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BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

COLUMBIA, SOUTH CAROLINA
[*Hearing Held in Gaffney, SC*]

HEARING #10794 **JULY 24, 2006** **6:30 P.M.**

8/14/06 tod

DOCKET NO. 2006-107-WS: **UNITED UTILITY COMPANIES, INC.** – *Application for Approval of an Adjustment of Rates and Charges and Modifications to Certain Terms and Conditions for the Provision of Water and Sewer Service.*

HEARING BEFORE: CHAIRMAN G. O'Neal HAMILTON, Presiding; VICE CHAIRMAN C. Robert MOSELEY and COMMISSIONERS John E. "Butch" HOWARD, David A. WRIGHT, Elizabeth B. Lib FLEMING, Mignon L. CLYBURN, and Randy MITCHELL.

Legal Advisor to Commissioners: Randall Dong.

Commission Technical Advisor: James B. Spearman, Ph.D.

STAFF: Jocelyn G. Boyd, Deputy Clerk; Phillip Riley, Advisory Staff; and MaryJane Cooper, Court Reporter.

APPEARANCES:

John M. S. Hoefer, Esq., representing UNITED UTILITY COMPANIES, INC., **Applicant.**

Shannon Bowyer Hudson, Esq., representing THE OFFICE OF REGULATORY STAFF.

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1 CHAIRMAN HAMILTON: I believe it's 6:30. We will
2 call the public hearing to order. I would like to take this
3 opportunity to thank each of you for taking the time out
4 tonight to come out to see us. The Public Service Com-
5 mission, as you're aware, does come out when the Legislative
6 Delegation, as yours did, requested that we be here
7 tonight so you can express your concerns that you might
8 have without having to make a sacrifice to take a day out
9 to go to Columbia when we have the regular hearing. But,
10 we want to assure you tonight that we'll be here as long as
11 we need to, that each one of you will have a full opportunity
12 to express yourself to the Commission.
13 At this time, I'd like to introduce to you my fellow
14 Commissioners. On my far left is Commissioner Howard,
15 next to him is Commissioner Wright, this is Vice Chairman
16 Moseley. On the far right is Commissioner Fleming, Com-
17 missioner Clyburn, Commissioner Mitchell, and on my
18 immediate right is our staff attorney, Counselor Dong, and
19 I'm the Chairman of the Public Service Commission, O'Neal
20 Hamilton, and at this time I'll turn it over to the staff attorney
21 to advise you of the docket and of the other information
22 that he needs to let you know about.
23 RANDALL DONG: Good evening. My name is
24 Randall Dong. I'm a staff lawyer with the Public Service
25 Commission, and this is the public hearing for United

1 Utility Companies, Docket No. 2006-107-WS. This is the
2 Application of the Company for Adjustment of Rates and
3 Charges and Modification of Certain Terms and Conditions
4 for the Provision of Water and Sewer Service. This is your
5 opportunity to present testimony about United Utility and
6 the service they provide to you. I want to encourage you
7 to make your views known. Your testimony's important,
8 and it will be accorded the same respect in the same way
9 as though it were given in Columbia at the merits hearing.
10 You'll be placed under oath, as you would in court, and if
11 you'd like to incorporate or adopt testimony that's been
12 given before you by someone else, you can come to the
13 podium and you can elect to do that if you choose.
14 I want to introduce the Commission Staff that are
15 here. Jocelyn Boyd is here from the Commission; she's
16 the Deputy Clerk. Bill Richardson is here; he's our special
17 consultant on water matters. Mary Jane Cooper is here;
18 she's our Court Reporter. She's taking down everything
19 that's being said. Phil Riley is here; he's a Staff Engineer
20 with the Commission.
21 I'd also like to introduce the lawyers involved in this
22 case. Shannon Hudson from the Office of Regulatory
23 Staff, and John Hoefer for the Company. Now, if you have
24 any questions, you need to direct those questions either
25 to the Office of Regulatory Staff or to the Company and

not to the Commission. The Commission's here to hear your testimony, and we're here to make sure and make a record of your views for use in the hearing in Columbia.

With that said, I'll turn the floor back over to the Chairman.

CHAIRMAN HAMILTON: Thank you, sir. Do we have any preliminary matters that need to be heard?

JOHN M.S. HOEFER: Yes, Mr. Chairman, just one matter. The Applicant would like to at this time state its objection to testimony consisting of unsubstantiated complaints regarding customer service, quality of service or customer relations issues. The basis for this objection is that the receipt and reliance upon such testimony would deny the Applicant due process of law, permit complaint procedures established under law and Commission Regulations would be circumvented and is an inappropriate basis for the determination of just and reasonable rates. In support of this objection, the Applicant cites *Patton v. PSC,* 312 S.E. 2nd 257, Order of the Court of Common Pleas; and *Tega Cay Water Service v. PSC,* Civil Action No. 97-CP-40-0923, and Commission Order No. 1999-191, Docket No. 96-137-WS.

The Applicant would request that this objection be deemed a continuing objection such that there would not be a need for repeated objections each time a customer

1 testifies to matters of this nature, and cites in support of
2 that request the *State v. Douglas,* 626 S.E. 2nd 59. The
3 Applicant requests that its continuing objection also apply
4 to documents and testimony elicited under examination
5 and that the Chair defer ruling on the continued objection
6 until a final Order is issued in this case.
7 CHAIRMAN HAMILTON: Thank you. Ms. Hudson?
8 SHANNON BOWYER HUDSON: Mr. Chairman,
9 ORS would like to respond to the Company's remarks. I
10 got a wonderful introduction earlier, and I would just like
11 the people to know that I went to high school in Blacksburg
12 nearby and was born and raised here.
13 In addressing the Company's remarks, we do not
14 oppose the continuing objection process presented by the
15 Company, but we do not believe a complaint has to be
16 corroborated or substantiated in any other way aside from
17 the customer's testimony; therefore, we believe the testimony
18 the Company objects to is admissible for purposes of this
19 night hearing. We also do not believe the legal authority
20 cited by the Company fully support the grounds for the
21 Company's objection. Keeping this in mind, we ask the
22 Commission to take notice of our position. We would also
23 like to reserve our right to respond in writing to the
24 Company's basis for its continuing objection.
25 In addition, we ask that the Company that within a

1 reasonable time after this night hearing and after it has
2 time to review the transcript, it submit a letter to the Com-
3 mission to be posted on the Commission's website setting
4 forth the specific portions of the testimony the Company
5 objects to under its continued objection, the reason for the
6 Company's objection and the identity of the speaker; the
7 letter would allow those who took time from their evening
8 tonight to speak to see on the Commission's website
9 whether any portion of their testimony is objected to by
10 the Company. We believe this is fair and reasonable to
11 everyone involved, and we are hopeful the Company will
12 agree to this request.
13 MR. HOEFER: Mr. Chairman, the Company agrees.
14 MS. HUDSON: Thank you.
15 CHAIRMAN HAMILTON: Does that complete –
16 MS. HUDSON: Yes, sir, Mr. Chairman, it does.
17 Thank you.
18 CHAIRMAN HAMILTON: Mr. Hoefer, your objection
19 has been duly noted and will be ruled on in a final Order.
20 MR. HOEFER: Thank you, Mr. Chairman.
21 CHAIRMAN HAMILTON: At this time, we'll call the
22 first witness.
23 But, one thing I failed to do earlier is to request —
24 that if you have a cellphone with you, please turn it off at
25 this time, allow us to not have any interruptions during

1 your testimony. Thank you very much.

2 MR. DONG: The first witness on our list is Brenda

3 Reynolds.

4 **WHEREUPON, Brenda Reynolds** first being duly

5 sworn, assumes the stand and testifies as follows:

6 MS. BOYD: State your name and address for the

7 record, please.

8 **TESTIMONY OF MS. REYNOLDS**:

9 A My name is Brenda Reynolds. I live at 1552 Wilkinsville Highway. I'm here

10 tonight to say I don't understand why these rates need to be raised because

11 we went from like $58 every three months to $40 something every month.

12 Now they want to go to $65. I mean, how much more do we have to pay? I

13 mean, that's what I don't understand, and that's what I'm here for.

14 In my back yard, down behind my house, it's a lot of swamp area with

15 mosquitoes everywhere. So, I see nothing being done about it, nothing.

