOOD DRIVE		
	Previous Balance		60.00
03-08-05	Late Fee for February, 2005		5.00
03-31-05	Sewer Fee for March, 2005		15.00
	PAST DUE AMOUNT = $60.00		
	February 2005	20.00	
	January 2005	20.00	
	December 2004	15.00	
	November 2004 AND before	5.00	

DISCONNECTION OF SERVICE NOTICE

Your account is past due. Please remit payment in full or provide a WRITTEN EXPLANATION in the space below.

This MUST be postmarked on or before April 8, 2005 to avoid disconnection of your service AND a reconnection charge of $50.00. If you mailed your payment within the last 3 business days, please disregard this notice.

*** There will be no reconnections after 5:00 PM. ***
*** Reconnections will be made the following WORK day. ***

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
20.00	20.00	20.00	20.00	Zero	80.00

Piney Grove Utilities
Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Customer Number: 2351-LL
Service Location: 104 LLOYDWOOD DRIVE

Amount Due: $80.00

Sewer Deposit Contract

March 31, 2005

We are providing you with Sewer Service.

For this service I agree to pay such rates as established by the provider. I also agree to conform to all the rates, rules and regulations as now or hereafter in force, and which are made part of this contract. The current deposit required for your location is $90.00.

Your Signature: _____

Please remit the $90.00 plus the balance due on the enclosed statement by the due date (on the statement).

Mailing Address:

ENNIS J KNIGHT

04 LLOYDWOOD DRIVE

EST COLUMBIA SC 29172

ome Phone: 803 796-8877

ork Phone:

Make any Corrections Required:

_____

_____

_____

_____

_____

_____

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2004-LL

Period Ending
03-31-2005

Page Number
1

Telephone
803 606-9224

RECEIVED
APR 2 0 2005
ORS
T,T,W,W/W

MARY A SMOAK
303 CARTERHILL DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 303 CARTERHILL DRIVE	
	Previous Balance	20.00
03-05-05	Payment - Thank You (Check # 4335)	20.00CR
03-31-05	Sewer Fee for March, 2005	15.00

Total due payment POSTMARKED by 04-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
15.00				Zero	15.00

Resident Sewage & Waste Complaint Information

RECEIVED
APR 20 2005
C.
T,T,W,

RECEIVED
APR 20 2005
ORS
T,T,W,W/W

1)Address Of Resident: Gail & Tim Eberhart
345 Creighton Dr.
W. Columbia, SC 29172

2)Phone Number(s) of Resident: H 7945292 C 6063169

3)Date of Complaint: 2-2-04, 2-6-04

4)Nature of Complaint(sewer backed up, billing issue...etc): Billing issues

5)Intervention with Present Provider Sought by Resident(calls made, voice mails...etc):
5 Calls made
2 voice mails
2 letters written 1/16/04, 2/16/04

6)Response from Present Provider, If Any:
Received itemized list of account from Piney Grove according to my records I paid every month. they say I'm still behind - I don't see how - (Canceled check reflects all payments)

7)Cost to Resident Due to Lack Of Response from Provider(called plumber, accessed late charges...): late charges - $15.00 - Nov, Dec, Jan

8)Response from Consumer Services(896-5230):
2-2-04 - Spoke to Joe Mergo - he referred me to Chad Campbell - Public Service Comm.

Return form to:
Clifford Dawkins
123 Lloydwood Drive
West Columbia, SC 29172

Resident Sewage & Waste Complaint Information

1)Address Of Resident:
315 Southall Road
West Columbia, SC 29172

2)Phone Number(s) of Resident:
(803) 791-1345

3)Date of Complaint:
Sept 10, 2004

4)Nature of Complaint(sewer backed up, billing issue...etc):
Sewer backed up and when plumber investigated, found that the problem is not in the lines on our property, but in line in the street under the road.

5)Intervention with Present Provider Sought by Resident(calls made, voice mails...etc):
letter sent - see attachment - no response received
Follow-up phone call to letter - message left with an answering service staff
Second follow-up phone call - message left on a voice mail

6)Response from Present Provider, If Any:
No response received to letter.
The october bill reflected a $5.00 late fee and included a contract that we were requested to sign and remit with $

7)Cost to Resident Due to Lack Of Response from Provider(called plumber, accessed late charges...):
Bill from Knight's Plumbing is attached - $85.00

8)Response from Consumer Services(896-5230):
Consumer Services claimed that it was not their jurisdiction but the municipality's.

Return form to:
Clifford Dawkins
123 Lloydwood Drive
West Columbia, SC 29172

800 Huger Street
Columbia, SC 29201-3620
(803) 343-0300
(803) 343-0382 (FAX)
Website: www.scscu.com

SC State Credit Union

Fax

To: Todd Cullum
From: Clifford Dawkins
Fax: (803) - 794-6978
Pages: 4
Phone: 255-8480
Date: 10-18-2004
Re:
CC:

☐ Urgent ☑ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

The information contained in the facsimile message is privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone. We will make arrangements for the return of this material at no cost to you. Thank you.

MESSAGE: Todd,

This is a copy of a complaint against Piney Grove Utilities by a resident that had to call a plumber, resultingly. The plumber identified the problem as resulting from a issue that Piney Grove Utilities is responsible. The resident's attempts to contact the utility provider received no response. All the documents from this event are enclosed with this fax.

Please contact me or the resident if you have suggestions or further input that could to a resolution.

Thank You!

P.S. I also faxed this information to Chad Campbell at Office of Regulatory Services, but received no response today

SCSCU-219-20 (GS) (10/01)

O'LEARY
ASSOCIATES, P.A.

JOHN A. O'LEARY, ATTORNEY

September 9, 2004

Dear Llyodwoods Residents:

We have been contacted by one of your neighbors regarding the water contamination in your neighborhood. At this time, we are investigating this problem. It is our understanding that many of your neighbors have been ill and at least one person has been diagnosed with Giardia, a water-bourne bacteria.

