

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COLUMBIA, SOUTH CAROLINA

HEARING #11-11188

APRIL 18, 2011

2:00 P.M.

**ALLOWABLE EX PARTE BRIEFING**

*REQUESTED BY ALPINE UTILITIES, INC.* - Report on Actions the Company has Taken to Maintain and Improve Service Since the Commission Issued Order No. 2008-759 in Docket No. 2008-190-S, dated November 6, 2008

**TRANSCRIPT OF  
PROCEEDINGS**

**COMMISSIONERS PRESENT:** David A. WRIGHT, *VICE CHAIRMAN, PRESIDING*; and COMMISSIONERS G. O'Neal HAMILTON, Randy MITCHELL, and Nikiya 'Nikki' HALL

ADVISOR TO COMMISSION: Josh Minges, Esq.

**STAFF:** Joseph Melchers, Chief Counsel; F. David Butler, Jr., Senior Counsel; James Spearman, Ph.D., Executive Assistant to the Commissioners; B. Randall Dong, Esq., and Rebecca Dulin, Esq., Legal Staff; Tom Ellison, Lynn Ballentine, and William O. Richardson, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM-GNSC, Court Reporter; and Allison Minges, Hearing Room Assistant

**APPEARANCES:**

*JOHN M.S. HOEFER, ESQUIRE, along with ROBIN DIAL [PRESIDENT, ALPINE UTILITIES, INC.], presenter,* representing ALPINE UTILITIES, INCORPORATED

*SHEALY BOLAND REIBOLD, ESQUIRE,* representing the OFFICE OF REGULATORY STAFF

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***PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA***

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Please note the following inclusions/attachments to the record: Handout referenced by Messrs. Hoefer and Dial

P R O C E E D I N G S

**VICE CHAIRMAN WRIGHT:** Y'all be seated.

Welcome. Good afternoon, everybody. I want to ask Attorney Josh Minges if he would introduce the docket.

**MR. MINGES:** Thank you, Mr. Chairman. An allowable ex parte briefing has been scheduled with the South Carolina Public Service Commission by Alpine Utilities, Incorporated, to present information on the actions the company has taken to maintain and improve service since the last Commission order. This briefing has been scheduled to take place at 2 p.m. on April 18, 2011, in the Commission's hearing room.

Mr. Chairman, the docket is in order.

**VICE CHAIRMAN WRIGHT:** Thank you very much. And Mr. Hoefer, I'll just turn it over to you.

**MR. HOEFER:** Thank you, Mr. Chairman. I am John Hoefer, with Willoughby & Hoefer, here in Columbia. We represent Alpine Utilities. I'm not going to be, much to everyone's relief, speaking today, other than to introduce Mr. Robin Dial, who is president of Alpine Utilities. Mr. Chairman, he does have a one-page handout for the Commissioners and staff, and if I could approach and distribute

1 that at this time?

2 **VICE CHAIRMAN WRIGHT:** That will be fine.

3 **MR. HOEFER:** Thank you.

4 [Document distributed]

5 **VICE CHAIRMAN WRIGHT:** Mr. Dial, welcome.

6 **MR. DIAL:** Thank you, sir. Glad to be here.  
7 Appreciate you all having us here. If it would be  
8 okay, I've -- in order to organize our thoughts a  
9 little bit, we tried to write it down, and I'll try  
10 to read this to you, if I may, sir.

11 **VICE CHAIRMAN WRIGHT:** That will be fine.

12 **MR. DIAL:** Mr. Chairman, Vice Chairman, and  
13 Commissioners, my name is Robin Dial, and I am the  
14 president of Alpine Utilities, Inc. Thank you for  
15 the opportunity of appearing before you today to  
16 brief you on the actions Alpine has taken to  
17 maintain and improve its sewer service since the  
18 Commission issued its Order No. 2008-759 on  
19 November 26, 2008, granting an increase in the  
20 company's monthly service rate from \$13.50 to  
21 \$16.75.

22 As the Commission is aware, the Alpine system  
23 dates back to the 1960s. Therefore, many of its  
24 treatment and collection facilities are approaching  
25 50 years of age. I would like to provide the

1 Commission with the one-page handout -- that Mr.  
2 Hoefer has just brought up to you -- that sets  
3 forth our capital and operational expenses made to  
4 maintain or improve service from 2009 through the  
5 first quarter of 2011. As this handout reflects,  
6 Alpine has expended \$129,756.65 on capital  
7 improvements to its collection system. These  
8 capital improvements consist of replacement or  
9 relining of collection lines.

