

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

IN THE COURT OF COMMON PLEAS

City of Seneca, South Carolina,
City of Westminster, South Carolina, and
County of Oconee, South Carolina

Plaintiffs,

vs.

Pioneer Rural Water District of Oconee and
Anderson Counties,

Defendant.

Pioneer Rural Water District of Oconee and
Anderson Counties,

Third-Party Plaintiff,

vs.

Oconee Joint Regional Sewer Authority,

Third-Party Defendant.

CASE NO.: 2017-CP-37-00187

THIRD-PARTY SUMMONS

(NON-JURY)

TO: OCONEE JOINT REGIONAL SEWER AUTHORITY

YOU ARE HEREBY SUMMONED and required to answer the Third-Party Complaint in the above-entitled action, a copy of which is herewith served upon you, and to serve a copy of your Answer upon the undersigned at 44 East Camperdown Way (29601), Post Office Box 728, Greenville, SC 29602-0728, within thirty (30) days after service upon you, exclusive of the day of such service, and if you fail to answer the Third-Party Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Third-Party Complaint.

Signature on following page

Respectfully submitted,

WYCHE, P. A.

s/ Troy A. Tessier

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Dated: April 26, 2017

ATTORNEYS FOR DEFENDANT

STATE OF SOUTH CAROLINA

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CASE NO.: 2017-CP-37-00187

**ANSWER, COUNTERCLAIMS AND
THIRD-PARTY COMPLAINT**

(NON-JURY)

Defendant Pioneer Rural Water District of Oconee and Anderson Counties (“Pioneer” or “Defendant”), by and through its undersigned counsel, hereby makes its Answer and Counterclaims in response to the Complaint of Plaintiffs City of Seneca, South Carolina (“Seneca”), City of Westminster, South Carolina (“Westminster”), and County of Oconee, South Carolina (“Oconee County”), (collectively, “Plaintiffs”), together with Pioneer’s Third-Party Complaint against Third-Party Defendant Oconee Joint Regional Sewer Authority (“OJRSA”). All allegations of the Complaint not hereinafter specifically admitted are denied. References to paragraph numbers in this Answer are references to the numbered paragraphs of the Plaintiffs’ Complaint.

ANSWER

1. In response to paragraph 1, Pioneer admits that Plaintiffs, together with Third-Party Defendant OJRSA, are unlawfully attempting to prevent Pioneer from completing construction of and operating a waterworks facility authorized under Pioneer's enabling statute, of which facility Plaintiffs and OJRSA have been aware for years. Pioneer denies the remaining allegations of paragraph 1.

2. Upon information and belief, Pioneer admits the allegations of paragraph 2.

3. Upon information and belief, Pioneer admits the allegations of paragraph 3.

4. Upon information and belief, Pioneer admits the allegations of paragraph 4.

5. Pioneer admits the allegations of paragraph 5.

6. In response to paragraph 6, Pioneer admits that S.C. Code §§ 6-13-210, *et seq.* are laws of the State of South Carolina that clearly enable Pioneer to continue with the construction and operation of a water treatment facility, which is merely a part of a waterworks system. Pioneer denies the remaining allegations of paragraph 6.

7. In response to paragraph 7, Pioneer admits that this Court has jurisdiction over this matter and that venue in this Court is proper. Pioneer denies the remaining allegations of paragraph 7.

8. In response to paragraph 8, Pioneer denies that paragraph 8 includes the entirety of the enabling legislation governing the purpose and function of Pioneer and asserts that the statute speaks for itself and must be read in its entirety to obtain its full meaning and import. Pioneer denies the remaining allegations of paragraph 8.

9. In response to paragraph 9, Pioneer admits that it has purchased and presently purchases water supplied from the waterworks systems of Seneca and Westminster to distribute

to its customers, denies that the waterworks systems of Seneca and Westminster are the only “available sources” of water for Pioneer, and further affirmatively alleges that it is authorized by statute to acquire water from available sources other than purchase, meaning it may obtain water from other available sources, such as water drawn from Lake Hartwell, which Pioneer may appropriately treat before distribution to customers using its own, statutorily authorized waterworks system. Pioneer denies the remaining allegations of paragraph 8.

10. In response to paragraph 10, Pioneer admits that Seneca and Oconee County are customers of Pioneer. Pioneer denies the remaining allegations of paragraph 10, and specifically denies that Plaintiffs are primarily motivated by a concern over the cost of purchasing water from Pioneer.

11. Pioneer denies the allegations of paragraph 11.

12. In response to paragraph 12, Pioneer admits that on April 30, 2012, the Office of the Attorney General responded to a request from Andy Fiffick, Esq., c/o The Honorable Bill Sandifer, for an opinion as to whether Article 3 of Chapter 13, Title 6 confers upon Pioneer the power to contract for or undertake the construction of new freshwater treatment facilities, which opinion speaks for itself, and includes this statement: “[I]f a court found that the construction of a new freshwater treatment facility was necessary to [Pioneer’s] water distribution function, it might find [Pioneer] had authority to take such action.” Pioneer denies the remaining allegations of paragraph 12.

13. In response to paragraph 13, Pioneer admits that it has entered a contract to add a water treatment facility to its waterworks system, that such construction is well underway, and that Pioneer intends to operate its waterworks facility for the benefit of its customers. Pioneer further alleges that Plaintiffs and OJRSA have been aware of the plans for this facility for years,

that Oconee County fully supported and actively encouraged the same by contributing the property on which the facility is being built, and that this facility is fully authorized under Pioneer's enabling statute. Pioneer denies the remaining allegations of paragraph 13.

14. In response to paragraph 14, Pioneer repeats and realleges the allegations set forth in the preceding paragraphs as though fully set forth herein.

15. Pioneer denies the allegations of paragraph 15.

16. Pioneer denies the allegations of paragraph 16.

17. Paragraph 17 of the complaint contains legal conclusions to which no responsive pleading is required. To the extent a response is required, Pioneer denies the allegations of paragraph 17.

18. Pioneer denies the allegations of paragraph 18.

19. Pioneer denies that Plaintiffs are entitled to any of the relief requested or to any other relief.

AFFIRMATIVE DEFENSES

First Affirmative Defense

20. Plaintiffs' Complaint fails to state a claim upon which relief can be granted and therefore should be dismissed pursuant to Rule 12(b)(6), SCRCP.

Second Affirmative Defense

21. Plaintiffs' claims are barred by the doctrines of laches, waiver, estoppel, consent, unclean hands, acquiescence and/or ratification.

Third Affirmative Defense

22. Plaintiffs' claims are barred because the acts complained of did not, and will not, cause any actual or alleged damages.

Fourth Affirmative Defense

23. Plaintiffs' damages, if any, were caused by their own negligence and fault.

Fifth Affirmative Defense

24. Plaintiffs' damages, if any, and if not caused solely by their own negligence and fault, were caused by the negligence and fault of others, not Pioneer, for whom Pioneer is not legally responsible.

Sixth Affirmative Defense

25. Plaintiffs' damages, if any, are completely or in part the product of Plaintiffs' failure to mitigate.

Seventh Affirmative Defense

26. Plaintiffs' lack standing to assert their claims.

Eighth Affirmative Defense

27. Pioneer has committed by contract to borrow money and to construct the facility in question here, and any determination that Pioneer does not have authority to construct the facility should be prospective only and should not apply to the pending facility.

Ninth Affirmative Defense

28. Statutes similar to Pioneer's enabling act have been consistently interpreted to allow rural water districts like pioneer to add treatment facilities to their waterworks, and many other rural water districts have such treatment facilities.

Tenth Affirmative Defense

29. Pioneer reserves any additional and affirmative defenses against Plaintiffs as may be revealed or become available during the court of investigation and/or discovery in the case or otherwise.

COUNTERCLAIMS AND THIRD-PARTY COMPLAINT

Having responded to each and every paragraph of Plaintiffs' complaint, Pioneer asserts its Counterclaims against Plaintiffs Seneca, Westminster, and Oconee County (hereinafter "Counterclaim Defendants") and its Third-Party Complaint against OJRSA, as follows:

Parties, Jurisdiction, and Venue

1. Pioneer is a body politic and corporate of the State of South Carolina, created in 1965 pursuant to Act No. 371, 1965 S.C. Acts 667, codified at S.C. Code §§ 6-13-210, et seq. (2012).

2. Pioneer is a special purpose, rural water district that supplies the water needs of approximately 7,000 customers in southern Oconee County and Northwestern Anderson County. Its approximately 130 square mile service area is bounded on the north by Westminster and Seneca, on the east and south by Coneross Creek and Lake Hartwell, Choestra Creek, and Highway 20.

3. Oconee County is a body politic and corporate and a political subdivision of the State of South Carolina.

4. Seneca is an incorporated municipality of the State of South Carolina located in Oconee County, South Carolina.

5. Westminster is an incorporated municipality of the State of South Carolina located in Oconee County, South Carolina.

6. OJRSA is a public body corporate and politic, created by an agreement between the cities of Seneca, Westminster, and Walhalla, dated October 2007, and filed with the Oconee County Register of Deeds in Deed Book 1709, at page 5.

7. This matter involves the interpretation and application of the laws of the State of South Carolina.

8. Based upon the foregoing, this Court has jurisdiction over the subject matter and the parties to this action, and venue is proper in this Court.

Background Facts Supporting All Counterclaims and Third-Party Complaint

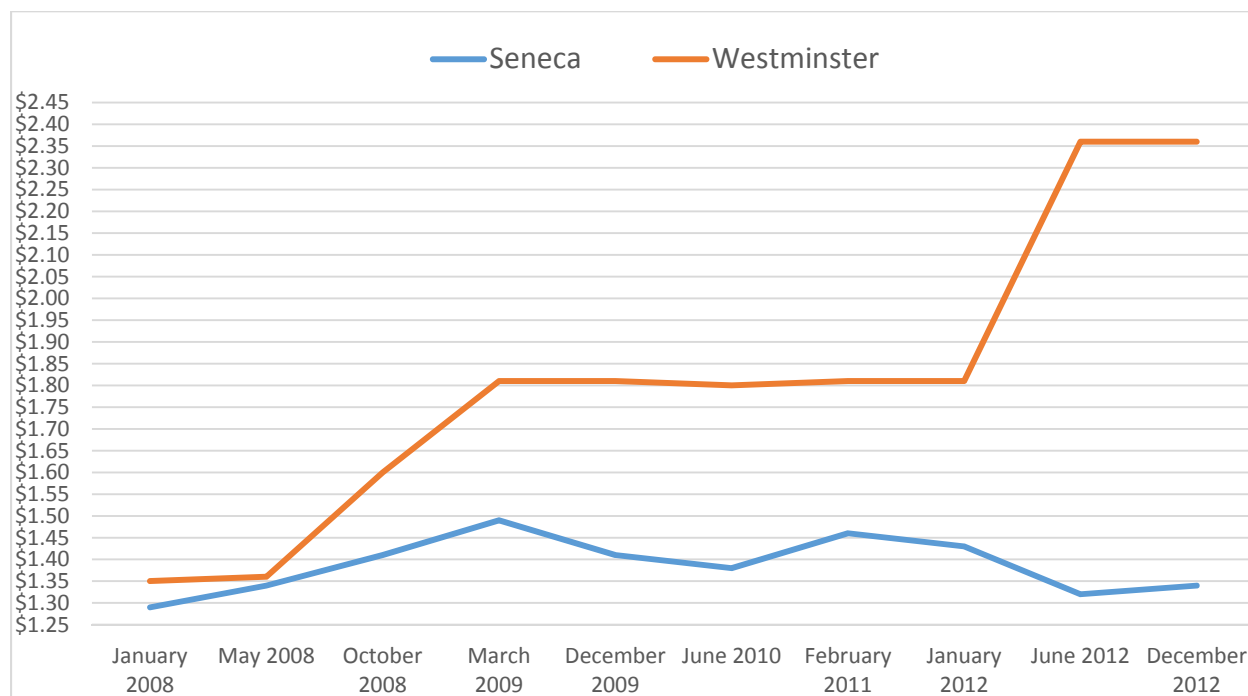
9. Pioneer, which provides water to much of southern Oconee County, has purchased water on the wholesale market to meet the needs of its customers since its inception in 1965. Its main suppliers have been Westminster, from which it began purchasing water in 1965, and Seneca, from which it has purchased water since 1987. Currently, about 60% of Pioneer's water is supplied from the waterworks system of Seneca, and about 40% is supplied from the waterworks system of Westminster.

10. Given that Pioneer's primary source of water has been the purchase of water from Seneca and Westminster, Pioneer's customers have been at the mercy of those two cities concerning the rates they pay for water. Unfortunately, both Seneca and Westminster have taken advantage of their effective monopoly over pricing to Pioneer.

11. On information and belief, Seneca and Westminster have communicated and colluded to coordinate price increases for water sold to Pioneer and charged exorbitant increases for water over the last fourteen years.

12. Because of the collusion and coordination by Seneca and Westminster, Pioneer's customers have been subjected to indefensible increases in water prices charged by Seneca and Westminster between 2008 and 2012, including an astounding and completely indefensible **174 percent rate overall increase** by Westminster, which included **a 30% increase (from \$1.81 to \$2.36 per thousand gallons) in June 2012.** The **average annual increase in water prices charged to Pioneer by Seneca and Westminster has been 4.55 percent for the period between 2003 and 2017.**

13. The graph below demonstrates the rates and rate increases charged by Seneca and Westminster during the period from January 2008 to December 2012.



In addition, the attached Exhibit A reflects the water rates charged by Seneca and Westminster for the period from 2003 to 2016.

14. Because of the unfair and abusive pricing practices of Seneca and Westminster, in or around 2007 Pioneer began exploring alternative means for providing water to its customers at fair and reasonable prices without being subject to the arbitrary and capricious conduct of Seneca and Westminster.

15. On or about October 31, 2007, the engineering firm Design South provided the first feasibility study to Pioneer showing the feasibility of construction of a water treatment facility.

16. Given that its enabling legislation clearly authorizes Pioneer to construct and operate a “waterworks system,” which is defined in the industry and in common parlance to include water treatment facilities, and given its proximity to Lake Hartwell as a source of water,

Pioneer began exploring construction of its own treatment facility (the “Facility”) to add to its waterworks system.

17. Since at least 2010, Plaintiffs have been aware of Pioneer’s plans to construct the Facility near Lake Hartwell. In fact, plans to build the Facility have been discussed in public meetings since 2008, including requests for public input to the Army Corps of Engineers.

18. On or about December 21, 2010, Pioneer purchased approximately fourteen acres of property located on Tugaloo Drive in Fair Play, South Carolina for \$165,000, for the purpose of locating the Facility there. On or about December 22, 2010, Pioneer purchased another lot in the Edgewater subdivision in Fair Play, South Carolina for more than \$101,500, for the purpose of locating a pump station for the Facility. That same month, a group of about 200 residents from Edgewater and three other subdivisions in Oconee County joined together to form a coalition called “Stop Pioneer Now.” One member of the coalition is reported to have stated, “[w]e are not fighting the water treatment plant or their right to draw their own water We just don’t want it in our neighborhood.” “Pioneer Board Moves Proposed Plant,” *The Journal*, September 19, 2012 – a copy of this article is attached hereto as Exhibit B.

19. In late 2011, in light of the resistance of local residents, Pioneer began a feasibility study to determine whether it could relocate the Facility to be constructed within the Golden Corner Commerce Park in southern Oconee County (“Commerce Park”). Pioneer retained an engineering firm, Design South Professionals, Inc. (“Design South”), to conduct this feasibility study and to prepare the site design for the overall project.

20. Design South was the same company Pioneer retained to prepare the site design plans and specifications for the Facility, and Design South submitted those plans and

specifications as part of a construction permit application to the South Carolina Department of Health and Environmental Control (“DHEC”) for review and approval.

21. DHEC issued its original construction permit based on the Design South site design plans for the Facility in about July 2012.

