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CALLISON TIGHE

November 16, 2012

Honorable Jocelyn D. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29211

RE: Application of Palmetto Wastewater Reclamation, LLC
Docket No. 2012-94-S
Our File No. 5352.006

Dear Ms. Boyd:

I am respectfully requesting a one (1) day extension to file the Direct Testimony of John C. Judy, Jr. in regards to the above matter. This Direct Testimony was inadvertently left out of the previously filed Exhibits on Wednesday, November 14, 2012.

Should this request meet with your approval, enclosed please find for filing on behalf of the Intervenor, John C. Judy, Jr., the original and two (2) copies of the Direct Testimony of John C. Judy, Jr. Kindly acknowledge receipt of these documents by clocking the extra copies that is enclosed and returning same to me in the envelope provided for your convenience.

By copy of this letter, I am serving counsel for the applicant and counsel for the Office of Regulatory Staff with a copy of same and I enclose our Certificate of Service. I apologize to all for any inconvenience and confusion.

If there any questions or if you need additional information, please feel free to contact me.

With best personal regards, I am

Sincerely,

CALLISON TIGHE & ROBINSON, LLC

James S. Meggs

JSM/tdb
Enclosure
cc: Jeffrey M. Nelson, Esquire (w/encl.)
Courtney Dare Edwards, Esquire (w/encl.)
John M.S. Hoefer, Esquire (w/encl.)
5352.006/Judge Boyd.002

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2012-94-S

IN RE: Application of Palmetto Wastewater Reclamation LLC d/b/a Alpine Utilities for adjustment of rates and charges for, and modification to certain terms and conditions related to the provision of sewer service.	)))))))))	**DIRECT TESTIMONY OF JOHN CLIFTON JUDY, JR.**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is John Clifton Judy, Jr.; my business address is 1354 Fort Jackson Road, Lugoff, S.C., 29078. I am self-employed in the commercial real estate development business. I am the general partner of Ashland Associates, a South Carolina General Partnership.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Arts Degree from Wofford College in 1961; followed by a two year stint in the US Army, Munich, Germany, as an Infantry Lieutenant exiting in January, 1964.

After a year or so at insurance sales, I entered the Commercial Real Estate Business in 1966 and have been active since then.

Projects Include:

15 Crane Forest Subdivision, north of Columbia, S.C. I was owner rep/manager.

16 Tacoma Utilities; a water and sewer company to serve Crane Forest. I was

17 President.

18 Huntington Condominiums: 1973- 1979; Partner, managing partner/ later owner.

19 This involved serious negotiations with East Richland Sewer District over a

20 main sewer line for all the area surrounding.

21 Ashland Park Shopping Center: 1985-2012; developer, owner

22 Sewer Line Extension; 17,000 linear feet, sewer pump station, negotiations with

23 Kershaw County, financing for same, oversight and approval.

24 Columbia Camden RV Park; constructed in sections beginning in 1994, the

25 park was completed in year 2004.

26 Yard of The Week Contest, a civic project, and my hobby since 1996.

27 www.yardoftheweek.org

28 **Q. HOW LONG HAVE YOU BEEN INVOLVED WITH POTABLE**

29 **WATER, DRAIN WATER, SEPTIC, SEWER SYSTEMS.**

30 A. In 1972/73, we developed a water/ sewer system for Crane Forest. The water

31 system was made of several wells, with a distribution system to 225 houses.

32 Involved was a sewer lagoon, a lifting pump station, many water wells, a

33 twenty thousand gallon tank, and a three hundred gallon per minute

34 pressure pump for peak loads. Heater Well Company was our managing

35 operator. I was President of Tacoma Utilities, owner.

36 In about 1975, we gave the system to Columbia, exclusive of the lagoon area.

37 At this same time, I was owner of The Italian House Restaurant and had

38 negotiations with the Richland County Health Department over a garbage

can wash area which required a separate sewer line. This order came after a due diligence search where this requirement was not mentioned by Richland County.

In 1984, through negotiations with Kershaw County Council, arranging finance, negotiation with B. P. Barber Engineers, we constructed a 17,000 linear foot sewer line from Lugoff to the intersection of I-20/ US 601. This line with pump stations serves the area where Target Distribution Warehouse, 1,800,000 square feet is now located. This is Kershaw County's largest industrial area at this time. The original negotiation involved lawyers from both sides, and was very complicated for it anticipated fees coming from users so as to keep the county out cost wise, and to insure me a repayment plan. Later, we ditched this and sold it to the county at a discount. (it was too confusing to understand) (see Exhibit # 01)

In 1985, Ashland Associates, a partnership where I am both sides of the Partnership, purchased land and constructed a small shopping center of 40,000 square feet. This involved storm water drainage and we constructed a "storm water retention pond" for this project, and of course, all the normal water, sewer negotiations. Alpine served the sewer, Columbia the water. It is on St. Andrews Road, just n/w of 1-26.

In 1994, on land I own in Lugoff, we constructed a flea market and dealt with storm water retention pond requirements. Of course, there was a septic/sewer requirement with disability requirements to meet. And we later added some 35 camper sites for RV's. Twenty had sewer, fifteen relied on a sewer drop. Over the years, we closed the Flea Market and expanded the RV Park. DHEC was involved in all expansions. We now have three septic systems of: 4 ea 1500 gallon tanks, 3 ea 1500 gallon tanks, and 1 ea 1500 gallon tank along with corresponding drain fields.

63 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**

64 **PROCEEDING?**

65 A. My original singular purpose was to point out a flaw in the system of collecting sewer

66 fees from Restaurants on a per seat basis in lieu of a use basis.