10 This handout also reflects that Alpine has  
11 expended \$189,911.16 on maintenance of our  
12 collection facilities. These expenditures were in  
13 varying amounts shown, and included addressing  
14 issues at service connections, pressure washing of  
15 lines, televising of lines, removal of blockages,  
16 inspections of grease traps, and enforcement of  
17 fats-oil-and-grease standards, preventive  
18 maintenance, lift station inspections, engineering  
19 related to grease and blockages, and general  
20 maintenance.

21 I would like to mention certain aspects of  
22 some of these expenditures that are not necessarily  
23 self-explanatory. For the service connection work,  
24 this would involve our efforts to address blockages  
25 or other issues at or near the point where the

1 customer service line connects to Alpine's utility  
2 service line, which is usually a street curb for  
3 property line. Preventive maintenance would  
4 involve the inspection of manholes to insure that  
5 covers are securely placed on the top of the  
6 manholes and to detect damage or service needs at  
7 any manholes.

8 Our fats-oil-and-grease and grease-trap  
9 expenditures involve our efforts to prevent the  
10 introduction of grease into our system. Grease, in  
11 combination with root intrusion that occurs in some  
12 of our older sections of pipe generally made of  
13 clay, is a major cause of the blockages that  
14 Alpine's collection system experiences. I would  
15 add that we had a significant increase in blockages  
16 in the last year that have caused sanitary sewer  
17 overflows -- that have caused sanitary sewer  
18 overflows, with 71 percent of the cost associated  
19 with blockages having occurred in 2010. We believe  
20 that a likely cause of this increase in blockages  
21 is illegal dumping of some -- of restaurant grease.  
22 Whenever a sewer utility has manholes in either  
23 remote or isolated areas, there's an increased  
24 danger of illegal dumping. Alpine has a number of  
25 manholes that are not within plain view from

1 surrounding areas. With the closure of the Biotech  
2 facility a few years ago and the recent temporary  
3 closure of the C.E. Taylor facility, pumpers of  
4 commercial grease traps in the metropolitan  
5 Columbia area have fewer options for local dumping  
6 and treatment of grease. Alpine believes that it  
7 has been a victim of illegal dumping as a result of  
8 this circumstance.

9 And, in connection with grease issues, we  
10 occasionally use engineers to review the design of  
11 commercial customers' grease traps and consultants  
12 needed when blockages occur. The engineering costs  
13 shown on the handout are related to those efforts.

14 I would like to point out that the capital  
15 improvements and the maintenance expenses set forth  
16 on the handout do not represent all of our  
17 expenditures during this two-year period. Rather,  
18 these are the expenditures which have been incurred  
19 directly in the company's effort to maintain and  
20 improve service -- which we thought was the  
21 question being asked by your notice to us. As the  
22 Commission is aware, there's a wide variety of  
23 other expenditures that go into the operation of  
24 the system that are not reflected. Among those  
25 would be chemicals, power, personnel, laboratory,

1 contract services of all sorts, just to name a few.  
2 Although there were none during the period, there  
3 have been capital improvements to our treatment  
4 plant and facilities in the last several years.

5 Finally, I would like to note that Alpine has  
6 not experienced any interruption in -- any service  
7 interruptions in this period. We have been able to  
8 provide continuous service to customers,  
9 notwithstanding the occurrence of occasional  
10 blockages.

11 Again, I thank you for the opportunity to  
12 brief the Commission, and I'd be glad to answer any  
13 questions that you may have.

14 **VICE CHAIRMAN WRIGHT:** Thank you, Mr. Dial.  
15 Is ORS going to -- have you got any questions, or  
16 are you just here to listen today?

17 **MS. REIBOLD:** No, sir. We'll just be  
18 listening today.

19 **VICE CHAIRMAN WRIGHT:** Okay. All right.  
20 We'll open it to questions from Commissioners.  
21 Commissioner Hamilton?

22 **COMMISSIONER HAMILTON:** Does any of these work  
23 [indicating]?

24 **VICE CHAIRMAN WRIGHT:** That -- the one --  
25 Lib's does.

1                   **COMMISSIONER HAMILTON:** Lib's does?

2                   **VICE CHAIRMAN WRIGHT:** Hers does.

3                   **COMMISSIONER HAMILTON:** Okay, we'll try this  
4 one [indicating]. Thank you, Mr. Chairman. Mr.  
5 Dial, happy to have you with us, sir.