16 CHAIRMAN HAMILTON: Excuse me just a minute,

17 Ms. Reynolds.

18 Do we have any questions of Mr. Hoefer or Ms.

19 Hudson?

20 [*No Response*]

21 CHAIRMAN HAMILTON: Commissioners?

22 Commissioner Clyburn.

23 **EXAMINATION BY COMMISSIONER CLYBURN**:

24 Q Good evening, Ms. Reynolds. I'm from, well, I've got country ties, I'll put it that

25 way, the evening I think began after 5:00 in Moncks Corner. But, at any rate, I

1 wanted to ask you a bit about – you made mention, I guess – how long ago—
2 you talked about the $50 some odd once a quarter.
3 A Yes, we paid that for about like 10 to 15 years every three months and then
4 about two or three years ago, it went to every month.
5 Q Okay. Tell me about the type of service you receive from United.
6 A Just the sewer.
7 Q Just sewer service. How long have you been on the system?
8 A 28 years.
9 Q 28 years. Tell me a bit – have you ever had any issues with the sewer service?
10 A No, other than all that swampy area behind the house with the mosquitoes.
11 Q Let me ask you about that, because you mentioned that. Is that on their property,
12 I mean, tell me –
13 A Yeah, when I walk down toward that way, I mean it's just swamp everywhere
14 and it's all around us that sort of thing.
15 Q So, I guess I'm trying to – is it, what are we talking about?
16 A It's real swampy, real musky, real swampy, and mosquitoes are everywhere.
17 Q But, it is – your saying that that piece of land that you're talking about that is
18 behind you is the property, from what you understand, of United Utility Company?
19 A I would say.
20 Q Okay. Thank you.
21 CHAIRMAN HAMILTON: Any other Commissioners?
22 Commissioner Fleming.
23 **EXAMINATION BY COMMISSIONER FLEMING**:
24 Q I just would like to follow-up a little bit more about the swampy land that's United
25 Utility's property. Do you know is that natural to the area that it's so swampy

and wet or do you think that's a result of the sewer processing?

A I'm not sure. I just know it's swampy, wet all the time with mosquitoes everywhere. We get the mosquitoes.

Q Okay. Thank you.

CHAIRMAN HAMILTON: Any other questions from Commissioners?

[*No Response*]

CHAIRMAN HAMILTON: Thank you. Excuse me, Mr. Hoefer.

MR. HOEFER: Mr. Chairman, could I get the witness to state her address again. It's 1552?

MS. REYNOLDS: Wilkinsville Highway.

MR. HOEFER: Wilkinsville, thank you ma'am.

CHAIRMAN HAMILTON: Thank you, ma'am. You may be excused.

MR. DONG: The next witness on the list is Mary Ramsey.

WHEREUPON, Mary Ramsey, first being duly sworn, assumes the stand and testifies as follows:

MS. BOYD: Would you state your name and address for the record and speak into that microphone.

TESTIMONY OF MARY RAMSEY:

Q Mary Ramsey, 204 Saddle Drive. I'm a new homeowner, and I'm on Social Security and disability, and I don't know how I can live with these rates; I really don't.

1 CHAIRMAN HAMILTON: Excuse me just a minute,
2 we might have some questions for you.
3 **EXAMINATION BY CHAIRMAN HAMILTON**:
4 Q Are you a single household?
5 A Yes.
6 CHAIRMAN HAMILTON: Do we have any other
7 Commissioner questions?
8 **EXAMINATION BY COMMISSIONER CLYBURN**:
9 Q Ms. Ramsey, what's your monthly sewer bill? What's your monthly sewer bill?
10 A I was told it was $47.
11 Q So, you haven't gotten a first bill yet?
12 A No.
13 Q How long have you been at your address?
14 A About three weeks.
15 Q Okay, you're really new.
16 A My Grandpa's [INAUDIBLE].
17 Q Okay, thank you.
18 CHAIRMAN HAMILTON: Thank you very much.
19 MR. DONG: The next witness on the list is Ivy
20 Morris.
21 **WHEREUPON, Ivy Morris** first being duly sworn,
22 assumes the stand and testifies as follows:
23 MS. BOYD: Would you state your name and
24 address for the record and speak into the microphone,
25 please.

1 **TESTIMONY OF IVY MORRIS**:

2 A Ivy Morris, 107 Saddle Drive.

3 I'm concerned about the sewer bill. I've been there for 13 years, and
4 I'm single too. When I first moved down there, it was $30 a month. Then it went
5 up to $48-and-some-cents a month. Now they want to go up to $65 plus a month.
6 The only thing they provide down there is sewage. We've got a separate water
7 bill, and I don't understand why – from my understanding, we're the only ones
8 who are having a problem with United Utility as far as the sewer, and I don't
9 understand why we keep having problems with United Utility. The only thing I
10 see them come down there and do is spray a little stuff down there in some
11 kind of water hole and drive off. Other than that I don't see what they're doing
12 for me for me to be paying all that money.

13 CHAIRMAN HAMILTON: We have any questions?

14 Commissioner Mitchell.

15 **EXAMINATION BY COMMISSIONER MITCHELL**:

16 Q Yes, ma'am, you said you are a single resident; is that right? You are the only
17 person that lives in the household?

18 A Yes, I am.

19 Q You gave the rates were $30, $48 and $65. Are those minimum rates that you
20 are paying or do they change? Do you have a minimum rate each month?

21 A Yeah, right now $48 and some odd cents.

22 Q Okay. You're the only one that's ever, I mean, that rate is just being for a single
23 person?

24 A Yeah.

25 Q Okay. That's all I have.

1 CHAIRMAN HAMILTON: Any other Commissioner
2 questions?
3 [*No Response*]
4 CHAIRMAN HAMILTON: Thank you ma'am very
5 much.
6 MR. DONG: Cheryl Wright.
7 **WHEREUPON, Cheryl Wright,** first being duly
8 sworn, assumes the stand and testifies as follows:
9 MS. BOYD: Would you state your name and
10 address for the record, please.
11 **TESTIMONY OF CHERYL WRIGHT**:
12 A Cheryl Lynn Wright, 215 Killion Drive, Gaffney, South Carolina.
13 I too think that the rate is increasing too much. We moved there six years
14 ago and was unaware that we even had a sewer bill until a man knocked on
15 my door and told me that he was going to cut my sewer off; I owed $500. At
16 that time, we were paying, I think it was $30-something every two months and
17 it's progressed until now we're paying $48, I think it's $48.63 a month, and it's
18 only myself and my husband living there. There's twenty some-odd houses that
19 are empty that's on the same sewer bill. There's also several other houses that
20 the sewer company has not even charged people who live in those houses.
21 They've not went around to check and see if those people are paying sewer
22 bills, and I'm aware of that.
23 Also, I'm not sure of this, but I'd like to find out about it, and I will find
24 out about it. We have, I think it's a 100-unit apartment building right down below
25 us. It's on the same sewer system, and residents there do not pay any sewer

and water. They're government apartments. They're government subsidized apartments, and I feel like we're taking up the slack for them and these people that the sewer company has not been around to their houses and given them a sewer bill. I think it's a little bit too high. I also am on a fixed income. I'm on disability.

CHAIRMAN HAMILTON: Do we have any questions? Commissioner Clyburn.

EXAMINATION BY COMMISSIONER CLYBURN:

Q Hello, Ms. Wright.

A Hello.

Q Again, you said you lived there six years. You made mention that you weren't aware of the sewer bill until somebody knocked on your door. What timeframe from the time, you know, from when you moved in until that knock on the door occurred?

A It was about, I think it was a year, to tell you the truth.

Q So, you were in your domicile for one year before – a year?

A They knocked on my door and told me I owed $500 or they were going to cut my sewer off, and I was not even aware I had sewer. I had a septic tank before and thought that was what I had in my new house.

Q You had a septic tank before you moved?

A Right.

Q Okay.

A No one had told me, just like several other people in the neighborhood now that's lived there for five or six years that have never paid a sewer bill.

Q Okay. You said you lived on – is that K-I-L-L-I?

A O-N.

Q Remind me of your exact address.

A 215 Killion Drive.

Q It was a year before you got notice that you owed?

A Yes.

Q Okay. Thank you.

CHAIRMAN HAMILTON: Commissioner Fleming.

EXAMINATION BY COMMISSIONER FLEMING:

Q Good evening.

A Hello.

Q Did you get a satisfactory resolve of that bill, because $500 seems a lot for a year.

A I think so too. They told me that's what I owed. I paid the bill because I had not gotten any bill, so I didn't know if I owed that or not. I did not want my sewer cut off. The man that came out was very smart to me and told me that my commode should back up, my bathtub and all that, you know, so I paid it.

Q But, you were at that time paying $30 something every two months, is that correct?

A I think so.

Q That's what you said.

A When I found out, when they started sending me a bill and then later on again, they stopped sending me a bill again for some reason; I have no idea.

Q So, the bills are inconsistent?

A Yes.

Q What about the quality of service? Have you had trouble with backups or –

A Just mosquitoes, like the other lady said. We have mosquitoes down there. In fact, I called out the county truck last week to spray for bugs, but, you know, it didn't do any good.

