The WATER WELLSPRING

A FLOWING SOURCE OF INFORMATION FOR WATER AND WASTEWATER UTILITIES

August 2009

Proposed Regulation Changes Approved

On June 26, 2009, the SC State Register published the Public Service Commission's (PSC) amended regulations regarding notification to the Commission on Department of Health and Environmental Control (DHEC) violations resulting in the issuance of a DHEC order. Regulations 103.514 (sewer) and 103.714 (water) now require those water and wastewater utilities under the PSC's jurisdiction to file in writing to the Office of Regulatory Staff (ORS) and the PSC a notice of any violation of a PSC or DHEC regulation resulting in the issuance of a DHEC order. The filer should also note if the DHEC order is under appeal and must advise the PSC of the resolution of the appeal. The notice must be filed within 24 hours of the time of the inception of the violation or of the utility's receipt of the issuance of the DHEC order and must detail steps taken to correct the violation, if the violation is not corrected at the time of the occurrence. The Company must notify the PSC and ORS in writing within 14 calendar days after the violation has been corrected.

In addition, the ORS Consumer Services Division and PSC must be notified of any advisory affecting 10 or more customers within 24 hours of the issuance. The ORS Consumer Services Division must be notified in writing when the advisory has been lifted.

Procedures for Termination of Service

Water and Wastewater utilities are reminded to follow regulation 103.535.1 and/or 103.735.1 prior to disconnecting customer water and/or sewer services. Prior to terminating service of water/sewer customers for non-payment of their bill, water/sewer utilities must do the following:

Water Customers:

1. Attempt to collect payment from customer.
2. Provide written notice to customer by regular mail to customer's billing address stating customer has 10 days to settle account or have the service disconnected.
3. Service may be terminated Monday through Thursday between 8:00 a.m. and 4:00 p.m., unless provisions have been made to have someone available to accept payment and reconnect service.

Sewer Customers:

1. Attempt to collect payment from customer.
2. Provide written notice, *by certified mail*, giving 30 days notice of impending disconnection. Forward copies of the notice to the local county health department and the ORS.
3. At the end of the 30 days, if customer has not settled their past due balance, a second written notice must be sent to the customer *by certified mail* advising that sewer service may be disconnected in not less than 10 days nor more than 30 days without further notice. Customers must be advised in the notice they may contact the ORS if the customer disputes the discontinuance of service.
4. Service may be terminated Monday through Thursday between 8:00 a.m. and 4:00 p.m., unless provisions have been made to have someone available to accept payment and reconnect service.
5. DHEC and ORS must be notified immediately of the disconnection and the name and address of the customer.

Service may be terminated to ***water*** customers for non-payment of any connection charge provided the following steps have been taken by the water utility:

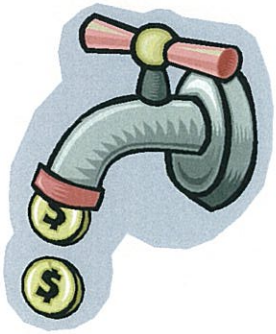
1. Attempt to collect payment from customer.
2. Provide 30 days written notice to customer by certified mail to customer's billing address. A copy must also be forwarded to ORS.
3. At the end of the 30 days, if the account is not settled, a second written notice must be sent by certified mail to the customer advising that in not less than 10 days nor more than 30 days water service may be disconnected without further notice. Customers must be advised in the notice they may contact the ORS if the customer disputes the discontinuance of service.

Consumer Services

Water Conservation: As a utility, what's in it for me?

The last seventeen years have seen a substantial increase of water conservation and water reuse programs among water utilities in the United States. Water utilities have found that implementing water-efficiency programs help to address areas of concern and result in capital and operating savings.

Several case studies have been published that offer solutions to different issues water utilities face. For example, a utility dealing with high demand in the summers due to irrigation and lawn watering developed a program that included public education, water-use-restriction ordinances, and a conservation rate structure to decrease usage. In addition to reducing operating costs, the utility's efforts allowed them to delay two water plant expansions.