22. In about June 2012, the enabling statute creating Pioneer was amended to require that, before Pioneer invested in any new facility or took other action that obligated Pioneer for one million dollars or more, Pioneer had to provide an independent audit by an accounting firm, including the potential impact of the action on Pioneer’s ratepayers, and present the same at a public meeting. The audit was required to be verified by the South Carolina Office of Regulatory Staff (“ORS”). S.C. Code Ann. §§ 6-13-240(B) and (C). This amendment had no immediate impact on plans for the Facility, for Pioneer had not taken any action obligating it for one million dollars or more at that point in time.

23. In an effort to promote the Facility and mediate tensions between Pioneer and the local residents in Fair Play over the location of the Facility, Oconee County offered Pioneer a 25-acre tract of land in the Commerce Park for \$132,000 as an alternate location for the construction of the Facility. In September of 2012, Pioneer’s Board of Directors voted unanimously to accept the County’s offer and made plans to relocate the Facility to the Commerce Park.

24. Pioneer’s relocation to the Commerce Park was praised by Oconee County officials, who indicated that “[h]aving Pioneer on board is a feather in the cap for the Golder Corner Commerce Park,” and “[i]t makes the site more marketable to potential clients.” Exhibit B.

25. Prior to March 2013, Pioneer engaged a Seneca accounting firm to conduct the independent audit concerning the Facility, and that audit was presented at a public meeting in March 2013.

26. The independent audit conducted by the Seneca accounting firm and presented at the March 2013 Pioneer board meeting demonstrated that Pioneer would save nearly \$6 million in future water costs by building a waterworks facility that drew water out of Lake Hartwell instead of continuing to purchase water at wholesale from Seneca and Westminster.

27. In March 2013, Pioneer published notice that it planned to file an application for a loan/grant with Rural Utilities, a division of Rural Development (part of the U.S. Department of Agriculture), and held a public meeting to give the public opportunity to become acquainted with the proposed Facility project. A copy of the public notice is attached hereto as Exhibit C.

28. By a report issued on April 10, 2013, the independent audit concerning the Facility was verified by ORS, as required by the 2012 amendment to Pioneer's enabling legislation. A copy of the April 10, 2013 ORS report is attached hereto as Exhibit D. That report expressly noted "that **the ORS's review found that a WTP [water treatment plant] would allow Pioneer to permanently have its own source of water supply. This would enable it to end the practice of being subject to rate increases to support expansion of other water utilities [i.e., Seneca and Westminster] when the expansion program provides no or very little benefit to Pioneer's ratepayers.**" (Emphasis added).

29. The ORS report of April 10, 2013 concluded as follows:

The assumptions used in the report reviewed by ORS appear just and reasonable and within the range for a project of this nature. A thorough examination should be undertaken during each phase before contracts are signed to determine the appropriate size WTP. The cost analysis methodology appears reasonable. In addition, the life cycle analysis for the alternatives considered were thoroughly presented and evaluated to formulate the conclusions. **A new WTP may allow Pioneer to maintain reasonable rates for its customers and provide adequate water service while gaining greater control of the cost to provide water service.** (Emphasis added).

30. In connection with its new plans to move the Facility to the Commerce Park, Pioneer amended its requests for permits to DHEC, performed a new survey, and took other

steps to prepare to relocate construction of its proposed Facility to the new location. Pioneer also continued the process of seeking long-term funding for the Facility through the U.S. Department of Agriculture.

31. In or about June 2013, Oconee County tabled the final decision on whether to sell Pioneer property within the Commerce Park for a price of \$132,000, but indicated its continued support for the Facility. An article on this development appeared in *The Journal*, June 19, 2013 – a copy of this article is attached hereto as Exhibit E.

32. By July 2014, Oconee County had determined that it would be more profitable to Oconee County to sell the 25 acres it had originally offered to Pioneer to a tax-paying entity instead of Pioneer.

33. In or about July of 2014, Oconee County offered to donate to Pioneer an approximately 70-acre parcel adjoining the Commerce Park on the other side of Cleveland Creek for use in constructing the Facility. Oconee County was aware of Pioneer's purpose of constructing the Facility. On information and belief, this offer to donate the property was made because Oconee County recognized that that the property was otherwise unmarketable because of the location of wetlands on the property, and because Oconee County understood that it had caused Pioneer to invest substantial time and money in revising its plans to relocate the Facility to the Commerce Park in reliance on Oconee County's original agreement to sell a parcel within the Commerce Park to Pioneer. This offer was reported in online articles in *UpstateToday* dated July 26, 2014 and August 22, 2014, copies of which are attached hereto as Exhibit F.

34. Pioneer accepted Oconee County's offer to donate the 70-acre parcel and, once again, invested money and time in revising plans so that it could relocate its Facility to suit the needs of others, including Oconee County. At a public meeting in August 2014, Oconee County

Council voted unanimously to approve the conveyance of the property to Pioneer, and the deal was finalized by unanimous vote at the Oconee County Council meeting of September 16, 2014. A copy of the Oconee County Council minutes for the September 2014 meeting are attached hereto as Exhibit G.

35. The Oconee County Administrator called the deal a “win-win for both parties,” and called the relocation of the Facility “a huge benefit for us.” Exhibit F.

36. After Oconee provided Pioneer with a new site in 2014 upon which to build the Facility, Design South submitted revised site design plans and specifications to DHEC based on the new location, along with a revised construction permit application.

37. On or about December 10, 2015, DHEC approved the construction permit based on the revised site design plans and specifications. A copy of the approval document is attached hereto as Exhibit H.

38. Included in the site design plans and specifications approved by DHEC on or about December 20, 2015 were the plans for a septic system to handle the wastewater generated from the Facility. A copy of the portion of the site design plans that includes the proposed septic system design is attached hereto as Exhibit I.

39. Pioneer has arranged for interim construction financing for the Facility through CoBank, and long-term financing for the Facility through a loan from the United States Department of Agriculture at a very low (2.75%) rate for the construction of the Facility, as well as \$500,000 in grant money from the Appalachian Regional Commission for the project, all of which has been public.

40. On September 29, 2016, an article appeared in the Seneca Journal discussing the Facility and plans to begin construction in January 2017. A copy of this article is attached hereto as Exhibit J.

41. On or about November 1, 2016, Oconee County Administrator Scott Moulder praised the Facility in the press, saying “[a]s water is a necessity for life, it’s obviously beneficial for customers within [Pioneer’s] service territory to have a new and modern facility for water treatment,” and “[t]he county also sees an upgrade in infrastructure to new technology as a benefit to our ability to recruit commercial and industrial development, as this allows us to highlight ample water capacity in the I-85 territory.” A copy of the article quoting Mr. Moulder is attached hereto as Exhibit K.

42. On or about November 1, 2016, in reliance on the actions of Oconee in providing the real property upon which to build the Facility, Pioneer entered a contract with The Harper Corporation (“Harper”) for the construction of the Facility for a contract price of \$17,050,000.

43. In further reliance on the deal from Oconee County to relocate the Facility, Pioneer paid the independent Seneca accounting firm for an updated audit of the cost-benefit analysis for its project at the new location, the results of which were submitted to ORS in December 2016, and presented at a public meeting in January 2017. The independent audit showed that millions of dollars would be saved – for the benefit of both Pioneer and its rate-paying customers – if it proceeded with plans for the Facility.

44. By its report issued on January 19, 2017, the second independent audit concerning the Facility was verified by ORS. A copy of the January 19, 2017 ORS report is attached hereto as Exhibit L. That report reached the same conclusion as the ORS report from April 2013.

45. As part of its contract with Pioneer, on or about February 8, 2017, Harper submitted a building permit application for the Facility to Oconee County pursuant to Oconee County Ordinance Section 6-82.

46. According to Oconee County Ordinance Section 6-81, the Oconee County Codes Department was established for the purpose of administering the county building codes, including the 2015 South Carolina Building Code.

47. According to the 2015 South Carolina Building Code, which is made applicable to Oconee County through Oconee County Ordinance Section 6-81, certain action is required on properly submitted building permit applications:

[A] 105.3.1 Action on application. The building official shall examine or cause to be examined applications for permits and amendments thereto within a reasonable time after filing. If the application or the construction documents do not conform to the requirements of pertinent laws, the building official shall reject such application in writing, stating the reasons therefor. If the building official is satisfied that the proposed work conforms to the requirements of this code and laws and ordinances applicable thereto, the building official shall issue a permit therefor as soon as practicable. [Emphasis added].

48. Rather than approving the building permit, as required, Oconee County has arbitrarily, capriciously, grossly negligently, and in bad faith refused to approve the building permit without any proper legal grounds to do so.

49. As evidence of the abusive, arbitrary and capricious nature of Oconee County's conduct in refusing to approve the building permit, Oconee County officials have at different times offered several different, but all unjustified and legally unsupported reasons why the permit should not issue.

50. Included among the unjustified and legally unsupported reasons why Oconee County was withholding approval of the building permit are (1) Oconee County for a time insisted that Pioneer had to conduct yet another audit of the Facility project, in addition to the

two independent audits already completed, though there is no legal basis for such a request; (2) Oconee County for a time insisted that it would not issue the building permit until Pioneer provided it with a tiered rate system for water to be sold by Pioneer after the Facility was complete; and (3) Oconee County for a time insisted that it was awaiting a second opinion letter from the Attorney General of South Carolina concerning the interpretation of the enabling statute under which Pioneer was created (an Attorney General's opinion is not a proper basis for withholding a building permit, and the Attorney General has issued an opinion that Pioneer has the power, "contingent upon a finding of necessity, to construct or contract for a water treatment facility....").

51. In a blatant display of governmental abuse, Oconee County brazenly admits that its withholding of the building permit for the Facility is completely unjustified and without legal basis.

52. On March 31, 2017, Oconee County Council held a special meeting and the Facility was part of the discussion at that meeting. A true and correct copy of the minutes of this special meeting, as found on the Oconee County Council website, is attached hereto as Exhibit M.

53. In the minutes of the special meeting, Oconee County expressly admits that it has no legal basis to withhold approval of the building permit:

[Oconee County Attorney] Mr. Root updated Council on other issues relative to staff's investigation of Pioneer Rural Water District's construction of the water plant. He stated that during the last special meeting on this issue, **staff was instructed to investigate all means possible to enjoin or stop the construction of the water treatment facility**. This lawsuit is one of the avenues that is being pursued, and others continue to be under review. **He noted that research regarding the issuance or non-issuance of the building permit revealed no legal basis for Council to direct non-issuance**, that it was an administrative decision for the Planning Department to make. [Emphasis added].

54. With no legal basis to deny the issuance of the building permit, it is clear that Pioneer is entitled to a writ of mandamus requiring Oconee County to issue the building permit for the Facility.

55. During the week of April 10, 2017, Harper inquired as to the status of the building permit, and was advised by Oconee County that the Oconee County Building Standards had reviewed and approved the building permit application for all trades, but gave only one, invalid excuse as to why it has not issued the permit: Oconee County now claims it is awaiting approval of the Oconee Joint Regional Sewer Authority (“OJRSA”) in order to issue the permit.

56. For its part, OJRSA takes the unsupported position that the design for the project should include tying into the nearby County pump station rather than installing a septic system on-site.

57. OJRSA’s position is legally invalid. There is no legal requirement that the Facility connect to public sewer.

58. On the contrary, the Oconee County Sewer Ordinance is clear in providing that owners of buildings used for human occupancy are required to connect toilet facilities directly with the public sewer only when (a) the building at issue abuts on any street, alley, or right-of-way in which there is a public sanitary sewer, and (b) such public sewer is within 300 feet of the property line:

...Except as provided in this division, it shall be unlawful to construct or maintain any privy, privy vault, septic tank, cesspool, or other facility intended or used for the disposal of wastewater. The owner of all houses, buildings or properties used for human occupancy, employment, recreation, or other purposes, abutting on any street, alley, or right-of-way in which there is a public sanitary sewer, is hereby required at the expense of the owner to install suitable toilet facilities therein, and to connect such facilities directly with the public sewer in accordance with the provisions of this article, within 90 days after the date of official notice to do so, **provided that such public sewer is within 300 feet of the property line.** Under

unusual or specific circumstances, the general superintendent may waive this section.

Oconee County Sewer Ordinance, Section 34-143 (1995) (Emphasis added).

Where a public sanitary sewer is not available according to the provisions of this article, building sewers shall be connected to private wastewater disposal systems, subject to the requirements of the county or DHEC....

Oconee County Sewer Ordinance, Section 34-171 (1995).

59. Pioneer's facility is more than 300 feet from the public sewer operated by OJRSA. Accordingly, under the terms of the ordinance, public sewer is "not available" and there is no requirement that Pioneer connect to the public sewer. Instead Pioneer is permitted to construct its own private wastewater disposal system subject to the requirements of the county or DHEC.

60. As noted above, Pioneer's private wastewater disposal system – a septic system on its property – has been approved under DHEC's requirements and DHEC has issued a construction permit for the site design of the Facility that includes a septic system.

61. Pioneer notified OJRSA that it was planning the construction of its septic system, but the OJRSA has arbitrarily, capriciously, grossly negligently, and in bad faith claimed to Pioneer, erroneously and without any legal basis, that Pioneer must connect its toilet facilities to the public sewer, even though the public sewer is more than 300 feet of Pioneer's property line and even though there is no requirement in the ordinance that requires such connection.

62. On information and belief, for Pioneer to comply with OJRSA's unlawful claim would require a substantial delay in the project, an estimated \$150,000-\$200,000 in costs associated with designing, engineering, and installing the connection to the public sewer more than 400 feet away from Pioneer's property.

63. OJRSA has admitted not only that it has no legal basis to attempt to inject a requirement that Pioneer connect the Facility to public sewer, but that it would be nonsensical to do so.

64. On or about March 14, 2017, Oconee County Administrator Scott Moulder advised the General Manager of Pioneer that, as a political matter, he needs to be able to tell Oconee County that he required Pioneer to connect to the public sewer that cost Oconee County several million dollars to construct, and that he could not have any entity in the Oconee economic development park that was not connected to the public sewer.

65. The statements by Mr. Moulder are not only incorrect (based on the agreement by Oconee County to donate property to Pioneer to encourage and convince Pioneer to construct the Facility outside the park in the first place), but they confirm that the refusal of OJRSA to allow the Facility to proceed with a septic system is a sham created purely for political purposes.

66. In addition to the admission by Mr. Moulder set forth above, Bob Faires, one of Seneca's representatives on the OJRSA, attended a Pioneer board meeting on March 7, 2017 and advised the Pioneer board, in open session, that the Mayor of the City of Seneca would not let him release a sewer approval letter (i.e., a letter from OJRSA confirming the appropriateness of the DHEC-approved septic system for the Facility) because of politics. Mr. Faires also advised the Pioneer board that he thought it would be "crazy" to connect the Facility to the public sewer anyway, because it would take so long and be so expensive to pump the limited amount of sewage expected from the Facility up to the OJRSA sewage treatment plant, several miles away.

67. It is abundantly clear that OJRSA has no valid reason to avoid approving the septic system for the Facility, which septic system has been approved as part of the DHEC construction

permit for the site. There is no ordinance or other legal authority that justifies any further delay in OJRSA approval of the septic system for the Facility.

68. Given that Oconee County has taken the position that the only reason it is withholding a building permit for the Facility is the lack of OJRSA approval of the septic system, and given the fact that OJRSA admits it is withholding such approval for political reasons and without any legal basis, Pioneer is entitled to a writ of mandamus to ensure that approval for the septic system is granted immediately.

69. Given that Oconee County also admits that it has no legal basis for withholding the building permit for the Facility, Pioneer is entitled to a writ of mandamus to ensure the immediate issuance of the building permit for the Facility.

**FOR A FIRST CAUSE OF ACTION
(AGAINST OCONEE COUNTY AND THIRD-PARTY DEFENDANT OJRSA)
Demand for Writ of Mandamus**

70. Pioneer repeats and realleges the allegations set forth in the preceding paragraphs of its Counterclaims and Third-Party Complaint as though fully set forth herein.

71. Pioneer has performed every prerequisite necessary to compel the issuance of a building permit and for approval by OJRSA, to the extent any such approval is even required (which Pioneer denies), of its DHEC-approved septic system for the Facility.