Q Is that the nature of the land in any other area? Is it swampy or just swampy where the processing takes place?

A The one that's down below me – there's two in there, and the one that's down below me is not swampy area at all. We still have the bugs.

Q Okay. So, there's one processing area that's not swampy, but the other one is?

A The other one is.

Q But, it's not natural to the rest of the area?

A Excuse me, I didn't understand.

Q What I mean is, you don't have swampy areas in any other place except where the processing is taking place.

A Right, at one of them; the other one does not.

Q Thank you.

CHAIRMAN HAMILTON: Commissioner Wright.

EXAMINATION BY COMMISSIONER WRIGHT:

Q Good evening.

A Hello.

Q I want to follow-up on some of the questions. Let's go back to the six years ago when you moved in and a year later you got a sewer bill, well –

A Well, the knock on the door.

Q Said that you owed $500.

A Right.

Q You purchased this home from somebody before?

A Right.

Q In closing they didn't notify you, and in the presentation of the bill or the amount that you owed, they did not tell you for what time period that bill was owed?

A No. Well, they told me from the time that I had moved in there, which I didn't - they don't know what time I moved in there until I told THEM when I moved in.

Q Have you ever gone back to look at that?

A I went back several times and looked at it, and it really didn't make sense. But, like I said, I paid it because I did not want my sewer cut off.

Q Do you still have all the bills and documentation?

A I probably do. I probably do.

Q Would that be something that you can provide?

COMMISSIONER CLYBURN: You are referencing that original bill?

COMMISSIONER WRIGHT: Yes, the one from six years ago.

COMMISSIONER CLYBURN: Or five.

COMMISSIONER WRIGHT: Or five, whatever it is, yes.

A [*Ms. Wright*] I'm not sure that I do. I really don't know if I have, you know, because, like I said, I sent them the money. I don't even know if even got a bill; it's just the man told me that I had sewer service and that I needed to pay it, and he gave me the number to call to do that. That's what I did.

CHAIRMAN HAMILTON: Commissioner Howard.

EXAMINATION BY COMMISSIONER HOWARD:

Q Ms. Wright, was the Company willing to work with you on paying the $500 with

1 your monthly charge or did they require all of it at one time?
2 A No, they did tell me that I could make payments, but I had a certain amount of
3 time that I had to make the payments.
4 CHAIRMAN HAMILTON: Any other Commissioner
5 questions?
6 [*No Response*]
7 **EXAMINATION BY CHAIRMAN HAMILTON**:
8 Q I'd like to ask you, Ms. Wright, you might not know, but are the areas that you're
9 talking about with mosquito problem, is there a sewer processing plant there or
10 a lift station, or do you know?
11 A I think it's called a pump station, but I'm not sure what a pump station is.
12 Q A pump station. Thank you, ma'am.
13 COMMISSIONER FLEMING: Mr. Chairman, I would
14 like to request a copy of that original bill, if she still has that,
15 if that could be entered as a late filed.
16 CHAIRMAN HAMILTON: Do you think you could
17 expediently provide that?
18 MS. WRIGHT: Not expediently, no. Because, like I
19 said, I'm not sure that I even got a bill. I got a knock on
20 the door.
21 COMMISSIONER FLEMING: Okay.
22 CHAIRMAN HAMILTON: If you went to my house
23 and looked for something five years ago, that'd be impossible.
24 MS. WRIGHT: Yeah. I probably can't find it, but like I
25 said, you know, that's what I was told.

1 COMMISSIONER CLYBURN: Mr. Chairman, do you
2 think, and I don't know if this is out of line, and Mr. Hoefer
3 will be sure to tell me, whether or not the Company's –
4 we do have her address, whether the Company would be
5 able to generate such an item.
6 CHAIRMAN HAMILTON: I think that would be a
7 request that we could make of the Company.
8 COMMISSIONER CLYBURN: Because I don't know
9 where things are five days ago now; I don't know how you
10 find something five years ago. But, you might be good at
11 that.
12 MS. WRIGHT: Well, I've got papers everywhere,
13 but like I said, I don't know if I have that or not.
14 CHAIRMAN HAMILTON: If you do have it, if you
15 could, without objection, if she finds it, we'll provide every
16 party with that. I guess we'll need to make a written request
17 to the Company for the information.
18 Any other questions? Mr. Hoefer.
19 **CROSS EXAMINATION BY MR. HOEFER**:
20 Q Yes, ma'am, Ms. Wright, when you purchased this home, did you finance it?
21 A Yes.
22 Q Was there an appraisal done?
23 A Yes.
24 MR. HOEFER: That's all I have, Mr. Chairman.
25 CHAIRMAN HAMILTON: Thank you, sir.

1 Thank you, Ms. Wright, very much.
2 MR. DONG: Alvin Simpson, Jr.
3 **WHEREUPON, Alvin F. Simpson, Jr.** first being
4 duly sworn, assumes the stand and testifies as follows:
5 MS. BOYD: Would you state your name and
6 address for the record, please.
7 **TESTIMONY OF ALVIN F. SIMPSON, JR.**:
8 A Yes, my name is Alvin F. Simpson, Jr. I live at 411 Killion Drive in the Briarcreek
9 subdivision. First, I want to thank you-all for moving this venue from Columbia
10 to here. I was not looking forward to having to make that trip.
11 First, I want just let you know that I have lived in Briarcreek subdivision
12 since 2002; I moved in September. When I moved in, the bill was $49 a month,
13 $49.30 to be exact. I was fortunate enough that on my very first bill, of which I
14 have a copy and you can have for evidence, it states that the South Carolina
15 Service Commission has approved new rates for the United Utility and then it
16 goes on to say that these new rates will be added to our bill. Then in September of
17 2004, it was two years later, they had to refund us that money because you had
18 not give them the rate increase.
19 Just a little background on me. I am a Grade A Biological Wastewater
20 Operator, certified in South Carolina. I have a Grade IV Wastewater License
21 in North Carolina. I am also an "A" Water Certification for South Carolina. I
22 worked for seven years with a company called American Water Services that
23 was a contract operator which did just what United Utility does for this Briarcreek
24 subdivision. We ran wastewater facilities under contract where we gave the
25 cities, towns, counties our expertise and knowledge in operation of facilities in

1 exchange for payment. The cities and counties still maintained possession;
2 we just operated them for them, the operators as our employees. In that seven
3 years I went from an operator to supervisor over several wastewater facilities.
4 I then went from that to a project manager. From there, I was an Assistant
5 Regional Manager. In that time as a project manager, I did budgets and fiscal
6 year budgets for facilities from any size – the size of the facilities here in Briarcreek
7 which are very small, less than 1,000,000 gallons a day. As a matter of fact, I
8 have the Discharge Permits for these two facilities. There are two facilities
9 inside the Briarcreek subdivision. These facilities are very small, and I did
10 budgets for plants that were well within that range of this.
11 Speaking with the knowledge and information that I have, I've gone through
12 these Discharge Permits. I did, through DHEC, I got, Freedom of Information
13 Act, I got their past three years Discharge Permits, I mean Discharge Monitor-
14 ing Reports. In reviewing all the information that I had received, both from the
15 Freedom of Information Act, speaking with DHEC officials; these facilities are
16 what in layman terms are called just a small facility. They are not large at all
17 and treat a very low volume of flow.
18 Just to get to brass tacks, the operation of these facilities; they have no
19 reason for an increase in their costs, in my personal opinion. According to their
20 Discharge Permits, the parameters that they have to treat are only weekly that
21 they have to test. Their lab costs would be minimum. They have a once every
22 three months toxicity test that they have to do, which is the most expensive test
23 they have; it's every three months, four times a year. All, and I want to point
24 out, all the waste that goes into these two facilities is domestic waste. There's
25 no industrial waste in these facilities. They would have no problem in planning

1 all of their costs for a year because on a domestic waste basis, they do not
2 have any fluctuations of any significance. We're not talking about sludge or
3 chemicals or anything else. They're going to be treating almost the identical
4 same waste throughout the year. The increase, just from the time that I've been
5 there, the short time I've been there, there's no – I cannot understand why this
6 Company is asking for an increase in their rates. This increase will be a 37%
7 increase over what we pay now.
8 Just for your information, I talked to the Board of Public Works and
9 Spartanburg Water System, which are the two facilities that are on either side
10 of us. My highest water bill for the past year – basing my sewer treatment, if I
11 took my water, my wastewater to the Board of Public Works, my bill would be
12 with the Board of Public Works in the highest month that I had would be $8.93
13 for the month, not $65 as this Company's wanting me to pay. That would be
14 an average cost of $0.30 a day. If I went to the Spartanburg Water System, I
15 would be paying – my bill would be $1.83 for the month. That is an average
16 cost of $0.06 a day. This Company at the current rate charges me for that same
17 month a $1.66 a day, and this is a small package plant that does not have
18 any bulk chemicals. They use chlorine tablets. They don't even have chlorine
19 shipped in. If they try to say that their costs increase are because of the high
20 rise in our fuel economy, they have no reason to justify that. Any sludge pro-
21 duction in that plant can be handled locally. Right now, they haul it all the way
22 to Columbia almost.
23 I've had to tighten my belt. I also, as several of these have talked about,
24 I'm a single man in this home. I'm the only income, and I've had to tighten my
25 belt. They can tighten theirs because $49 is a ridiculous amount to be charging

me. Be it $65, is in no way justified in my mind. My knowledge and my time spent with American Water Services and the over ten years I have in waste-water experience tell me, I cannot understand any reason for an increase in the sewer.