Another utility facing water loss of 70 percent developed measures to combat the problem. The utility used a system map and a leak detector to locate problems and subsequently repaired them. As a result, the utility measured unaccounted-for water at only nine percent after four years. The utility saw a savings in chemical and power costs and improved customer satisfaction.

A third utility identified increasing wholesale water charges as a challenge. The utility implemented a five-tiered rate structure that benefited customers who were water-efficient. Rates were individualized for each account based on several factors, such as landscape square footage. Penalties were issued to customers that used more water than needed; however, penalties were removed after the customer corrected the problem, e.g. a leak. The utility reported, on average, usage is nine percent lower per household. The utility was able to avoid a rate increase for five years.

Other water conservation approaches that have benefited utilities include: residential water-use audits, water reclamation, and rebates for high-efficiency products, such as showerheads, toilet flappers, and appliances.

Reference: U.S. Environmental Protection Agency. *Cases in Water Conservation: How Efficiency Programs Help Water Utilities Save Water and Avoid Costs*. July 2002.

The Audit Corner:

What is an expense allocation?

- The systematic and fair distribution of shared expenses between two or more entities which share the benefit of the expenses

Why are allocations necessary?

- Proper assignment of expenses
- Elimination of one entity subsidizing the other
- System to distribute shared expenses

What are some common expense allocations?

- Wage & Benefit Costs
- Overhead Costs
- Computer & Billing Expenses

How are allocations determined? What is the basis?

- Number of Customers
- Square Footage
- Number of Bills
- Labor Hours

What is the proper support for allocations?

- Customers Billing Records
- Contracts & Agreements
- Allocation Manuals & Cost Studies
- Time Sheets & Labor Reports

A few tips to remember about allocations:

- Update and evaluate allocations on a regular basis
- Develop a methodology that is fair, logical, equitable and consistent
- Make sure allocations are supported by proper documentation

Source: Cost Allocations Manuals

Annual Reports

Regulations 103.512.1 (sewer) and 103.712.1 (water) require utilities to file an annual report with the PSC and ORS no later than April 1 if the utility's books are maintained on a calendar year; otherwise, the annual report is due within 3 months after the end of the fiscal year. Utilities providing both water and sewer service must provide a separate annual report for each industry.

Performance Bonds

Regulations 103.512.3 (sewer) and 103.712.3 (water) require utilities to file a performance bond with sufficient surety with the PSC and ORS. The minimum amount of the bond shall be $100,000 and the maximum amount of the bond shall be $350.000, based on the verified expenses of the utility for the preceding 12 month period. Utilities providing both water and sewer service must provide a separate bond for each service type.

REMINDER:

A copy of the Water and Wastewater rules, regulations and other forms and documents can be accessed on the Office of Regulatory Staff's web site at www.regulatorystaff.sc.gov.

ORS Water Conservation brochures are now available and can be accessed on the web site or by contacting Chad Campbell 803-737-5194.

D H E C

PROMOTE PROTECT PROSPER

CORNER

Ground Water Rule Compliance

The Ground Water Rule (GWR) was published by the Environmental Protection Agency (EPA) on November 8, 2006. The rule is intended to provide increased protection against bacterial and viral pathogens in public water systems using groundwater. A targeted approach is used to identify groundwater systems that are susceptible to fecal contamination. Groundwater systems at risk of microbial contamination are required to take corrective action to protect consumers.

It is mandatory for public water systems that use groundwater to comply. This includes water systems that:

- rely on one or more groundwater sources for their water supply,
- are consecutive systems receiving groundwater, or
- mix surface water and groundwater where the groundwater is added directly to the distribution system (without surface water treatment).

The basic requirements of the rule include sanitary surveys, source water monitoring, compliance monitoring, and corrective actions. Sanitary surveys are primarily the responsibility of the DHEC. Groundwater systems are responsible for meeting monitoring, corrective action, and reporting requirements.

For additional information on this requirement, contact Mr. Douglas B. Kinard, Drinking Water Protection Division, Bureau of Water, S.C. Department of Health and Environmental Control, 2600 Bull Street, Columbia, S.C. 29201; Phone:803/898-3543; Email: kinarddb@dhec.sc.gov.

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