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July 3, 2008

By E-Mail and First Class Mail

Special Master Kristin L. Myles
Munger, Tolles & Olson LLP
560 Mission Street, 27th Floor
San Francisco, California 94015

Re: *South Carolina v. North Carolina, No. 138, Original*

Dear Special Master Myles,

In consideration of the discussion during the telephonic hearing on Monday, June 30, 2008, we respectfully submit South Carolina's revised proposal for the timing of Phase One discovery.

South Carolina proposes to provide within 9 months of the date the Case Management Plan is approved — through responses to North Carolina's contention interrogatories (or those of intervenors, should they be permitted to engage in such discovery) — information on the harms that it alleges have occurred in the South Carolina portions of the Catawba River Basin and on which it intends to rely to satisfy that aspect of its burden of proof at the conclusion of Phase One. South Carolina will make all reasonable efforts to ensure that its responses identify all of those harms on which it intends to rely, although it reserves the right to supplement those responses to include both subsequently occurring harms, evidence adduced during North Carolina's phase of discovery, and additional harms the significance of which was not reasonably apparent within the first 9-month period.

South Carolina also proposes to provide at that same time — again through responses to contention interrogatories, as above — information on the interbasin transfers, consumptive uses, and other activities in North Carolina that South Carolina believes that its experts will be able to demonstrate caused one or more of the identified harms. As with the identification of harms, South Carolina will make all reasonable efforts to ensure that its responses identify all of the North Carolina activities that its experts will assess. But South Carolina similarly reserves the right to supplement those responses to include both subsequently occurring activities in North Carolina, evidence adduced during North Carolina's phase of discovery, and those additional activities the significance of which was not readily apparent within that 9-month period. Indeed,

Special Master Kristin L. Myles

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South Carolina notes in particular that it must depend in large part upon discovery responses from North Carolina and others to provide complete information regarding all non-de minimis consumptive uses and other activities affecting the Catawba River Basin in North Carolina, from which South Carolina can then identify more specifically those uses and activities it intends for its experts to assess as causes of one or more of the harms in South Carolina. Any delays in the provision of such information to South Carolina will necessarily delay South Carolina's identification of causal activities in North Carolina.

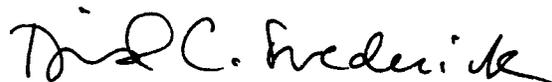
South Carolina further proposes that North Carolina (and intervenors, to the extent permitted) will have 9 months from the service of South Carolina's responses to the contention interrogatories to conduct fact discovery with regard to the harms and causes South Carolina identified. Notably, South Carolina does not anticipate that there will be a need for significant additional discovery from South Carolina on the North Carolina consumptive uses and other activities that South Carolina identifies as causes, given that such information is largely already within North Carolina's custody or control.

South Carolina further proposes to serve its expert reports — which will, among other things, demonstrate that identified North Carolina consumptive uses and other activities caused the identified harms — within 3 months after the conclusion of the second 9-month period of fact discovery. South Carolina further proposes that North Carolina's expert reports (and those of intervenors, to the extent permitted) would be served 3 months later, with South Carolina's reply reports served 3 months thereafter, and expert discovery (including depositions) concluding 2 months later.

In sum, South Carolina proposes a total of 18 months of fact discovery — the amount North Carolina initially proposed — and a total of 11 months of expert discovery — more than the 7 months South Carolina initially proposed, while less than the 15 months North Carolina initially proposed. As a result, discovery on Phase One could end as early as November 2010, with summary judgment motions filed shortly thereafter and a trial on Phase One issues — if necessary — occurring in the first quarter of 2011.

South Carolina has discussed its revised proposal with North Carolina, and North Carolina will respond in due course. South Carolina, therefore, respectfully requests that the Special Master adopt for inclusion in the Case Management Plan the timelines set forth above.

Respectfully submitted,



David C. Frederick
*Special Counsel to the
State of South Carolina*

cc: Attached Service List

IN THE
SUPREME COURT OF THE UNITED STATES

No. 138, Original

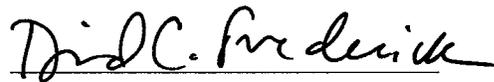
STATE OF SOUTH CAROLINA,
Plaintiff,

v.

STATE OF NORTH CAROLINA,
Defendant.

CERTIFICATE OF SERVICE

Pursuant to Rule 29.5 of the Rules of this Court, I certify that all parties required to be served have been served. On July 3, 2008, I caused copies of South Carolina's Revised Proposal for the Timing of Phase One Discovery to be served by first-class mail, postage prepaid, and by electronic mail (as designated) on those on the attached service list.



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