Water and Wastewater Workshop Offered

The ORS, PSC, and DHEC are hosting a free water and wastewater workshop on Thursday, January 31, 2013, from 9:00 a.m.-4:00 p.m. in the PSC’s hearing room. Registration forms can be found online at www.regulatorystaff.sc.gov under the tab Water/Wastewater. Look for the link for Water Wastewater Workshop. On that page, you will find the registration form. Please send all registration forms to the ORS as soon as possible to reserve your seat. Licensed Operators will be eligible for Continuing Education hours from the LLR Environmental Certification Board. Credited hours will be given based upon actual hours attended.

Safety First!

An article in this month’s issue of Opflow discusses the dangers of climbing elevated water towers and offers safety guidelines for utility personnel. Most importantly, climbers should use a buddy system. It is easy for a climber to fall or get into trouble, and having someone to call 911 can be a lifesaver for the climber. Safety guidelines include:

1. Allow only authorized personnel on the tower who have completed basic climbing instruction that includes how to use safety ropes and proper climbing techniques and how to correctly handle a fall.
2. Climbers must wear fall-arrest equipment if the tower is equipped with a fall-arrest rail in good working condition
3. Climbers must wear hard hats on the tower and ground
4. Climbers should never ascend a tower alone. Always use the buddy system.
5. Do not reuse a harness if the fall-arrest system has been engaged. Take the harness out of service.

EPA Suggests Ways to Keep Water Sources Safe

The Water Sector division of the EPA developed the Key Features of an Active and Effective Protective Program to assist owners and operators of drinking water and wastewater utilities (water sector) in preventing, detecting, responding to, and recovering from adverse effects of all hazards, including terrorist attacks and natural disasters:

1. Make protection a normal part of day-to-day operations. Employees at every level must be attentive to protection and encouraged to report potential issues; utilities should be well informed of advances in water security and threat information.

2. Utilities should identify specific protective program needs and set aside resources accordingly through their annual capital, operations and maintenance, and staff resources plans.

3. Water quality monitoring, sampling and analysis, enhanced security monitoring, consumer complaint surveillance, and public health syndromic surveillance are elements of an overall contamination warning system. Customer complaints and public health anomalies are important ways to detect potential contamination problems and other water quality concerns.

4. Utilities should assess potential risks and periodically review and update their vulnerability assessments to reflect changes in potential threats, vulnerabilities and consequences.

5. Utilities should establish physical and procedural controls to restrict access only to authorized individuals and to detect unauthorized physical and cyber intrusions.

6. Utilities should incorporate protective program considerations into procurement, repair, maintenance and replacement of physical infrastructure.

7. Utility emergency response and recovery plans should be reviewed at least annually and updated as needed. Utility plans should be thoroughly coordinated with emergency response and recovery planning in the larger community. Utilities should also test or exercise their emergency response and recovery plans regularly.

8. Utilities and public health organizations should also establish formal agreements for coordination, to ensure a regular exchange of information, and to outline roles and responsibilities during response to, and recovery from, an emergency.

9. Utilities should develop and implement strategies for regular, ongoing communication about protective programs with employees, customers and the general public.

10. Utilities should develop systems to assess threat information and procedures that will be followed in the event of increased threat levels. Utilities should be prepared to put these procedures in place immediately so that adjustments are seamless. Involving local law enforcement and the FBI is critical.
The Audit Corner...

Using The Appropriate Test Year

What is a test year?

- A recent, consecutive twelve-month period consisting of a full year of operations where data is readily available.

What are the rules and regulations (103-512.4 and 103-712.4) regarding a test year for rate applications?

- When a utility makes an application for an increase in existing rates and charges, the “Test Year proposed to be used” is required before an application will be accepted.

Is a test year always a calendar year?

- No. The test year can be any recent twelve-month period for which a utility has supporting financial records and other pertinent data.
  - Financial statements, trial balance, and general ledger must coincide with the test year.
  - Have supporting documentation, such as invoices, for test year transactions.

Does South Carolina use a historical or future test period in rate proceedings?

- Traditionally, South Carolina uses a “historical” test year, updated for known and measurable changes.

How can a utility update the test year for known and measurable changes?

- Annualize – update items that occur during the test year to reflect a full year
- Amortize – distribute amounts over several years
- Normalize – add or remove items to show an ordinary year
- Pro Forma – propose known increases or decreases to test year operations
- Request an Accounting Order to include approved deferred expenses

The adjusted test year should be a good measure of the utility’s cost to provide service on an annual basis. This cost of service is used in setting the utility’s rates.

If you have questions, please contact Jay Jashinsky (803-737-1984) or Sharon Scott (803-737-0964) of the ORS Audit Department.

Source: Rate Case and Audit Manual – NARUC Staff Subcommittee on Accounting and Finance
### Dates to Remember…

<table>
<thead>
<tr>
<th>DUE DATE</th>
<th>ACTIVITY</th>
<th>WHO MUST FILE</th>
<th>DELIVERABLE</th>
<th>WHERE TO FIND FORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1</td>
<td>Annual Reports¹</td>
<td>All Water/Wastewater Utilities</td>
<td>Annual Report</td>
<td>ORS Website ²</td>
</tr>
<tr>
<td>As Needed</td>
<td>Authorized Utility Rep Form - Submit Whenever Current Contact Personnel Change</td>
<td>All Water/Wastewater Utilities</td>
<td>Completed Form</td>
<td>ORS Website ²</td>
</tr>
<tr>
<td>July 15</td>
<td>Gross Receipts - Annual Payment</td>
<td>All Water/Wastewater Utilities</td>
<td>Payment Due</td>
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<tr>
<td>August 31</td>
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<td>All Water/Wastewater Utilities</td>
<td>Completed Form</td>
<td>Via US Mail ORS Website ²</td>
</tr>
<tr>
<td>Continuous</td>
<td>Performance Bond</td>
<td>All Water/Wastewater Utilities</td>
<td>Bond Document</td>
<td>ORS Website ²</td>
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</tbody>
</table>

**Notes:**
1. Annual Report due April 1 of each year unless utility has a different fiscal year.
2. ORS Website - [http://www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov) - Select Forms

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**THE WATER WELLSPRING**

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