Please find attached some information about this bacterial illness and some precautions about your water. Please note that even if you do not drink tap water, it may be used in making coffee, iced tea, brushing your teeth, etc.

If we can provide you with additional information or if you have experienced any difficulty with the sewage back-up, we would like to talk with you.

Thank you for your time and consideration in this matter. If you have any questions or if we may be of assistance, please do not hesitate to call.

Sincerely,

JOHN A. O'LEARY
Attorney At Law

JAO/klm

Karen McColman
Paralegal to John O'Leary

2008 Lincoln Street • Columbia, South Carolina 29201 • Phone: 803-779-5556 • Fax: 803-252-7515

800 Huger Street
Columbia, SC 29201-3620
(803) 343-0300
(803) 343-0382 (FAX)
Website: www.scscu.com

SC State Credit Union

Fax

To: Todd Cullum
From: Clifford Dawkins
Fax: 794-6978
Pages: 5
Phone:
Date:
Re:
CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

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MESSAGE:

The letter regarding the "Water Contamination" was initiated by Dee Logan of 424 Old Plantation Drive (939-0677). I would not be surprised if the drinking water issue is related to our Sewer Problem.

Sorry I did not get back to you earlier but this week has been turmoil. Contact you next week.

Mary Smoak did petition for issue to the PSC's hearing regarding the renewal of Piney Grove Utility as the service provider. Her number is 796-5253

Resident Sewage & Waste
Complaint Information

1)Name and Address Of Resident: Michael and Carrie Pittman
300 Southall Road
West Columbia, SC 29172

2)Phone Number(s) of Resident:
(803) 926-0999

3)Occurrence Date of Complaint: October 2004

4)Nature of complaint(sewer backed up, billing issue...etc); be specific and give details: In October 2004, we were told that we had to make a $90.00 deposi The $90 was paid on November 2004. We were also told to pa a $50.00 processing fee, which we refused to pay. The $50.00 wa waived. We were told to pay $15.00 per month for sewage services. W have made 5 payments. On February 23, 2005, we made a payment for

→ over

5)Intervention with present provider(Piney Grove Utilities) sought by resident:
we did not speak directly to Piney Grove Utilities but only spoke to the community committee.

6)Response from Present Service Provider(Piney Grove Utilities), if any:

No Contact - no response

7)Cost to resident/household due tolack of response from service provider(plumber service, accessed late charges, lost time from work...etc)

N/A

*8)Response from **Consumer Services**[agency that addresses public utility complaints], if called(**896-5230**):*

N/A

Resident Sewage & Waste Complaint Information

1)Name and Address Of Resident: Evelyn Jones
336 Southall Rd
Llowood
W. Cola. SC 29172

2)Phone Number(s) of Resident:
739-1601

3)Occurrence Date of Complaint:
September 2004

4)Nature of complaint(sewer backed up, billing issue...etc); be specific and give details:
I new at this, wasn't sure what the problem is, I smell sewer every time I walk in, one of my bathrooms. Charged $90.00 security deposit

5)Intervention with present provider(Piney Grove Utilities) sought by resident:
Spoke with Chad at Public Service Commission about Security deposit

6)Response from Present Service Provider(Piney Grove Utilities), if any:
Piney Grove agreed to waive the Security deposit I already paid it, so I need to let Chad know if I don't get it.

7)Cost to resident/household due tolack of response from service provider(plumber service, accessed late charges, lost time from work...etc)

None

*8)Response from **Consumer Services**[agency that addresses public utility complaints], if called(**896-5230**):*

EXHIBIT WJM-5

APPENDIX A

PINEY GROVE UTILITIES, INC.
1500 Lady Street
Columbia, SC 29201
803-799-9700

FILED PURSUANT TO DOCKET NO. 90-807-W/S - ORDER NO. 92-29
EFFECTIVE DATE: JANUARY 24, 1992

WATER SERVICE
(ALL RESIDENTIAL)

MONTHLY CHARGES:

1. GALLON METERS
   Basic Facilities Charge ----------$6.00
   Commodity Charge----------$2.00 per 1,000 gallons

2. CUBIC FOOT METERS
   Basic Facilities Charge----------$6.00
   Commodity Charge----------$2.00 per 133 cubic feet

WATER SERVICE RECONNECTION CHARGE----------$35.00

TAP FEE - FRANKLIN PARK SUBDIVISION----------$200.00 (1)

SEWER SERVICE
(ALL RESIDENTIAL)

MONTHLY CHARGES:

FRANKLIN PARK SUBDIVISION
$10.00 per month for the first year (ending Jan. 24,1993)
$15.00 per month after the first year

LLOYDWOOD SUBDIVISION
$15.00 per month

TAP FEE:
FRANKLIN PARK SUBDIVISION----------$200.00 (2)
LLOYDWOOD SUBDIVISION----------$250.00 (3)

Late Payment Charges (Water and Sewer) and Sewer Reconnect Charge as per PSC Rules and Regulations

(1)Previously approved by Docket No. 15,066, Order No. 15,176
(2)Previously approved by Docket No. 15,067, Order No. 15,177
(3)Previously approved by Docket No. 16,578, Order No. 16,753

EXHIBIT WJM-6

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211

DAN F. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

April 15, 2005

Mr. Reece Williams
Piney Grove Utilities
Post Office Box 3096
West Columbia, South Carolina 29171

Re: Billing Practices of Piney Grove Utilities, Inc.

Dear Mr. Williams:

This letter is in reference to several calls the Office of Regulatory Staff ("ORS") has received concerning insufficiencies relating to the billing process of Piney Grove Utilities, Inc. ("Piney Grove"), including deposit requirements and charging of late fees.

According to the customers of Piney Grove, the company's invoices and Order No. 92-29 (issued by the Public Service Commission ("PSC") in Docket No. 90-807-W/S), your company currently charges a flat monthly rate of $15.00 for sewer service.

