

DRINKING WATER CAPACITY DEVELOPMENT

for Technical, Managerial & Financial
Sustainability of Public Water Systems



South Carolina's
**CAPACITY DEVELOPMENT
STRATEGY
FOR
EXISTING PUBLIC WATER SYSTEMS**
Revised August 2026



SC DEPARTMENT *of*
**ENVIRONMENTAL
SERVICES**

HISTORY OF REVISIONS

South Carolina's *Capacity Development Strategy for Existing Public Water Systems* was originally submitted to the U.S. Environmental Protection Agency (EPA) for review and approval February 2000. The U.S. EPA subsequently approved the strategy on June 30, 2000. South Carolina was the first state in the country to obtain this approval from the U.S. EPA.

As the strategy is implemented the Department will continue to solicit ideas from the public on how to improve it. The following is summary of revisions made since June 30, 2000:

November 2000	Revised Section E and Appendix J to reflect that Force and Associates, Inc. was awarded the contract to provide technical assistance services for small public water systems in the state and provide the final report.
November 2022	Added Appendix K - Asset Management Plan Assistance for Public Drinking Water Systems.
August 2026	Amended to reflect South Carolina 2023 Act No. 60 which divided the Department of Health and Environmental Control into two separate agencies and transferred the environmental authorities to the S.C. Department of Environmental Services.

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**South Carolina's Capacity
Development Strategy
For
Existing Public Water Systems**

Revised August 2026

A. Introduction

In 1996 the Federal Safe Drinking Water Act (SDWA) was amended to include a new provision called "Capacity Development". Section 1420(a) of the federal SDWA requires that a State must develop and implement a strategy to assist public water systems in acquiring and maintaining technical, managerial and financial capacity or lose a portion of the monies (10% in FY 2001, 15% in FY 2002 and 20% each subsequent year) allotted for the State's drinking water revolving loan fund.

In preparing this strategy the Federal SDWA requires that states consider and solicit public comment on, and include as appropriate:

- methods or criteria to identify and prioritize the public water systems most in need of improving technical, managerial and financial capacity;
- institutional, regulatory, financial, tax, or legal factors at the Federal, State, or local level that encourage or impair capacity development;
- how the State will use authorities and resources of the Federal SDWA to:
 - assist public water systems in complying with the National Primary Drinking Water Regulations;
 - encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems; and,
 - assist public water systems in the training and certification of operators.
- how the State will establish a baseline and measure improvements in capacity with respect to national primary drinking water regulations and State drinking water law; and,
- identification of the persons that have an interest in and are involved in the development and implementation of the capacity development strategy.

What does "capacity" mean? Capacity is the ability of a water system to consistently provide safe drinking water for its customers. It does not mean just having enough safe water available for everyone in the community. In order to consistently provide safe drinking water,

a system must have the technical, managerial and financial capacity to meet state and federal drinking water regulations.

Technical capacity refers to the physical infrastructure of the water system, including but not limited to the source water adequacy, infrastructure adequacy (including wells(s) and/or other source water intakes, treatment, storage, and distribution), and the ability of system personnel to implement the requisite technical knowledge.

Managerial capacity refers to the management structure of the water system, including but not limited to ownership accountability, staffing and organization, and effective linkages.

Financial capacity refers to the financial resources of the water system, including but not limited to the revenue sufficiency, credit worthiness and fiscal controls.

Prior to the 1996 amendments of the federal SDWA which adopted the term “capacity development”, South Carolina used the term “viability” to describe a system’s ability to consistently provide safe drinking water for its customers. Actually, in 1993 the State’s SDWA was amended to allow the South Carolina Department of Health and Environmental Control (Department) to use “viability” as a criterion when making permitting decisions for new water systems. The Act was also amended to allow the Department to revoke or deny the renewal of an operating permit for any existing system which is unable to demonstrate its ability to continuously comply with the provisions of the Act. In addition to allowing the Department to consider viability as a criterion for the permitting of new systems, the Act was amended to allow the Department the authority to deny a permit for a new system if it is feasible to connect to an existing viable water system. This authority can be found in Section 44-55-120(D) of the State Safe Drinking Water Act ([Appendix A](#)) which states that:

“The Department may deny a construction permit to any new system which is unable to demonstrate viability to comply with the Safe Drinking Water Act or where connection to an existing, viable water system is feasible. The Department also may revoke or deny renewal of an operating permit to any existing water system which is unable to demonstrate its ability to continue compliance with this Act.”