CHAIRMAN HAMILTON: Do we have any questions of Mr. Simpson?

MR. DONG: Mr. Simpson, would you like to enter those documents as an exhibit?

MR. SIMPSON: Do you want me to enter my first sewer bill?

MR. DONG: Well, we can do one composite exhibit, if you'd like. It's up to you, but if you'd like to have your documents entered into the record subject to the evidentiary determination that will be made later, we can do that now.

MR. SIMPSON: Well, I guess these documents – just to let you know what I'll be entering. My very first bill which stated that they had been given authorization for an increase and then the bill that later came and said that they had overcharged me and refunded me my money. I'll enter those two. Then these papers are where – it is their Discharge Permit, pages from their Discharge Permit which gives their parameters that they must test each month. It's one from each of their – permits, like I say, it's two facilities. I'll enter both of those in as evidence.

I also – I make note that they haul their sledge to,

it's almost to Columbia. It's to a company called Bio-Tech, Incorporated, and I have right here driving instructions to that facility. They haul the sludge 129 miles from Gaffney whenever we have legal and documented, you know, facilities here in the City of Gaffney that have land use permits that they could use. So, I'll enter those into evidence.

COMMISSIONER MITCHELL: I have a question.

CHAIRMAN HAMILTON: Yes, sir.

EXAMINATION BY COMMISSIONER MITCHELL:

Q You also stated documentation as your comparison of those bills, do you have other documentation as to the comparison of other water companies as to how that —

A I have their sewer —

Q —statements there of about, you know, you said $1.66 a day with other companies; do you have documentation of that?

A I have – I made myself some notes - Back when I was with American Water Services I had to do a lot of presentations to a lot of commissioners and a lot of mayors and all that, so I'm used to making myself notes. I can get – I tried to get from Spartanburg Water, I tried to get them to fax me their rate schedule, and the Board of Public Works, they gave it to me over the phone.

Q Can you obtain that for us? Could you obtain –

A Like I said, I tried to get them to – I can get Spartanburg Water to fax me the rate schedule—

Q I'd like that included with what else – he made those statements that he had—

A Just so you will know, I based that on their outside of city rates, because that's what we would be, would be outside of city. Their inside city rates are even lower, but I used the outside city rates because that's what we would be if we were sending our waste to that facility.

Q Whatever documentation you can prove those statements, if you —

A Yes, sir.

Q If you could prove that, I'd like to see that.

A I'll sure do that.

CHAIRMAN HAMILTON: Thank you. Any other Commissioners? Commissioner Howard.

EXAMINATION BY COMMISSIONER HOWARD:

Q Mr. Simpson, good evening. Can you briefly explain to me the operation and how that system works, the sewer system works and the discharge, the way it's discharged and what type of system – you mentioned chlorine tablets.

A Yes, sir. It's what we call in the business package] plant. What it is, is it's a very, very small facility. It would fit inside the area inside this podium here. It's not a very big facility. Now, when I say *facility*, I'm talking about both of them. They're both very small package plants.

The water is already fed; that's another bit of information. Their costs, their power costs – we haven't had an increase in Duke Power. I'm on Duke Power. I know they're on Duke Power; we haven't received an increase on our power bill. So, that's another reason why I can't understand why they say they have to have more money. They have no pumping. All of it is gravity fed to these two facilities. It goes through the sewer lines to the facility where when it enters the facility, it goes in to what's called an aeration chamber. The aeration

1 basin is simply that; the air in it. They use two very small, inexpensive blowers
2 to just pump air in and mix it. It does two things. It mixes the wastewater and
3 aerates it. At the end of that process, it goes into what's called a final clarifier,
4 which is a very small chamber where it's allowed to settle; it's no longer aerated.
5 The clear water skims off the top and goes out to the receiving stream, or well,
6 it goes out to a contact chamber. The sludge on the bottom is then returned
7 back to the head of the plant, so that sludge itself is returned back to the head
8 of the plant. Periodically, you have to waste that sludge out, and that's what,
9 when I was talking about sludge removal, that sludge – eventually you have to
10 remove it from your facility because if it gets to be just too high of a content, it
11 will start going into the receiving stream.
12 That sludge is removed. The clear water then goes to what I said was
13 a contact chamber. That contact chamber is where they introduce chlorine to
14 kill any pathogens in the water. They don't use any bulk tanks of chlorine;
15 they're using tablets. Those tablets are inexpensive to begin with, and they can
16 be picked up by the operator. They can have them sent to their office, wherever.
17 They don't have to be shipped in. The big expense on operations on a big
18 facility is chemicals and power. They have very limited — the only power use
19 they have is those small, you know, blowers and then whatever pumping that
20 they're using to return the sludge from the effluent.
21 Then their chemical costs, which where your increase in costs for chemical
22 would be, like, for an example – at the plant that I work at, I work at a water
23 plant now, but we pay for chemicals to be brought in, in bulk. Well, that costs
24 more money now because of the increase n fuel. But because they're not
25 using any bulk chemicals, there is no increase in their costs. The water from

that contact chamber, it's given enough time for that chlorine to do its work and kill the pathogens and then it goes to receiving stream.

I mean, it's a very – this process with these plants is a very simple process. It does not involve a lot of monitoring. It does not involve a lot of work, and it sure doesn't involve a lot of cost. I did budgets for these facilities, believe me, I did a lot of budgeting for these facilities when I was with America Water Services; they are very inexpensive.

CHAIRMAN HAMILTON: Yes, sir, Mr. Mitchell.

FURTHER EXAMINATION BY COMMISSIONER MITCHELL:

Q Yes, sir, you seem to have had a lot of experience, and you were talking about this one particular small system. I believe you stated you thought it was two small systems.

A Yes.

Q You stated that you've had a lot of experience in budgeting for major water companies. Have you run into any particular instances where there were problems with or questions about one particular area subsidizing another area, or has that ever come up in your calculations for major water companies?

A When I was with American Water Services, we did operate a lot of facilities, and as I said, at one point, I was an Assistant Regional Manager, which meant I was over the entire south region, so I was involved in the budgeting of those facilities as well.

That is one concern that I have with this United Utility increase is that their overhead and their projected profit margin may be what is driving force on this increase. If their other facilities, which I don't know of any of their other facilities, the only information I have is the letter that they originally sent out to

each of us letting us know that rates would go up. It did mention, which I have here the original letter they sent out, it mentioned the other facilities too that they run. I did not do any research on any of those facilities, but I do know that if they're sharing the costs among all of these facilities to pay what we would call a "circuit rider", which is one operator which visits all of the facilities; that I don't know. I can't state that for a fact, but if that's what they're doing, that's how they can absorb a lot of the costs covered over all of the facilities.

But, if that's the case, our main - like I say, I find nothing that would warrant an increase of this, I mean, we're talking a 37% increase on our sewer bills, over $49 a month now or $48.24 a month now that does not – I can't warrant $48. I just don't understand how they can charge what they're charging us now. But with their cost of overhead billing, management, those types of things, I understand those costs. But, I can't in my mind understand how our bill is what it is now.

Q Have you ever had any experience in budgeting for major companies as far as the actual budget. And, I guess what my specific question is, If you had a number of facilities spread out over a large area, were you able to pinpoint exactly what each existing facility cost to operate?

A Oh, yes, sir. We had to do that, yes, sir. I had to know what each facility's cost was before I could even start to budget for my – for the region. I had to know what each individual plant's budgeting costs were.

Q So, a company of this magnitude should be able to produce individual costs?

A Yes, sir.

Q Is that your opinion?

A Yes, sir. If they can't, there's a problem.

Q You are telling me, you are testifying that you have had experience along this line and that you can – you in your experience provided individual costs for different portions of that company, whether it might be in different geographical locations?

A Yes, sir.

Q Thank you.

CHAIRMAN H;AMILTON: Any other questions? Commissioner Clyburn.