First, it is evident that Piney Grove requires a $90.00 deposit to begin service in the Lloydwood location. Pursuant to Public Service Commission Regulation 26 S.C. Code Regs. 103-531.1:

> a maximum deposit may be required up to an amount equal to an estimated two (2) months (60 days) bill for a new customer or a maximum deposit may be required up to an amount equal to the total actual bills of the highest two (2) consecutive months based on the experience of the preceding twelve (12) months or portion of the year, if on a seasonal basis.

Therefore, since Piney Grove charges a flat monthly rate of $15.00 for sewer service, the maximum amount Piney Grove is allowed to charge as a deposit is $30.00.

Second, it has been brought to our attention that Piney Grove charges a $5.00 fee for late payments. Pursuant to 26 S.C. Code Regs 103-532.2: "a maximum of one and one-half percent (1½ %) [may] be added to any unpaid balance." Again, considering the monthly rate ordered by the PSC is $15.00, the maximum amount the company could charge a customer for the first month's payment being late is $0.23.

Lastly, the bill forms that have been provided to us by Piney Grove customers do not contain a contact telephone number or an emergency after-hours telephone number as required by 26 S.C. Code Regs. 103-532.1(e). The bill form also fails to contain the date payments are due as required by 26 S.C. Code Regs. 103-532.1(f). Further, it appears Piney Grove is assessing late fees prior to the end of the twenty-five day pay period required by 26 S.C. Code Regs. 103-532.2.

ORS requests that Piney Grove comply with state law by amending its bill forms and billing practices to conform to all applicable PSC regulations. Piney Grove shall also amend its deposit requirements and assessment of late fees to comply with the above-referenced PSC regulations. Additionally, Piney Grove should refund its customers the excess deposit amounts that were collected.

To ensure compliance with this request, Piney Grove shall: (1) submit documentation agreeing to these changes, (2) provide evidence that the bill form has been changed, and (3) submit proof that all appropriate refunds have been made. In the event Piney Grove is unwilling or unable to comply with this request by May 15, 2005, ORS will be compelled to file an appropriate petition with the PSC requesting a proceeding to mandate compliance.

It is my understanding Mr. Louis Lang, Esq., represents you in certain matters before the PSC. Although I am unsure as to whether he represents you in all utility matters, I am enclosing a copy of this letter for his information. Thank you for your prompt attention to this matter. If you have any questions, please feel free to contact me at 803-737-0800.

Sincerely,

Benjamin P. Mustian, Esq.
Legal Department

cc: Mr. Louis Lang, Esquire

EXHIBIT WJM-7

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211

OFFICE OF REGULATORY STAFF
ORS
SOUTH CAROLINA

Phone: (803) 737-0800
Fax: (803) 737-0801

DAN F. ARNETT
CHIEF OF STAFF

KATIE C. MORGAN
DIRECTOR
TELECOMMUNICATIONS, TRANSPORTATION, WATER/WASTEWATER

March 31, 2005

Mr. Reese Williams
Piney Grove Utilities, Inc.
49 Archdale Street
Charleston, SC 29401

Re: *Interruption of Sewer Service to Customers of Piney Grove Utilities, Inc. on March 27 through March 30, 2005 at the Lloydwood Subdivision*

Dear Mr. Williams,

Our agency was informed by the South Carolina Department of Health and Environmental Control that an interruption of sewerage service occurred recently to customers of the Piney Grove Utilities, Inc. at the Lloydwood subdivision. Please provide the Office of Regulatory Staff with a copy of all records relating to the March 27 through March 30, 2005, interruption of sewerage service to the customers of Piney Grove Utilities, Inc. As required by 26 S.C. Code of Regulations 103-514, "each utility shall keep a record of any condition resulting in any interruption of service affecting its entire system or major division thereof, or any single community or an important division of a community..." ORS "...should be notified of any interruption lasting more than six hours as soon as it comes to the attention of the utility..." These records should include a statement of time, duration and cause of the service interruption.

In addition, please provide written detail addressing Piney Grove Utilities, Inc. efforts to prevent future interruptions of service to its customers in the Lloydwood subdivision.

As a SC Public Service Commission regulated utility, Piney Grove Utilities, Inc., must provide safe and adequate service to its customers. In doing so, full compliance with all statutes and regulations is required. All interruptions of service must comply with 26 S.C. Code of Regulations 103-514 including re-establishing service with the shortest delay possible.

Please compile the requested information and mail to my attention at the address listed above by no later than Monday, April 18, 2005. Please contact me at 803/737-0827 with any questions.

Sincerely,

Willie J. Morgan

Willie J. Morgan, P.E.
Program Manager for Water and Wastewater

Cc: Chad Campbell, ORS

EXHIBIT WJM-8

ORS WASTEWATER SYSTEM INSPECTION

Utility Name: **Piney Grove Utilities, Inc.** Number of Customers: **~400**

System Type: **Collection and Treatment System** Date Inspected: **April 25, 2005**

Inspected By: **Willie Morgan/Chad Campbell**
Office of Regulatory Staff Subdivision Name: **Lloydwood Subdivision**

Company Representative: **Mr. Reece William and Mr. Claude McMillian**

Type of Plant: **Collection and Biological Treatment System**

Extent of Treatment: **Aeration, Chlorination, Polishing, Dechlorination**
Biological Treatment in Lagoon System with Surface Water Discharge using NPDES permit

System Components Inspected	Yes	No
Chlorinator	X	
Other Chemicals in Use	X	
Aerators	X	
Plant fenced and Locked	X	
Warning Signs Visible	X	
Holes in Fence		X
Erosion of Dikes		X
Odor	X	
Grass Cut		X
Duck Weed or Algae	X	
Grease Build Up		X
Debris inside of Plant	X	
Color of Effluent: **Cloudy with past discharge problems**		
Lift Stations: Number **1 wet well inside fenced WWTF**	X	
Failure Warning System	X	
Electric Wiring Acceptable	X	
Overflows		X
Condition of Access Road: **Good/Fair/Poor**	Fair	
New Construction		X

