
AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Final Land Acquisition on Salkehatchie Subdivision

In 2017 the South Carolina Department of Commerce, Division of Public Railways d/b/a Palmetto Railways (“Palmetto Railways”) took possession of the Hampton & Branchville Railroad (nka “Salkehatchie Subdivision” and hereinafter, “Railroad”) and began to operate the Railroad. The Railroad originates in Hampton, SC and then runs to Canadys, SC in Colleton County. The terminus of the Railroad in Canadys, SC is the Canadys Station Site, formerly the site of the Canadys Coal Plant, which is now owned by Dominion Energy South Carolina, Inc. (“Dominion”). The coal plant closed in 2013, and Dominion and Santee Cooper are now planning to convert the Canadys Station Site into a natural gas power station. The site will no longer require on-site direct rail access.

Palmetto Railways and Dominion have agreed to enter into a binding agreement for (1) the removal of certain railway tracks and appurtenances located at the Canadys Station Site and originally installed pursuant to a track agreement; (2) termination of that agreement and associated right of way or easement interest, if any; and (3) Dominion’s non-exclusive right to utilize a new delivery facility during construction of the natural gas power station, which shall be relinquished by Dominion in writing upon completion of the facility. In consideration for the above, Dominion will (1) convey to Palmetto Railways a certain tract of land owned by Dominion containing 2.78 acres located in Colleton County and adjacent to the Railroad (“Contribution Parcel”) and (2) pay the sum of up to \$4,900,000 for contribution toward the costs of construction of (a) a delivery facility upon the Contribution Parcel and (b) construction of additional track capacity in Palmetto Railways’ existing Railroad right of way that is commensurate with the relinquished track capacity located on the Canadys Station Site.

AUTHORITY ACTION REQUESTED:

As requested by the Department of Commerce Division of Public Railways dba Palmetto Railways through the Department of Administration, Executive Budget Office approve the Permanent Improvement Project for acquisition of 2.78 acres from Dominion Energy South Carolina, Inc.

ATTACHMENTS:

1. Agenda Item Worksheet
2. Letter of Intent dated August 29, 2025
3. Colleton County Letter of Support dated September 11, 2025
4. Colleton County School District Letter of Support dated September 11, 2025

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: 10/14/2025

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:


Kevin Etheridge, Executive Budget Office

2. Subject: Permanent Improvement Projects

3. Summary Background Information:

Project: Palmetto Railways
Y08.9507: Salkehatchie Railroad (fka H&B Railroad) Land Donation

Request: Establish Final Land Acquisition to acquire +/- 2.78 acres in Colleton County.

Included in CPIP: No – The property was not available during the 2024 CPIP submission process.

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
N/A					

All Sources

Rationale: With the General Assembly's authorization, Dominion Energy is partnering with Santee Cooper to build a large natural gas power plant at the site of the former Canadys coal plant in Colleton County. The former coal plant was served by a rail line that Palmetto Railways now owns (formerly known as Hampton and Branchville Railroad), that supports industrial property, the Salkehatchie Subdivision, that Palmetto Railways is developing for rail-dependent industrial customers. The rail infrastructure inside the Canady's fence has been out of use since the coal plant was shut down approximately 13 years ago. The proposed transaction is a relocation of that portion of the rail line to outside the fence. Palmetto Railways plans to pay up to \$4.9 million to build Palmetto Railways owned rail infrastructure on the donated parcel and Palmetto Railway owned right of way alongside the parcel.

Characteristics: If acquired, the land will be used for storage and railcar processing.

Financial Impact: The property is offered by Dominion Energy as a donation. The project is expected to result in an increase of \$5,000 (years 1 thru 3), in annual operating expenditures. An appraisal is not required because the property is a donation. A Phase I Environmental Site Assessment will be completed prior to acquisition of the property. A Building Condition Assessment is not required because there are no buildings on the property. Letters of support have been received from Colleton County and Colleton County School District authorizing the removal of the property from the tax rolls.

Full Project Estimate: \$0.00

4. What is the Authority asked to do? Consider approval of the Permanent Improvement Project

5. What is recommendation of the submitting agency involved? The item is complete and ready for SFAA review.

6. Private Participant Disclosure – Check only one:

☒ No private participants will be known at the time the Authority considers this agenda item.