72. Pioneer's application for a building permit for the proposed Facility, together with the construction documents, if any, submitted in support thereof, conform to the requirements of all applicable codes, laws, and ordinances, and Pioneer has a clear legal right to the issuance of a building permit.

73. Pioneer's application for a DHEC construction permit, which was approved by DHEC, conformed to the requirements of all applicable codes, laws, and ordinances concerning

approval of a septic system for the Facility, and Pioneer has a clear legal right to proceed with construction of its septic system without interference by OJRSA.

74. Oconee has already advised Harper, the contractor for Pioneer concerning the Facility, that the building permit is already approved for all trades, and the only reason Oconee is withholding the building permit is an invalid one – that Oconee is waiting for OJRSA to approve the septic system for the Facility.

75. Pioneer does not concede that OJRSA has the right or authority to approve or withhold approval of the septic system for the Facility.

76. OJRSA has admitted, on multiple occasions, that only politics is holding up its approval of the septic system at the Facility, and OJRSA has no legal basis to interfere with the construction of that septic system.

77. Accordingly, Oconee County has a legal duty to grant a building permit to Pioneer “as soon as practicable.”

78. Accordingly, OJRSA – to the extent it has authority to approve of such a septic system (which Pioneer denies) – has a legal duty to approve of the DHEC-approved septic system at the facility so as not to interfere with construction of the same. In the alternative, OJRSA has a legal duty to inform Oconee that OJRSA has no authority to withhold approval of the septic system.

79. Given the facts set forth above, including Oconee County’s approval of the building permit for all trades and its admission that it has no legal basis to withhold the building permit for the Facility, Oconee County’s refusal to grant a building permit to Pioneer for the Facility is arbitrary, unreasonable, and an abuse of discretion.

80. Given the facts set forth above, including OJRSA's admissions that it withholding approval of the septic system for Pioneer's Facility only for political reasons, OJRSA's refusal to approve the septic system for the Facility is arbitrary, unreasonable, and an abuse of discretion

81. For all of the foregoing reasons, Pioneer is entitled to the issuance of a writ of mandamus compelling the immediate approval of its septic system for the Facility, to the extent any such further approval is even required, and issuance of a building permit for the Facility, together with and an order that Oconee County and OJRSA be liable for the attorneys' fees and costs incurred by Pioneer in securing such a writ or writs.

**FOR A SECOND CAUSE OF ACTION
(AGAINST ALL PLAINTIFFS AND THIRD-PARTY DEFENDANT OJRSA)
Breach of the South Carolina Unfair Trade Practices Act**

82. Pioneer repeats and realleges the allegations set forth in the preceding paragraphs of its Counterclaims and Third-Party Complaint as though fully set forth herein.

83. Plaintiffs and OJRSA have engaged in unfair methods of competition and have committed unfair and deceptive acts in the conduct of trade or commerce. These include charging of excessive and coordinated prices for water and improper use of the building permit process to attempt to prevent Pioneer from constructing the Facility, so that it is no longer subject to arbitrary pricing.

84. These unfair and deceptive acts affect not only Pioneer, but also its customers, who are members of the public and who will be damaged by the unfair and deceptive conduct of Plaintiffs and OJRSA.

85. As a result, Pioneer has suffered and will continue to suffer ascertainable, actual, consequential and special damages proximately caused by the actions of Plaintiffs and OJRSA.

86. By way of example, for each week that construction of the Facility is delayed by the wrongful conduct of the Plaintiffs and OJRSA, Pioneer expects to incur damages in the amount of \$35,000 under its contract with Harper; Pioneer will incur an estimated \$2,721,611 in damages that would result from a 90-day suspension of construction work on the Facility, and Pioneer will incur an estimated \$893,518 in damages if it is forced to terminate construction of the Facility by the wrongful conduct of Plaintiffs and OJRSA.

87. Pioneer will seek to recover from Plaintiffs and OJRSA these and all other actual and consequential damages that are caused by their misconduct.

88. The unfair and deceptive actions of Plaintiffs and OJRSA were willful and knowing, and Pioneer is therefore entitled to recover an award of treble damages and its attorneys' fees from each of the Plaintiffs and OJRSA.

**FOR A THIRD CAUSE OF ACTION
(AGAINST ALL PLAINTIFFS AND THIRD-PARTY DEFENDANT OJRSA)
Civil Conspiracy**

89. Pioneer repeats and realleges the allegations set forth in the preceding paragraphs of its Counterclaims and Third-Party Complaint as though fully set forth herein

90. Plaintiffs and OJRSA combined for the purpose of injuring Pioneer's business through their interference with the progress of Pioneer's construction of the Facility.

91. The employees of Plaintiffs and OJRSA acted within the scope of their official duties in their commission of acts that injured Pioneer.

92. Pioneer has suffered actual and special damages as a result of the overt acts committed pursuant to the combined actions of Plaintiffs and OJRSA in improperly and unjustifiably conspiring to interfere with the construction of the Facility.

93. By way of example, for each week that construction of the Facility is delayed by the wrongful conduct of the Plaintiffs and OJRSA, Pioneer expects to incur damages in the amount of approximately \$35,000 under its contract with Harper; Pioneer will incur an estimated \$2,721,611 in damages that would result from a 90-day suspension of construction work on the Facility, and Pioneer will incur an estimated \$893,518 in damages if it is forced to terminate construction of the Facility after a 90-day suspension, due to the wrongful conduct of Plaintiffs and OJRSA.

94. Pioneer will seek to recover from Plaintiffs and OJSRA these and all other actual, special, and consequential damages that are caused by their misconduct.

**FOR A FOURTH CAUSE OF ACTION
(AGAINST ALL PLAINTIFFS AND THIRD-PARTY DEFENDANT OJRSA)
Tortious Interference with Contract**

95. Pioneer entered into a contract with Harper for the construction of the Facility for a contract price of \$17,050,000.

96. Plaintiffs and OJRSA were all well aware of the contract between Pioneer and Harper.

97. Plaintiffs and OJRSA have each independently and collectively acted to intentionally procure the breach of that contract, without justification or any legitimate business purpose.

98. Pioneer has suffered actual damages as a result.

99. By way of example, for each week that construction of the Facility is delayed by the wrongful conduct of the Plaintiffs and OJRSA, Pioneer expects to incur damages in the amount of \$35,000 under its contract with Harper; Pioneer will incur an estimated \$2,721,611 in damages that would result from a 90-day suspension of construction work on the Facility, and Pioneer will

incur an estimated \$893,518 in damages if it is forced to terminate construction of the Facility by the wrongful conduct of Plaintiffs and OJRSA.

100. Pioneer will seek to recover from Plaintiffs and OJRSA these and all other actual and consequential damages that are caused by their misconduct.

WHEREFORE, Pioneer respectfully requests:

1. That Plaintiffs' Complaint be dismissed in its entirety with prejudice;
2. That the Court issue a writ of mandamus requiring Plaintiff Oconee County to issue a building permit for the Project immediately;
3. That the Court issue a writ of mandamus requiring Third-Party Defendant OJRSA to provide approval for the construction of the DHEC-approved septic system for the Facility;
4. That Pioneer be awarded damages, including actual, consequential, special damages and/or treble damages, in an amount to be determined by the Court;
5. That Pioneer be granted its reasonable attorneys' fees, costs and expenses;
6. That Pioneer be awarded pre-judgment interest and post-judgment interest; and
7. That the Court award such other and further relief as it deems just and proper.

Respectfully submitted,

WYCHE, P. A.

s/ Troy A. Tessier

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Dated: April 26, 2017

ATTORNEYS FOR DEFENDANT

EXHIBIT A

**Water Rates Charged by Seneca and Westminster
for the Period from 2003 to 2016**

APPENDIX C

WATER USE AND COST BY MONTH FOR FY 2003 THROUGH FY 2016

POTENTIAL IMPACT OF THE CONSTRUCTION AND OPERATION
OF A LAKE HARTWELL WATER TREATMENT PLANT TO THE RATEPAYERS OF PIONEER RURAL WATER DISTRICT
OF OCONEE AND ANDERSON COUNTIES

Pioneer Rural Water District - FYE 2003 Water Purchased Detail

TOTAL FYE 2003 PRWD Water Purchased	480,000,000	rounded*
TOTAL FYE 2003 PRWD Cost of Water Purchased	\$ 471,141.46	from FYE 2003 Financial Statements

Average Cost/1000 Gallons **\$ 0.98** **FYE 2003**

*Detail per month was not provided due to unavailability of documents. However, accounting software was reliable enough to provide an estimate.

Pioneer Rural Water District - FYE 2004 Water Purchased Detail

Seneca Light and Water

City of Westminster

Month	Gallons Used	Amount	Cost/1000 gal.	Gallons Used	Amount	Cost/1000 gal.
July	20,634,000	19,456.46	0.94	30,926,000	30,729.70	0.99
August	17,024,000	16,063.06	0.94	22,260,300	22,497.59	1.01
September	17,647,000	16,648.68	0.94	22,260,300	22,497.59	1.01
October	14,282,000	13,485.58	0.94	22,200,000	22,440.30	1.01
November	14,879,000	14,046.76	0.94	25,095,000	25,190.55	1.00
December	12,975,000	12,257.00	0.94	21,737,000	22,000.45	1.01
January	15,312,000	14,453.78	0.94	24,143,000	24,286.15	1.01
February	14,458,000	13,651.02	0.94	29,404,000	29,284.10	1.00
March	13,271,000	12,535.24	0.94	22,700,000	22,915.30	1.01
April	16,975,000	16,017.00	0.94	24,019,000	24,168.35	1.01
May	16,043,200	15,141.11	0.94	26,250,000	26,287.80	1.00
June	17,908,300	16,894.30	0.94	34,240,000	33,878.30	0.99
TOTAL by City	191,408,500	180,649.99	0.94	305,234,600	306,176.18	1.00

TOTAL FYE 2004 PRWD Water Purchased 496,643,100
TOTAL FYE 2004 PRWD Cost of Water Purchased \$ 486,826.17

Average Cost/1000 Gallons **\$ 0.98** FYE 2004

Pioneer Rural Water District - FYE 2005 Water Purchased Detail

Seneca Light and Water

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	17,870,000	20,171.55	1.13
August	10,693,500	13,605.05	1.27
September	5,146,300	8,529.36	1.66
October	17,744,800	19,630.52	1.11
November	15,971,900	18,434.79	1.15
December	14,943,300	17,493.62	1.17
January	17,867,600	20,169.35	1.13
February	15,426,000	17,935.29	1.16
March	14,189,500	16,803.89	1.18
April	15,056,500	17,597.20	1.17
May	16,792,000	19,185.18	1.14
June	17,936,900	20,232.76	1.13

City of Westminster

<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
32,632,000	32,350.70	0.99
36,209,000	35,748.85	0.99
30,412,000	31,498.18	1.04
33,726,000	34,779.04	1.03
21,479,000	22,654.51	1.05
21,557,000	22,731.73	1.05
23,545,000	24,699.85	1.05
25,541,000	26,675.89	1.04
22,248,000	23,415.82	1.05
24,782,000	23,582.90	0.95
24,019,000	25,169.11	1.05
27,918,000	29,029.12	1.04

TOTAL by City **179,638,300** **209,788.56** **1.17**

324,068,000 **332,335.70** **1.03**

TOTAL FYE 2005 PRWD Water Purchased 503,706,300
TOTAL FYE 2005 PRWD Cost of Water Purchased \$ 542,124.26

Average Cost/1000 Gallons **\$ 1.08** **FYE 2005**

Pioneer Rural Water District - FYE 2006 Water Purchased Detail

Seneca Light and Water

Month	Gallons Used	Amount	Cost/1000 gal.
July	19,347,000	23,333.64	1.21
August	17,803,100	21,802.10	1.22
September	19,803,000	23,786.00	1.20
October	20,270,000	24,249.26	1.20
November	15,545,000	19,562.06	1.26
December	16,295,000	20,306.06	1.25
January	17,306,000	21,308.97	1.23
February	15,148,000	19,168.24	1.27
March	14,362,000	18,388.52	1.28
April	16,124,000	20,136.43	1.25
May	16,229,000	20,240.59	1.25
June	19,827,000	23,809.80	1.20

TOTAL by City 208,059,100 256,091.67 1.23

City of Westminster

Gallons Used	Amount	Cost/1000 gal.
33,815,000	34,867.15	1.03
27,704,000	37,473.66	1.35
36,489,000	49,245.56	1.35
33,606,000	45,382.34	1.35
25,092,000	33,973.58	1.35
20,533,000	27,864.52	1.36
20,439,000	27,738.56	1.36
23,963,000	32,460.72	1.35
24,472,000	33,142.78	1.35
22,429,000	30,405.16	1.36
29,824,000	40,314.46	1.35
25,115,000	34,004.40	1.35

323,481,000 426,872.89 1.32

TOTAL FYE 2006 PRWD Water Purchased 531,540,100
TOTAL FYE 2006 PRWD Cost of Water Purchased \$ 682,964.56

Average Cost/1000 Gallons **\$ 1.28** FYE 2006

Pioneer Rural Water District - FYE 2007 Water Purchased Detail

Seneca Light and Water

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	23,138,000	29,593.22	1.28
August	23,917,000	30,450.12	1.27
September	23,913,000	30,445.72	1.27
October	15,120,000	20,773.42	1.37
November	16,249,000	22,015.32	1.35
December	13,790,000	19,310.42	1.40
January	16,559,000	22,356.32	1.35
February	19,916,000	26,049.02	1.31
March	18,468,000	24,456.22	1.32
April	18,068,000	24,016.22	1.33
May	10,832,000	16,056.62	1.48
June	19,827,000	25,951.12	1.31

TOTAL by City **219,797,000** **291,473.74** **1.33**

City of Westminster

<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
41,486,000	55,941.54	1.35
30,959,000	41,835.36	1.35
39,549,000	53,345.96	1.35
36,234,000	48,903.86	1.35
21,420,000	29,053.10	1.36
26,617,000	36,017.08	1.35
28,402,000	38,408.98	1.35
25,793,000	34,912.92	1.35
19,732,000	26,791.18	1.36
23,493,000	31,830.92	1.35
23,525,000	31,873.80	1.35
28,192,000	38,127.58	1.35

345,402,000 **467,042.28** **1.35**

TOTAL FYE 2007 PRWD Water Purchased 565,199,000
TOTAL FYE 2007 PRWD Cost of Water Purchased \$ 758,516.02

Average Cost/1000 Gallons **\$ 1.34** **FYE 2007**

Pioneer Rural Water District - FYE 2008 Water Purchased Detail

Seneca Light and Water				City of Westminster			
Month	Gallons Used	Amount	Cost/1000 gal.	Gallons Used	Amount	Cost/1000 gal.	
July	23,138,000	29,593.22	1.28	44,237,000	59,627.88	1.35	
August	23,917,000	30,450.12	1.27	33,386,000	51,050.33	1.53	
September	12,452,000	17,838.62	1.43	35,118,000	47,408.42	1.35	
October	24,383,000	30,962.72	1.27	34,193,000	46,168.92	1.35	
November	22,045,000	28,390.92	1.29	24,780,000	33,555.50	1.35	
December	22,973,000	29,411.72	1.28	23,416,000	31,727.74	1.35	
January	22,380,000	28,759.42	1.29	23,781,000	32,216.84	1.35	
February	16,034,000	21,778.82	1.36	22,809,000	30,914.36	1.36	
March	17,344,500	23,220.37	1.34	16,598,000	22,591.62	1.36	
April	15,736,400	21,451.46	1.36	24,069,000	32,602.76	1.35	
May	17,234,800	23,099.70	1.34	21,933,000	29,740.52	1.36	
June	22,670,300	29,078.75	1.28	26,825,000	36,295.80	1.35	
TOTAL by City	240,308,000	314,035.84	1.31	331,145,000	453,900.69	1.37	

TOTAL FYE 2008 PRWD Water Purchased 571,453,000
 TOTAL FYE 2008 PRWD Cost of Water Purchased \$ 767,936.53