Frequency Checked by Licensed WWTF Operator: **Utility operator has not been properly inspecting facility. DHEC contractor (EA Services) was present along with several DHEC personnel (Mr. Lee Proctor and 2 other individuals).**

Location of Utility Office: **49 Archdale Street, Charleston, SC 29401**

Location of System: **Cayce**

Subdivision provided water by this Utility: **No**

Comments: **Mr. Chad Campbell and I arrived at the site at approximately 11:20 a.m. Mr. Williams met us at the gate to the WWTF. Mr. Williams asked that we not take pictures or take notes during our visit. Mr. Campbell continued to talk with Mr. Williams and they walked on inside the gate of the WWTF. I called Mr. Ben Mustain**

and Ms. Florence Belser to discuss our authority to visit utilities, take notes, and pictures. They gave me information on our authority. I explained to Mr. Williams our authority to access utilities, take notes, and pictures. Mr. Williams allowed us to continue with the site visit and we were allowed to take pictures and take notes.

The WWTF consists of a wet well (below ground pump system) that receives wastewater from the customers in the Lloydwood community. The wet well pumps the wastewater to the aeration lagoon. The wastewater flows by gravity to the chlorination chamber (disinfection chamber). From the chlorination chamber, the wastewater flows by gravity to the polishing pond before entering the flow monitoring chamber. The flow chamber consists of weir and odor masking blocks. Discharge samples are taken at this point. The discharge then travels to a conduit through the yard between two customers in the Lloydwood community. The effluent flow continues underneath Old Plantation Drive before entering an unnamed tributary. The unnamed tributary merges with Dry Creek which feeds the Congaree River.

Excessive growth was present throughout the interior of the fenced area surrounding the WWTF. This included bushes that were over 6 feet in height. Extensive grass and weed growth was persistent throughout the road and paths surrounding the lagoon system within the fenced area of the WWTF. The growth appears to have not been cut in over two years.

As we walked around the interior of the fenced area, a sewage odor was present in multiple locations (western, northern, and northeast portion). Also, a strong sewer odor was present below the discharge point on the outside of the fenced area of the WWTF. The odor continued as we walked along the path of the discharge. Also, the odor was coming from the storm drainage grate along the side of Old Plantation Drive that contained the discharge flow before entering Dry Creek.

The discharge flow was partially cloudy. However, the bottom of the discharge flow from the area where it leaves the flow monitoring device was persistently gray up to the point where it merged with Dry Creek. This grayish color in the bottom of the discharge flow appears to have been created by recent weeks of inadequate treatment of wastewater being discharged from the WWTF. Residual sediment from the improper discharge was creating the grayish color.

The wet well was cycling too regularly. Eventually, this will cause the pump system to prematurely stop running.

Duck weed was present over the entire polishing pond. Approximately half of the aeration pond was covered with duck weed. The disinfection chamber (chlorination chamber) contained debris from improper treatment in the aeration lagoon. Also, the chamber contained excessive weeds due to the lack of proper maintenance at the facility.

A contact telephone number was missing on the fence/gate to the WWTF. A number is needed to ensure that if an emergency occurred at the WWTF, individuals could immediately contact the appropriate entity.

Two customer yards (238 Lloydwood Drive and 236 Lloydwood Drive) need to be repaired from a sewer backup incident that occurred during the week of March 27-30, 2005. Damage was done by the utility contractor while repairing a backed up sewer main. As required pursuant to 103.537.B., the utility is responsible for restoring a customer's property that is damaged during a maintenance process.

An inspection of 330 Lloydwood Drive revealed that the customer's home was a new construction. Water and sewer connections have not been completed. Water service for the area is provided by the City of Cayce. Sewer service is available through Piney Grove Utilities, Inc. However, Piney Grove Utilities, Inc. has refused to provide the customer with the proper location of the service connection pipe as required pursuant to 103-555.E.

An inspection of 17 Mayleigh Court revealed that the customer's home was an existing home. ORS had received a complaint from a customer at this residence and several other locations in the Lloydwood subdivision about sewer backup problems that their personal contracted plummer identified as being caused by a backup on the utility's side of the service line. These customers have attempted to get the utility to reimburse them for the cost of the repairs and damages. However, the utility is continuing to deny responsibility or have simply not reimbursed the customer. Pursuant to 103-555.A., the utility is responsible if the blockage was in the utility's portion of the line between the main and the boundary line of the customer's property.