☐ A Private Participant Disclosure form has been attached for each private participant. As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Office Name: _____

8. List of Supporting Documents:

1. Permanent Improvement Project Backup Documentation

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop. Supporting documentation should include all related agreements or approval requests (e.g., leases, contracts, permanent improvements, indebtedness, agenda items), either current or anticipated; or provide affirmation from the submitting agency that there are no related transactions.



ROGERS TOWNSEND LLC
POST OFFICE BOX 100200 (29202)
1221 MAIN STREET 14th FLOOR
COLUMBIA, SOUTH CAROLINA 29201
P 803.771.7900 F 803.343.7013
W RTT-LAW.COM

Stuart M. Lee, Member
SLEE@RTT-LAW.COM
P 803.744.1281
F 803.343.7017

August 29, 2025

South Carolina Department of Commerce, Division of Public Railways
d/b/a Palmetto Railways
Patrick McCrory
President and Chief Executive Officer

Re: Letter of intent for certain agreements and transactions between Dominion Energy South Carolina, Inc. and the South Carolina Department of Commerce, Division of Public Railways (the "Transactions")

Dear Mr. McCrory:

I am happy to make the following proposal on behalf of Dominion Energy South Carolina, Inc. ("DESC") under which the South Carolina Division of Public Railways d/b/a Palmetto Railways ("Palmetto Railways") would enter into a binding agreement with DESC for (i) the removal of certain railway tracks and appurtenances (the "Track Infrastructure") located at the DESC Canadys Station site shown and depicted on Exhibit "A" hereto (the "Canadys Plant"), originally installed pursuant to that certain Track Agreement between Atlantic Coast Line Railroad Company (Palmetto Railways predecessor in interest) and South Carolina Electric & Gas Company n/k/a Dominion Energy South Carolina, Inc. dated November 25, 1959, as supplemented by Supplemental Agreement dated August 8, 1967 (collectively, the "Track Agreement"); (ii) the relinquishment of all right, title, easements, and benefits of Palmetto Railways in and to the Railway Infrastructure and the mutual termination of the Track Agreement; (iii) the payment by DESC of a sum of up to Four Million Nine Hundred Thousand and no/100ths Dollars (\$4,900,000.00) in consideration of the relinquishment of all rights by Palmetto Railways in and to the Railway Infrastructure and the termination of the Track Agreement, such sum being a contribution toward the costs of construction of a delivery facility upon the Contribution Parcel (herein defined) and of new tangent tracks for the benefit of Palmetto Railways (the "Construction Contribution Amount"); (iv) the conveyance to Palmetto Railways of that certain tract of land owned by DESC, containing 2.78 acres, more or less, and shown as depicted on Exhibit "B" attached hereto (the "Contribution Parcel"); and (v) such other terms, conditions, and obligations which shall be as set forth herein or the Agreement (herein defined) (the foregoing being collectively referred to herein as the "Transactions"). It is the intent that this letter be the first step in this process. It is not intended that this letter obligate either party to proceed to completion of a binding contract. However, once signed by all parties, it is intended that the parties will negotiate in good faith to agree to terms that may result in a formal written contract in accordance with the material terms set forth herein (the "Agreement"). Except as set forth below, the parties shall not be contractually bound unless and until they execute the Agreement, which must be in form and

content satisfactory to each party and its counsel in their sole but reasonable discretion.

An outline of the basic terms of the proposed Agreement for the Transactions is as follows:

1. Removal of Track Infrastructure: Upon complete execution of the Agreement, Palmetto Railways shall relinquish, quitclaim, release, and remise unto DESC all right, title, easement, right of way, and interest of Palmetto Railway in and to the Track Infrastructure and the real property upon which such Track Infrastructure has been installed within the Canadys Plant. Palmetto Railways shall have thirty (30) days to remove and salvage any of the Track Infrastructure after which DESC shall then be permitted to remove and dispose of the Track Infrastructure, at its sole cost and expense,

2. Construction Contribution. Within thirty (30) days of the complete execution of the Agreement, DESC shall tender to Palmetto Railways, initial contribution towards the cost of construction of Tangent Tracks ("Tangent Tracks") and Delivery Facility ("Delivery Facility") to be constructed upon the Contribution Parcel in the amount of \$1,000,000.00 (the "Initial Construction Contribution").