6                   **MR. DIAL:** Thank you, sir.

7                   **COMMISSIONER HAMILTON:** And I appreciate the  
8 report that you've just submitted to the  
9 Commission. A couple of questions I have. On your  
10 -- on the overflow and the blockages --

11                   **MR. DIAL:** Yes.

12                   **COMMISSIONER HAMILTON:** -- none of this was  
13 weather related at all? All of the spills had to  
14 do with blockage in the line?

15                   **MR. DIAL:** I can't think of any instances that  
16 were weather related, in terms of like severe  
17 weather or a great deal of water involved. None  
18 that I can think of, sir.

19                   **COMMISSIONER HAMILTON:** Okay.

20                   **MR. DIAL:** They would all either generally  
21 have to do with grease or roots or a combination of  
22 grease and roots. We occasionally have other  
23 strange things that get into our line that can also  
24 hang up and create a blockage, but generally  
25 speaking, those are the ones that are predominant.

1                   **COMMISSIONER HAMILTON:** And the research that  
2                   you had done and I think DHEC, that you had  
3                   mentioned earlier, indicated that it was probably  
4                   from grease and probably from illegal disposing of  
5                   the grease?

6                   **MR. DIAL:** We had a significant SSO, I want to  
7                   say about five or six weeks ago, and if you  
8                   happened to see it on television, it nearly cut  
9                   from -- it was near the intersection of Scoops  
10                  Creek and Bush River Road. And that pipe is  
11                  tremendous -- [indicating] as big a pipe as we  
12                  have, very large pipe. Not the kind of place you  
13                  would expect to have a blockage to occur. And  
14                  immediately following the report showing the Scoops  
15                  Creek, they switched -- they cut to DHEC, talking  
16                  about how they were investigating the matter, which  
17                  was one of our first indications that DHEC must be  
18                  seeing, maybe in City lines or West Columbia lines  
19                  or other utilities' lines, where perhaps some less-  
20                  than-perfect hauler has decided he's not going to  
21                  pay the cost of driving, you know, 80 or 90 miles  
22                  to a designated place to offload and he's  
23                  offloading in somebody's manhole, because what came  
24                  out was highly unusual.

25                  **COMMISSIONER HAMILTON:** Yes, sir. And I

1 assume the users that are on those lines are not  
2 people that would have --

3 **MR. DIAL:** Grease?

4 **COMMISSIONER HAMILTON:** Yes, sir.

5 **MR. DIAL:** Well, I can't say that, Mr.  
6 Hamilton. We do have a large number of commercial  
7 users on our system. A large number of those  
8 people are restaurants. And we are always working  
9 hard to make sure the restaurants are doing all  
10 they can do and should do not to let any grease  
11 into the system. We have a whole range, from fully  
12 cooperative, to beat 'em with a stick to get them  
13 to do something. And, you know, occasionally we  
14 worry that the beat-em-with-a-stick folks either  
15 are cutting costs because their business is off due  
16 to the great recession, or they don't care, or  
17 whatever. And so it is a constant fight and a  
18 constant oversight on our part to make sure they  
19 are keeping grease from coming into the system.

20 **COMMISSIONER HAMILTON:** Is there no system  
21 that could be a part of -- made a part of the  
22 system that would give warning prior to the spill,  
23 that --

24 **MR. DIAL:** I can ask -- I've never heard of  
25 one. I do -- I'm not an engineer, of course, and I

1 -- but as a novice, I do read one or two trade  
2 magazines: *Municipal Sewer Magazine* and *Municipal*  
3 *Water & Sewer*, all these things advertising all  
4 these things, and I've never seen anything like  
5 that advertised.

6 **COMMISSIONER HAMILTON:** Yeah. I know, from my  
7 experience with the municipal --

8 **MR. DIAL:** Yes, sir.

9 **COMMISSIONER HAMILTON:** -- sewage and the  
10 waste and the grease, in the municipality that I  
11 served on, we had a processing plant, and we did  
12 have these problems that you've experienced with  
13 the grease. But usually they had a holding tank;  
14 it came from one place, and we could monitor that,  
15 to the fact that we could keep it from messing up  
16 the entire system or getting us in trouble with  
17 DHEC.

18 **MR. DIAL:** Right. At the plant itself, we  
19 have the ability to do things like that, I think.  
20 It's just in the collection system that something  
21 can occur out of the blue that can cause an SSO.

22 **COMMISSIONER HAMILTON:** Yeah. Has there been  
23 enough personnel available at the treatment plant  
24 that should have been -- that possibly could have  
25 prevented these?