EXAMINATION BY COMMISSIONER CLYBURN:

Q Along the same lines, Mr. Simpson, how are you?

A I'm fine.

Q I wanted to ask – I guess if you looked at the – would you say, all of the things being equal, that it costs more or less to run a small plant than a larger plant? Is that a fair question?

A No, I mean, I understand what you're getting at. It is more expensive to operate a larger plant because you're talking about higher power costs to operate the facility, higher chemical costs to operate the facility. Whereas, a small plant like this, the power use with no pump stations, only the blowers being their only electrical costs; that would be a minimal charge and chemical, I've already explained that – their only chemical. The only other cost would be – the only other two costs would be lab expenses and operator expenses.

Q Let me ask this a different way. Per unit, and I'm referring here as a unit as a household.

A Yes.

Q Is it more or less expensive per unit to operate a larger company or, you know,

is it more expensive or less expensive?

A Okay. I understand what you question is now. It would be on a larger facility because of the increased amount of people paying in, you would be able to charge a lower rate.

Q So, because of what some of us call, you know, economics of scale – I can remember college a little bit.

A Yeah, I believe I've heard that term.

Q In terms of looking at economies of scale and economies of scope, it would be less expensive per unit or per household in this instance to operate a larger as opposed to a smaller universal –

A Yes, ma'am. It would be.

Q I guess I'm wondering was that – because, again, you said you dealt with when you were with American, you dealt with different sizes of –

A Flow.

Q Right. Did you – were there differentials? If everybody were standing alone, were they substantial, well, were there differentials, noticeable differentials with the smaller, given that premise – were the smaller facilities as opposed to the larger facilities?

A I'll have to say no because the smaller facilities, even though you have a smaller base of customers paying for those facilities, because of the dramatic change in price between operating a large facility and a small facility, it gets absorbed because you don't have the enormous costs of operating a small facility that you do with a big facility.

So, the overall individual unit cost to operate that facility would be very marginal at best; higher than the larger facility because you're talking on a

scale of $300, maybe $400 a month operational costs for the small plant versus maybe $10,000 a month for the large facility, but you only have, you know, a very small volume of people paying, but it's such a variance in that cost of that facility that – I know what you're trying to say is that even though it doesn't cost much to run this plant, you don't have many people paying for it so the shared costs of all those people involved would be higher than one for a larger plant.

Q I'm not going – it stands to reason. If you go back to –

A But, the –

Q It's pure economics.

A Yeah, but the problem with that is, is you're talking about such a differential in scale of price to pay for the large facility versus the small facility. If there was a difference between how much it would cost for the personal household, it would be minimally higher because you're talking about such a huge price difference between the large facility versus the small facility. Not only that, but we're talking, me personally, I went through the neighborhood, and I could count what I felt like was at least over 75 homes that would be paying into United Utility. I don't know the exact amount.

Q Say that again. So, you counted 75?

A 75 units that would be paying into that – to United Utility for the operations of this facility.

Q Oh, okay.

A If you take the overall cost for the year, of what I estimate, and again, I don't know how much – I don't want to make any accusations that I know exactly what they're paying because I do not, and I don't want that to be, you know.

1 But, just based on what knowledge I have and what I information I gathered
2 from talking to DHEC, talking to other wastewater facilities in this area and my
3 knowledge from before, that cost of $49, excuse me $48, that we're paying now
4 is more than enough to pay for that facility, even including in overhead for their
5 management and billing and all that and the fact that they have an operator to
6 pay – that cost is shared.
7 Q My last question I guess is going back to your institutional knowledge if I can
8 get it straight – hold on because Zaxbys Chicken just had me – drank too
9 much root beer, I apologize.
10 [*Laughter*]
11 Q [*Commissioner Clyburn*] I guess I'm wondering here too along the same line.
12 I'm pausing because when you were talking you made me think about two
13 other things. With American, you said that you dealt with, you know, you guys
14 were the, I guess you would say, the subcontractors for some, maybe some
15 municipal systems.
16 A That's a good way of putting it. I mean, what we did was, we operated and
17 maintained the facility under contract.
18 Q They still owned the property.
19 A They still maintained the ownership of the facility, yes.
20 Q But, did you also have, you know, operational oversight or ownership over-
21 sight over what we would be looking at here, which would be, quote-unquote,
22 "investor owned facility" as opposed to a government owned facility?
23 A The company was a public traded utility. Our company, American Water Services,
24 was publicly traded.
25 Q It's publicly traded, but it's still a quote-unquote, "investor owned facility"; it's

not a government facility?

A Right, that's correct.

Q In your dealings, did you notice a differential in what I would call, what we call, investor-owned utilities, which is what we regulate, which is what United is, as opposed to the municipal water systems, two of which I think you made reference to.

A Right.

Q Did you notice any type of differential between the pricing of those, meaning that the bills charged between a municipally owned system as opposed to an investor owned system?

A Yes, ma'am. I did notice that.

Q Substantial?

A Pretty much, yes, ma'am.

Q Thanks.

CHAIRMAN HAMILTON: Any other questions? Commissioner Wright.

EXAMINATION BY COMMISSIONER WRIGHT:

Q You play a flat rate?

A Yes, sir. $48.28 a month right now.

Q In your experience when you were doing budgeting and working for American, did you do a flat rate or did you an usage billing, or how did you do that?

A In most of the facilities that we operated, we were not actually doing the billing . You know, the facilities still belonged to the city/county, whoever the owner of that facility was. We only operated it. What we did was, we came in and we would bid on the process to operate that plant for them, and what they would

do is, then turn the facility over to us for] operations, and what I budgeted was our costs. Referring back a little bit to your question, we had a profit margin that we had to budget in to make sure that we were making a profit. Because we were a contract operator, that was allowed because we were not actually the ones billing the individuals.

CHAIRMAN HAMILTON: Commissioner Howard.

EXAMINATION BY COMMISSIONER HOWARD:

Q Mr. Simpson, where is American Water located? How many systems did y'all operate within South Carolina?

A American Water is a company that owns and operates water plants all over the United States. It's been in business over 100 years. We were a subsidiary of them. American Water Services is who I worked for, and we were just a small part of them. We operated facilities in North Carolina, Virginia, Buffalo, New York – I'm trying to think – we operated all up and down the east coast. I traveled the east coast quite a bit when I was with them.

Q How many systems were in South Carolina? Where is the company headquartered, the parent company?

A The company, the American Water Services was in Maldin, New Jersey. That's where we went for our annual meetings, was Maldin, New Jersey. American Water itself, I'll be honest I don't know exactly where our parent company was at. American Water Services no longer exist; they sold out all of their contracts to another company out of, I believe it's out of Canada.

CHAIRMAN HAMILTON: Any other questions? Commissioner Fleming.

1 **EXAMINATION BY COMMISSIONER FLEMING**:

2 Q Good evening, Mr. Simpson. I was just doing a little figuring. According to your
3 figures, with 75 homes, you're saying it costs $300 to $400 a month to operate.
4 They're bringing in around $3500 a month.

5 A Yes, ma'am.

6 Q And I know that doesn't cover —

7 A The operator's pay or overhead. That's just the facility's operation costs, and
8 that's a high figure. I mean, that's taking, really the cost of sludge, I mean,
9 sludge, power, chemical and [INAUDIBLE], and that's, I mean, that figure's
10 probably a little bit high, if you want to know the truth.

11 Q It's very informative to have someone with background and experience in the
12 same field. You've given us a lot of information tonight, and I'm sure we'll be
13 hearing some other information at the formal hearing in Columbia, and I know
14 that you were happy that we came here tonight.

15 A Yes, ma'am.

16 Q But, what I was going to say – we've heard a lot of technical information. I just
17 wondered if there were questions that needed to be answered, if you might
18 possibly be willing to be available?

19 A That's in August, correct?

20 Q Yes.

21 A It's August the — sometime at the end of August. I will try my best to be there,
22 yes, ma'am. If the Commission feels like it will be helpful, I will be glad to make
23 the trip.

24 MR. HOEFER: Mr. Chairman, I think it was stated
25 in the beginning if you testify tonight, you can't testify there

in Columbia.

CHAIRMAN HAMILTON: That's true.

COMMISSIONER FLEMING: I think I said be available for questions – clarification of what you said. We had that – we have a similar situation.

CHAIRMAN HAMILTON: Mr. Hoefer?

MR. HOEFER: We will object, Mr. Chairman.

CHAIRMAN HAMILTON: Mr. Simpson, this puts the Chair in somewhat of a position because in fact we have decided in the past that you didn't have two chances to appear. But, the previous Chairman had ruled to allow a person to come, and I think under the testimony that you've given tonight, that if you do come, you would have to be prepared on your part, because you're going to be cross examined by all the parties, to validate yourself as an expert witness, which to some extent you've done tonight. So, I think you need to take those things under consideration, and we can rule on it at the time of the hearing.