Within ninety (90) days of the complete execution of the Agreement and prior to DESC's obligation to tender further construction contribution, Palmetto Railways shall deliver an estimated construction budget for the construction of both the Tangent Tracks and the Delivery Facility to be constructed upon the Contribution Parcel for DESC's review and approval, which shall not be unreasonably withheld, conditioned or delayed.

Upon DESC's receipt of the estimated construction budget for the construction of both Tangent Tracks and the Delivery Facility, DESC shall provide additional construction contribution in mutually agreed upon amount not to exceed \$3,900,000.00 (the "Approved Construction Contribution").

Upon completion of the Tangent Tracks and the Delivery Facility, and periodically upon request of DESC, Palmetto Railways shall deliver to DESC written evidence of the actual, documented costs to construct the Tangent Tracks and Delivery Facility, which may be in the form of paid invoices or paid contractor draw requests. The aggregate, actual documented costs to construct the Tangent Tracks and Delivery Facility Costs are hereafter referred to as the ("Actual Construction Costs").

3. Contribution Parcel. Contemporaneously with the Approved Construction Contribution, DESC shall convey the Contribution Parcel to Palmetto Railways by limited warranty deed upon such date as is mutually agreed between the parties (the "Contribution Parcel Closing Date") but not later than ninety (90) days of the complete execution of the Agreement subject to any state review and approval.

The conveyance of the Contribution Parcel shall be subject to (i) all easements, conditions, restrictions and all other matters of record affecting the Contribution Parcel, (ii) all items affecting the Contribution Parcel that appear on any recorded plats, (iii) all items appearing on the Contribution Parcel, (iv) taxes for the year of the Contribution Parcel Closing Date, which are a lien, but are not yet due and payable, and taxes for all subsequent years, and (v) local, state and federal laws, ordinances and/or governmental regulations, including but not limited to, building and zoning laws, ordinances and regulations, now or hereinafter in effect relating to the Contribution Parcel. Except as expressly agreed by DESC, Palmetto Railways shall be responsible for all costs to acquire the Contribution Parcel, including but not limited to the costs of title examination, title insurance, recording the deed to the Contribution Parcel, and its attorneys' fees. DESC shall be responsible for the costs of preparing the deed for the Contribution Parcel, payment of deed stamps (if required), ad valorem real property taxes to the date of transfer of the Contribution Parcel (if any), and its attorneys' fees. DESC agrees that it shall execute and deliver such customary instruments as shall be

reasonably required for Palmetto Railways to obtain an Owner's Policy of Title Insurance from a national title insurer together with any such other reasonable and customary certificates and affidavits necessary to cause the conveyance of the Contribution Parcel in accordance with prevailing real estate closing procedures in the State of South Carolina.

Contemporaneously with the conveyance of the Contribution Parcel and the Approved Construction Contribution from DESC to Palmetto Railways, the parties shall execute and deliver to the other a Termination of Track Agreement in form and content acceptable to the parties and as shall be more fully set forth in the Agreement.

4. Delivery Facility Construction; Use. Promptly after the Contribution Parcel Closing Date, but in no event later than July 1, 2026, therefrom (the "Delivery Facility Construction Commencement Date"), Palmetto Railways shall commence construction of a delivery facility (the "Delivery Facility") upon the Contribution Parcel. The plans and specifications for the Delivery Facility shall be subject to the review and approval of DESC and shall form a part of the Agreement.

From and after the Delivery Facility Construction Commencement Date, Palmetto Railways shall continuously and diligently pursue the completion of construction of the Delivery Facility. Palmetto Railways shall covenant and agree that the construction of the Delivery Facility shall be performed in accordance with all applicable law, rules, and regulations, free from liens arising therefrom. Completion of the Delivery Facility, as determined by a certificate of substantial completion issued by Palmetto Railways' general contractor, shall occur on or before March 31, 2027 (the "Delivery Facility Completion Date").