Following the promulgation of the above amendment to the State Safe Drinking Water Act, the State Primary Drinking Water Regulations (SPDWR) were revised to define a “viable water system” ([Appendix B](#)) and include requirements concerning viability in the permitting process for new water systems. These amendments were included as a part of a major rewrite of the SPDWR which the Department had initiated prior to the 1993 amendments to the State SDWA. These regulations were approved by the State’s General Assembly and became effective on July 28, 1995.

While the above amendments to the SPDWR were being considered by the General Assembly, the Department realized that additional work was needed in the development of criteria for evaluating the viability of new systems, as well as the need to develop a comprehensive

strategy to enhance the viability of existing water systems. During the Spring of 1995, the Department organized an Ad Hoc Committee to assist in the development of these criteria and strategy. The following agencies, organizations and governing bodies were represented on this committee:

- South Carolina Department of Health and Environmental Control
- South Carolina Budget and Control Board
- South Carolina Public Service Commission
- South Carolina Section of the Carolina's Chapter of the National Association of Water Companies
- South Carolina Section of the American Water Works Association
- Strom Thurmond Institute
- South Carolina Special Purpose Districts Association
- Lexington County Mobile Home Park Association
- South Carolina Rural Water Association
- South Carolina Association of Counties
- South Carolina Municipal Association
- Council of Governments Association
- South Carolina Department of Commerce
- Manufactured Housing Institute of South Carolina, Inc.
- South Carolina Rural Development Council
- South Carolina State Reorganization Commission
- South Carolina Water Pollution Control Association
- South Carolina Senate
- South Carolina House of Representatives
- Advisory Commission on Intergovernmental Relations
- Home Builders Association of South Carolina
- United States Department of Agriculture and Rural Development

The full committee met a total of six times between May 1995 and July 1996 to develop a comprehensive strategy to enhance the viability of existing public water systems. The US EPA provided technical assistance to the Department during the first two meetings via a contractor, John Cromwell, of Apogee Research Inc. During the development of the strategy, subcommittees were established to research and propose recommendations concerning certain issues.

The committee recommended that, in addition to historical programs such as permitting of construction projects, monitoring, and sanitary surveys, the strategy includes the following elements:

- Use business plans as a means of determining the viability of water systems;
- Develop benchmarks from annual financial statements from existing water systems to help determine the adequacy of business plans;

- Use the Department's sanitary survey program as a means of targeting existing systems most in need of improving viability;
- Initiate an Operating Permit Program;
- Encourage and facilitate the consolidation and regionalization of public water systems;
- Encourage and facilitate the local planning process and coordination between state and local governments; and,
- Public education initiatives.

Each of these recommendations is discussed in more detail below. However, before several of these recommendations could be implemented, the SPDWR had to be amended. On June 29, 1996, the Department initiated the process of revising the SPDWR to include requirements to support a comprehensive strategy to enhance the viability of new and existing public water systems in South Carolina. The Ad Hoc Committee met several times during the regulation revision process to develop specific regulatory language and address comments received from the public concerning the proposed revisions. The regulations were eventually amended June 26, 1998 ([Appendix B](#)).

South Carolina's strategy to enhance the viability of public water systems in the state consists of several elements, some of which have been in existence for several decades (e.g., construction permitting, sanitary surveys) and others which have been developed and refined more recently (e.g., Safe Drinking Water Fund, Ad Hoc Committee recommendations). Each element is described in more detail below.

On July 1, 2024, South Carolina 2023 Act No. 60 divided the Department of Health and Environmental Control (DHEC) into two separate agencies. The environmental portion of DHEC became a new State Agency called the SC Department of Environmental Services (SCDES also hereinafter Department) and was vested with all the functions, powers, and duties of the environmental divisions, offices, and programs of DHEC.

B. Construction Permitting Program and Design Standards

South Carolina has had in place a construction permitting program for several decades. This program helps ensure that new, as well as existing, water systems have the technical capacity to provide safe drinking water to their customers.

