

Sewer rate charges against ratepayers are based on total indebtedness, not distinctions between principal and interest. If one dealer sells you a car for \$18,000 and charges you \$48,000 in interest, that is the same monthly payment as another dealer that charges you \$66,000 for the same car and charges 0% interest.

Before the bankruptcy the County owed sewer warrant indebtedness of approximately \$3.2 billion in principal and \$1.3 billion in interest per the county's 9/1/2012 auditor's report (Page 70) - a total of \$4.5 billion in sewer fees to be charged to ratepayers.

After the Confirmation Order, the county owed \$1.8 billion in "initial" principal, which the Commission President mistakenly characterized as a writedown of the \$3.2 billion, \$2.5 billion in actual, "accreted" principal and \$4.1 billion in interest, at an average rate of 7% - which was a "write up or increase" of \$2.2 billion in sewer fees passed to ratepayers.

Carrington's mischaracterization is like getting a \$180 payday loan and having to pay back \$660, which would be consumer fraud of the highest order. Just add 7 zeros. This is an increase in the County's loan P&I, passed through 100% to sewer users and ratepayers, of \$2.2 billion. The purpose of bankruptcy is "supposed to be" to reduce your debt so you can have a fresh start--not increase it by \$2.2 billion.

The \$6.6 billion in new sewer warrant indebtedness is further secured by \$4.4 billion collected from the ratepayers for the operating account and \$3.7 billion in additional sewer fees collected for additional loan coverage or pay-as-you-go capital projects. If not needed, it would be used to repay the \$6.6 billion new loan.

Judge Bennett's order, which ratepayers are appealing, approved a total of \$14.7 billion in new sewer fees collected over the next 40 years, and secured by liens on ratepayers real properties, again increased from the initial debt of only \$1.8 billion in "initial" principal. This is the largest consumer fraud in Alabama history—and the largest utility consumer fraud in the history of the United States.

These \$14.7 billion in sewer fees and charges cannot be modified by future county commission action for 40 years. Paragraph 25 of the Court's Order dated 11/22/13 (p. 67) states: "the Court shall retain exclusive jurisdiction to enforce the Approved Rate Structure and the Rate Resolution, to require the County to otherwise comply with the New Sewer Warrants and the New Sewer Warrant Indenture, and to hear and adjudicate any action or proceeding enforcing, challenging, or collaterally attacking the Approved Rate Structure or the Rate Resolution."

This "exclusive jurisdiction" provision clearly violates 28 USC 1342 and the 10th Amendment to the US Constitution that requires lower sewer rates to be set and enforced by state and local municipalities subject to State Constitutional debt voter approval requirements.