

Fire Suppression Act 357

In 2008 the SC General Assembly passed legislation that provides incentives for the installation of fire suppression systems in our states older buildings. The law is intended to encourage sprinkler systems in buildings that are not required to be sprinkled under current law. However, part of the legislation also requires that “a publicly or privately owned utility may not impose a tap fee, other fee, or a recurring maintenance fee of any nature or however described for the installation and maintenance of a fire sprinkler system that exceeds the actual cost associated with the water line to the system.”

About the new law.

I. Impact on utilities.

- a. Prohibits a charge that exceeds the “actual cost” associated with the water line to the system.

II. What are actual costs?

- a. Direct labor, material, necessity of increased capacity and other charges associated with separate fire sprinkler lines.

III. What does law require?

- a. Requires that cost be documented by either invoice or work order.
- b. Costs must be specifically assigned to the separate fire sprinkler line.
 - i. The law does not apply to combine fire and domestic lines or dual purpose lines that serve more than fire.

The Municipal Association of South Carolina (MASC) met with a group of utilities from across the state to discuss the implementation of the new law. We discussed best practices and recommendations for utilities to ensure compliance with the law. The meeting yielded the following recommendations.

Recommendations

1. Determine your current business practices.
 - a. Review current procedures
 1. Have legal counsel look at how you currently do business.
 2. Are you in compliance with state law?
 3. What changes need to be made?
 - b. How do you recover your cost?
 1. Direct labor
 2. Material
 3. Necessity of increased capacity
 4. Other charges – Tap fees, hydrant fee, impact fee, etc.
 - c. You must be able to justify your fee structure.
 1. Carefully track your costs.
 2. What are your costs based on?
 3. Conduct rate study to verify that your fee structure is based on actual costs.