Section 44-55-40 of the State SDWA requires that before anyone can construct, expand or modify a public water system, an application for a permit to construct must be made to, and permit to construct obtained from, the Department ([Appendix A](#)). An application must include engineering, chemical, physical, radiological or bacteriological data, along with engineering plans, drawings and specifications which have been prepared by a South Carolina registered professional engineer. Furthermore, this section requires that before any new construction, modification, or extensions can be placed into operation, the applicant must make

arrangements for final inspection and approval by the Department.

Section 44-55-30 of the State SDWA requires that the Department establish regulations, procedures or standards as may be necessary to protect the health of the public and ensure the proper operation and function of public water systems. ([Appendix A](#))

Section [R.61-58.1](#) of the SPDWR includes procedures for obtaining a permit to construct, and approval from the Department to place such construction into operation ([Appendix B](#)). The [Water Supply Permitting Guide](#) can be found in [Appendix C](#).

Sections [R.61-58.2](#), [R.61-58.3](#) and [R.61-58.4](#) of the SPDWR ([Appendix B](#)) specify criteria by which engineers must design any new drinking water facilities or modify or expand existing facilities. In 1995, these, as well as other sections of the SPDWR which address requirements concerning the operation and maintenance of public water systems, were revised for the first time in almost 15 years. These revisions were needed for several reasons. One major reason was that the regulations presented barriers to approving new and innovative treatment technologies which were often less expensive than traditional treatment technologies. The revised regulations include standards for new treatment technologies which have been developed and refined during the last several years, and outline requirements for conducting pilot studies which can be used in assisting the Department in making permit decisions for new technologies. The revisions were also needed to help make the regulations more user-friendly. For example, design requirements for wells were not limited to one section of the SPDWR, which could result in design errors if the design engineer was not completely aware of all of the requirements.

In revising the regulations, the Department established several committees which were primarily made up of professional engineers and representatives of the regulated community. After the committees developed draft revisions for each section, the Department invited further public participation through placing on public notice the proposed revisions, and eventually through promulgating the revisions in accordance with the State's Administrative Procedures Act.

C. Sanitary Survey Program

South Carolina has had in place a sanitary survey program for more than two decades. This program helps ensure that existing water systems have both technical and managerial capacity to provide safe drinking water to their customers. This program will also be used to identify and prioritize the public water systems most in need of improving technical, managerial and financial capacity.

The Department conducts periodic sanitary surveys on all public water systems in the state. The Department's goal is to conduct sanitary surveys annually on all community systems and non-transient non-community water systems, and every three years on all other water

systems. The purpose of the sanitary survey is to evaluate the operation and maintenance of a public water system, as well as its technical capacity, to determine the system's ability to provide continuously safe drinking water to the consuming public.

The sanitary survey consists of a review of the Department's files and a site visit to inspect a system's facilities and operation and maintenance procedures. The [Surface Water Sanitary Survey Checklist](#), [Groundwater Sanitary Survey Checklist \(Appendix D\)](#) and [Guidelines for Conducting a Groundwater and Distribution System Sanitary Survey \(Appendix E\)](#) are used by Department staff when conducting sanitary surveys on groundwater facilities and distribution systems. After each of the items on the form have been evaluated, the Department's inspector gives an overall rating for the sanitary survey of "satisfactory", "needs improvement" or "unsatisfactory".

Although the primary purpose of the sanitary survey is to provide an evaluation of the system's current ability to provide safe drinking water to the consuming public, an overall "unsatisfactory" rating is an indication that there is a lack of technical, managerial and/or financial capacity to consistently comply with the State Safe Drinking Water Act and the State Primary Drinking Water Regulations.

With so many public water systems in the state, it is not practical to consider applying a viability assessment or business plan process to all of them. However, the sanitary survey program is an ideal means of identifying those systems which are in most need of improving their technical, managerial and financial capacity. Refer to [Section F](#) below for further discussion on how the Department plans to use this program to require the development of business plans by systems which receive an overall "unsatisfactory" on the sanitary survey.

D. Water Quality Monitoring and Annual Fee Program

For several years during the late 1970s and early 1980s the Department was able to conduct chemical and radionuclide monitoring, as required by federal regulations, using state appropriated funds. However, with the passage of the 1986 amendments to the Federal SDWA, water quality monitoring requirements skyrocketed. With the increasing monitoring requirements, the Department needed a substantial increase in funding to continue its monitoring services for the public water systems of South Carolina. Without such services, most of the small systems in the state would be out of compliance with the federal SDWA because they could not afford the cost of monitoring.