EXHIBIT WJM-9

EXHIBIT WJM-10

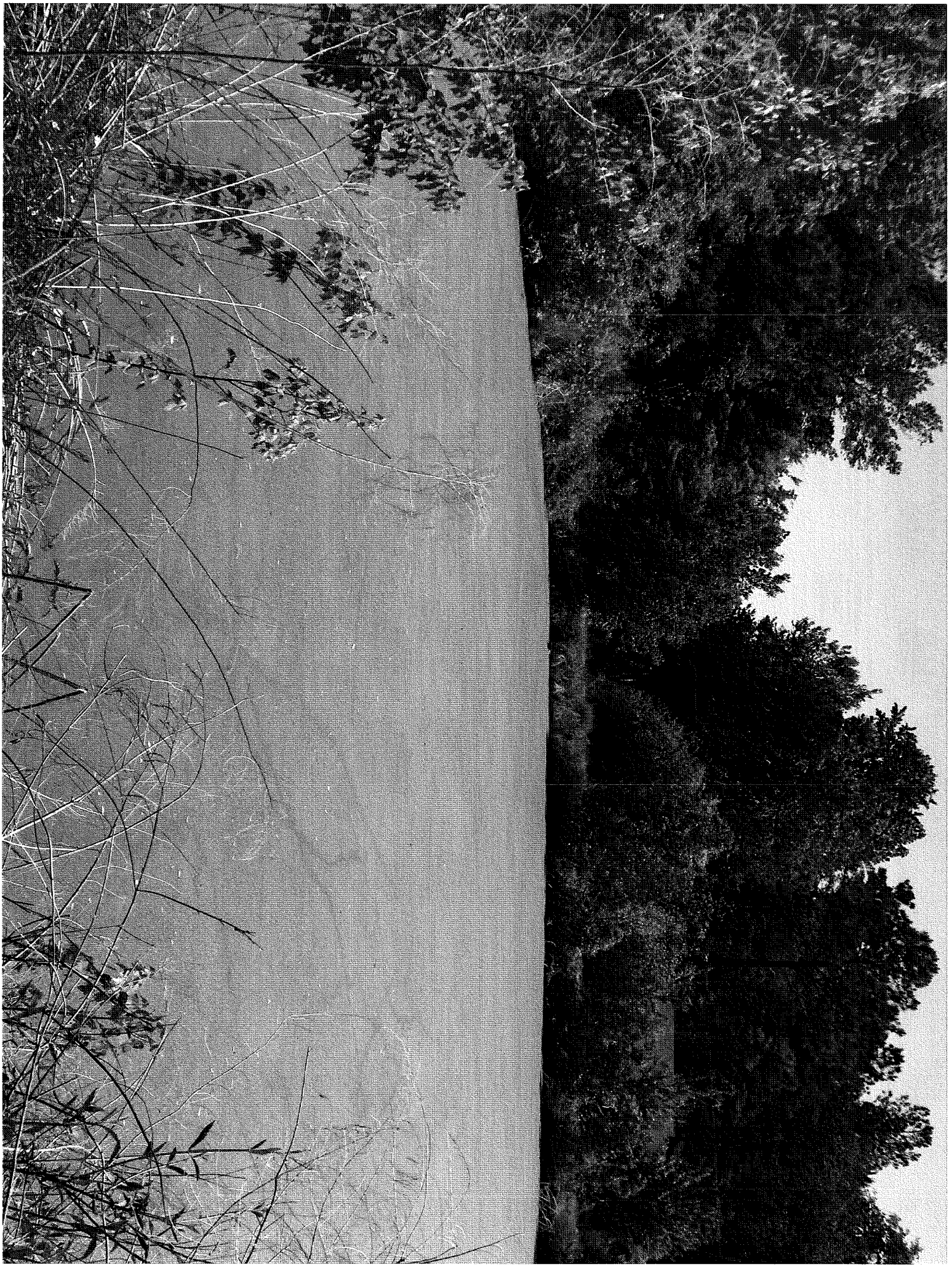

EXHIBIT WJM-11

NOTICE

EXHIBIT WJM-12

EXHIBIT WJM-13

ORS WASTEWATER SYSTEM INSPECTION

Utility Name: **Piney Grove Utilities, Inc.**

Number of Customers: **~400**

System Type: **Collection and Treatment System**

Date Inspected: **April 28, 2005**

Inspected By: **Willie Morgan**
Office of Regulatory Staff

Subdivision Name: **Lloydwood Subdivision**

Company Representative: **None**

Type of Plant: **Collection and Biological Treatment System**

Extent of Treatment: **Aeration, Chlorination, Polishing, Dechlorination**
Biological Treatment in Lagoon System with Surface Water Discharge using NPDES permit

System Components Inspected	Yes	No
Chlorinator		
Other Chemicals in Use		
Aerators		
Plant fenced and Locked		
Warning Signs Visible	X	
Holes in Fence		
Erosion of Dikes		
Odor	X	
Grass Cut		
Duck Weed or Algae		
Grease Build Up		
Debris inside of Plant		
Color of Effluent: **past discharge problems**		
Lift Stations: Number		
Failure Warning System		
Electric Wiring Acceptable		
Overflows		
Condition of Access Road: **Good/Fair/Poor**	**Fair**	
New Construction		

Frequency Checked by Licensed WWTF Operator: **Utility operator has not been properly inspecting facility.**

Location of Utility Office: **49 Archdale Street, Charleston, SC 29401**

Location of System: **Cayce**

Subdivision provided water by this Utility: **No**

Comments: **I arrived at the site (manhole overflow problem of April 27, 2005) at approximately 12:30 p.m. No utility representative was present. The location of the manhole overflow was in the Lloydwood subdivision at 336 Southhall Road. The overflowing manhole problem was discovered by a DHEC representative. Photos were taken. Lime had been placed on the ground around the manhole. Excess sewage flow had**

traveled down along the side of the street and entered the storm drain. An objectionable odor was coming from the storm drain located approximately 75 feet downgradient from the manhole. A storm drain along a nearby street also had a distinct sewer odor. The sewage odor problem in this storm drain appears to have come from the upgradient storm drain along Southhall Road.

A review of the wastewater treatment facility (WWTF) discharge along Old Plantation Drive revealed continuing improvements of the discharge. The color of the flow continues to improve. There was limited odor being emitted from the storm drains on both sides of the road. However, past improper discharge problems could still be observed in the bottom of the discharge flow.

EXHIBIT WJM-14

7004 2510 0005 7152 3701

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211

DAN F. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

Certified Mail
April 29, 2005

Mr. Reece Williams
Piney Grove Utilities, Inc.
49 Archdale Street
Charleston, South Carolina 29401

Re: *Office of Regulatory Staff (ORS) Site Audit Overview*
Piney Grove Utilities, Inc.: Lloydwood Subdivision

Dear Mr. Williams,

Thank you for meeting with Mr. Chad Campbell and myself during the site visit on Monday, April 28, 2005 at your Lloydwood subdivision Piney Grove Utilities, Inc.'s facility in Cayce, South Carolina. As mentioned in the past, our efforts will be focused on assisting utilities with providing safe and adequate water and wastewater service to its customers.