Average Cost/1000 Gallons **\$ 1.34** FYE 2008

Pioneer Rural Water District - FYE 2009 Water Purchased Detail

Seneca Light and Water

Month	Gallons Used	Amount	Cost/1000 gal.
July	25,287,500	33,976.29	1.34
August	23,938,500	32,397.96	1.35
September	24,652,400	33,233.22	1.35
October	18,385,600	25,901.06	1.41
November	18,602,000	26,154.25	1.41
December	17,307,500	24,639.69	1.42
January	17,095,500	24,391.65	1.43
February	16,642,000	23,861.05	1.43
March	13,681,800	20,397.62	1.49
April	17,339,700	24,677.36	1.42
May	21,088,500	29,063.46	1.38
June	25,132,100	33,794.47	1.34

City of Westminster

Gallons Used	Amount	Cost/1000 gal.
40,029,000	53,989.16	1.35
42,054,000	56,702.66	1.35
41,863,000	66,912.47	1.60
37,546,000	60,048.44	1.60
27,077,000	43,402.73	1.60
27,963,000	44,811.47	1.60
23,292,000	37,384.58	1.61
29,810,000	53,710.20	1.80
20,307,000	36,699.83	1.81
21,335,000	38,539.95	1.81
21,942,000	39,626.48	1.81
21,114,000	38,144.36	1.81

TOTAL by City 239,153,100 332,488.08 1.39

354,332,000 569,972.33 1.61

TOTAL FYE 2009 PRWD Water Purchased 593,485,100
TOTAL FYE 2009 PRWD Cost of Water Purchased \$ 902,460.41

Average Cost/1000 Gallons \$ 1.52 FYE 2009

Pioneer Rural Water District - FYE 2010 Water Purchased Detail

Seneca Light and Water

City of Westminster

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	30,230,900	39,760.06	1.32	28,282,000	50,975.08	1.80
August	31,844,100	41,647.51	1.31	42,771,000	76,910.39	1.80
September	26,202,600	35,046.95	1.34	24,152,000	43,582.38	1.80
October	21,142,100	29,126.17	1.38	28,442,000	51,261.48	1.80
November	24,013,200	32,485.35	1.35	16,404,000	29,713.46	1.81
December	18,081,900	25,545.73	1.41	22,705,000	40,992.25	1.81
January	24,590,000	33,160.21	1.35	19,214,000	34,743.36	1.81
February	21,216,100	29,212.75	1.38	23,496,000	42,408.14	1.80
March	18,880,500	26,480.10	1.40	23,116,000	41,727.94	1.81
April	20,596,500	28,487.82	1.38	17,629,000	31,906.21	1.81
May	24,207,000	32,712.10	1.35	20,335,000	36,749.95	1.81
June	21,283,000	29,291.02	1.38	24,547,000	44,289.43	1.80
TOTAL by City	282,287,900	382,955.77	1.36	291,093,000	525,260.07	1.80

TOTAL FYE 2010 PRWD Water Purchased 573,380,900
 TOTAL FYE 2010 PRWD Cost of Water Purchased \$ 908,215.84

Average Cost/1000 Gallons **\$ 1.58** **FYE 2010**

Pioneer Rural Water District - FYE 2011 Water Purchased Detail

Seneca Light and Water

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	32,447,000	42,352.90	1.31
August	32,515,500	42,433.05	1.31
September	45,843,600	58,026.92	1.27
October	30,171,900	39,691.03	1.32
November	39,873,000	51,041.32	1.28
December	35,730,000	46,194.01	1.29
January	33,654,200	43,765.32	1.30
February	15,161,800	22,129.22	1.46
March	26,697,000	35,625.40	1.33
April	21,284,000	29,292.19	1.38
May	23,180,000	31,510.51	1.36
June	29,183,000	38,534.02	1.32
TOTAL by City	365,741,000	480,595.89	1.31

City of Westminster

<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
25,545,000	46,075.85	1.80
29,898,000	53,867.72	1.80
28,716,000	51,751.94	1.80
18,548,000	33,551.22	1.81
14,414,000	26,151.36	1.81
5,795,000	28,990.30	5.00
14,142,000	7,397.53	0.52
20,266,000	36,626.44	1.81
19,217,000	34,748.73	1.81
15,497,000	28,990.30	1.87
16,000,000	28,990.30	1.81
18,303,000	33,112.67	1.81
226,341,000	410,254.36	1.81

TOTAL FYE 2011 PRWD Water Purchased 592,082,000
TOTAL FYE 2011 PRWD Cost of Water Purchased \$ 890,850.25

Average Cost/1000 Gallons **\$ 1.50** FYE 2011

Pioneer Rural Water District - FYE 2012 Water Purchased Detail

Seneca Light and Water				City of Westminster			
Month	Gallons Used	Amount	Cost/1000 gal.	Gallons Used	Amount	Cost/1000 gal.	
July	37,537,000	48,308.20	1.29	16,000,000	28,990.30	1.81	
August	37,410,000	48,159.61	1.29	31,721,000	57,130.89	1.80	
September	40,158,000	51,374.77	1.28	27,824,000	50,155.26	1.80	
October	38,291,000	49,190.97	1.28	18,330,000	33,161.00	1.81	
November	28,721,500	37,994.07	1.32	16,391,000	29,690.19	1.81	
December	34,301,000	44,522.08	1.30	16,000,000	28,990.30	1.81	
January	17,069,000	24,360.64	1.43	15,986,000	28,965.24	1.81	
February	22,040,000	30,176.71	1.37	17,251,000	31,229.59	1.81	
March	18,136,000	25,609.03	1.41	16,020,000	29,026.10	1.81	
April	29,299,000	38,669.74	1.32	16,009,000	29,006.41	1.81	
May	26,464,500	35,353.38	1.34	16,006,000	29,001.04	1.81	
June	28,701,500	37,970.67	1.32	16,656,000	39,325.34	2.36	
TOTAL by City	358,128,500	471,689.87	1.32	224,194,000	414,671.66	1.85	

TOTAL FYE 2012 PRWD Water Purchased 582,322,500
 TOTAL FYE 2012 PRWD Cost of Water Purchased \$ 886,361.53

Average Cost/1000 Gallons **\$ 1.52** FYE 2012

Pioneer Rural Water District - FYE 2013 Water Purchased Detail

Seneca Light and Water

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	37,569,000	48,345.64	1.29
August	31,808,000	41,605.27	1.31
September	40,310,000	51,552.61	1.28
October	27,081,000	36,074.68	1.33
November	22,385,000	30,580.36	1.37
December	25,128,200	33,789.90	1.34
January	20,177,800	27,997.94	1.39
February	24,022,000	32,495.65	1.35
March	18,571,000	26,117.98	1.41
April	19,468,000	27,167.47	1.40
May	24,832,000	33,443.35	1.35
June	32,123,000	41,973.82	1.31

TOTAL by City **323,475,000** **431,144.67** **1.33**

City of Westminster

<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
19,959,000	47,054.36	2.36
26,731,000	62,900.84	2.35
23,027,000	54,233.48	2.36
17,102,000	40,368.98	2.36
16,207,000	38,274.68	2.36
16,259,000	38,396.36	2.36
16,299,000	38,489.96	2.36
16,103,000	38,031.32	2.36
16,014,000	37,823.06	2.36
16,921,000	39,945.44	2.36
16,011,000	37,816.04	2.36
16,771,000	39,594.44	2.36

217,404,000 **512,928.96** **2.36**

TOTAL FYE 2013 PRWD Water Purchased 540,879,000
TOTAL FYE 2013 PRWD Cost of Water Purchased \$ 944,073.63

Average Cost/1000 Gallons **\$ 1.75** **FYE 2013**

Pioneer Rural Water District - FYE 2014 Water Purchased Detail

Seneca Light and Water

City of Westminster

Month	Gallons Used	Amount	Cost/1000 gal.	Gallons Used	Amount	Cost/1000 gal.
July	31,298,000	44,138.37	1.41	21,963,000	51,743.72	2.36
August	21,610,000	31,834.61	1.47	17,147,000	40,474.28	2.36
September	32,326,000	45,443.93	1.41	19,015,000	44,845.40	2.36
October	19,656,000	29,353.03	1.49	15,820,000	37,790.30	2.39
November	19,977,500	29,761.34	1.49	17,401,000	41,068.64	2.36
December	21,743,500	32,004.16	1.47	15,786,000	37,790.30	2.39
January	22,822,000	33,373.85	1.46	17,408,000	41,085.02	2.36
February	29,104,000	41,351.99	1.42	16,619,000	39,238.76	2.36
March	18,149,000	27,439.14	1.51	16,042,000	37,888.58	2.36
April	20,094,000	29,909.29	1.49	16,098,000	38,019.62	2.36
May	23,563,000	34,314.92	1.46	16,052,000	37,911.98	2.36
June	35,617,000	49,623.50	1.39	16,429,000	38,794.16	2.36
TOTAL by City	295,960,000	428,548.13	1.45	205,780,000	486,650.76	2.36

TOTAL FYE 2014 PRWD Water Purchased 501,740,000
TOTAL FYE 2014 PRWD Cost of Water Purchased \$ 915,198.89

Average Cost/1000 Gallons **\$ 1.82** FYE 2014

Pioneer Rural Water District - FYE 2015 Water Purchased Detail

Seneca Light and Water

<u>Month</u>	<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
July	29,660,000	42,058.11	1.42
August	17,139,000	26,156.44	1.53
September	45,383,000	62,026.32	1.37
October	36,848,000	51,186.87	1.39
November	21,539,000	31,744.44	1.47
December	29,330,000	41,639.01	1.42
January	28,487,000	40,568.40	1.42
February	25,408,000	36,658.07	1.44
March	26,820,000	38,451.31	1.43
April	24,785,000	35,866.86	1.45
May	24,448,000	35,438.87	1.45
June	37,363,000	51,840.92	1.39

City of Westminster

<u>Gallons Used</u>	<u>Amount</u>	<u>Cost/1000 gal.</u>
10,414,000	37,790.30	3.63
16,000,000	37,790.30	2.36
11,082,531	37,790.30	3.41
18,616,229	43,912.27	2.36
18,628,010	43,939.84	2.36
16,018,126	37,832.71	2.36
17,047,429	40,241.28	2.36
16,008,496	37,810.18	2.36
16,012,229	37,818.91	2.36
16,000,000	37,790.30	2.36
21,530,135	50,730.82	2.36
17,313,190	40,870.21	2.36

TOTAL by City 347,210,000 493,635.62 1.42

194,670,375 484,317.42 2.49

TOTAL FYE 2015 PRWD Water Purchased 541,880,375
TOTAL FYE 2015 PRWD Cost of Water Purchased \$ 977,953.04

Average Cost/1000 Gallons **\$ 1.80** FYE 2015

Pioneer Rural Water District - FYE 2016 Water Purchased Detail

Seneca Light and Water

City of Westminster

Month	Gallons Used	Amount	Cost/1000 gal.	Gallons Used	Amount	Cost/1000 gal.
July	43,155,400	62,006.09	1.44	17,587,100	41,511.16	2.36
August	44,497,900	63,791.62	1.43	18,304,000	43,188.71	2.36
September	35,705,700	52,097.99	1.46	16,159,000	38,169.41	2.36
October	29,239,000	43,497.28	1.49	16,274,000	38,438.51	2.36
November	26,616,000	40,008.69	1.50	16,078,000	37,979.87	2.36
December	20,589,000	31,992.78	1.55	16,014,000	37,830.11	2.36
January	28,363,000	42,332.20	1.49	16,002,000	37,802.03	2.36
February	12,600,000	21,367.41	1.70	20,287,000	47,828.93	2.36
March	19,877,000	31,045.82	1.56	16,060,000	37,827.77	2.36
April	22,410,000	34,414.74	1.54	16,013,000	37,827.77	2.36
May	26,365,100	39,674.99	1.50	16,019,000	37,841.81	2.36
June	34,511,900	50,510.24	1.46	38,710,000	91,296.10	2.36
TOTAL by City	343,930,000	512,739.85	1.49	223,507,100	527,542.18	2.36

TOTAL FYE 2016 PRWD Water Purchased 567,437,100
TOTAL FYE 2016 PRWD Cost of Water Purchased \$1,040,282.03

Average Cost/1000 Gallons **\$ 1.83** FYE 2016

EXHIBIT B

September 19, 2012 Article

THE JOURNAL

VOL. 108 No. 177

Wednesday, September 19, 2012

75 Cents

gave to Jo
stout Florida's
defense **B1**

DELINQUENT TAXES: Check out our list of delinquent taxes for Oconee County. **D6, D7**
IT'S OVER: Chicago teachers vote to end strike. **D1**

Pioneer board moves proposed plan

BY NORMAN CANNADA
THE JOURNAL

WESTMINSTER—A proposed water treatment plant and water intake site for the Pioneer Rural Water District will not be built in the area near subdivisions where a coalition of residents have been fighting for nearly two years to keep them out.

Instead, the Pioneer Board

voted Tuesday to spend \$132,000 to purchase property in the Golden Corner Commerce Park, where the water district plans to put its \$15 million treatment plant. The board relocated the water intake site to a location on Durham Road owned by the U.S. Army Corps of Engineers and will not require the purchase of property.

Tuesday's decision resolved the two biggest issues that led to

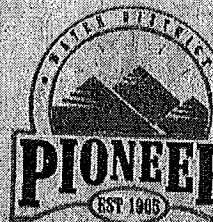
the formation of the Stop Pioneer Now Coalition in December 2010. The coalition is made up of about 200 homeowners in five subdivisions in southern Oconee County.

Pioneer had originally planned to build a treatment plant and the intake sites near the Edgewater and Edgewater Hills subdivisions, a location opposed by residents living in those and three other subdivisions.

Les Fairchild, a member of the coalition, said he is pleased with the board's decision.

"We are glad that the water treatment plant and intake sites are not going to be near the Edgewater and Edgewater Hills subdivisions," said Fairchild. "The subdivisions all have covenants, which we felt Pioneer was breaking."

SEE PIONEER, PAGE A1



PIONEER: 'It makes the site more marketable ...'

FROM PAGE A1

Terry Pruitt, general manager for Pioneer, had asked for and received a six-month postponement of a hearing last week with the S.C. Department of Health and Environmental Control (DHEC). Pruitt said he will amend requests for permits with DHEC to include the new locations and could be ready for any DHEC hearings in less than three months.

Dianne McDaniel, another member of the coalition, said the group has been focused only on the locations of the plant and intake sites.

"We are not fighting the water treat-

ment plant or their right to draw their own water," McDaniel said. "We just don't want it in our neighborhood."

The purchase of property in the Golden Corner Commerce Park puts the water district in position to draw water from Lake Hartwell to serve the park and the rest of its customers.

"Having Pioneer on board is a feather in the cap for the Golden Corner Commerce Park," said Richard Blackwell, executive director of the Oconee County Economic Development Commission. "It makes the site more marketable to potential clients."

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EXHIBIT C


Public Notice

PUBLISHER'S AFFIDAVIT

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE


IN RE: PIONEER RURAL WATER DISTRICT
PUBLIC NOTICE-March 19 meeting

BEFORE ME the undersigned, a Notary Public for the State and County above named, This day personally came before me, Jerry Edwards, who being first duly sworn according to law, says that he is the Publisher of THE JOURNAL, a newspaper published Tuesday through Saturday in Seneca, SC and distributed in Oconee County, Pickens County and the Pendleton area of Anderson County and the notice (of which the annexed is a true copy) was inserted in said papers on March 5, 2013 and the rate charged therefore is not in excess of the regular rates charged private individuals for similar insertions.



Jerry Edwards
Publisher

Subscribed and sworn to before me this
5th day of March, A.D. 2013



Jennifer A. White
Notary Public for South Carolina
My Commission Expires: 05/18/2014

PUBLIC NOTICE

Pioneer Rural Water District proposes to file an application for a loan/grant with Rural Utilities, a division of Rural Development, and will hold a public meeting on March 19, 2013 at its office located at 5500 West Oak Highway, Westminster, SC at 6:00 p.m. The purpose of the meeting is to give an opportunity to become acquainted with a proposed Rural Utilities project, consisting generally of the construction of a new 2.5 MGD water treatment plant, raw water intake facilities, transmission mains and related appurtenances.