In 1991, the Department invited a number of public water systems, representing all system sizes, to participate in developing a funding strategy for continuing the Department's monitoring program. All agreed that the State would be best served by requesting that the legislature increase the appropriations sufficiently to fund the monitoring. Unfortunately, the State Legislature was not able to provide such funding. The next choice was to implement a

mandatory monitoring fee whereby every service tap in the state would be charged a fee of 50 cents per month. This was well received by the smaller systems because they would only be paying a few hundred dollars a year for thousands of dollars' worth of monitoring services. However, this proposal was not very well received by the owners of the large systems because they would be paying hundreds of thousands of dollars for just thousands of dollars' worth of monitoring.

After more than two years of discussion a compromise was finally reached by all parties. In 1993 the State Safe Drinking Water Act was amended to establish a Safe Drinking Water Fund and authorize the Department to collect an annual fee from each public water system. The amendments also required that a fee schedule be established annually in the State's general appropriations act.

Although the large water systems would not be required to pay hundreds of thousands of dollars annually to the Safe Drinking Water Fund, the fee schedule established in the general appropriations act still had the larger water systems subsidizing the smaller water systems. Therefore, the SDWA was also amended to allow the Department the authority to minimize the proliferation of small systems by allowing denial of construction permits for new water systems where connection to an existing water system is feasible. The act also allows the Department to deny construction permits for any new water system that cannot show that it will be viable. Refer to [Appendix F](#) for a copy of a guidance manual developed by the Department for evaluating the feasibility of connecting to an existing system and evaluating the viability of a new system.

Failure to minimize the number of new small water systems will result in the need to increase the annual fee for all water systems in the future. Such increased fees could adversely impact some existing small water systems, as well as force the larger water systems to further subsidize water systems that would have been their customers.

The Department will continue to request that the General Assembly appropriate funds to operate the monitoring program so that the annual fees can be reduced or eliminated. Also, if additional funds are needed to operate the monitoring program, whether due to increased analytical costs or an increase in monitoring requirements, the Department will request appropriations from the General Assembly before requesting an increase in annual fees.

E. Business Plans

The Ad Hoc committee on public water system viability recommended that business plans be used as a means of determining the viability of water systems. Operating a water system is like operating any business, and for any business to be successful, it needs to have a “plan”. The purpose of a business plan for a water system is to show that the proposed water system will be viable. A business plan for a public water system consists of three sub-plans, a “*facilities plan*”, a “*management plan*”, and a “*financial plan*”, which is intended to show how a water system will be operated and maintained as a viable entity. A “*viable water system*” is defined in the SPDWR as a water system that is self-sustaining and has the commitment and the technical, managerial and financial capability to consistently comply with the State Safe SDWA and the SPDWR (refer to [R.61-58\(B\)](#) of SPDWR in [Appendix B](#)).

A facilities plan consists of an assessment of the current and foreseeable water supply needs of a water system’s service area; a detailed description of alternatives considered for meeting those needs; detailed cost estimates for the construction, operation and maintenance of the different alternatives; and the rationale for the alternative selected. For existing systems, the description of alternatives would include, but not be limited to: a detailed description of existing facilities (source, treatment and distribution); description of any upgrade necessary to bring the existing facilities into compliance with the SDWA and the SPDWR; an assessment of the ability of the existing facilities, along with any necessary upgrade, to supply the current and foreseeable water supply needs of the area (including the ability to comply with any foreseeable regulatory changes); and a description of any other alternatives considered for meeting the water supply needs (refer to [R.61-58\(B\)](#) of SPDWR in [Appendix B](#)).

A management plan consists of the identification of a water system’s owner; a description of the management structure; an organizational chart; staffing requirements and duties; identification of any outside services and a copy of any service agreements; a copy of the system’s operation and maintenance procedures required by [R.61-58.7\(B\)](#); and a detailed estimate of costs for the operation and maintenance of the system as they relate to the management plan, unless included in the cost estimate for the facilities plan (refer to [R.61-58\(B\)](#) of SPDWR in [Appendix B](#)).

A financial plan consists of projections that a water system’s revenues and cash flow will be sufficient for meeting the cost of construction, operation and maintenance for at least five full years. The financial plan must also include assurances deemed necessary for the system to remain viable. Examples of some assurances are:

- 1) a projection of rates showing a significant coverage ratio;
- 2) escrow funds;
- 3) bonding; and,
- 4) letter of credit (refer to the definition section [R.61-58\(B\)](#) of SPDWR in [Appendix B](#)).