Upon completion of the Delivery Facility and placement in service, DESC shall have the non-exclusive right to utilize the Delivery Facility for temporary storage at no additional cost or expense to DESC, which shall run to the benefit of DESC without limitation in time or use until such time as DESC has relinquished (or modified) such beneficial use in a writing executed by DESC and delivered to Palmetto Railways. While DESC is constructing its new plant at the Canady's Plant, in the event of a conflict in the use of the Delivery Facility between DESC and third-party customers of Palmetto Railways, preference shall be given to DESC as such requests for use are made. Following construction of the new gas plant, as determined when the plant is fully commissioned and available to dispatch sustained delivery of power into the electric grid, preference of use shall no longer be given to DESC.

5. Actual Construction Costs. Within thirty (30) days of completion of the Tangent Tracks and the Delivery Facility, DESC and Palmetto Railways agree to reconcile the Actual Construction Costs against the sum of the Initial Construction Contribution plus the Approved Construction Contribution, and any unused portion of these contributions shall be deemed a surplus (the "Construction Contribution Surplus").

In the event of a Construction Contribution Surplus, within sixty (60) days of reconciliation of Actual Construction Costs, Palmetto Railways shall tender to DESC a sum equal to any Construction Contribution Surplus. In the event that Actual Construction costs incurred by Palmetto Railways exceed the sum of the Initial Construction Contribution and the Approved Construction Contribution provided by DESC, within sixty (60) days DESC shall tender to Palmetto Railways a sum equal to such difference between the Actual Construction Costs less the sum of the Initial Construction Contribution and the Approved Construction Contribution.

Notwithstanding anything to the contrary contained herein, DESC shall have no obligation to contribute in excess of the aggregate sum of \$4,900,000.00 (the "Maximum Construction Contribution") to the costs to construct the Tangent Tracks and the Delivery Facility and the Contribution parcel. Notwithstanding anything to the contrary contained herein, DESC shall have no obligation to contribute more than the

Maximum Construction Contribution and the Contribution Parcel notwithstanding that the Actual Construction Costs may exceed such amount, it being expressly agreed between DESC and Palmetto Railways that any costs incurred by Palmetto Railways in excess of such Maximum Construction Contribution and the Contribution Parcel shall be the sole and absolute responsibility of Palmetto Railways.

5. This letter of intent shall be superseded by an Agreement between DESC and Palmetto Railways as soon as reasonably practicable after the acceptance of this letter by Palmetto Railways.

6. DESC and Palmetto Railways each agree that all information and documents exchanged between them during the negotiations are proprietary in nature and that both party's confidentiality will be protected. If the Transactions are not consummated for any reason, all documents supplied by either party to the other will be returned.

7. Palmetto Railways shall not, without the prior written consent of DESC, make any announcement or other public disclosure relating to the matters contemplated herein, unless otherwise required by law.

8. Palmetto Railways and DESC shall pay their own legal, accounting and other fees, costs and expenses in connection with the transaction contemplated by this letter of intent.

9. This letter of intent shall be governed by and construed in accordance with the laws of the State of South Carolina (without regard to its conflict of laws rules).

10. Other than as set forth in Sections 6 through and including Section 9 hereof, this letter of intent is a statement of intent only and is not intended to and does not constitute a legally binding commitment or agreement of any party hereto, nor is there any separate oral agreement with respect to the subject matter hereof, and none of the parties hereto will have any liability to any other party for any breach of the terms of this letter of intent, including the failure to enter into a Purchase Agreement, other than for breach of any of the terms of Sections 6 through and including Section 9. Statements herein as to what either party may or will do are otherwise so expressed for convenience only, and are understood to be non-binding indications of intent only. Sections 6 through and including Section 9, however, are intended to be fully binding and enforceable by and against the parties hereto and are deemed by the parties to be supported by adequate consideration.

This Letter of Intent must be accepted by 5:00 p.m. on September 5, 2025, or it shall become null and void. This letter of intent supersedes any prior correspondence (either oral or written) between the parties with regard to this matter.

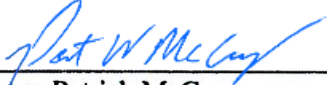
Yours very truly,

ROGERS TOWNSEND, LLC

Stuart M. Lee

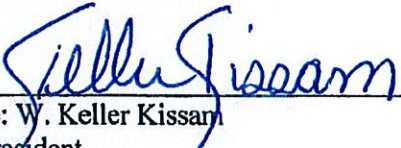
AGREED TO AND ACCEPTED THIS 29th DAY OF Aug 2025:

***SOUTH CAROLINA DEPARTMENT OF COMMERCE, DIVISION OF PUBLIC RAILWAYS
D/B/A PALMETTO RAILWAYS***



Name: Patrick McCrory
Its: President & CEO

DOMINION ENERGY SOUTH CAROLINA, INC.