Citizens will have the opportunity to comment on such items as economic and environmental impacts, service area and alternatives to the project.

Projects funded by Rural Utilities, Rural Development are equal opportunity programs and discrimination in the program is prohibited by federal law.

PIONEER RURAL WATER DISTRICT

5500 West-Oak Highway
P. O. Box 203
Westminster, SC 29693-0203

Phone: (864) 972-3082

Board of Directors

Jerry A. Barlow, Chairman
Michael W. Foster
Eddie Grant
Tommy Grant
Barry Stevenson

March 4, 2013

PUBLIC NOTICE

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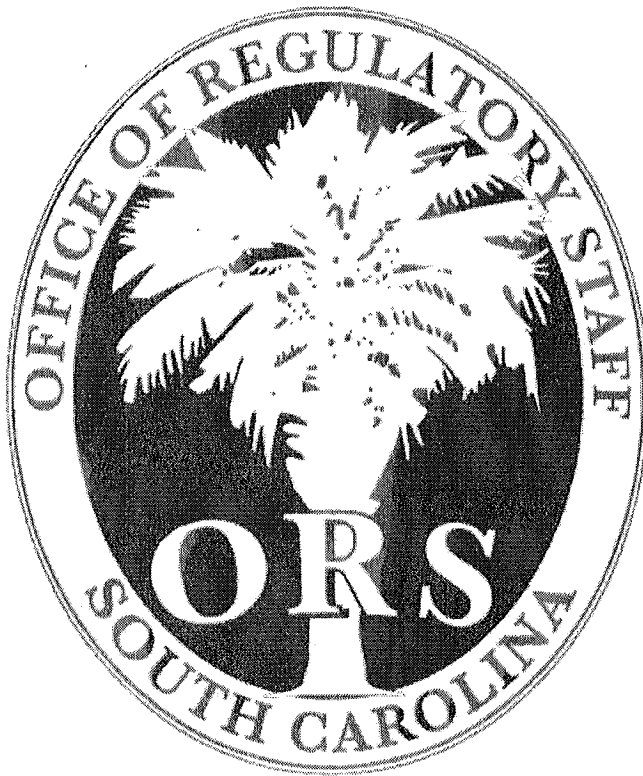
Citizens will have the opportunity to comment on such items as economic and environmental impacts, service area and alternatives to the project.

Projects funded by Rural Utilities, Rural Development are equal opportunity programs and discrimination in the program is prohibited by federal law.



EXHIBIT D

2013 ORS Report



**PIONEER RURAL WATER
DISTRICT OF OCONEE AND
ANDERSON COUNTIES**

**POTENTIAL IMPACT OF THE CONSTRUCTION AND
OPERATION OF A LAKE HARTWELL WATER
TREATMENT PLANT TO THE RATEPAYERS**

Evaluation by the South Carolina Office of Regulatory Staff

Dawn Hipp, Hannah K. Majewski, Willie J. Morgan, P.E.

4/10/2013

PIONEER RURAL WATER DISTRICT OF OCONEE AND ANDERSON COUNTIES

POTENTIAL IMPACT OF THE CONSTRUCTION AND OPERATION OF A LAKE HARTWELL WATER TREATMENT PLANT TO THE RATEPAYERS

I. Introduction

Pioneer Rural Water District ("Pioneer") has approximately 6,400 customers located in southern Oconee County as well as northwestern Anderson County. The service area is bound to the east and southern part by Lake Hartwell and to the north by Highway 76. See Figure 1. To meet current water demands, Pioneer purchases supply water from the City of Westminster ("Westminster") and Seneca Light and Water ("Seneca") for distribution to its customers. Westminster's treated water comes from the Chauga River. Seneca's water is obtained from Lake Keowee.

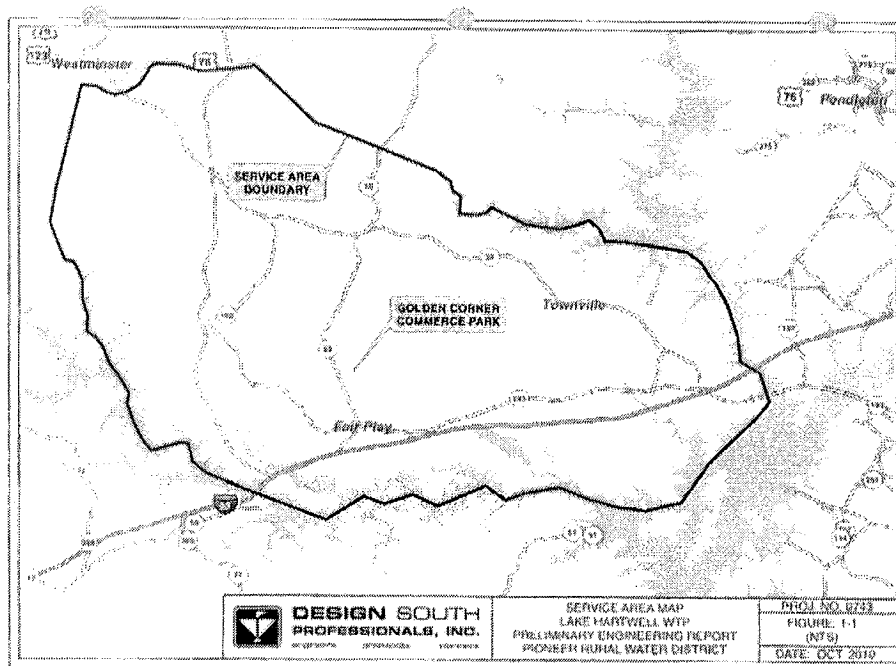


Figure 1

In an effort to meet future water demand and address the increasing cost of purchasing water, Pioneer requested an engineering study to analyze the feasibility and cost of constructing and operating a water treatment plant on Lake Hartwell.

On June 26, 2012, Governor Nikki Haley signed into law R322, H.4801. This bill requires that before the Pioneer board makes an investment in a facility or takes any other action that obligates the utility for one million dollars or more, it must provide for an independent audit by a certified public accountant or public accountant or firm of these accountants who have no personal interest in the fiscal affairs of the district or in an entity which may benefit financially from the transaction to be audited. The bill also provides for how the audit must be conducted, a meeting with the Pioneer's customers about the audit's findings, submission of the audit to the Office of Regulatory Staff ("ORS") for comment, and that the board must provide to the ORS by July 1st of each year schedules showing all rates, service rules and regulations, and forms of service contracts established by the board.

This review evaluates the accountant's report on the potential impact of the construction and operation of a Lake Hartwell Water Treatment Plant ("WTP") to supply the water demands of Pioneer ratepayers.

II. Review

The ORS reviewed the report prepared by Byerley, Payne & White, CPA, PA to determine the potential impact of constructing and operating a Lake Hartwell WTP to the ratepayers. The analytical information showed that over the ten year period from 2003 through 2012, the demand for water has risen at an approximate rate of 1.9% per year. See Figure 2. In addition, the ORS obtained updated information from the South Carolina Department of Health and Environmental Control ("DHEC") on the current status of the project. According to DHEC, the preliminary engineering report ("PER") submitted for the new WTP and amended. Approval of the amended PER was granted on March 14, 2013. DHEC is awaiting the submission of detailed plans and specifications for review before it can grant approval to construct.

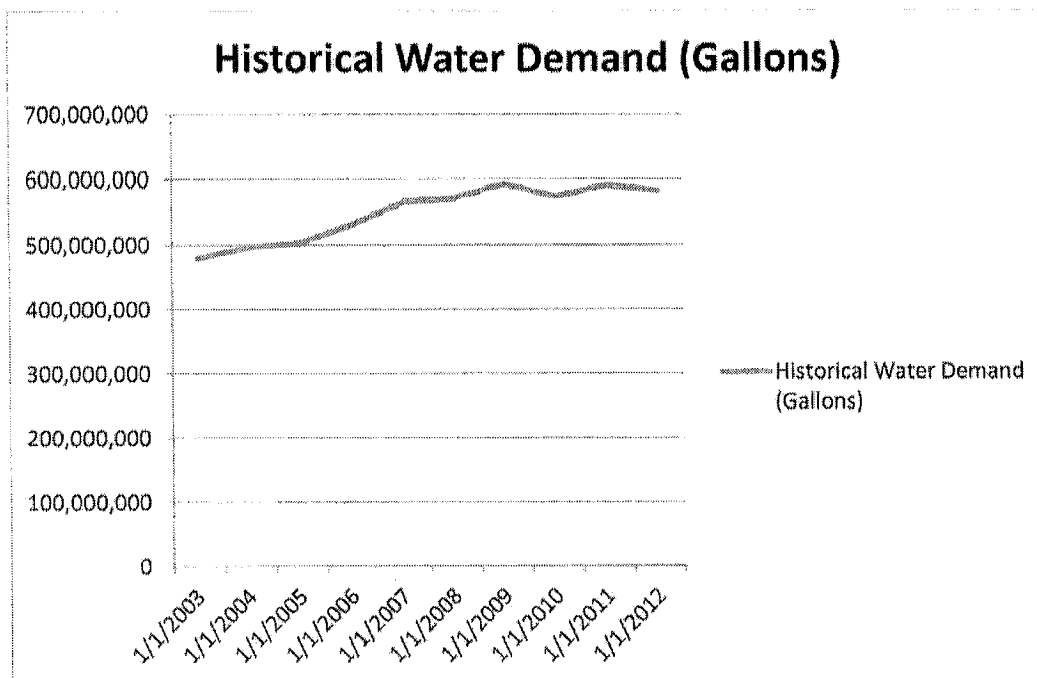


Figure 2

The cost to purchase water from the existing providers has risen approximately 4.5% per year. The report assumes that the service area population, water supply demand, and existing providers cost will continue increasing at the same rate in the future.

The report calculates Pioneer's current cost to buy wholesale water at \$1.75 per thousand gallons. The projected cost for the first year of the WTP operations and debt service payment will average approximately \$1.72 per thousand gallons. The total estimated cost for the new WTP is \$15 million dollars with \$12.9 million being spent on Phase 1 and \$2.1 million for Phase 2, respectively. The report concludes that the construction and operation of a Lake Hartwell WTP would not add to the cost of supplying water to Pioneer ratepayers.

III. Executive Summary

A review of the study found that the water demand over the past several years (since 2008) has stabilized. See Figure 2. This most recent trend should be considered when analyzing the cost and size for the new WTP and the impact it would have on the ratepayers. There are many factors that may be causing this slowdown in the use of water by the customers. These factors may involve the state of the economy for the area being served, limited lake access, and/or Pioneer's limited service area. Before plans are finalized and construction contracts signed, an examination of this new trend should be undertaken to determine if a different WTP size should be considered. As shown in Figure 1, the service area is restricted in size along with the geographical boundary of Lake Hartwell and its tributaries. Further, shortly before Phase 2 is

initiated, Pioneer should complete another evaluation to determine the need for any expansion. The results from this evaluation should be used to decide whether to proceed with Phase 2 at that time.

It should be noted that the ORS's review found that a WTP would allow Pioneer to permanently have its own source of water supply. This would enable it to end the practice of being subject to rate increases to support expansion of other water utilities when the expansion program provides no or very little benefit to Pioneer's ratepayers.

IV. Conclusion

The assumptions used in the report reviewed by the ORS appear just and reasonable and within the range for a project of this nature. A thorough examination should be undertaken during each phase before contracts are signed to determine the appropriate size WTP. The cost analysis methodology appears reasonable. In addition, the life cycle analysis for the alternatives considered were thoroughly presented and evaluated to formulate the conclusions. A new WTP may allow Pioneer to maintain reasonable rates for its customers and provide adequate water service while gaining greater control of the cost to provide water service.

EXHIBIT E

June 19, 2013 Article

WEDNESDAY, JUNE 19, 2013

THE JOURNAL

A3

Council tables Pioneer land purchase

BY NORMAN CANNADA
THE JOURNAL

WALHALLA — Pioneer Rural Water District's planned purchase of 26 acres in the Golden Corner Commerce Park for a \$15 million water treatment plant will have to wait at least another two weeks.

After meeting nearly an hour in executive session, members of the Oconee County Council voted Tuesday night to table a final decision on the \$132,000 purchase of county land in the park.

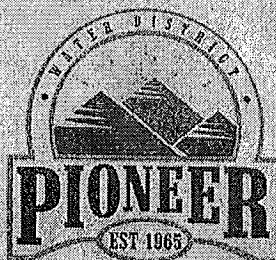
"This week we received some requested modifications to the purchase agreement by Pioneer's attorney and it came to our attorney," County Administrator Scott Moulder said. "We reviewed the requested changes. The council

at this point just wanted to have some more discussions regarding those requested changes."

The decision to delay the vote came just hours after engineers told Pioneer board members at their meeting Tuesday afternoon that funding and required permits for the project could be approved in as little as 30 days. No Pioneer officials were present at the meeting.

Moulder said the deal was not in jeopardy and he hopes to have answers to council questions before the next council meeting July 2.

The Pioneer board voted in September to purchase the property in the Golden Commerce Park after residents in subdivisions near an original site voiced opposition because of the plant's proximity



to the subdivisions. But, the issue did not come to County Council until March.

Members of the Pioneer board were told Tuesday afternoon that funding could be approved this summer by the United States Department of Agriculture (USDA).

Donald Phillips, project manager, and Chuck Joy, chief executive officer, for Design South said applications for \$11.2 million in loans and nearly \$2.8 million in grants from the USDA have gone to the Washington, D.C., offices and could be approved in 30 days.

"Everything is poised for Washington to approve this loan and grant contingent upon them identifying the money within USDA," said Joy.

Phillips said permits from the S.C. Department of Health and Environmental Control (DHEC) for the water plants could be completed within the next 30 days. He said bids for the project could go out later this year with construction beginning after a construction company is selected.

Joy estimated the project will be completed by late 2015 or early 2016.

The first phase of the project would allow Pioneer to provide 26 million gallons of water per day, an amount equal to water used by customers at peak times, according to Terry Pruitt, Pioneer general manager.

Pioneer is currently purchasing water wholesale from the cities of Seneca and Westminster. Contracts with both cities have expired. Pruitt said the district wants to continue to be able to purchase water from Seneca and Westminster even after the water plant is operational.

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EXHIBIT F

July 26, 2014 and August 22, 2014 Articles

Moulder: Pioneer land deal 'win-win'

Posted on July 26, 2014

By Steven Bradley

The Journal

SENECA — Oconee County administrator Scott Moulder called a deal in which the county will donate 70 acres to the Pioneer Rural Water District instead of selling 25 acres for its treatment plant a "win-win" for both parties.

The Pioneer board of directors voted Thursday to accept 70 acres at the Golden Corner Commerce Park (GCCP) near Fair Play as a substitute for the originally planned purchase of county land in the park.

Oconee County had offered to sell the original 25 acres in GCCP for \$132,000, but the purchase was never finalized and the agreement expired.



Moulder

As part of the site-certification process to make GCCP a certified industrial park, the county received information from the S.C. Department of Commerce suggesting the presence of a water-treatment facility would have a negative impact on the site's certification process.

The county also looked at the marketability of the 25 acres for a potential industrial prospect, according to Moulder, and felt the acreage would be more valuable from a tax standpoint if it were sold to a company.

"I think it's a win-win for both parties," he said. "It frees up a tax-paying opportunity for an industrial prospect at the industrial park and gives (Pioneer) land that is a little more secluded off the road, a longer tract to work with, and it will save them from having to buy the parcel in the industrial park."

Moulder said the 70-acre parcel adjoins Golden Corner on the other side of Cleveland Creek, but because of the wetlands on the parcel it has "really no marketability" as part of the industrial park.

"So, we approached them and asked if they would rather us just give them that larger parcel that they could use instead of buying one in the industrial park," he said.

Under the new arrangement, the water district will be given the new 70-acre parcel instead of having to purchase the previous 25-acre parcel.