A business plan is a useful tool to judge the viability of new as well as existing water systems and should be as complete as possible. Are all components of the proposed or existing facility and management structure included? Are the cost estimates used reasonable? Do projected revenues equal or exceed projected expenses and are assurances included?

If an existing water system has not already developed a business plan, it is encouraged to do so. A business plan can be a useful tool in identifying areas of concern long before they become a problem. Such planning will enable a system to put itself in a better financial position to address the concern and keep it from becoming a noncompliance problem.

The Department has developed two guidance documents for assisting owners of both new and existing water systems in developing a business plan for their system. A copy of each is included in [Appendix F](#) and [Appendix G](#).

The Department will use the technical assistance set-aside in the Drinking Water SRF program to help small water systems develop business plans. This will be accomplished by contracting with a public or private organization with statewide capability to help small communities and non-community water systems develop such plans. A "Request for Proposal" for this service was issued on February 4, 2000. An "Intent to Award" this contract to Force and Associates, Inc. was issued on April 21, 2000, with a purchase order being issued on May 18, 2000. The [Capacity Development Program Technical Assistance Final Report](#) was submitted in April 2005 ([Appendix I](#)).

F. Operating Permit Program

The Ad Hoc committee on public water system viability recommended that the Department initiate an operating permit program. In order to carry out this recommendation the SPDWR had to be amended. The committee developed proposed amendments to the regulations which were changed slightly as a result of comments received during the public notice process the Department follows when promulgating regulations. The SPDWR were amended on June 26, 1998, to include requirements for public water systems to obtain and maintain an "Operating Permit" ([Appendix B](#)).

Prior to June 26, 1998, the State lacked a formal process for issuing or renewing operating permits for water systems. The lack of such a formal permitting process has caused confusion when other state and federal agencies depend on the existence of an "operating permit" for a particular water system. For example, the Public Service Commission's rules and regulations require that the owner of a private utility company submit a copy of an operating permit issued by the Department when requesting rate approval.

After evaluating the pros and cons of implementing an operating permit program, the Ad Hoc committee believed that such a program would be beneficial in the overall effort to enhance the viability of public water systems. Operating permits can be used to assist the owner of a

water system in complying with the Act and Regulations by outlining the regulatory requirements which are applicable to the system. The operating permit can also be used as a means of developing enforceable compliance schedules in lieu of formal enforcement actions.

As discussed in [Section C](#) of this document, the sanitary survey program will be used to identify and prioritize the public water systems most in need of improving technical, managerial and financial capacity. Although the primary purpose of the sanitary survey is to provide an evaluation of the system's current ability to provide safe drinking water to the consuming public, an overall "unsatisfactory" rating is an indication that there is a lack of technical, managerial and/or financial capacity to consistently comply with the State SDWA and the SPDWR. If the overall rating of the sanitary survey was "unsatisfactory", the operating permit will require the submission of a business plan which must demonstrate how the system will be managed in the future to ensure its long-term viability. The business plan must be submitted to the Department for approval within six months of the effective date of the operating permit. The Department may, on a case-by-case basis, require that the business plan include a schedule for achieving compliance with the State SDWA and the SPDWR. Once the compliance schedule is approved by the Department, it becomes a part of the operating permit. [Appendix I](#) includes flow charts for the permitting process and coordination with the state's sanitary survey program.

Once issued, an operating permit is non-transferable, except with prior approval of the Department. The permittee must submit written notification to the Department at least 30 days in advance of the proposed transfer. This notification must include an operating permit application form which has been completed by the proposed new owner of the system. On a case-by-case basis, the Department may request that the proposed new owner of the system submit a business plan which shows how the system will be managed to ensure its long-term viability. If the Department approves of the transfer, a new operating permit will be issued. This process will allow the Department to prevent a non-viable entity from taking over a water system.

If the system's sanitary survey rating is satisfactory, the operating permit will include a condition that requires the submission of a business plan to the Department within six months following the issuance of an "unsatisfactory" rating on any future sanitary survey.

G. Develop Benchmarks from Annual Financial Statements from Existing Water Systems to Help Determine the Adequacy of Business Plans

The fundamental criterion of judging the viability of a water system is whether the business plan is complete. However, what if the cost estimates are complete and projected cash flow is adequate on paper, but doubts remain? How does the Department decide if a new system will

be viable for the long term?