Name: W. Keller Kissam
Its: President

EXHIBIT “A”

RAILWAY INFRASTRUCTURE

[SEE ATTACHED]



1 inch = 100 feet

A.C.L. & SCE&G Rail Road Line at Canady's

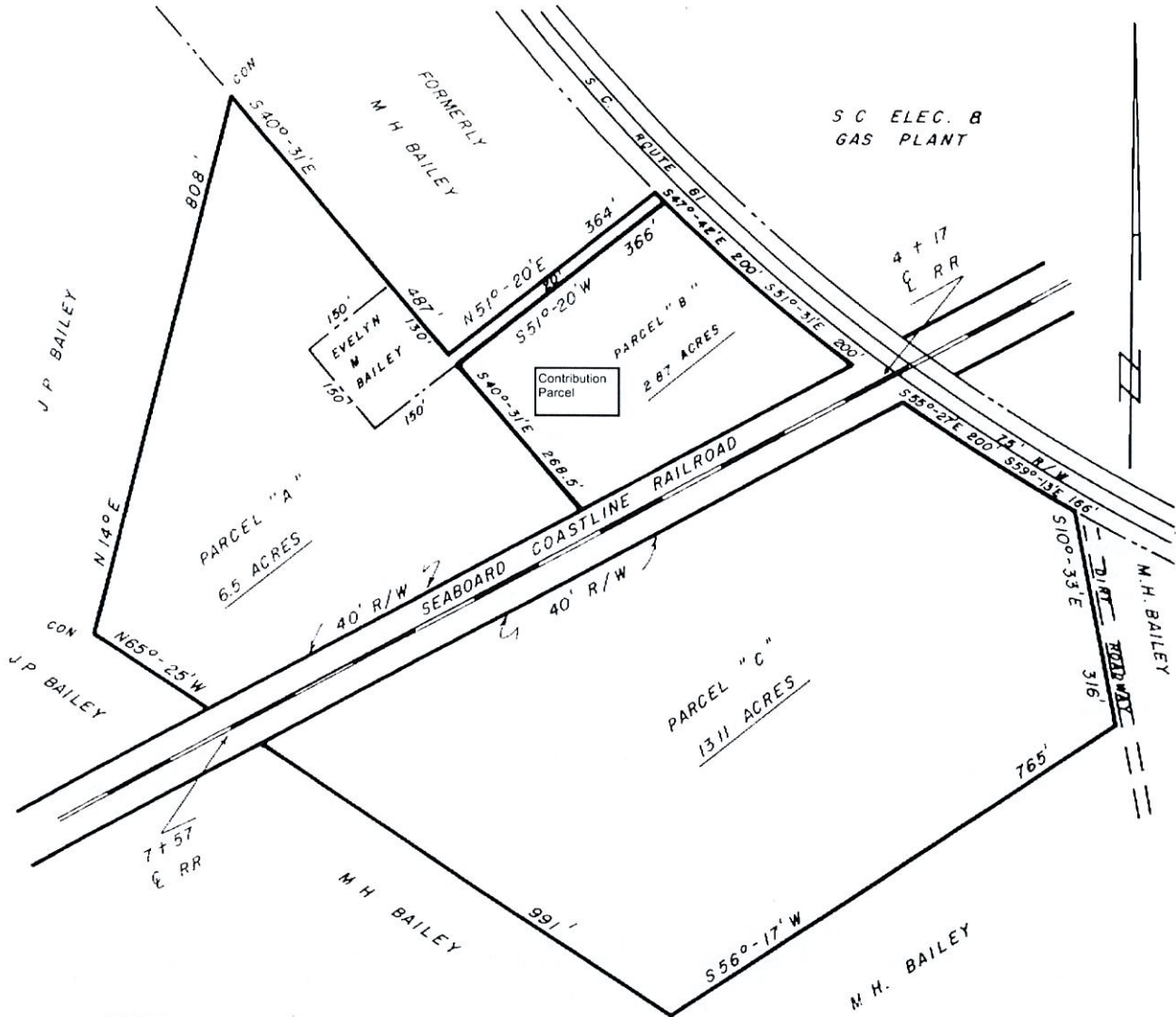
Legend

-  Easement - 3.57 acres
-  RR 50% A.C.L. 50% SCE&G
-  SCE&G
-  A.C.L. RR

EXHIBIT “B”