"They were going to have to pay \$132,000 for the parcel at the industrial park," Moulder said. "But at this point, I believe council's commitment is to donate the other acreage to them to help them out."

Moulder said the 70 acres in question came with the county's property purchase for the GCCP site, but would be unable to be tied into the industrial park.

"It takes a piece of property that we weren't going to be able to use as part of the industrial park and gives it to them for a great use to provide water treatment for the whole southern end," he said, "and it allows me to take that parcel in the industrial park that they were going to occupy and actually market it as an industrial site now. ... That's a huge benefit for us."

Pioneer Rural Water District was established in 1965 by the state legislature and serves approximately 7,000 customers over an approximately 130-square-mile area in southern Oconee County and northwestern Anderson County, according to its website. Moulder said county council "absolutely" felt confident it would be able to find a new buyer for the industrial parcel that was originally set for purchase.

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Oconee donates 70 acres for Pioneer Water plant

Posted on August 22, 2014

By Steven Bradley

The Journal

WALHALLA — Oconee County Council voted Tuesday to approve first reading of an ordinance that would donate 70 acres to the Pioneer Rural Water District for a water treatment plant near Fair Play.

The property is located adjacent to the Golden Corner Commerce Park (GCCP) on the south side of Cleveland Creek, but does not reside within the boundaries of the industrial park or fall under the jurisdiction of its covenants.

The land was donated to Pioneer to construct a \$15 million facility to serve the southern portion of Oconee County as a substitute for the originally planned purchase of county land inside the park.

Council voted to give "title-only approval" to the conveyance. The ordinance will require two more readings and a public hearing for final approval.



Moulder

Administrator Scott Moulder said Pioneer is accepting of the offer and excited about the opportunity to move to the new property.

"We feel like it's an excellent location for the water treatment plant and also frees up marketable industrial land inside the park for future development and it provides a more remote piece of property for Pioneer that does not have to fall within compliance of the covenant," Moulder said.

Oconee had originally offered to sell 25 acres in GCCP for \$132,000 to Pioneer, but the deal was never finalized and the agreement expired.

As part of the site-certification process to make GCCP a certified industrial park, the county received information from the S. C. Department of Commerce suggesting the presence of a water treatment facility would have a negative impact on the process.

The county also looked at the marketability of the 25 acres for a potential industrial prospect and felt the land would be more valuable from a tax standpoint if it were sold.

Moulder told The Journal in July because of the wetlands on the 70-acre parcel it has "really no marketability" as part of the industrial park.

"I think it's a win-win for both parties," he said at the time.

Under the new arrangement, the water district will be given the new parcel instead of having to purchase the previous 25-acre parcel.

"This will finalize this thing totally now, will it not?" council chair Joel Thrift asked.

Moulder replied: "At least our involvement. How 'bout that?"

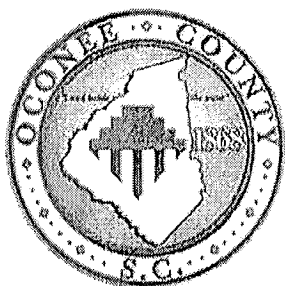
Council then voted unanimously to approve the conveyance.

Pioneer Rural Water District was established in 1965 by the state legislature and serves approximately 7,000 customers over an approximately 130-square-mile area in southern Oconee County and northwestern Anderson County, according to its website.

sbradley@upstatetoday.com | (864) 973-6685

EXHIBIT G

September 16, 2014 Oconee County Council Minutes



MINUTES
OCONEE COUNTY COUNCIL MEETING
Regular Meeting
September 16, 2014

MEMBERS, OCONEE COUNTY COUNCIL
 Mr. Joel Thrift, District IV, Council Chairman
 Mr. Paul Corbeil, District I, Vice Chairman
 Mr. Wayne McCall, District II, Chairman Pro Tem
 Mr. Paul Cain, District III
 Mr. Reg Dexter, District V

Oconee County Council met at 6:00 PM in Council Chambers, 415 South Pine Street, Walhalla, SC with all Council Members, County Administrator Scott Moulder, County Attorney Thomas Martin and Clerk to Council Elizabeth G. Hulse present.

Press: Pursuant to the Freedom of Information Act, notice of the meeting, date, time, place of meeting and agenda were posted on the bulletin board at the County Administrative Offices, 415 South Pine Street, Walhalla, SC, and the County Council website [www.oconeese.com/council]. In addition it was made available *[upon request]* to the newspapers, radio stations, television stations and concerned citizens.

Members of the press present: Ray Chandler/Anderson Independent, Dick Mangrum/WGOG Radio and Steven Bradley/The Daily Journal.

Call to Order:

Mr. Thrift called the meeting to order at 6:00 p.m.

Public Comment Session / Agenda Action Items Only:

Mr. Ward Fetrow addressed Council in opposition to extending the agreement with Oconee Courthouse Ventures, LLC.

Mr. John Morrey addressed Council utilizing a handout [copy filed with these minutes] in support of creating additional retiree communities.

Mr. Jim Schooner addressed Council voicing concerns regarding Ordinance 2014-11 as the petitioner had not stated the reason for the rezoning request.

County Council Response to Public Comment:

Mr. Corbeil noted that he and Mr. Moulder had previously met with the Morrey's regarding their suggestion and that it is still being considered as expectations for retiree growth have increased with the improving economy.

Moment of Silence

Mr. Thrift asked for a moment of silence prior the Invocation by the County Chaplain.

Invocation by County Council Chaplain:

Mr. Tom Martin, County Council Chaplain, gave the invocation.

Pledge of Allegiance:

Mr. Cain led the Pledge of Allegiance to the Flag of the United States of America.

Approval of Minutes:

Mr. Corbeil made a motion, seconded by Mr. Dexter, approved 5 – 0 to approve the September 2, 2014 regular meeting as presented.

Administrator's Report & Agenda Summary

Mr. Moulder briefly reviewed with Council and for the public's benefit specifics related to the following matters before Council at this meeting:

- Public Hearings: 2014-11, 2014-16, 2014-21
- Third & Final Readings: 2014-11, 2014-16, 2014-21
- Second Reading for Ordinances: 2014-20, 2014-22

[Mr. Moulder noted that based on the Auditor's report that it might be advantageous for Council to amend the agenda to have the Auditor's presentation prior to action on Ordinance 2014-22 in case an amendment to the ordinance is required.]

- Discussion Items
- Executive Session

Public Hearings regarding the Following Ordinances

Ordinance 2014-11 "AN ORDINANCE TO AMEND CHAPTER 38 "ZONING" OF THE OCONEE COUNTY CODE OF ORDINANCES, INCLUDING ALL ZONING MAPS INCORPORATED THEREIN AND THEREBY, IN CERTAIN LIMITED REGARDS AND PARTICULARS, ONLY; AND OTHER MATTERS RELATED THERETO" [2014 SUB01]

Mr. Thrift opened the floor for Public Comment.

Mr. Ben Turetzky, FOLKS Director, addressed Council in opposition to passage of Ordinance 2014-11 as any potential negative impact cannot be identified as the petitioner did not provide a reason for the rezoning request.

Mr. C. W. Richards, Oconee County Planning Commission member, addressed Council noting that it is not currently a part of the established process to request a reason from a petitioner.

No other citizens addressed Council.

Mr. Thrift asked if any citizens wished to submit written comments regarding this ordinance; no citizen presented any written comments for the record.

Mr. Thrift closed the Public Hearing regarding Ordinance 2014-11.

Ordinance 2014-16 "AN ORDINANCE AMENDING THE OCONEE COUNTY CODE OF ORDINANCES, ARTS AND HISTORICAL COMMISSION; REVISING CHAPTER 2, ARTICLE IV, DIVISION 4, SECTIONS 321-326; AND OTHER MATTERS RELATED THERETO"

Mr. Thrift opened the floor for Public Comment.

Noting that no citizens signed up to address Council; Mr. Thrift opened the floor for any citizen wishing to address Council regarding this ordinance. No citizen addressed Council.

Mr. Thrift asked if any citizens wished to submit written comments regarding this ordinance; no citizen presented any written comments for the record.

Mr. Thrift closed the Public Hearing regarding Ordinance 2014-16.

Ordinance 2014-21 "AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY BY AND FROM OCONEE COUNTY, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO" [Pioneer Rural Water Property +/- 60 acres]

Mr. Thrift opened the floor for Public Comment.

Noting that no citizens signed up to address Council; Mr. Thrift opened the floor for any citizen wishing to address Council regarding this ordinance. No citizen addressed Council.

Mr. Thrift asked if any citizens wished to submit written comments regarding this ordinance; no citizen presented any written comments for the record.

Mr. Thrift closed the Public Hearing regarding Ordinance 2014-21.

Third & Final Reading of the Following Ordinances

Ordinance 2014-11 "AN ORDINANCE TO AMEND CHAPTER 38 "ZONING" OF THE OCONEE COUNTY CODE OF ORDINANCES, INCLUDING ALL ZONING MAPS INCORPORATED THEREIN AND THEREBY, IN CERTAIN LIMITED REGARDS AND PARTICULARS, ONLY; AND OTHER MATTERS RELATED THERETO" [2014 SUB01]

Mr. Corbeil noted that he had contacted the petitioner, Mr. Josh Gibson, who authorized Mr. Corbeil to update Council and the public that his intentions for rezoning are to allow for family farming and the growing of grapes. It was noted also that the property recently changed hands after Mr. Gibson's fathers' death. Lastly, Mr. Gibson documented his intentions via email to the Zoning Administrator, Mr. Josh Stephens, who provided the information to Council [copy filed with these minutes].

Mr. Corbeil made a motion, seconded by Mr. McCall, approved 5 – 0 to approve **Ordinance 2014-11** on third and final reading.

Ordinance 2014-16 "AN ORDINANCE AMENDING THE OCONEE COUNTY CODE OF ORDINANCES, ARTS AND HISTORICAL COMMISSION; REVISING CHAPTER 2, ARTICLE IV, DIVISION 4, SECTIONS 321-326; AND OTHER MATTERS RELATED THERETO"

Mr. Dexter made a motion, seconded by Mr. Cain, approved 5 – 0 to approve **Ordinance 2014-16** on third and final reading.

Ordinance 2014-21 "AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY BY AND FROM OCONEE COUNTY, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO" [*Pioneer Rural Water Property +/- 60 acres*]

Mr. Dexter made a motion, seconded by Mr. McCall, approved 5 – 0 to approve **Ordinance 2014-21** on third and final reading.

Second Reading of the Following Ordinances

Ordinance 2014-20 "AN ORDINANCE TO AMEND CHAPTER 20 OF THE OCONEE COUNTY CODE OF ORDINANCES TO PROVIDE FOR THE ADOPTION OF SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED: SECTION 4-9-145, ENTITLED *LITTER CONTROL OFFICERS; CUSTODIAL ARREST AUTHORITY; NUMBER OF OFFICERS; POWERS AND DUTIES*, AND SECTION 56-7-80, ENTITLED *COUNTY OR MUNICIPAL UNIFORM ORDINANCE SUMMONS*, AS PART OF SUCH AMENDED CHAPTER 20; AND OTHER MATTERS RELATED THERETO"

Mr. Moulder and Mr. Martin prior to action by Council clarified some of the confusion regarding the roles and responsibilities as outlined in the ordinance. Mr. Martin stated that the language in this ordinance was taken verbatim from South Carolina state law and he urged Council to not change the wording as presented. Discussion followed.

Mr. McCall made a motion, seconded by Mr. Cain, approved 5 – 0, to approve **Ordinances 2014-20** on second reading.

Motion to Amend Agenda

Mr. Dexter made a motion, seconded by Mr. Cain, approved 5 – 0, to amend the agenda to hear the Auditor's presentation prior to second reading of Ordinance 2014-22.

Oconee County Millage for Tax Year 2014

Mr. Ken Nix, Oconee County Auditor, addressed Council utilizing a PowerPoint presentation [copy filed with these minutes] and two handouts [copy filed with these minutes] regarding his amended recommendation for millage for tax year 2014 for Oconee County and the School District of Oconee County [SDOC] as follows:

Oconee County: 73.1 mills

SDOC Operations: 140.0 mills

Lengthy discussion followed. Various Council members noted the uncertainty regarding funding from the Local Government Fund, Act 388, potential shortfalls next year, etc.

Mr. Corbeil made a motion, seconded by Mr. Cain, approved 5 – 0 to hold millage at the current levels as outlined below:

Oconee County: 73.9 mills

SDOC Operations: 141.1 mills

Ordinance 2014-22 “AN ORDINANCE TO AMEND OCONEE COUNTY ORDINANCE 2014-01, THE BUDGET ORDINANCE FOR OCONEE COUNTY FOR THE FISCAL YEAR BEGINNING JULY 1ST, 2014 AND ENDING JUNE 30TH, 2015, IN CERTAIN LIMITED REGARDS AND PARTICULARS, ONLY, SO AS TO INCLUDE A PROVISIO FOR DISBURSEMENT OF CERTAIN FUNDS; AND OTHER MATTERS RELATED THERETO”

Mr. Moulder noted that with the millage approval that the increased revenue will require an amendment to this budget ordinance. Mr. Moulder recommended that Council amend Ordinance 2014-22 to reflect the increased revenue and to show an equal decrease in the fund balance use to balance the budget. Discussion followed.

Mr. Dexter made a motion, seconded by Mr. McCall, approve **Ordinances 2014-22** on second reading.

Mr. Corbeil made a motion, seconded by Mr. Cain, approved 5 – 0 to amend **Ordinance 2014-22** to reflect the increased revenue and to show an equal decrease in the fund balance use to balance the budget.

Mr. Thrift called for the vote on the Ordinance as amended. The motion passed 5 – 0 to approve **Ordinance 2014-22** on second reading as amended.

First Reading of the Following Ordinances

[None scheduled for this meeting.]

Discussion Regarding Action Items:

ITB 14-03 / Wastewater System Improvements / GCCP / \$273,350

Mr. Moulder and Ms. Robyn Courtright, Procurement Director, addressed Council regarding this agenda item.

Mr. McCall made a motion, seconded by Mr. Corbeil, approved 5 – 0 that Council (1) approve the award of ITB 14-03 to J. L. Construction Company, Inc., of Greenville, SC for the Wastewater System Improvements to Serve the Golden Corner Commerce Park – WWTP Improvements, in the amount of \$248,500.00, and a contingency amount of 10% for any change orders that may arise, for a total award amount of \$273,350.

Local ATAX / PRT Commission Recommendations / August, 2014 Cycle / \$58,165

Mr. Moulder and Mr. Ken Sloan, CVB Director, addressed Council regarding this agenda item.

Mr. Dexter made a motion, seconded by Mr. Corbeil, approved 5 – 0 that Council approve \$58,165 for Local ATAX funding and grants as outlined on the attached handouts.

Oconee Courthouse Ventures, LLC Funding Report *Mr. John Powell / Mr. Jim Carswell*

Neither Mr. Powell nor Mr. Carswell were present at the meeting; however, they provided Council with an email handout [copy filed with these minutes] regarding the status of identifying funding for the Courthouse Inn project. Lengthy discussion followed regarding the project, funding options, the USDA grant program, etc.

Mr. Cain made a motion, seconded by Mr. McCall, approved 4 – 1 [Mr. Dexter opposed] to [1] authorize additional time to allow for construction financing commitments to be made, documented and provided to Council by December 31, 2014, and [2] this extension is made contingent upon receiving documentation confirming their lending institutions commitment regarding the permanent financing for the project which is to be provided at the October 21, 2014 regular council meeting.

Old Business:

None at this meeting.

New Business:**Agenda Item Summary for All Readings of Ordinances**

Mr. McCall requested a simple ordinance summary be included in each ordinance. Discussion followed.

Mr. Moulder agreed to provide to Council and the Public an Agenda Item Summary that summarizes the key aspects of each ordinance to be presented for all three readings of each Ordinance.