The development of benchmarks from annual financial statements from existing water systems can provide an empirical database on which to rely. This approach allows flexibility to look at several indicators to make a composite assessment. If a business plan is at the bottom of the range across a large number of indicators, the basis for a decision is broader and is analogous to the assessment that the financial markets make in evaluating a new business. Ultimately, some judgement will be required of Department staff to assess the viability of a new water system. This financial judgement is analogous to the “engineering judgement” applied in the engineering plan review process: there are some standards, but few rigid rules; it is ultimately a matter of engineering judgement.

H. Encourage and Facilitate the Consolidation and Regionalization of Public Water Systems

The Ad Hoc committee on public water system viability recommended that one way to enhance the viability of public water systems is to take advantage of the economies of scale through consolidation or regionalization. Although the Department encourages the consolidation or regionalization of existing water systems, it has no authority to require such. However, the State Safe Drinking Water Act does grant the Department the authority to require new water systems to connect to existing viable water systems where feasible. Refer to [Appendix F](#) for guidance on how to evaluate the feasibility of connecting to an existing water system.

The State uses the concept of consolidation and regionalization when developing its comprehensive project priority list for the Drinking Water State Revolving Loan Fund (SRF) Program. SRF Projects which involve the consolidation or regionalization of water systems are ranked higher than similar type (category) projects that do not. This comprehensive project priority list and the ranking systems are placed on public notice annually in the Drinking Water SRF Intended Use Plan.

The committee strongly recommended that the State minimize the proliferation of small water systems.

The Department has for many years permitted the construction of very small water systems without requiring the involvement of a consulting professional engineer. This has been done because many of these systems have found it difficult, and at times impossible, to find a professional engineer that would design and submit plans and specifications for a permit to construct. It is probable that the use of this permitting process has to some extent proliferated the number of very small systems. However, the committee feels that this is a valuable service provided to the public and small business person in rural areas and should continue, with some changes which will minimize the proliferation of small water systems. A

copy of the Department's "[Application for a Permit to Construct a Small Water System](#)" is provided in [Appendix H](#).

This permitting process may only be used for projects outlined in the [Application \(Appendix H\)](#) and the applicant must also address the feasibility of connecting to an existing viable water system. Also, if the applicant wishes to use this permitting process, he/she must agree to connect to a publicly owned water system when the water line from such a system becomes contiguous to the applicant's property.

In addition to the above changes, the Department will not allow the small system permitting process to be used for systems and situations outlined in the [Application \(Appendix H\)](#).

There is a legitimate concern in the private utility sector over the government's focus to encourage the consolidation of multiple water systems under one umbrella of professional ownership. The concern is that if larger water systems are allowed to simply take over a number of systems from a private utility, the cost to the remaining customers (customers too remote for consolidation into a regional system) of the private utility simply increases due to the loss of economies of scale. At some point, the private utility may no longer be a viable economic entity. Therefore, it is recommended that state and local governments be cognizant of this issue when taking steps to consolidate systems. Regionalization may be the best alternative in such cases. Rather than pushing for systems to consolidate, smaller systems should be encouraged to at least connect to larger systems by way of a master meter and then abandon any existing wells or surface water treatment plant. Such arrangements most often result in the customers of the smaller water systems receiving higher quality water, and more reliable service, at a lower cost.

When restructuring of water systems occurs, we often think of positive steps being taken to enhance the viability of a system and the delivery of safe drinking water; however, this is not always the case. Over the past several years a number of small systems have restructured into smaller systems in an attempt to remain viable by avoiding monitoring costs and other regulatory requirements. This type of restructuring occurs when a small water system which has two or more wells, divides its distribution system into two or more separate systems which are small enough not to have to comply with the monitoring requirements of the State Primary Drinking Water Regulations (i.e., each system serves less than 15 taps and 25 people). Although this type of restructuring results in lower operating costs for the owner of the system, it decreases the protection of public health. Therefore, in the interest of public health protection, the committee recommended that this type of restructuring be prohibited or discouraged by regulation. The State Primary Drinking Water Regulations were amended on June 26, 1998, to include the following language ([Appendix B](#)).