Summary of Systems and Site Visit

Wastewater (sewage) is collected throughout the subdivision using multiple collection lines. The collection system is a gravity flow system that flows into the wet well (below ground pump system) at the wastewater treatment facility (WWTF). The WWTF consists of a wet well that receives wastewater from the customers in the Lloydwood community. The wet well pumps the wastewater to the aeration lagoon. The wastewater flows by gravity to the chlorination chamber (disinfection chamber). From the chlorination chamber, the wastewater flows by gravity to the polishing pond before entering the flow monitoring chamber. The flow chamber consists of weir and odor masking blocks. Discharge samples are taken at this point. The discharge then travels to a conduit through the yard between two customers in the Lloydwood community. The effluent flow continues underneath Old Plantation Drive before entering an unnamed tributary in the backyard of another Lloydwood resident. The unnamed tributary merges with Dry Creek which feeds the Congaree River

As mentioned during the site visit, several specific concerns or deficiencies were noted with the wastewater (sewer) system for the Lloydwood Subdivision of Piney Grove Utilities, Inc. in Lexington County. The deficiencies noted during the site visit are described in the attached report and are listed below in summary:

A. excessive growth problem within fenced area surrounding WWTF,
B. duck weed problem within WWTF lagoons (aeration lagoon and polishing pond),
C. contact telephone number not available on fence or gate of WWTF,
D. pump in wet well cycling too often (needs to be repaired),

ORS WASTEWATER SYSTEM INSPECTION

Utility Name: **Piney Grove Utilities, Inc.** Number of Customers: **~400**

System Type: **Collection and Treatment System** Date Inspected: **April 25, 2005**

Inspected By: **Willie Morgan/Chad Campbell** Subdivision Name: **Lloydwood Subdivision**
Office of Regulatory Staff
Company Representative: **Mr. Reece William and Mr. Claude McMillian**

Type of Plant: **Collection and Biological Treatment System**

Extent of Treatment: **Aeration, Chlorination, Polishing, Dechlorination**
Biological Treatment in Lagoon System with Surface Water Discharge using NPDES permit

System Components Inspected	Yes	No
Chlorinator	X	
Other Chemicals in Use	X	
Aerators	X	
Plant fenced and Locked	X	
Warning Signs Visible	X	
Holes in Fence		X
Erosion of Dikes		X
Odor	X	
Grass Cut		X
Duck Weed or Algae	X	
Grease Build Up		X
Debris inside of Plant	X	
Color of Effluent: Cloudy with past discharge problems		
Lift Stations: Number 1 wet well inside fenced WWTF	X	
Failure Warning System	X	
Electric Wiring Acceptable	X	
Overflows		X
Condition of Access Road: Good/Fair/Poor	Fair	
New Construction		X

Frequency Checked by Licensed WWTF Operator: **Utility operator has not been properly inspecting facility. DHEC contractor (EA Services) was present along with several DHEC personnel (Mr. Lee Proctor and 2 other individuals).**

Location of Utility Office: **49 Archdale Street, Charleston, SC 29401**

Location of System: **Cayce**

Subdivision provided water by this Utility: **No**

Comments: **Mr. Chad Campbell and I arrived at the site at approximately 11:20 a.m. Mr. Williams met us at the gate to the WWTF. Mr. Williams asked that we not take pictures or take notes during our visit. Mr. Campbell continued to talk with Mr. Williams and they walked on inside the gate of the WWTF. I called Mr. Ben Mustain**

An inspection of 17 Mayleigh Court revealed that the customer's home was an existing home. ORS had received a complaint from a customer at this residence and several other locations in the Lloydwood subdivision about sewer backup problems that their personal contracted plummer identified as being caused by a backup on the utility's side of the service line. These customers have attempted to get the utility to reimburse them for the cost of the repairs and damages. However, the utility is continuing to deny responsibility or have simply not reimbursed the customer. Pursuant to 103-555.A., the utility is responsible if the blockage was in the utility's portion of the line between the main and the boundary line of the customer's property.

EXHIBIT WJM-15

ORS WASTEWATER SYSTEM INSPECTION

Utility Name: **Piney Grove Utilities, Inc.** Number of Customers: **~400**

System Type: **Collection and Treatment System** Date Inspected: **05/25/05**

Inspected By: **W. Morgan/D. Hipp - ORS**
Brad Martin - DHEC Midlands EQC
Michelle Culbreath - DHEC Midlands EQC

Subdivision Name: **Lloydwood Subdivision**

Company Representative: **None**

Type of Plant: **Collection and Biological Treatment System**

Extent of Treatment: **Aeration, Chlorination, Polishing, Dechlorination, Biological Treatment in Lagoon System with Surface Water Discharge using NPDES permit SC0031407**

System Components Inspected	Yes	No
Chlorinator (tablets)	X	
Other Chemicals in Use		X
Aerators (2)[3]	X	
Plant fenced and Locked	X	
Warning Signs Visible[1]	X	
Holes in Fence	X	
Erosion of Dikes	X	
Odor[2]	X	
Grass Cut		X
Duck Weed or Algae	X	
Grease Build Up	X	
Debris inside of Plant	X	
Color of Effluent: green/cloudy/odor present		
Lift Stations: Number		
Failure Warning System	X	
Electric Wiring Acceptable	X	
Overflows		X
Condition of Access Road: Good/Fair/Poor	Fair	
New Construction: some open lots in subdivision		

Frequency Checked by Licensed WWTF Operator: **EA Services performing limited treatment duties under supervision of DHEC. PGU is not supplying an operator or maintenance support.**

Location of Utility Office: **49 Archdale Street, Charleston, SC 29401**

Location of System: **Cayce**

Subdivision provided water by this Utility: **No**

Comments: **Solids present in the contact chamber. Leak noticed between the aeration lagoon and the contact chamber. Lagoon levels high.**

FOOTNOTES:

1. The warning signs on the fence did not have a company name for individuals to call in case of an emergency.
2. Odor was minimal around ponds and was stronger around back of plant area. Deodorizer blocks had been placed around the effluent discharge area within the fence
3. Aerators were on continuously.
4. Wet-well switch on inside of fence was cycling constantly indicating a switch problem.