1                   **MR. DIAL:** We -- I think we have that in  
2                   place. We also have, either between Columbia Sewer  
3                   & Drain or P&S Construction, have two on-site --  
4                   two emergency calls that we make. Sometimes we  
5                   call both -- many times, we call both of them, not  
6                   just one of them, to go out and deal with an SSO  
7                   when it occurs.

8                   **COMMISSIONER HAMILTON:** Yes, sir. Thank you,  
9                   sir.

10                  **MR. DIAL:** Yes, sir. Thank you, sir.

11                  **COMMISSIONER HAMILTON:** Thank you, Mr.  
12                  Chairman.

13                  **VICE CHAIRMAN WRIGHT:** Thank you.  
14                  Commissioner Mitchell.

15                  **COMMISSIONER MITCHELL:** Thank you, Mr.  
16                  Chairman. Glad to have you with us today.

17                  **MR. DIAL:** Thank you, sir.

18                  **COMMISSIONER MITCHELL:** I appreciate your  
19                  presentation. Commissioner Hamilton was talking  
20                  with you about violators or potential violators.  
21                  Are there any way you have to monitor if the same  
22                  people are producing the same problems? I believe  
23                  you referred to them as the restaurants that were  
24                  giving you a great deal of difficulty with the  
25                  grease.

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**MR. DIAL:** Right.

**COMMISSIONER MITCHELL:** And you might have answered that with him, but I didn't fully understand. Is there any way to pinpoint such an ordeal? Do you know the ones that give you the problems and are they continually giving you problems?

**MR. DIAL:** I'll speak to a particular case in point; hopefully that will somewhat address your question, sir. A restaurant on Broad River Road had a grease trap that we didn't, frankly, think was worthy of the name. So we had EA Services, who is our 24/7 operator of the plant, and also Keith Murphy, a very knowledgeable sewer man, and Brian Black from E.P. Barber, go out at least three or four times and met with the then-operators to discuss with them the fact that we didn't think this grease trap was adequate size or doing the job, and they would argue and whatnot. And, of course, our recourse when they did this would be to put them on a 30-day disconnect notice. And then when we'd come to the end of the 30-day disconnect notice, we were then required to put them on a 10-day disconnect notice. And so we'd have this 40-day countdown -- effectively, 40-day countdown --

1 and then they would finally come and pump it out.  
2 But they had a very different attitude about when  
3 it needed to be pumped. We thought it needed to be  
4 pumped out at least monthly, if not twice a month.  
5 They would say, "Okay, we'll do that." This  
6 particular restaurant happened be a Mexican  
7 restaurant, and there was occasionally a language  
8 problem. They sort of sometimes wanted to  
9 understand only what they wanted to understand and  
10 not be able to translate the rest. I don't mean to  
11 make fun of anybody, but it's a very frustrating  
12 situation. And finally we went to the mat on it,  
13 so the operator closed. And now we've sent letters  
14 to the owners up in Union, South Carolina, and made  
15 certain demands of them that it not be reopened  
16 until the grease trap is made into a proper grease  
17 trap and met our standards, or we were going to  
18 disconnect and not allow them to reconnect.

19 **COMMISSIONER MITCHELL:** In those particular  
20 cases, is DHEC a part of that process, that --

21 **MR. DIAL:** We -- yes, we --

22 **COMMISSIONER MITCHELL:** -- negotiation?

23 **MR. DIAL:** -- carbon-copy DHEC. They know  
24 what we're doing. And I think both EA Services and  
25 B.P. Barber -- even though we pay them, of course

1 -- I think they sort of, I guess, like a lawyer is  
2 an officer of the court, I think they know that  
3 they have to be -- they have their standard they  
4 have to meet that DHEC would expect them to meet,  
5 if that answers you.

6 **COMMISSIONER MITCHELL:** It does. Thank you,  
7 very much.

8 **MR. DIAL:** Thank you, sir.

9 **VICE CHAIRMAN WRIGHT:** Commissioners, anybody  
10 else?

11 [No response]

12 Mr. Dial, the dollar amount that's listed for  
13 blockages and stuff, the \$82,000, that's over a  
14 three-year period, correct?

15 **MR. DIAL:** About two years and a quarter.

16 **VICE CHAIRMAN WRIGHT:** Two and a quarter?

17 **MR. DIAL:** Yes, sir.

18 **VICE CHAIRMAN WRIGHT:** Is that a high number?  
19 An average number?

