



South Carolina  
**Office of Regulatory Staff**

# **THE WATER WELLSPRING**

*A Flowing Source of Information for Water and Wastewater Utilities*

*Winter 2015*

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## **Save the Date!**

The Water/Wastewater Department will be offering a workshop in 2015. The date for the workshop is planned for Friday, April 17, 2015 and will be held in the hearing room of the Public Service Commission of South Carolina, 101 Executive Center Drive, in Columbia. This year's workshop will not be a full day, but you can still receive credits for the time attended. We will provide more information as we get closer to the date of the workshop. If you have any suggestions or ideas for the workshop, please let us know.

## **Is Your Utility Winter-Storm Ready?**

Utilities should be prepared for any impending winter weather. The following guidelines can help a utility with a faster response time if pipes freeze or water is unavailable.

### **Before:**

- Keep transportation equipment fueled and in/or under shelter.
- Ensure transportation equipment is fully functional, including a fully charged battery, inflated tires, windshield scraper, emergency flares, and communication equipment.
- Sand/salt walkways around well houses/tanks/pipes to melt ice and improve traction.
- Insulate pipes at exposure points.
- Advise on-call staff of their needed availability.
- Have an emergency supply of water available, if needed.
- Send message to customers to insulate/cover their pipes and to make sure they know the location of the water shut-off valve.
- Advise customers how to properly thaw pipes – no blow torches or open flames!

### **During:**

- Expect calls of water outages.
- Stay tuned to weather forecasts to determine severity and how long storm may last.

### **After:**

- Be aware of dangerous roads and black ice.
- Drive cautiously.
- Dress properly for the constant in/out of the vehicle to check for damage.
- Note any damage and, if excessive, attempt to temporarily repair it to avoid further damage. Note if you need to go back for additional repairs.
- Check customer/vacant homes and businesses for burst pipes and flooding and attempt to immediately contact the customer and disconnect service if appropriate.

Attempt to make all repairs as quickly as possible and ensure callers that the utility is working expeditiously to restore their water service.

## **CDC Has Developed Guidelines for Workers Exposed to Untreated Waste**

The CDC has developed guidelines for workers exposed to untreated waste, which can be found at <http://www.cdc.gov/vhf/ebola/prevention/handling-sewage.html>. Specifically, the guidelines state that “Workers handling human waste or sewage should be provided hand washing facilities at the worksite, PPE (described below), and training on how to use this PPE. The training should specifically address methods for the correct and safe removal of PPE to prevent workers from contaminating themselves or others during its removal. Trained workers should demonstrate both knowledge of the appropriate PPE they will be expected to wear and proficiency in its use. If using a respirator, the worker should be part of a respiratory protection program that includes medical clearance and fit-testing under OSHA’s PPE standard (29 CFR 1910.132). Workers should wash hands with soap and water immediately after removing PPE. Leak-proof infectious waste containers should be provided for discarding used PPE.”

Guidelines for dealing with potentially infectious waste can be found at

<http://www.cdc.gov/vhf/ebola/hcp/medical-waste-management.html> and [https://www.osha.gov/Publications/OSHA\\_FS-3756.pdf](https://www.osha.gov/Publications/OSHA_FS-3756.pdf)

The following PPE is recommended for workers handling untreated sewage:

- Goggles or face shield: to protect eyes from splashes of untreated sewage
- Face mask (e.g., surgical mask): to protect nose and mouth from splashes of human waste. If undertaking cleaning processes that generate aerosols, a NIOSH-approved N-95 respirator should be used.
- Impermeable or fluid-resistant coveralls: to keep untreated sewage off clothing
- Waterproof gloves (such as heavy-duty rubber outer gloves with nitrile inner gloves) to prevent exposure of hands to untreated sewage
- Rubber boots: to prevent exposure of feet to untreated sewage.

Workers should practice basic hygiene such as washing hands and covering any wounds or open sores while working around untreated sewage. In addition, workers should wear protective clothing outlined in the guidelines approved by the CDC.

## **Accounting for Depreciation Expense**

### ***What is the Accounting definition of Depreciation?***

Depreciation is a systematic and rational process of distributing the cost of tangible assets over the lives of those assets. Depreciation is a process of allocation. Cost to be allocated equals the acquisition cost minus the salvage value. The cost is allocated over the assets' estimated useful lives. ([www.accountinginfo.com](http://www.accountinginfo.com))

- Accounting uses "cost" rather than "value" to define depreciation
- Depreciation converts costs into expense over accounting periods
- Depreciation matches the cost of the asset used to produce revenues for a particular accounting period
- Depreciation is an Operating Expense

### ***Does depreciation require a cash outlay?***

No. Depreciation is a non-cash transaction which recognizes the proper allocation of costs.

### ***What factors are needed to determine depreciation expense?***

- Historical cost of the asset
- Service life of the asset
- Net Salvage Value if applicable
- Depreciation Method to be used

**What is the recommended Depreciation method used in utility regulation in South Carolina?**

Historically in South Carolina, the straight-line method -- designed to distribute the depreciable cost of an asset in equal amounts over its useful life -- is used.

**Is Group Depreciation acceptable in South Carolina?**

Yes. When unable to track each individual asset, group depreciation allows for large amounts of similar items to be depreciated as one unit. The depreciation rate is applied to the total cost of the assets of the group. The depreciation rate is calculated by dividing annual depreciation expense by the total cost of the group assets minus residual value, if applied.

**How is an asset retired from service?**

When an asset is retired, the original cost of the item is removed from the utility's accounting records. Following is the journal entry to retire an asset:

<i>Dr. Cash</i>	<i>50,000 (proceeds from sale of the asset)</i>
<i>Dr. Accumulated Depreciation</i>	<i>250,000</i>
<i>Cr. Plant in Service</i>	<i>300,000</i>

**Source: Public Utility Accounting: Theory and Application, James. E. Suelflow**

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Published by the South Carolina Office of Regulatory Staff  
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