"If an existing public water system is divided into two or more smaller water systems, each of the smaller water systems shall comply with the water quality monitoring requirements of the water system prior to it being divided."

I. Encourage and Facilitate the Local Planning Process and Coordination Between State and Local Governments

A number of local governments have a planning process for potable water service. However, their efforts have been somewhat hampered by the lack of coordination between state and local governments. To resolve this problem, the committee recommended that the State Primary Drinking Water Regulations be amended by adding the following requirement to [R.61-58.1\(B\)\(2\)\(g\)](#) of the SPDWR ([Appendix B](#)):

"if the owner of the project is different from the entity which has legal authority to serve or grant franchises for the area in which the project is located, the application shall include a letter from that legal entity stating that the proposed project is consistent with the water supply service plan for the area. This letter is not required if the project will not supply water to any person within the service or franchise area, other than to the legal authority."

The SPDWR were amended on June 28, 1998, to include this requirement. This requirement will force the design engineer to look into any local water supply planning process during the early stages of a project's development.

Furthermore, the committee recommended that the SPDWR be amended to include a local government notification period. The regulations were amended on June 28, 1998, to include the following requirement ([Appendix B](#)).

"A 15-day local government notification period shall lapse prior to the issuance of any construction permit. This notification period shall be waived for any projects permitted under the provisions of a general construction permit and delegated review program. This notification period may be waived by the cognizant local government or by the Department if the construction is necessary in order to maintain a safe and adequate supply of water during an emergency. A letter from the local government having potable water planning authority for the area approving the project constitutes a waiver by the cognizant local government."

In the past, the Department has only become involved in the rate-setting process of the Public Service Commission (PSC) when requested. However, since the first meeting of the Ad Hoc Committee, the Department staff and PSC staff have worked together closely to help ensure the viability of those systems regulated by the PSC. The PSC has added the Department to its mailing list of persons notified when utilities make applications for rate increases.

J. Public Education Initiative

The Department, along with other state agencies and organizations such as the South Carolina Section of the American Water Works Association, South Carolina Rural Water

Association and the Water and Pollution Control Association of South Carolina, will work in concert to develop a public education strategy which will include, but not be limited to, training on how to prepare a business plan, distribution of benchmark information developed from annual financial statements of existing systems, and training concerning sanitary surveys.

In carrying out this public education initiative, the hope is that a number of systems will conduct a self- assessment of their own situation and make necessary changes to improve their chances of being viable for the long term.

K. Implementation

With the exception of developing benchmarks from annual financial statements, the Department has implemented all elements of its strategy to enhance the viability of public water systems. The Department plans to implement the benchmark element soon.

The Department considers this strategy to be a work in progress and will continue to solicit ideas from the public on how to improve it. This will be accomplished by posting the strategy on the Department's web site and periodically featuring articles in the Department's Newsletter, requesting input from the public.

APPENDIX A

STATE SAFE DRINKING WATER ACT

APPENDIX B

STATE PRIMARY DRINKING WATER REGULATIONS

APPENDIX C

WATER SUPPLY PERMITTING GUIDE

APPENDIX D

SURFACE WATER SANITARY SURVEY CHECKLIST

GROUNDWATER SANITARY SURVEY CHECKLIST

APPENDIX E

GUIDELINES FOR CONDUCTING A GROUNDWATER AND DISTRIBUTION SYSTEM SANITARY SURVEY

APPENDIX F

WATER SYSTEM VIABILITY

GUIDANCE:

A GUIDE TO EVALUATING SYSTEM VIABILITY FOR PROPOSED PUBLIC WATER SYSTEMS

APPENDIX G

WATER SYSTEM BUSINESS PLAN

GUIDANCE:

**A GUIDE FOR DEVELOPING A BUSINESS PLAN TO
DEMONSTRATE THE VIABILITY OF EXISTING
PUBLIC WATER SYSTEMS**

APPENDIX H

APPLICATION FOR A PERMIT TO CONSTRUCT A SMALL WATER SYSTEM

APPENDIX I

OPERATING PERMITS

FLOW CHARTS FOR: THE PERMITTING PROCESS **COORDINATION WITH THE STATE'S SANITARY** **SURVEY PROGRAM**

APPENDIX J

CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE PROGRAM FINAL REPORT

APPENDIX K

ASSET MANAGEMENT PLAN ASSISTANCE FOR PUBLIC DRINKING WATER SYSTEMS