COLLECTION SYSTEM ISSUES:

1. 315 Lloydwood Drive: 5x5 sinkhole in front of resident's yard since 2003 caused by crack in sewer line. Evidence of sand in utility manhole on corner of Ravenscroft and Llyodwood Dr. Resident contacted utility. Resident had a load of sand dumped into hole. Ms. Patterson 791-5643.

2. 236 Lloydwood Drive: Yard not repaired by utility after line repair.

3. 238 Lloydwood Drive: Yard not repaired by utility after line repair.

EXHIBIT WJM-16

EXHIBIT WJM-17

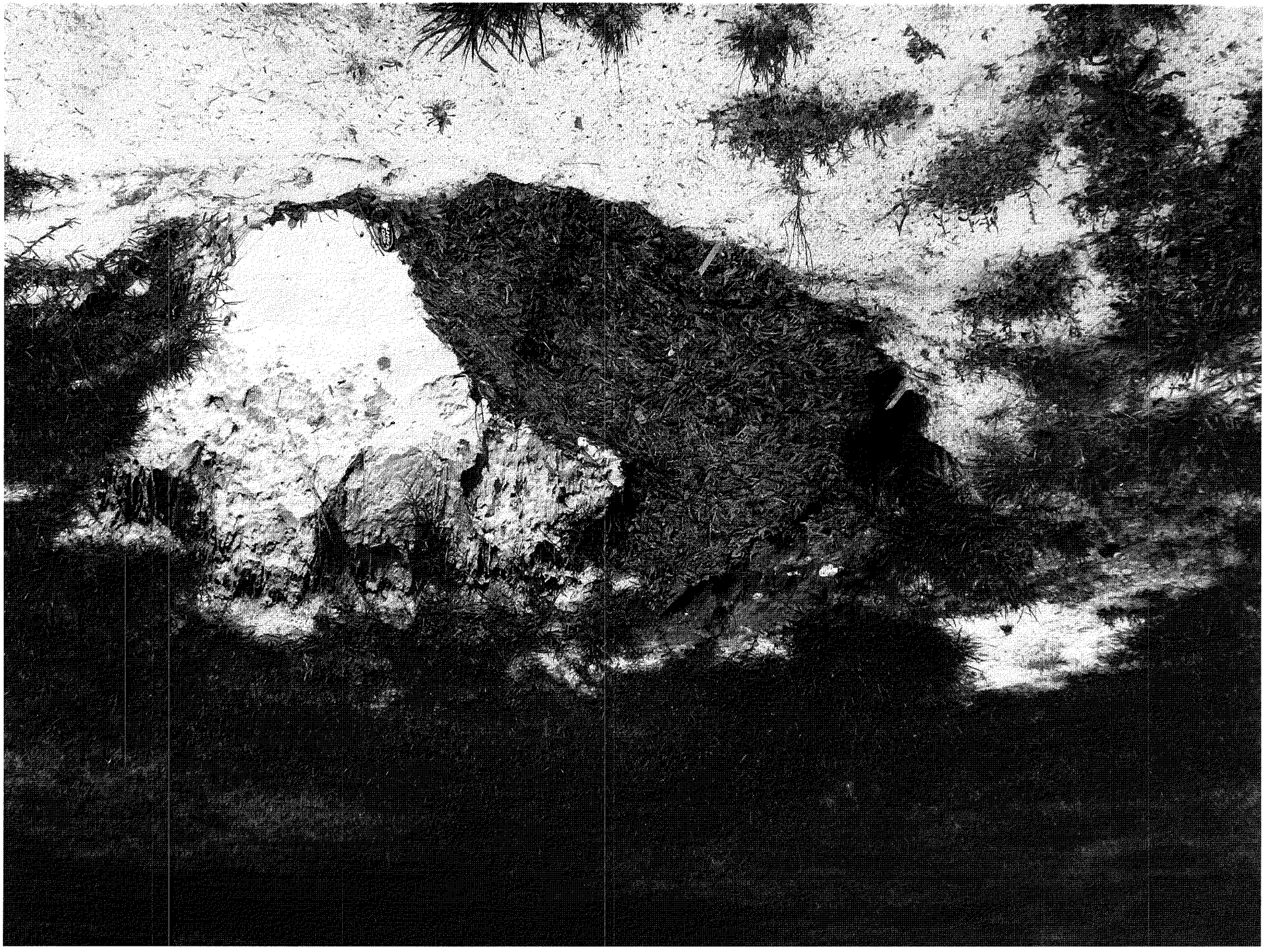

EXHIBIT WJM-18

ORS WASTEWATER SYSTEM INSPECTION

Utility Name: **Piney Grove Utilities, Inc.** Number of Customers: **~56**

System Type: **Collection and Treatment System** Date Inspected: **05/25/05**

Inspected By: **W. Morgan/D. Hipp - ORS**
Brad Martin - DHEC Midlands EQC
Michele Culbreath - DHEC Midlands EQC

Subdivision Name: **Franklin Park Subdivision**

Company Representative: **None**

Type of Plant: **Collection and Biological Treatment System**

Extent of Treatment: **Aeration, Chlorination, Polishing, Dechlorination, Biological Treatment in Lagoon System with Surface Water Discharge using NPDES permit SC0031399**

System Components Inspected	Yes	No
Chlorinator[1] **(tablets)**	X	
Other Chemicals in Use[2]		X
Aerators		X
Plant fenced and Locked[6]		X
Warning Signs Visible[3]		X
Holes in Fence	X	
Erosion of Dikes		X
Odor		X
Grass Cut[4]		X
Duck Weed or Algae	X	
Grease Build Up[5]	X	
Debris inside of Plant	X	
Color of Effluent: **green/cloudy**		
Lift Stations: Number **None**		
Failure Warning System	X	
Electric Wiring Acceptable	X	
Overflows		X
Condition of Access Road: **Good/Fair/Poor**	Fair	
New Construction: **some open lots in subdivision. Mix of Mobile Homes and houses.**		