MR. SIMPSON: I mean, I don't know quite how to answer that. I will be glad to give any information if the information that I've presented has been informative. I can tell you, for over seven years as an operator and project manager with American Water, this was what I did for a living. I mean, I'm still a water operator to this day, and I work for the Board of Public Works as a water

operator. I have, you know, four, well, five years experience doing that. I can honestly tell you that all the information I've given you here tonight — I'm not trying to be negative. I hope that I haven't come across as negative, but just informative because I want you to understand that this is a significant increase over what I feel is a high price already to pay for sewer treatment.

CHAIRMAN HAMILTON: I think all the Commission agrees you presented yourself to the Commission very well.

MR. SIMPSON: I appreciate that.

CHAIRMAN HAMILTON: We will take Commissioner Fleming's request under consideration. But, I did want to prepare you because you have somewhat represented yourself as an expert witness, so I wanted you to be prepared for cross examination.

MR. SIMPSON: Okay. If there would be any way you could let me know on what —

CHAIRMAN HAMILTON: Yes, sir, we will. We'll advise you within the next two weeks.

MR. SIMPSON: All right, I appreciate your kindness. I do want to thank you for moving it to Gaffney.

CHAIRMAN HAMILTON: Mr. Hoefer, did you have a question?

MR. HOEFER: Yes, sir, Mr. Chairman. I have a

1 number of questions.

2 **CROSS EXAMINATION BY MR. HOEFER:**

3 Q It's been so long since you started, I forgot your name — Mr. Simpson.

4 A Alvin Simpson.

5 Q Mr. Simpson, you say you work at the Gaffney Water Public Works, today?

6 A Yes, sir.

7 Q What is your job there?

8 A I'm a water operator.

9 Q Do you do any budgeting for the City's water budget?

10 A For Gaffney?

11 Q For the Board of Public Works?

12 A No, sir, I don't do any currently.

13 Q Okay I think you said and you testified that you worked for American Water

14 Services; is that correct?

15 A That's correct.

16 Q And, that's a wholly-owned institute of American Water Company?

17 A Yes, it is.

18 Q And, that business is in –

19 A Was a subsidiary of –

20 Q Was –

21 A They're no longer with –

22 Q Okay. That business was in engaged in providing contract wastewater or

23 water treatment services?

24 A Both.

25 Q Okay, and it was operations only ; is that correct?

1 A Well, the facilities that I was over was operations only. I'd do some billing but
2 very little.
3 Q Okay. But, none that you had any experience with; is that correct?
4 A For billing?
5 Q Yes, sir.
6 A [INAUDIBLE]
7 Q Okay. And, in fact, the municipalities, local governments, counties, that you
8 did this work for as an employee of American Water as a contract operator;
9 they continue to own facilities, do they not?
10 A They own the facilities, yes, sir.
11 Q And, they — [inaudible] —
12 CHAIRMAN HAMILTON: MaryJane, can you pick
13 it up?
14 COURT REPORTER: It would be better if you
15 could talk into the mic, please.
16 MR. SIMPSON: I'm sorry.
17 CHAIRMAN HAMILTON: Excuse me, Mr. Hoefer.
18 Q [*Mr. Hoefer*] And I think you've already testified that in none of these systems,
19 did your company handle the billing?
20 A In none of the facilities that I?
21 Q That you worked at, that no billing was handled?
22 A [INAUDIBLE]
23 Q And you didn't operate the collection transmission facilities; just the treatment
24 facilities, is that correct? Did y'all go out and maintain the mains?
25 A We maintained mains. We maintained pumping stations. We maintained flow

1 meters in the pumping station.
2 Q Did you respond to customer calls when they had a backup at their home?
3 A Not a backup; it's up to the individual.
4 Q Will the City do that?
5 A The City did individual homes.
6 Q Okay. Now, you also talked about your budgeting experience. That budgeting
7 experience didn't include any capital budgeting, did it?
8 A Yes, it did.
9 Q Capital – y'all did improvements at the plant?
10 A I did budgeting, capital improvements at our facility.
11 Q For the City?
12 A Yes.
13 Q And, y'all paid for it out of your pocket?
14 A What we did was, we committed, or submitted, I'm sorry, budgets and pro-
15 posals and pricing and then the City determined what was and was not within
16 their budget to do.
17 Q So, it didn't come out of the American Water Services' pocket, did it, as
18 capital improvements, did it?
19 A We still did some of the capital improvements out of our budget, yes, sir.
20 Q Did you pay for it out of your pocket?
21 A Out of my personal pocket?
22 Q No, the company's pocket, or did the City pay for it?
23 A The ones that we did, the capital improvements that we felt were needed to
24 operate that facility, that the City didn't deem as feasible in their budgets, we
25 did pay for some and it came out of American Water's budget.

Q Okay, tell me which facilities those were in South Carolina?

A We didn't operate anything in South Carolina.

Q Okay, so you don't have any experience relative to capital budgets on a utility system in South Carolina; is that correct?

A In South Carolina, no, sir.

Q Now, I think one Commissioner may have already asked you this question, but I want to make sure I have it right. Who set the rates for these systems, the service rates to the customers?

A For the ones that I operated or?

Q For the ones you operated, who set the service rates to the customers?

A The city, county, or whoever owned the system.

Q So, you didn't have any experience in coordinating your budget with the rates that were collected?

A Yes, sir, we gave suggestions – that's why I said when I first started, I met with commissions, mayors, whatever governing body was over those facilities, and we met with them every year to help them start their fiscal budgets, and we would help them to determine rates needed to cover costs.

Q Did any of those cities or counties ever increase their rates as a result of your recommendations?

A Actually, because of our decreased cost to the City, most of them took decreases in their sewer rates; they took rate cuts.

Q Why was that?

A Because that was what we did. When we were a contract operator, we would come in and bid to operate that facility. The county, the cities' would take their budget from the previous years; we would always be cheaper than that budget,

1 and so therefore they would be experiencing a cost savings.
2 Q Tell me the names of all the cities or counties or municipalities where your
3 company had contract operations where you were employed on those projects in
4 South Carolina.
5 A Not in South Carolina, no, sir.
6 Q None in South Carolina?
7 A No, sir.
8 Q Okay. You also indicated that when y'all made proposals, the only thing you
9 had to make sure of was that you had a profit margin on the operations contract
10 charge satisfactory to your company; is that not correct?
11 A [INAUDIBLE]
12 Q Well, let me ask you the question this way.
13 A — have a profit margin.
14 Q Was part of your contract charge designed to defray the cost of depreciation
15 on the system?
16 A On the system, no, sir.
17 Q Was part of your contract charge designed to ensure that there was an adequate
18 reserve of funds for future capital improvements? Did your company collect any
19 rates that it set aside for future capital improvements?
20 A Not for the facility, no, sir.
21 Q Did your company advise these cities on bonding or other capital financing
22 mechanisms, and did you assist them in obtaining bonding?
23 A Our company did, but I was not involved in that. We had an engineering group
24 that —
25 Q So, you personally had no involvement in that; is that correct?

A I don't want to say that I didn't have any personal involvement, I did have to help some of the engineers acquire information from the regulatory agencies or from the, you know, different bonding agencies, you know, that did the bonding.

Q Well, I'm asking you about –

A I didn't do actual budgeting for those.

Q I'm asking you about the bonds, the municipal bonds that were issued. Did you consult with the municipal finance people who floated bonds?

A No, sir.

Q Okay. Now, I think you said in response to several questions that it was less expensive to serve a smaller system than a larger system; is that correct? Is that your testimony?

A Yes, sir.

Q Okay. Now, following up on that – when you would go into – give me an example. Let's just say, since you don't have any experience in South Carolina, let's say that one of the systems that you did work on in North Carolina – tell me some of the ones in North Carolina you worked on.

A I worked with the Town of Dallas.

Q How big is that?

A It was, I want to say about a half million gallons a day.

Q Okay. How big was the town?

A Maybe the size of Gaffney, maybe.

Q How many people is that, if you know?

A To be honest, I don't know.

Q How long have you lived here in Gaffney?

A For – since 2003. Excuse me, 2001.

Q Okay. Do you know how many people live here?

A No, sir.

Q Okay. But, you would say – give me another town. Do you know the population of any of the towns where you did contract operations work?

A Not, off the top of my head, no, sir.

Q When you made a proposal, when your company made a proposal to one of these towns, did y'all break it down by neighborhood or subdivision or did you just have one charge for the whole system?

A Now, that, I don't understand the question.

Q Let me ask the question again. Assume the town has more than one neighborhood or subdivision, okay?

A Yes, sir.