67 How so? In this proposal today, restaurants are charged a sewer fee based on the

68 number of seats within the restaurant. There is a distinction made in the type

69 restaurant fast food, three meals, etc. Yet there is no distinction which would preclude

70 a poorly performing restaurant from supporting a successful restaurant's sewer billing

71 as a subsidy. Simply, it is not equitable and is unnecessary. Why pay for a

72 service not utilized?

73 Additionally, as we get into the hearing preliminaries, I am learning that the

74 appellant is "expert", has "experience", and represents the same via a 35 page

75 testimonial (attached as Exhibit 02). However, it has to be presumed that this

76 same talent was available and was used in the purchase of Alpine Utilities five

77 years ago; that a "due diligence" policy was followed in prudence, and that DHEC

78 was also aware that the system to be sold was operational as such. Now this same

79 set of experts are pointing out the flaws in the antiquated system, their need for a

80 twenty two percent return on their investment and are proposing that among others,

81 a single family dwelling have a 100 % rate increase with this proposal.

82 My thinking is: "if the system was so bad, why did they purchase it?" "If after due

83 diligence they determined it as inoperable as they set forth, why did they not make

84 the seller fix it before the sale?" (DHEC has threatened me in times past with jail if

85 I did not fix my abandoned sewer sludge pond and this policy seems not to have

86 changed.) (I walk light around DHEC, they do a diligent job, no nonsense, and see
87 fair most of the time I have dealt with them.)
88 I read in their 35 page document of a "test year". I assume this is somewhat of a "due
89 diligence". If Alpine was awarded a 22% return, what happened to the money?
90 But, I am no accountant. Thus, I give this to the Commission to review, to
91 determine.
92 **Q. DO YOU HAVE REASONABLE RECOMMENDATIONS FOR THE**
93 **PUBLIC SERVICE COMMISSION?**
94 A. Yes. I have two recommendations.
95 1. As to the distinction made for restaurants to be handled differently from
96 other users, I would ask the restaurants be put back on use basis. I hear that
97 reliability of Columbia's water billing is not good, thus suggest a water meter to be
98 installed on each restaurant and to be read separately from the City Water
99 Authority's meter. I have used this successfully to keep up with septic tank usage at
100 my campground. We separated the use from one system to another and as a result,
101 DHEC allowed us to increase the number of sites to one system based on the
102 calculations over time with the two meters. The cost of the meter at that time was
103 under $100. (See Exhibit 403 for water meters). This adds back the fairness of
104 market use.
105 As to cost of meters? In the 35 page document submitted, appellant speaks to all
106 sorts of high tech equipment used in the sewer operation. This water meter
107 addition would be of the simplest, and easiest. (at my RV park, we have 83 campsites,
108 my office, manager's house, a bath house, and small laundry, and some thousands
109 of feet of pvc line underground in sandy soil we check the meter daily for

leaks.....it is not hard to do,)

And "yes", I did call the Public Service Commission some years ago to make sure when notified that we were ok in the "new billing system". I was told by some young man at PSC (I don't remember his name), "it will make little difference". I have many more things to do, find it time consuming to understand and thus left it at this. It was not long when the first seating recount was made, some restaurant bills doubled. Amy Stuck, manager, tells me that Alpine wanted to count the Church Pew used as waiting seats in the total count for one restaurant, for example. We can provide exact numbers for increased billings if need be. Amy Stuck will review.

I ask that you allow the water meters..then I will welcome high bills for they will fit in with "high" business. High business, high profits, high taxes, high sewer bills, big smiles...for the recession will be over.

2. I have owned a sewer company, water company named Tacoma Utilities. This was so simple back then. We charged several dollars per month, we were paid several dollars per month, and I think we broke even. This was in the seventies. Things have changed. Being no Accountant, and no Lawyer, the document is complicated with detail, yet the main reasons I can gather for the rate increases seems to be related on the new company's need to make satisfactory monies to facilitate the operation of the subsidiary, Alpine Utilities. I sympathize with their wishes...yet questions arise..."why didn't Alpine charge and earn the 22% return?" and "did this not show up in any due diligence PRIOR to the transfer?" and then "why did Palmetto purchase Alpine?"

In the October 20, 2012 Economist Magazine, on page 84 is noted that the US Treasury bills carry a return of 1.81% (Exhibit #04)

134 **Q. QUICK SUMMARY?**

135 A. 1. Appellant points toward fairness/recouping costs in the 35 page document as
136 they set forth the reasons for more funding. I think the businesses and homeowners,
137 renters etc, should benefit by the same "fairness". Of course, this is the job of the
138 PSC.

139 2. The water meters installed per restaurant would serve to make the charges just.
140 The electric company does this, the gas company does this, the water provider does
141 this, the telephone company does this also.

142 **Q. IS WHAT YOU SET FORTH THE TRUTH?**

143 A. My information comes from my management team and is reliable. We may miss a
144 dollar figure (I am dealing with a Mexican and a Thai, neither speaks English well),
145 yet the issue remains "unfairness" I think we are right on target with the issues as I
146 know them to be.

147 **Q. ARE YOU FINISHED?**

148 A. Yes, thank you very much.

CERTIFICATE OF SERVICE
2012-94-S

I, the undersigned, do hereby certify that I have filed a copy of the Direct Testimony of John C. Judy, Jr. via the Public Service Commission of South Carolina's electronic filing system, and on the same day mailed a paper copy via the U.S. Mail, first class, postage prepaid, to the following addresses:

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Attorney and Authorized Representative for Petitioners

November 16, 2012
Columbia, South Carolina