SCAC Revenue, Finance & Economic Development Steering Committee Draft Policy

Mr. Dexter noted his attendance this week at the SCAC Revenue, Finance & Economic Development Steering Committee meeting; asking Council members for input regarding the working draft policy outline provided to each [copy not filed with these minutes].

Executive Session:

Mr. Cain made a motion, seconded by Mr. Dexter, approved 5 – 0 to enter Executive Session for the purpose of discussing several Economic Development matters, a pending litigation matter and a contractual matter. Council entered Executive Session at 7:50 p.m.

Council returned from Executive Session at 8:38 p.m. on a motion by Mr. Dexter, seconded by Mr. McCall, approved 5 – 0.

Mr. Thrift stated that no action was taken in Executive Session.

Mr. Corbeil made a motion, seconded by Mr. Dexter, approved 5 – 0 to authorize the County Administrator to proceed with the Economic Development matter as discussed in Executive Session.

Public Comment Session Non Agenda Action Items:

None at this meeting.

Council Member Comments:

None at this meeting.

Adjourn

Mr. McCall made a motion, approved unanimously 5 - 0, to adjourn at 8:40 p.m.

Respectfully Submitted:

Elizabeth G. Hulse
Clerk to Council

EXHIBIT H

DHEC Approval

Water Supply Construction Permit

Bureau of Water *Revised 12/10/2015*



Permission is Hereby Granted To: **PIONEER RURAL WATER DISTRICT**
5500 W OAK HWY
WESTMINSTER SC 29693

for the construction of a surface water system in accordance with the construction plans, specifications, design calculations and the SC DHEC Construction Permit Application signed by Donald J Phillips, Registered Professional Engineer, S.C. Registration Number: 21150.

Project Name: LAKE HARTWELL WATER TREATMENT PLANT **County:** Oconee
Location: RAW WATER INTAKE - Durham Rd; WTP - South of Golden Corner Commerce Park on SC Hwy 59

Project Description: New 2.5 MGD Surface Water Treatment Plant, including raw water pump station, raw water transmission main, pretreatment system with rapid mix, flocculation & high rate settling, membrane filtration, disinfection, finished water storage and pumping, residual holding lagoons, and discharge for Pioneer Rural Water District. [Note this is the second permit revision to the originally issued permit dated July 5, 2012. This revision addresses the second relocation of the proposed WTP. The first revision was issued on September 11, 2013].

Service By: The water will be provided by Pioneer Rural Water District (System Number: 3720001)

Special Conditions

1. Before an approval to "Place Into Operation" can be issued for the proposed construction, an operation and maintenance (O&M) manual must be developed. This must be a comprehensive O&M manual developed for all facility processes. The complete O&M manual must be available for review at the time of final inspection.
2. Note that this permit does not authorize Pioneer Rural Water District to perform activities outside its current legal authority.
3. Access to the intake pumping system shall be established pursuant to R.61-58.3.B(6)(a) prior to the Department granting an approval to place this system into operation. Documentation of access shall be provided (e.g., easements).

In accepting this permit, the owner agrees to the admission of properly authorized persons at all reasonable hours for the purpose of sampling and inspection.

This is a permit for construction only and does not constitute State Department of Health and Environmental Control approval, temporary or otherwise, to place the system in operation. An Approval to Place in Operation is required and can be obtained following the completion of construction by contacting Mr. Richard A. Welch, P.E., Manager Drinking Water Compliance Section, at 803-898-3546. Additional permits may be required prior to construction (e.g., stormwater).

Permit Number: 28500-WS

Date of Issue: July 05, 2012 - 2nd revision December 10, 2015

Expiration Date: Construction must be completed prior to December 11, 2018 or this permit will expire.

BMW

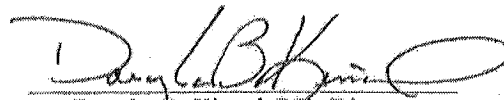

 Douglas B. Kinard, P.E., Director
 Drinking Water Protection Division

EXHIBIT I

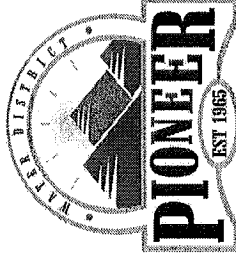
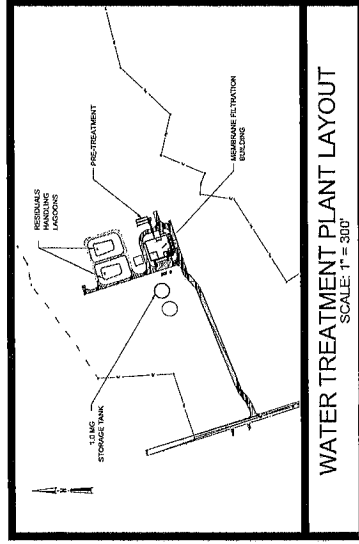
Site Design Plan

LAKE HARTWELL WATER TREATMENT PLANT RAW WATER PUMP STATION AND INTAKE

DIVISION ONE PIONEER RURAL WATER DISTRICT

JULY 2015

PROJECT NO. 0743



GENERAL MANAGER

TERRY PRUITT

OPERATIONS MANAGER

STAN OLIVER

BOARD OF DIRECTORS

BARRY STEVENSON - CHAIRMAN

JERRY BARLOW

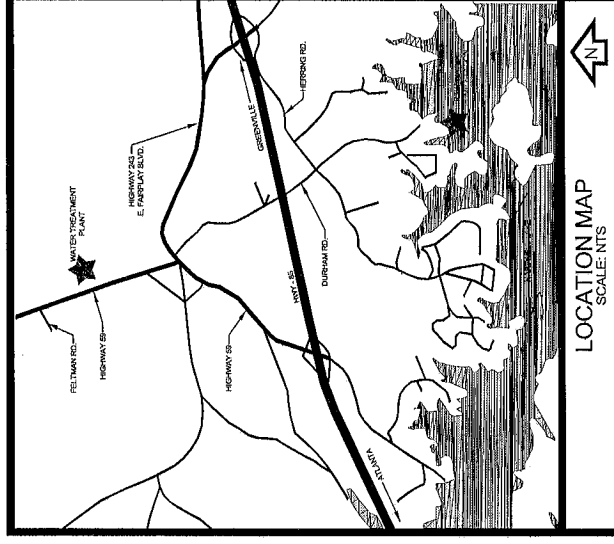
MIKE FOSTER

EDDIE GRANT

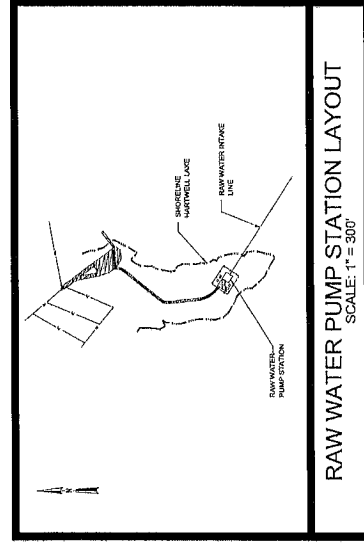
TOMMY GRANT



**DESIGN SOUTH
PROFESSIONALS, INC.**
engineers architects planners



RAW WATER PUMP STATION LAYOUT
SCALE: 1" = 300'



[illegible]

EXHIBIT J

September 29, 2016 Article

A2 THE JOURNAL

September 29, 2016

Pioneer plans new water treatment plant

BY STEPHANIE JADRNICKEK
THE JOURNAL

WESTMINSTER — Pioneer Rural Water District is planning to build a water treatment plant at the Golden Corner Commerce Park on S.C. Highway 59.

"We're thinking that we may begin construction sometime in January 2017, it'll take at least 24 months. So we're looking at two years out," Pioneer general manager Terry Pruitt said. "The initial motivation behind the plant was a feasibility study that showed we could construct, operate and maintain a treatment plant for less than what we're paying for wholesale water."

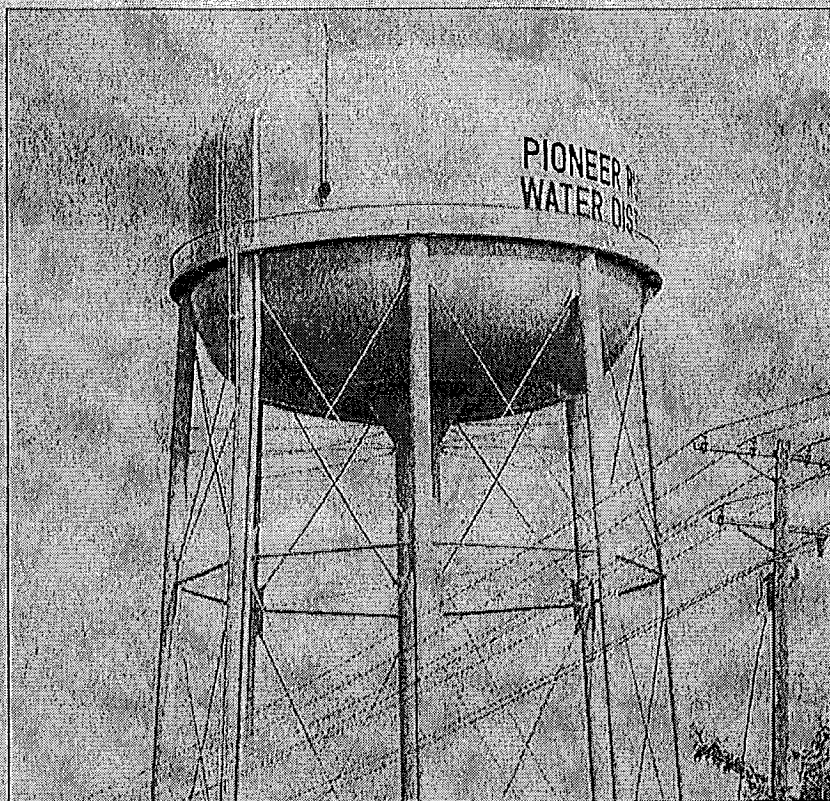
The new plant will draw its water from Lake Hartwell. According to Pruitt, Pioneer currently buys about 60 percent of its water from Seneca and 40 percent from Westminster.

Westminster city administrator Chris Carter said the city hasn't received formal notification of Pioneer's plans yet. Carter caught wind of the company's intentions at a recent meeting of the Oconee Joint Regional Sewer Authority and has since started discussing the issue with Westminster City Council.

"We're talking about making contingency plans in the event that they are no longer a customer," Carter said. "What we'd need to do is to adjust our operation to account for that."

Pioneer has a year-to-year contract with Westminster and Seneca. Pruitt said representatives from Pioneer would need to sit down with representatives from the two cities to initiate new contracts.

The new plant will treat 2.5 million gallons per day and have the potential to expand to 5 million gal-



REX BROWN | THE JOURNAL

Pioneer Rural Water District plans to begin construction on a new water treatment plant in January 2017.

lons per day. But Pioneer may still need to source water from Westminster and Seneca.

"During peak times, we will still be relying on our sources from Westminster and Seneca," Pruitt said.

In 2014, Pioneer approved a rate path, and Pruitt said the company does not anticipate deviating from that rate path.

"We hope that once the plant is in operation that we will be able to stabilize the rates for a long time to come," he said.

To build the water treatment plant, Pioneer has applied for loans

from the United States Department of Agriculture and is also receiving a \$500,000 grant.

Carter said Pioneer is one of Westminster's largest water customers, so the loss of consumption and demand will affect the city.

"We'll have to look at reducing some fixed costs at the water plant, and we've got time to do that," he said. "It's good to know that this is going to occur so we can start ratcheting up plans on how to deal with this loss of consumption."

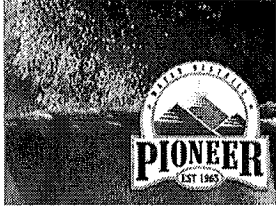
stephanie@upstatetoday.com | (864) 973-6685

EXHIBIT K

November 2, 2016 Article

Oconee County water project gets big loan

Abe Hardesty , abe.hardesty@independentmail.com Published 2:35 p.m. ET Nov. 2, 2016 | Updated 4:29 p.m. ET Nov. 2, 2016



(Photo: file)

An Oconee County organization will receive financial help on a water treatment projects, U.S. Secretary of Agriculture Tom Vilsack has announced.

Oconee County's Pioneer Rural Water District will receive a \$2.9 million loan to build raw water intake facilities at the Lake Hartwell Water Treatment Plant. The new facility will be on a 25-acre site in Oconee County's Golden Corner Commerce Park.

"As water is a necessity for life, it's obviously beneficial for customers within their service territory to have a new and modern facility for water treatment," Oconee County Administrator Scott Moulder said. "The county also sees an upgrade in infrastructure to new technology as a benefit to our ability to recruit commercial and industrial development, as this allows us to highlight ample water capacity in the I-85 territory."

The county donated property on S.C. 59 to Pioneer for the new treatment facility.

Pioneer Rural Water District, established in 1965 by the state legislature, serves approximately 7,000 customers in southern Oconee County and northwestern Anderson County. The present water system consists of two booster pump stations, two elevated storage tanks, one standpipe, and transmission and distribution systems.

The Oconee project is one of three in South Carolina and 85 nationally that will receive help from the USDA, Vilsack said Monday. The Laurens County Water and Sewer Commission, which now purchases water from three separate systems, will receive a \$1.184 million USDA grant and a \$34.4 million USDA loan low-interest loan to build a new water intake and treatment site. About 13,440 residential customers and 397 non-residential customers will benefit.

[Pioneer Rural Water District readies to move forward on water plant](http://archive.independentmail.com/news/local/pioneer-rural-water-district-readies-to-move-forward-on-water-plant-ep-407170179-348131491.html)
(<http://archive.independentmail.com/news/local/pioneer-rural-water-district-readies-to-move-forward-on-water-plant-ep-407170179-348131491.html>)

The loans will be provided at an interest rate of between 1.4 and 2.4 percent, Vilsack said. South Carolina's third beneficiary among the 85 new projects addressed Monday will be Georgetown, which has received a planning grant.

Funding for the projects is contingent upon the recipient meeting the terms of the loan or loan/grant agreement.

Vilsack called the initiatives "a path to rural economic growth," and said the approval of the grant applications means that those communities can immediately begin the process toward construction. "These are very affordable rates," Vilsack said about the loans, which are earmarked for projects that will improve the infrastructure.

"Basically, this gives the communities the ability to begin the process of planning for the facilities," Vilsack said. "It's up to the local water companies to determine the pace. They now know they're able to proceed because the money is coming."

The two Upstate projects are among the USDA's Rural Development Water & Environmental Programs, which provide assistance and financing to develop drinking water and waste disposal systems for communities with 10,000 or fewer residents. Nationwide, \$331 million has been earmarked for such projects, which will affect 19.5 million rural residents.

"Water and wastewater upgrades protect the health and safety of those who live and work in rural areas, and are especially critical given today's aging infrastructure," Vilsack said. "Modernizing water and wastewater systems improves the quality of life and can help attract jobs to rural communities."

Vilsack said infrastructure the most important issue facing rural America today.

"These projects provide and opportunity for partnerships, on the federal and state levels, that can make a difference," Vilsack said.

Follow Abe Hardesty on Twitter @abe_hardesty

Read or Share this story: <http://www.independentmail.com/story/news/local/2016/11/02/oconee-county-water-project-gets-big-loan/93060596/>

ELECTRONICALLY FILED - 2017 Apr 26 5:52 PM - OCONEE - COMMON PLEAS - CASE#2017CP3700187

ChoiceHotels.com

EXHIBIT L

January 19, 2017 ORS Report



**PIONEER RURAL WATER
DISTRICT OF OCONEE AND
ANDERSON COUNTIES**

UPDATE TO THE POTENTIAL IMPACT OF THE
CONSTRUCTION AND OPERATION OF A LAKE
HARTWELL WATER TREATMENT PLANT TO THE
RATEPAYERS

Evaluation by the South Carolina Office of Regulatory Staff

Dawn Hipp, Matthew Schellinger, Willie J. Morgan, P.E.