Q When y'all went and made your proposal to the town, did you break it down by neighborhood or subdivision and say, we're going to charge you this amount to operate this plant that's attributable to serving this neighborhood, and a different amount to operate this plant that's attributable to serving another neighborhood, or did y'all just have one charge?

A No, sir. We charged based on the sewer facilities' operational costs.

Q Okay. So, you didn't make any distinction between people who lived on the far end of town or people who lived right next to the plant? Everybody in terms of your proposal, it was based on everybody – one lump sum— taking into account the total size of the plant, is that correct?

A It's the total operational costs of the plant.

Q Okay. Now, why did you leave American Water Services?

A Excuse me?

Q Why did you leave American Water Services?

A Well, that's a personal matter.

Q Well, what I wanted to know was are they still operating in South Carolina at all?

A No, sir. That company has sold out to [INAUDIBLE]. When I left that company it was still well in operation, but –

Q Okay, you're right. I'm sorry. You did say that that company was no longer in existence, but what I'm driving at is the successor of American Water Services, are they doing any operations work in South Carolina?

A I wouldn't know.

Q Are you familiar with the City of Columbia?

A The City of Columbia?

Q Yes.

A Are you talking about the facilities or –

Q Just the City of Columbia in general.

A I've been there maybe three times in my life.

Q Okay. Do you have any knowledge about the City of Columbia's water and sewer system?

A No, sir, I haven't toured it, no, sir.

Q So, you wouldn't be aware that in the past the City of Columbia had a contract operator who's no longer there, would you?

A No, sir.

Q All right. Thank you.

MR. HOEFER: I don't have anything else, Mr.

Chairman.

CHAIRMAN HAMILTON: Ms. Hudson?

MS. HUDSON: Mr. Chairman, ORS has no questions. Thank you.

CHAIRMAN HAMILTON: Any other Commissioner questions?

[*No Response*]

CHAIRMAN HAMILTON: If not, you are excused sir.

MR. SIMPSON: I thank you, gentlemen and ma'ams.

MR. DONG: Jimmy Turner is the next person on the list.

WHEREUPON, Jimmy Turner first being duly sworn, assumes the stand and testifies as follows:

MS. BOYD: Would you state your name and address for the record, please.

TESTIMONY OF MR. TURNER:

Jimmy Turner, 104 Saddle Drive, Gaffney, South Carolina.

Don't really have a real complaint with the company as far as service. I mean, they've been okay with the service. The bill is my main concern. I used to be on the Board of Public Works system in the city. I used to live in the City back in 1990, and I've lived at Saddle Drive since 1990 with my father and my uncle. They were the owners of the house; they're both deceased now, and they left the home to me. I've owned the home basically about a year now.

Mr. Simpson was talking about the size of the system. I used to manage a

1 little system at the rest areas. I used to do maintenance at the rest areas, and
2 the system that is at the rest area over here on 85 is basically the same system
3 for just a rest area on the interstate. They're basically the same kind of system
4 we've got down at Briarcreek. When they say it's small, it's basically the same
5 – I walked down there and saw it myself; it's basically the same system. And
6 those little plugs they call them, that they throw in the system, chlorine plugs,
7 they're about like hockey pucks. I mean, they're not anything to do that on a
8 regular basis at the rest areas and basically show how small they are, the
9 same as at the rest areas.
10 But, my bill is $48 a month, and I can remember when we first moved
11 down there, the bill, when I got there, I couldn't believe it, and it's not including
12 the water. It's sewer only. Our sewer and water combined at our old home was a
13 lot less than just the sewer itself at Briarcreek. What I would like to see, not
14 the public owned utilities, but I would like to see a list for five, for five different
15 individual companies not connected to United Utility. I would like to see what
16 five of the other companies that's closest to us, I mean, it might be in the next
17 neighboring counties, but the closest ones that are independent, but not con-
18 nected to United Utility, what their rates are for the same kind of service because,
19 see what other independent companies – I know independent companies have
20 different rates than say a public utility owned by a county, city, whatever.
21 What I would like to see is what the other companies, what other people in the
22 region are paying – at least five or so, you know, to compare to see if other
23 people's having to pay these rates – what their reasons are for being so high,
24 because they're a lot higher, not just a little bit. They're a lot higher than the
25 public utilities.

1 CHAIRMAN HAMILTON: Any questions?
2 [*No Response*]
3 CHAIRMAN HAMILTON: Thank you, sir, very much.
4 A Thank you.
5 MR. DONG: Those are all the names that are on
6 the list. Is there anyone else present who wanted to offer
7 testimony?
8 **WHEREUPON, Andrew Wiseman** first being duly
9 sworn, assumes the stand and testifies as follows:
10 MS. BOYD: If you would, please state your name
11 and address for the record.
12 **TESTIMONY OF MR. WISEMAN**:
13 A My name is Andrew Wiseman. I live at 405 Killion Drive. I'm a next door neighbor
14 to Mr. Simpson. I also want to give my applause or whatever to Mr. Simpson,
15 I mean, he's put a lot time and personal money into bringing this for all of us.
16 My wife and I spent a lot of time today and on other days walking the
17 neighborhood trying to get as many people to come, and you know, we
18 passed out a little flyer and all to remind everybody of the meeting tonight. In
19 doing so – I've lived there a little over a year. I drive trucks so I haven't really
20 got a chance to meet too many of my neighbors, but I have noticed that a
21 major portion of our neighborhood is on a fixed income. They're elderly or
22 disability. I make a decent wage. I know that this increase will hurt me; I can't
23 imagine any of these elderly people that are living alone on a fixed income
24 where, you know, the Government's not putting out anymore money, but
25 these companies are starting to raise - gas prices are ridiculous already, and

1 we all know that. But, I drive a truck, like I said before. I know our rates have
2 increased a little bit, but we too have to understand that you can only go up
3 so high before people cannot afford your rates anymore.
4 We have no choice about our sewer. My home that I purchased had
5 been cut off before, and the person that lived there before, not the person I
6 bought the home from, but the person they acquired it from had continued to
7 use their service, and it flooded the basement. So, I know what kind of mess
8 that can create. This is the first place I've ever lived where they actually had a
9 shutoff valve on the sewage system. It never made any sense to me, and
10 actually that's the only real way I even knew that there was a separate bill for
11 the sewage. I assumed – where everybody else was – where I was from was
12 connected to the water, and they take your water bill and they do their little
13 formula and then figure out how much your sewage is. We do pay a flat rate. I
14 believe it's ridiculously high.
15 But, on the same token, there are empty houses in our neighborhood
16 that are continuing to receive a bill. There is a house down the street from us
17 that several people have looked at the house to purchase the house, but have
18 backed away because they are responsible for this increasing bill from the
19 sewage company. We have talked to several people but there are several
20 people that have purchased homes and then found out they had a huge bill
21 that was continually – service not being used, but continually run up. The
22 house across the street from us, they had purchased the house and had been
23 charged a connection fee, but the service was never disconnected. They also
24 were charged a deposit, and the service they are paying now is $55, which is
25 higher than what we are paying. So, I don't know why they have a higher rate

than we do. We tried to get them to come or to bring a bill or something. But, we, we have – also I have talked to a couple, also I have talked to a couple of people on our street, on the next street other, who were not aware that it was separate. Now whether his wife paid the bill, I don't know. I know my wife tells me.

It is a business that is not being run like a business should be if there are people that are paying more than other people without having some sort of way of judging. They don't know who's living or how many people's living in each house. We have five, three small children and two adults in our house. We pay the same as 70 and 80 year old ladies that live by themselves down the street. Our water bill's a little higher because we do have kids. We don't water the lawn or anything, but, you know, there should be some way that they should be connected together or at least be able to report to each other or – you know, I just don't understand how they can charge a flat rate and then keep raising the rates when – The service, I can't complain about the service because I flush the toilet, it goes down. I mean, I take a shower, but I don't see, as others have stated, what they're doing that's special that would increase. I've seen in our year of being here, I've seen one pump truck come in to remove the sludge, I assume, and I do on occasions see a pickup truck go into to mow or whatever around the facility. Other than that, that's pretty much all I have to say.

CHAIRMAN HAMILTON: Thank you, sir. Do we have any questions from Commissioners?

MR. DONG: Mr. Wiseman, I'm sorry to interrupt, I need to make sure I get your name correct for the record.