20 **MR. DIAL:** It's much higher than we've  
21 experienced in the past. Again, I think that --  
22 well, you know, every year, our collection lines  
23 get older. That's self-saying. We have the  
24 restaurants to deal with. And our strong suspicion  
25 -- I guess is what I should call it -- that some

1 haulers may be looking for a manhole, or found, or  
2 always be looking for a manhole to pop open in the  
3 middle of the night, to avoid a few more costs of  
4 taking it to a proper place, especially when two  
5 local ones have sort of gone off the grid.

6 **VICE CHAIRMAN WRIGHT:** Does DHEC also suspect  
7 that?

8 **MR. DIAL:** Oh, yes, sir.

9 **VICE CHAIRMAN WRIGHT:** Okay.

10 **MR. DIAL:** Very much so. Yes. They were on  
11 TV saying that, again, back about five or six weeks  
12 ago when we had a substantial SSO at Bush River  
13 Road and Scoops Creek. So I'm not sure I fully  
14 addressed your question. Let's -- give me the  
15 question again?

16 **VICE CHAIRMAN WRIGHT:** Well I just wondered  
17 if, you know, the number, if that \$82,500 figure,  
18 if it was high or not, and --

19 **MR. DIAL:** It's certainly higher than we want  
20 it to be.

21 **VICE CHAIRMAN WRIGHT:** Is the -- I guess the  
22 makeup of those blockages, did I hear you say that  
23 there was a certain percentage of it that was  
24 grease related, or was that --

25 **MR. DIAL:** I think it was 71 percent occurred

1 in 2010.

2 **VICE CHAIRMAN WRIGHT:** In 2010.

3 **MR. DIAL:** 2010. I'm not able -- we've had to  
4 reconstruct these numbers from our invoices.

5 **VICE CHAIRMAN WRIGHT:** Sure.

6 **MR. DIAL:** And sometimes the invoice will not  
7 say whether it was a root cause --

8 **VICE CHAIRMAN WRIGHT:** Right.

9 **MR. DIAL:** -- or grease cause or some other  
10 cause, so it's hard for me to say what percentage  
11 of it is grease versus roots or something else.  
12 Certainly, again, we have a significant part of our  
13 system that's what I refer to as the old Orangeburg  
14 pipe, the old clay pipe.

15 **VICE CHAIRMAN WRIGHT:** Oh, yeah.

16 **MR. DIAL:** And in an ideal world, we would  
17 have the capital to go in and either reline all  
18 those pipe or replace all those pipe as necessary.  
19 We don't have that capital, and we're not able to  
20 borrow that capital from the banks under the system  
21 of put it in place, in service, before we determine  
22 the rate of return that's going to be given on it  
23 through a rate case. This is one of the reasons,  
24 as you may also be aware, that we have contracted  
25 to sell the utility, and it's our belief that the

1 buyers have the capital in hand and can do things  
2 that we're not able to do that need to be done, Mr.  
3 Chairman.

4 **VICE CHAIRMAN WRIGHT:** Okay. Commissioners,  
5 anything further?

6 **COMMISSIONER HAMILTON:** No, thank you, sir.

7 **VICE CHAIRMAN WRIGHT:** All right. Mr. Hoefer,  
8 do you have anything?

9 **MR. HOEFER:** Nothing, Mr. Chairman.

10 **VICE CHAIRMAN WRIGHT:** Mr. Dial, thank you,  
11 very much --

12 **MR. DIAL:** Thank you, very much.

13 **VICE CHAIRMAN WRIGHT:** -- for coming today and  
14 for providing us the report. It's been very  
15 informative.

16 **MR. DIAL:** Thank you, very much.

17 **VICE CHAIRMAN WRIGHT:** If there's nothing else  
18 to come before us, then we will adjourn this  
19 hearing. Thank you for coming.

20 [WHEREUPON, at 2:20 p.m., the proceedings  
21 in the above-entitled matter were  
22 adjourned.]

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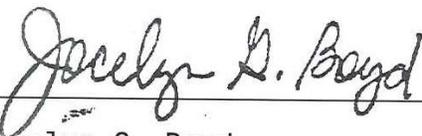
C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an allowable ex parte briefing held in the above-captioned matter before the Public Service Commission of South Carolina.

Given under my hand, this the 20th day of April, 2011.

  
\_\_\_\_\_  
Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:

  
\_\_\_\_\_  
Jocelyn G. Boyd,  
CHIEF CLERK/ADMINISTRATOR