CONTRIBUTION PARCEL

[SEE ATTACHED]



SOUTH CAROLINA
COLLETON COUNTY

PLAT OF A TRACT OF LAND SITUATE ABOUT ONE HALF
MILE WEST OF CANADYS, SURVEYED FOR _____

EST. C. A. BAILEY

SCALE 1" = 200'

W. GENE WHETSELL

R L S 3131

DEC. 1, 1973

Sub 15 8th 69
Emily D. Baggett



September 11, 2025

Mr. Patrick McCrory
Palmetto Railways
1940 Algonquin Road
Suite 425
Charleston, SC 29405

Dear Patrick:

On behalf of Colleton County, I support the effort of Palmetto Railways to acquire the 2.78-acre parcel outside of the Dominion Canadys coal plant necessary for Palmetto Railways to construct a cargo processing facility to better serve their clients on the Salkehatchie railroad line.

The proposed project will improve the rail-served industrial corridor and will continue to support and attract much needed taxable investment and job creation.

Accordingly, Colleton County fully supports the request by Palmetto Railways to acquire the property necessary to move the project forward.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Higgs", with a long, sweeping horizontal line extending to the right.

County Administrator
Thomas R. Higgs, II



500 Forest Circle
Walterboro, SC 29488
Telephone: 843-782-4510,

colleton.k12.sc.us

OFFICE OF SUPERINTENDENT

September 11, 2025

Mr. Patrick McCrory
Palmetto Railways
1940 Algonquin Road
Suite 425
Charleston, SC 29405

Dear Patrick:

On behalf of the Colleton County School District, I support the effort of Palmetto Railways to acquire the 2.78-acre parcel outside of the Dominion Canadys coal plant necessary for Palmetto Railways to construct a cargo processing facility to better serve their clients on the Salkehatchie railroad line.

The proposed project will improve the rail-served industrial corridor and will continue to support and attract much needed taxable investment and job creation.