January 19, 2017

PIONEER RURAL WATER DISTRICT OF OCONEE AND ANDERSON COUNTIES

UPDATE TO POTENTIAL IMPACT OF THE CONSTRUCTION AND OPERATION OF A LAKE HARTWELL WATER TREATMENT PLANT TO THE RATEPAYERS

I. Introduction

Pioneer Rural Water District (“Pioneer”) has approximately 7,000 customers located in southern Oconee County as well as northwestern Anderson County. The service area is bound to the east and south by Lake Hartwell and to the north by Highway 76. See Figure 1. To meet current water demands, Pioneer purchases supply water from the City of Westminster (“Westminster”) and Seneca Light and Water (“Seneca”) for distribution to its customers. Westminster’s treated water comes from the Chauga River. Seneca’s water is obtained from Lake Keowee.

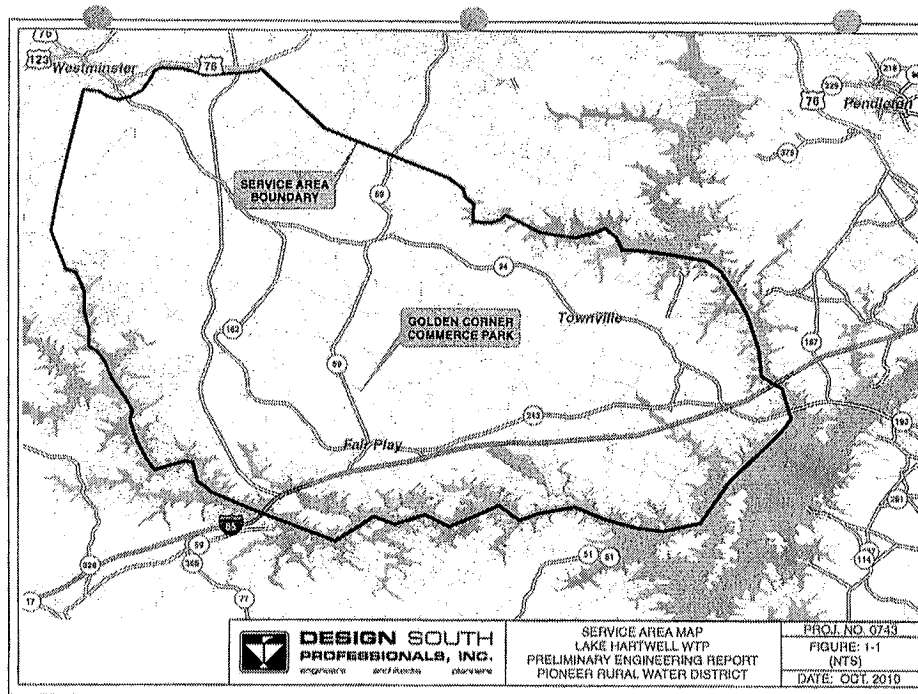


Figure 1

In an effort to meet future water demand and address the increasing cost of purchasing water, Pioneer requested an engineering study to analyze the feasibility and cost of constructing and operating a water treatment plant on Lake Hartwell.

On June 26, 2012, Governor Nikki Haley signed into law R322, H.4801. This bill requires that before the Pioneer Board makes an investment in a facility, or takes any other action that obligates the utility for \$1 million or more, it must provide for an independent audit by a certified public accountant or public accountant or firm where the accountant(s) have no personal interest in the fiscal affairs of the district or personal interest in an entity which may benefit financially from the transaction to be audited. The bill also provides for (1) how the audit must be conducted, (2) a meeting with the Pioneer's customers about the audit's findings, (3) submission of the audit to the Office of Regulatory Staff ("ORS") for comment, and (4) schedules showing all rates, service rules and regulations, and forms of service contracts established by the board to be submitted to ORS by July 1 of each year.

This document is ORS's evaluation or comment to the certified public accountant's report received by ORS on December 9, 2016.

II. Review

The ORS reviewed the report prepared by Payne, White & Schmutz, CPA, PA ("Report") to determine the potential impact to ratepayers of constructing and operating a Lake Hartwell Water Treatment Plant ("WTP"). Analytical information showed that over the ten (10) year period from 2007 through 2016, the demand for water has risen at an approximate rate of 0.17% per year. See Figure 2.

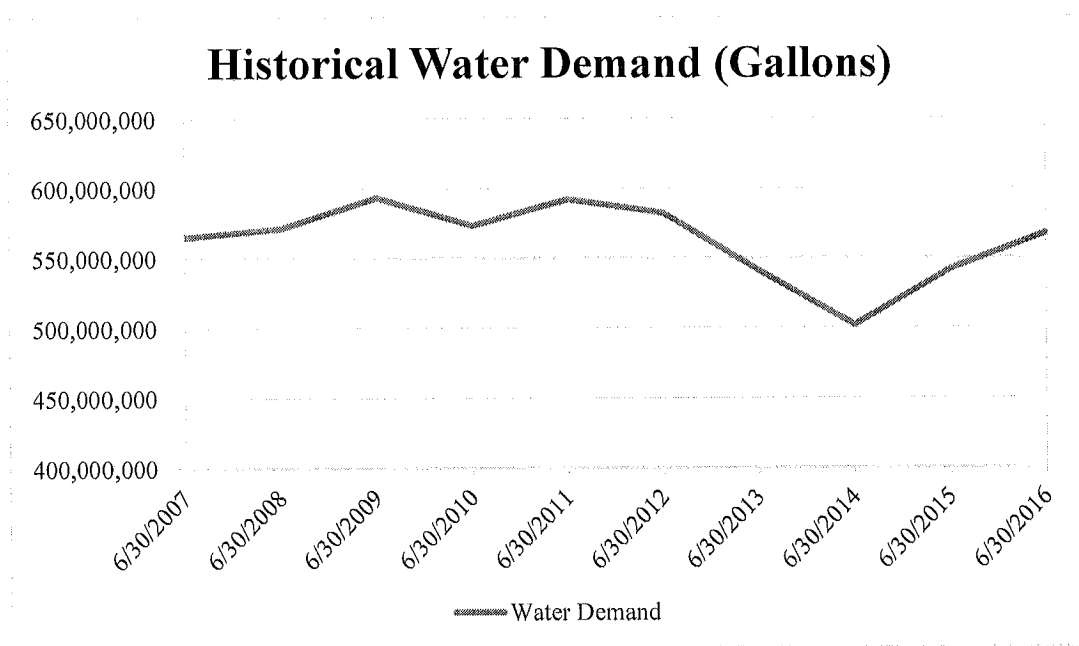


Figure 2

Over this same ten (10) year period, water billing revenues for Pioneer have risen from approximately \$2.8 million to \$3.9 million, or an average of 4.93% per year. See Figure 3.

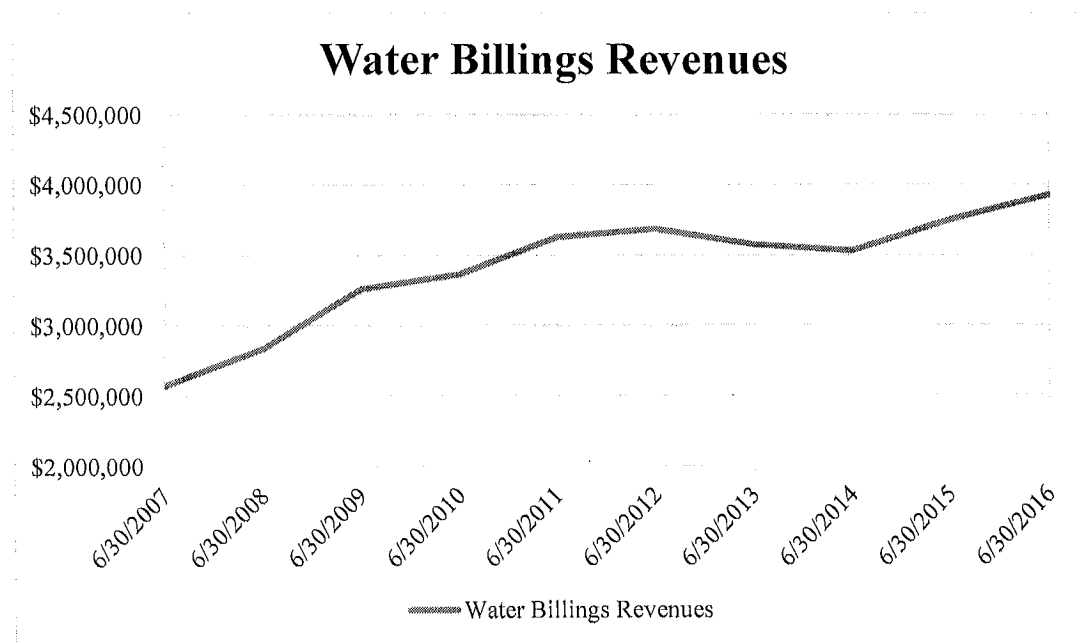


Figure 3

According to the Report, the cost to purchase water from the existing providers has risen an average of 4.55% per year over this ten (10) year period. The Report assumes that the service area population, water supply demand, and existing providers cost will continue increasing at the same rate in the future.

The Report calculates Pioneer's current cost to buy wholesale water at \$1.83 per thousand gallons. The projected cost for the first year of the WTP operations and debt service payment will average approximately \$2.90 per thousand gallons. By comparison, if Pioneer were to continue to purchase water and implement the necessary supply system improvement option, the approximate cost of water will be \$3.27 per thousand gallons. The total estimated cost for the new WTP is \$27.6 million dollars with approximately \$6 million already completed for total costs of approximately \$21.6 million. The Report concludes that the construction and operation of a Lake Hartwell WTP would not add to the cost of supplying water to Pioneer ratepayers.

The ORS obtained updated information from the South Carolina Department of Health and Environmental Control ("DHEC") on the current status of the project. According to DHEC, the preliminary engineering report ("PER") submitted for the new WTP was amended. Approval of the amended PER was granted on March 14, 2013. A permit to construct was revised and approved by DHEC on December 10, 2015.

III. Summary

A review of the study found that the water demand over the past several years (since 2007) has stabilized. See Figure 2. This stabilization should be considered when analyzing the cost and size for the new WTP and the impact it would have on ratepayers. There are many factors that may be causing this slowdown in the use of water by the customers. These factors likely include the economy for the area being served, limited lake access, and/or Pioneer's limited service area.

Further, as shown in Figure 3 Water Billing Revenues have grown alongside the increased costs to purchase water over the same time period with Water Billings Revenue increasing by 4.93% per year and Water Costs increasing by 4.55% per year. It appears that most revenue increases are associated with increased water pass through costs versus an increase in customer driven consumption or growth.

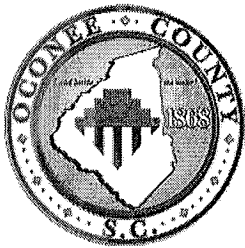
Due to the aforementioned, an examination of this trend should be undertaken to determine if a different WTP size should be considered. As shown in Figure 1, the service area is restricted in size along with the geographical boundary of Lake Hartwell and its tributaries.

IV. Conclusion

The assumptions used in the Report reviewed by the ORS appear just and reasonable and within the range for a project of this nature. A thorough examination should be undertaken before contracts are signed to determine the appropriate size WTP. The Report's cost analysis methodology appears reasonable. In addition, the life cycle analysis for the alternatives considered were thoroughly presented and evaluated to formulate the conclusions.

EXHIBIT M

March 31, 2017 Oconee County Council Minutes



MINUTES
OCONEE COUNTY COUNCIL
SPECIAL MEETING
Friday, March 31, 2017
2:00 p.m.

MEMBERS, OCONEE COUNTY COUNCIL

Mr. Paul Cain, District III
Mr. Wayne McCall, District II
Ms. Edda Cammick, Chairwoman, District I
Mr. Julian Davis III, Vice Chair, District IV
Mr. Glenn Hart, Chair Pro Tem, District V

Oconee County Council met at 2:00 P.M. in Council Chambers, 415 South Pine Street, Walhalla, SC with all Council Members, County Administrator Scott Moulder, County Attorney David Root, and Katie D. Smith, Clerk to Council present.

Press: Pursuant to the Freedom of Information Act, notice of the meeting, date, time, place of meeting and agenda were posted on the bulletin board at the County Administrative Offices, 415 South Pine Street, Walhalla, SC, and the County Council website [www.oconeese.com/council]. In addition it was made available [*upon request*] to the newspapers, radio stations, television stations and concerned citizens.

Members of the press present: Ray Chandler / Anderson Independent, Dick Mangrum / WGOG & Stephen Bradley / Daily Journal.

Call to Order

Ms. Cammick called the meeting to order at 2:04 p.m.

Discussion Regarding proposed Pioneer Rural Water District Water Treatment Plant

Ms. Cammick opened the floor for discussion.

Mr. Davis wanted to explain his position on the Pioneer Water Plant before entering into Executive Session. He reported he started receiving calls in February 2017 relating to the water plant. Mr. Davis began his research to see if the concerns were justified. He noted he did not know the plant was being constructed and graded until he was notified in early February. He noted in 2008 Pioneer began a feasibility study of a water plant. He spoke at the next March meeting and spoke about the project and financial transparency. Mr. Davis noted when he began his research he could not find a lot of information pertaining to the project or the financials of Pioneer. He noted he found it difficult to even look at what they were doing thru their minutes on the board and there was not a lot of back up material or studies. He also noted that it was difficult to try to contact the board as there were no board members phone numbers or any phone number besides what was listed on the website, which was the main number, noting he left several messages with no return call. He received a call back from Mr. Pruitt once he sent a message online. Mr. Davis noted he has been a Pioneer customer since 2004 and understands that the rate increases are a way of doing business. Mr. Davis noted he firmly believes the reason for the special meeting is lack of communication.

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He noted he has had 12 meetings in the last two months to bring a solution that would not only be better for Seneca and Westminster but also for Pioneer customers as well. He noted that he has spent countless hours trying to negotiate a solution to the issue and if a compromise been reached as early as six months ago, there would be no need for a special meeting. He noted he understands the construction contracts have been signed, the dirt has been moved, and there are lines in the grounds. He felt the majority of the talks were if Pioneer stops, who pays the cost. He noted there have been more communication between Pioneer and the two municipalities in the last two months than there have been in the last ten years. Mr. Davis noted if we are going to move Oconee County forward, we are going to have to work together to create solutions and not problems. Mr. Davis added it would be a like a "domino effect" because we are going to feel this all the way thru the county, whether it be Westminster or Seneca.

Mr. Hart made a motion, seconded by Mr. Davis, approved 5 – 0, to enter into Executive Session for the following purposes, as allowed for in § 30-4-70(a) of the South Carolina Code of Laws:

[1] receive legal advice relating to potential claim(s) and/or lawsuits regarding Pioneer Rural Water District's water treatment facilities.

Council entered Executive Session at 2:10 p.m.

Council returned from Executive Session at 3:23 p.m. on a motion made by Mr. Davis, seconded by Mr. Hart, approved 5 – 0.

Ms. Cammick stated that no action was taken in Executive Session.

Mr. Cain made a motion, seconded by Mr. Davis, approved 5 – 0, to join the cities of Seneca and Westminster to file a declaratory action against Pioneer Rural Water District seeking an injunction to stop construction of the Pioneer Water Plant in violation of their charter.

Mr. Root updated Council on other issues relative to staff's investigation of Pioneer Rural Water District's construction of the water plant. He stated that during the last special meeting on this issue, staff was instructed to investigate all means possible to enjoin or stop the construction of the water treatment facility. This lawsuit is one of the avenues that is being pursued, and others continue to be under review. He noted that research regarding the issuance or non-issuance of the building permit revealed no legal basis for Council to direct non-issuance, that it was an administrative decision for the Planning Department to make. He further noted that the Planning Department had not received the required approval from outside entities necessary to issue the permit. Finally, he stated that he is awaiting materials from DHEC and the Office of Regulatory Staff for purposes of further reviewing this project.

Adjourn

Mr. Davis made a motion, approved unanimously, to adjourn at 3:26 p.m.

Respectfully Submitted:

Katie D. Smith
Clerk to Council

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