1 Can you spell your name, please?
2 MR. WISEMAN: First or last?
3 MR. DONG: Last.
4 MR. WISEMAN: It's Wiseman, W-I-S-E-M-A-N.
5 MR. DONG: Okay, and you're at 405 Killion?
6 MR. WISEMAN: Yes, sir.
7 MR. DONG: Thank you.
8 CHAIRMAN HAMILTON: Thank you, Mr. Wiseman,
9 very much.
10 COMMISSIONER CLYBURN: I have a question.
11 CHAIRMAN HAMILTON: I'm sorry. Excuse me,
12 Mr. Wiseman.
13 **EXAMINATION BY COMMISSIONER CLYBURN**:
14 Q Mr. Wiseman, I wanted to know when exactly did you find out that there was a
15 separate sewer bill? When and how did you find out that there was a separate
16 sewer bill?
17 A My yard was dug up when we were looking at the house.
18 Q It was when you –
19 A When we first were looking at the house.
20 Q Okay, okay.
21 A So, I inquired why that was dug up and then my neighbor, Mr. Simpson, had
22 informed me that that was where they had turned the sewer back on. That
23 was strange to me and then I asked him, you know, what was that about, and
24 he told me that there was a separate company. So, we actually found out
25 before we moved into the residence. Then I found out later the story behind it

1 - digging up, shutting off the sewer, and then the residents allowing it to
2 backup, and that's one reason why our basement has been gutted, you know,
3 of course we didn't know all of that beforehand. But, that's why I – there's
4 other people, and I can understand why some people are coming in here and
5 saying, we lived there a long time and didn't have a clue. You know, there's
6 no paperwork; it didn't show up in our inspections. It didn't show up in the
7 paperwork the banks did, nothing like that. It was just word-of-mouth from the
8 neighbor that let us know. Then, of course, we contacted them to change
9 names.
10 Q Okay, that's what I was going to ask you. I was going to be real blunt and say,
11 when did you get a bill? But, you were the initiator to that particular company
12 to say, I am –
13 A I believe so. My wife actually takes care of most of that since I'm driving a
14 truck. I believe – did you contact [*addressing wife*] . Yes, she contacted them
15 and transferred that because, of course, we didn't want to be stuck with a bill
16 like some of the others. Like I said, other empty houses down the way are
17 continuing to build up a billing, which some of the homeowners are paying
18 that to some banks that own the homes, and I don't know if they know it and
19 they're trying to sell it these homes off and whoever moves in is hit with a
20 sewage bill that is not – there's no sewage coming from that house.
21 Q Did you – when you guys made that, and I don't know if you can answer this,
22 and I know the Chairman's not going to allow any cross-talk between you and
23 your wife.
24 A Not a problem.
25 Q Do you know – did you have to, when you initiated this relationship with

United, was there, did you have to pay a reconnection fee, or how did that –

A It was transferred from the previous owner into our name.

Q So, there was no –

A I'm now aware, personally us. I know the neighbors across the way had to pay a connection fee even though they were also transferred. What I'm getting more from talking to the neighbors is one neighbor had to do this where another one didn't. This house is paying a little bit more because they just moved into the neighborhood. One house has several people; one has one, and they're paying the same rate, which, you know, I can – if that's the way they want to run their company, but I don't see that much of an increase for the service we're getting when – I mean, I can see if they're going to send us a letter saying we're fixing to upgrade the system; we need to increase or because of the fuel costs, but just to send us a letter and say, guess what, you're paying more. You know, at least give us a reason. We can't afford to pay this 30 something percent.

CHAIRMAN HAMILTON: Any other questions?

Commissioner Howard.

EXAMINATION BY COMMISSIONER HOWARD:

Q Mr. Wiseman, do you the name and address of the person who you said is paying the larger fee now than, I think you said $55 versus $48?

A I don't have the name and address. Again, my wife might know that better than I do. I'm home a few days a week, so.

Q Thank you.

CHAIRMAN HAMILTON: Mr. Hoefer?

1 **CROSS EXAMINATION BY MR. WISEMAN**:

2 Q Mr. Wiseman, when you purchased your home, did you sign a contract to that
3 house?

4 A Yes, we signed a contract with the owner.

5 Q Did the contract provide that taxes and utilities would be pro-rated at closing?

6 A I believe the taxes were. I don't remember anything for the utilities. I don't
7 remember, of course, you know, this is my first real purchase of a house. We
8 bought a trailer before the house.

9 Q Who prepared the contract?

10 A It was a contract prepared by the owner that we started out with and then we
11 did a closing with an attorney here in town.

12 Q When you bought the house, did you finance it?

13 A Yes, we did.

14 Q Was there an appraisal done?

15 A There was an appraisal and a home inspection done.

16 Q Did you read the appraisal?

17 A Yes, sir, and nowhere in the appraisal did it mention having a separate sewer
18 system.

19 Q Did it say whether there was a septic tank?

20 A Not in the appraisal, it had public utilities.

21 Q When you closed on the house, you knew there was sewage there, did you
22 not?

23 A When I closed, I knew that the sewer went somewhere and then when I talked
24 to the neighbor, we found out where it actually – it was actually after we had
25 moved into the house that we found out there was a sewer company.

1 Q Would you have asked the seller if you hadn't talked to your neighbor?
2 A I would have assumed that it went with the water bill like everyone else.
3 Q Okay. Thank you.
4 CHAIRMAN HAMILTON: Thank you, sir, very
5 much. Do we have anyone else that would like to appear
6 before the Commission before we close the hearing?
7 Yes, sir.
8 **WHEREUPON, Bobby Duncan** first being duly
9 sworn, assumes the stand and testifies as follows:
10 MS. BOYD: Would you state your name and
11 address for the record, please?
12 **TESTIMONY OF MR. DUNCAN**:
13 Yes, my name is Bobby Duncan. I live at 226 Killion Drive. I've probably been
14 there longer than any resident here; I've been here since 1972.
15 I've seen a lot of changes that's took place since then. When I first
16 moved in, Larry [INAUDIBLE] had the treatment plant, paying $5 a month for the
17 sewer.
18 I don't have any complaints with United Utility. I think, you know, as far
19 as I'm concerned they're doing a fine job. What I am concerned about is the
20 people that live in Briarcreek. What's going to happen in five years, ten years
21 from now; is their sewage bill going to be higher than a house payment. Are
22 we going to be able to – is the neighborhood just going to go downhill because
23 people can't live. We've got a lot of empty houses simply because people
24 can't pay the house payment and the sewage bill. Sooner or later, people's
25 going to move in, the houses are going to go down and they're going to be

1 repossessed. All I'm asking the Commission is look out for the welfare of the
2 Briarcreek residents because we are trying to upgrade the subdivision, trying
3 to make it a nice place to live, and our backs are against the wall because we
4 have fought this for a long time trying to get septic tanks in the area; our lots
5 do not permit it to do that because of the texture and soil and drainage. We
6 fought this for many years, and I know the Commission will do a good job in
7 their decision, and we appreciate you coming here. All I ask is look out for the
8 welfare of the Briarcreek residents because there's only a few left there that
9 when I first moved there that moved out probably because of the rates of the
10 sewage going up. I know that they have to go up. I know everything has to go
11 up – the gas situation and all that. All I ask is if you take into consideration at
12 this time the way the world is now with jobs and stuff, that you'll look at it very
13 carefully and consider these people of Briarcreek.
14 Thank you.
15 CHAIRMAN HAMILTON: Do any Commissioners
16 have any questions?
17 Mr. Duncan, if you'd wait just a minute to see if
18 they have a question for you, sir.
19 [*No Response*]
20 CHAIRMAN HAMILTON: Thank you, Mr. Duncan.
21 Do we have anyone else that would like to appear
22 prior to closing of the hearing?
23 [*No Response*]
24 CHAIRMAN HAMILTON: If not, we would like to
25 thank each of you for being here and being with us this

evening.

At this time, I'd like to ask the attorney to review the exhibits that we have, if you would.

MR. DONG: We just have one exhibit for tonight and that's the composite exhibit presented by Mr. Simpson.

There may also be a late filed bill from, I believe, is it Ms. Wright? Is that correct?

One other thing I wanted to tell everybody. The Public Service Commission has a website where you can research anything you need to know about this docket to keep updated as to when the hearings will be.

You can even look for any information about the admissibility of testimony that's been given; all those types of things. The website is www.psc.sc.gov . So any of you who have Internet access, you can access it that way.

CHAIRMAN HAMILTON: Do we have any closing matters, Mr. Hoefer?

MR. HOEFER: No, Mr. Chairman. Thank you.

CHAIRMAN HAMILTON: Ms. Hudson?

MS. HUDSON: No, Mr. Chairman. Thank you.

CHAIRMAN HAMILTON: We thank each one of you for being here.

We'd like to remind you, as the attorney told you at the beginning, that ORS will be here for some time if you

have any questions you would like to ask them, and the attorney for the Company will be here and they both will be happy to answer any questions you might have.

Thank you very much for being with us.

[*WHEREUPON, at approximately 8:00 P.M., on July 24, 2006, the Hearing was adjourned.*]

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