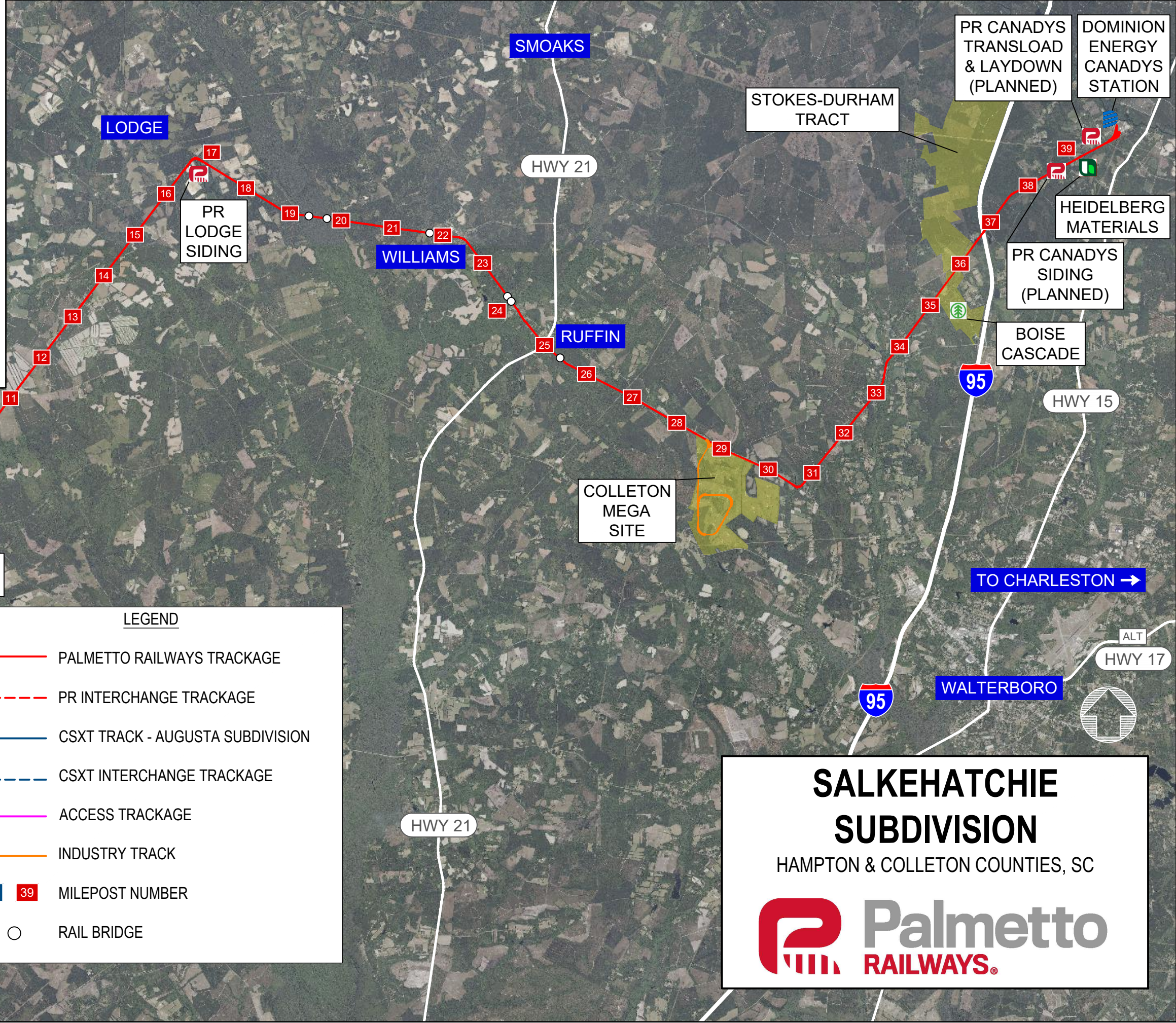
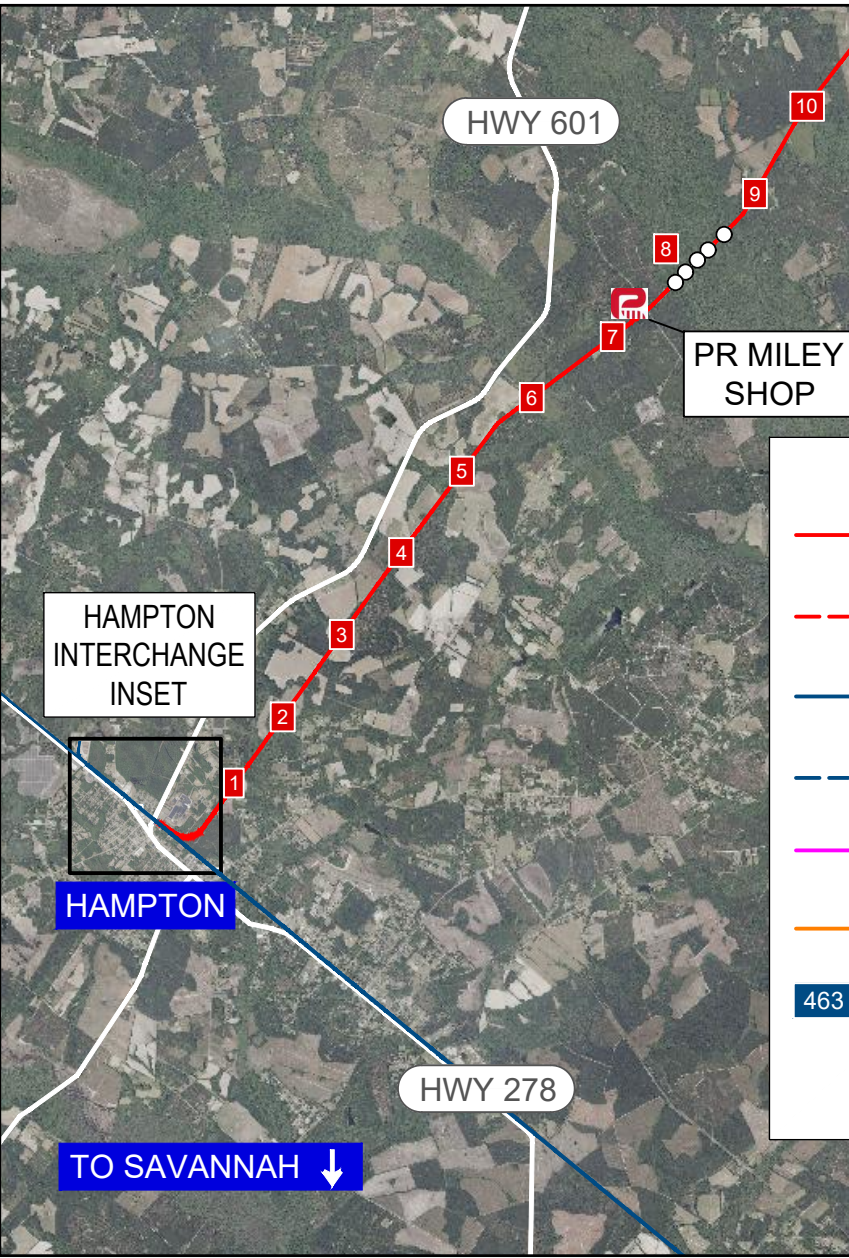
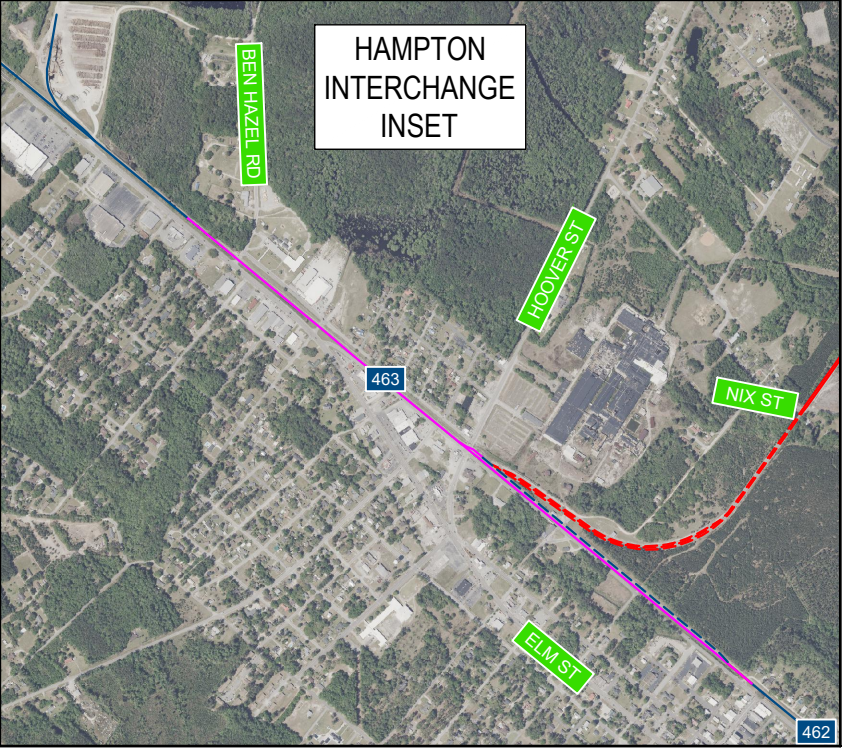
Accordingly, the Colleton County School District fully supports the request by Palmetto Railways to acquire the property necessary to move the project forward.

Sincerely,

Jessica F. Williams
Superintendent

JFW/lsh

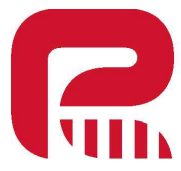
IT'S ALL ABOUT THE KIDS! THE TIME IS NOW!



LEGEND

- PALMETTO RAILWAYS TRACKAGE
- PR INTERCHANGE TRACKAGE
- CSXT TRACK - AUGUSTA SUBDIVISION
- CSXT INTERCHANGE TRACKAGE
- ACCESS TRACKAGE
- INDUSTRY TRACK
- 463 39 MILEPOST NUMBER
- RAIL BRIDGE

**SALKEHATCHIE
SUBDIVISION**
HAMPTON & COLLETON COUNTIES, SC

 **Palmetto
RAILWAYS®**