Frequency Checked by Licensed WWTF Operator: **Rita Foxworth identified as operator. No logbooks on-site to confirm daily activities.**

Location of Utility Office: **49 Archdale Street, Charleston, SC 29401**

Location of System: **Richland County**

Subdivision provided water by this Utility: **Yes**

Comments: **WWTF is overgrown with vegetation. No clear foot path to discharge/treatment area. Full grown trees line the lagoon. Discharge point is into ditch area.**

FOOTNOTES:

1. Chlorination is taking place in the contact chamber which is not DHEC approved.
2. De-chlorination is not being done as required by permit.
3. There are no warning signs on the fence providing a contact telephone number or company name for individuals to call in case of an emergency. A contact telephone number for the utility should be on the fence or near the fence such that individuals could call in case there is an emergency associated with the wastewater treatment system.
4. Extreme overgrowth of vegetation within the WWTF fencing. Full grown trees line the lagoon.
5. Grease build-up evident in the contact chamber.
6. Gate to WWTF unlocked and chain needs repair.

COLLECTION SYSTEM ISSUES:

1. 208 Cabin Creek Blvd: Road in front of residence buckling due to possible sewer line crack.

EXHIBIT WJM-19

Piney Grove Utilities

Water Department
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number	Period Ending	Page Number	Telephone
1501	04-30-2005	1	803 606-9224

Ck. #1098
Pd. 5/13/05

KAREN IRICK
101 ACIE AVENUE
HOPKINS SC 29061

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 101 ACIE AVENUE	
	Previous Balance	61.50
04-04-05	Payment - Thank You (Check # 1087)	61.50CR
	Meter Readings Cubic Feet Current 73,115 04-30-05 Previous 72,025 03-31-05 Consumption 1,090 Cu/Ft	
04-30-05	Water Fee for April, 2005	22.39
04-30-05	Sewer Fee for April, 2005	15.00
04-30-05	VOC Fee for April, 2005	3.87
	The fire hydrants in your neighborhood are not connected to a water supply. DO NOT ATTEMPT TO USE THEM IN EVENT OF A FIRE!!	

Total due payment POSTMARKED by 05-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
41.26				Zero	41.26

Piney Grove Utilities

Water Department
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
1501

Period Ending
05-31-2005

Page Number
1

Telephone
803 606-9224

KAREN IRICK
101 ACIE AVENUE
HOPKINS SC 29061

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 101 ACIE AVENUE	
	Previous Balance	41.26
05-13-05	Payment - Thank You (Check # 1098)	41.26CR
	Meter Readings Cubic Feet Current 74,321 05-31-05 Previous 73,115 04-30-05 Consumption 1,206 Cu/Ft	
05-31-05	Water Fee for May, 2005	24.13
05-31-05	Sewer Fee for May, 2005	15.00
05-31-05	VOC Fee for May, 2005	3.87
	The fire hydrants in your neighborhood are not connected to a water supply. DO NOT ATTEMPT TO USE THEM IN EVENT OF A FIRE!!	

Total due payment POSTMARKED by 06-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
43.00				Zero	43.00

Piney Grove Utilities

Water Department
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
1501

Period Ending
06-30-2005

Page Number
1

Telephone
803 606-9224

KAREN IRICK
101 ACIE AVENUE
HOPKINS SC 29061

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 101 ACIE AVENUE	
	Previous Balance	43.00
06-15-05	Late Fee for May, 2005	3.00
	Meter Readings Cubic Feet Current 74,601 06-30-05 Previous 74,321 05-31-05 Consumption 280 Cu/Ft	
06-30-05	Water Fee for June, 2005	10.21
06-30-05	Sewer Fee for June, 2005	15.00
06-30-05	VOC Fee for June, 2005	3.87
	PAST DUE AMOUNT = $43.00 May 2005 43.00	
	The fire hydrants in your neighborhood are not connected to a water supply. DO NOT ATTEMPT TO USE THEM IN EVENT OF A FIRE!!	

Total due payment POSTMARKED by 07-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
32.08	43.00			Zero	75.08

Piney Grove Utilities

Water Department
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

783-2162

Customer Number
1804

Period Ending
06-30-2005

Page Number
1

Telephone
803 606-9224

ASIA E WILLIAMS
113 SONOMA DRIVE
HOPKINS SC 29061

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 113 SONOMA DRIVE	
	Previous Balance	9.87
06-02-05	Payment - Thank You (Check # 6743)	10.00CR
	Meter Readings Cubic Feet Current 50,385 06-30-05 Previous 49,005 05-31-05 Consumption 1,380 Cu/Ft	
06-30-05	Water Fee for June, 2005	26.75
06-30-05	VOC Fee for June, 2005	3.87
	The fire hydrants in your neighborhood are not connected to a water supply. DO NOT ATTEMPT TO USE THEM IN EVENT OF A FIRE!!	

Total due payment POSTMARKED by 07-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
30.49				Zero	30.49

Piney Grove Utilities

Lloydwood
P. O. Box 3096
West Columbia, SC 29171

Send ALL questions, in WRITING, to above address

Customer Number
2574-LL

Period Ending
05-31-2005

Page Number
1

Telephone
803 606-9224

BILLY D MELTON
414 OLD PLANTATION DRIVE
WEST COLUMBIA SC 29172

To Ensure Proper Credit, Write Your Customer Number on Check or Money Order

Date	Description	Amount
	Service Location: 414 OLD PLANTATION DRIVE	
	Previous Balance	20.00
05-14-05	Payment - Thank You (Check # 7035)	15.00CR
05-15-05	Late Fee for April, 2005	.08
05-31-05	Sewer Fee for May, 2005	15.00
	PAST DUE AMOUNT = $5.00 April 2005 5.00	

Total due payment POSTMARKED by 06-15-2005; to avoid LATE fees

Current	Over 30 Days	Over 60 Days	Over 90 Days	Sec Deposit	Pay This Amount
15.08	5.00			Zero	20.08