

Exhibit No. ___ (RS-5)
Docket No. UW-060343
Witness: Richard Sarver

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

ILIAD WATER SERVICE, INC.,

Respondent.

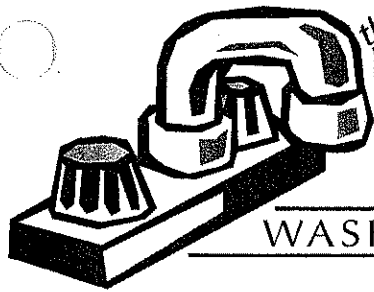
DOCKET NO. UW-060343

**EXHIBIT TO
RESPONSE TESTIMONY OF
RICHARD SARVER, DEPARTMENT OF HEALTH**

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

DOH "Water Tap" newsletter, January 2003

October 4, 2006



the WATER TAP

WASHINGTON'S DRINKING WATER NEWSLETTER

DWSRF Program 2003:

\$20 million to fund water system repairs and upgrades - 1.5% basic loan interest rate

Have you heard? Your water system may be eligible for a low-interest loan to fund projects such as a water main replacement, a new reservoir, or a treatment facility. Want to find out how to make this possible for your community? Read on and plan to attend one of seven free workshops in March.

The Drinking Water State Revolving Fund enters its seventh loan cycle in 2003. Every year the Department of Health (DOH) makes it a priority to allocate all available funds to as many eligible drinking water improvement projects as possible. With the streamlined application process and low basic interest rate of 1.5%, this year's DWSRF program continues to be an attractive funding option for water systems.



- Seven free application workshops in March 2003 (four with information on arsenic)
- Applications due May 12, 2003
- Funds available spring of 2004

Should You Apply?

Here are some general suggestions. For complete details refer to the guidelines and attend one of the workshops.

Eligible systems/projects include:

- Most Group A community systems, including mobile home parks
- Most Group A nonprofit noncommunity systems
- Group B systems converting to Group A
- Retroactive financing for specific high-priority municipal projects
- Projects that address a public health risk
- Projects to upgrade outdated, deteriorated facilities

Ineligible systems/projects include:

- For-profit noncommunity systems
- State or federally owned systems
- Projects already receiving assistance from the DWSRF tribal set-aside
- Projects mainly for future growth, fire flow, or dams
- Projects for studies, assessments, operations and maintenance

Arsenic treatment workshops will be held at four DWSRF workshop locations.

The maximum contaminant level for arsenic in drinking water has been reduced from 50 to 10 parts per billion. While the new federal standard is not effective until 2004 for new sources and 2006 for existing sources, water systems should be testing their sources now to see if they have a problem and making plans for meeting the standard—which could include costly new treatment.

Arsenic treatment projects are considered high-priority for DWSRF consideration. Many water systems exceeding the arsenic standard, especially small systems, will need to decide on the most appropriate treatment. To help meet this need, arsenic treatment workshops will be presented at four of the DWSRF application workshop locations (Spokane, Wenatchee, Kelso, Mount Vernon) from 1:15 to 4:30 p.m. If you wish to attend one of these sessions, please be sure to mark the appropriate box on the registration form.

Successful Project Examples



Skookum Chuck Water Assoc. ~ Whatcom County

This project was undertaken to upgrade the water system source and storage facilities to meet current standards. They accomplished this with a 3.5% 20-year DWSRF loan, which was used to construct a new well, a concrete storage reservoir, and a building to house a new booster pump station, stand-by generator, chlorination, and a corrosion control treatment system.

Project Funding:	DWSRF Loan:	\$426,360
	Other Sources:	\$13,300
	Total Project Cost:	\$439,660

Coulee Dam ~ Okanogan County

The town was operating under an agreed order from DOH requiring it to upgrade its unfiltered surface water supply system. The town provides drinking water and irrigation to about 1,100 people and a few commercial businesses. The supply of water is subject to the requirements of the federal Surface Water Treatment Rule. The town is using a 1.5% 20-year DWSRF loan to construct a slow sand filtration plant, including furnishing and installing all pipelines, valves, pumps, concrete and other equipment and materials. Upon completion, the residents will have a reliable and safe source of drinking water.

Project Funding:	DWSRF Loan:	\$1,632,000
	Other Sources:	\$3,000,000
	Total Project Cost:	\$4,632,000

Lamplighter Mobile Home Court ~ Whatcom County

The system was originally constructed in the 1960s and now serves 51 residential connections. In 1999 DOH filed a departmental order that required them to completely upgrade their source and water system and to include treatment for iron and manganese removal. In lieu of upgrading the system, the purveyor determined that it was more economical to connect to the City of Ferndale. The system received a 0% 30-year DWSRF loan to install 2,600 feet of 6", 8", and 12-inch water main for the connection, to replace the existing distribution system, and to decommission its two existing wells.

Project Funding:	DWSRF Loan:	\$316,988
	Other Sources:	\$7,855
	Total Project Cost:	\$324,843

Paradise Community Club, Inc. ~ Lewis County

The system serves about 700 people on a combination of 380 residential and recreational lots. It was constructed in the 1960s and no longer has adequate storage capacity, distribution pressure, and water quality. A 2.5% DWSRF loan will be used to construct a 50,000-gallon storage tank, a 300-gpm booster pumping station, standby power, hypochlorination equipment, piping, and other appurtenances. Additional USDA grant/loan funding will allow extensive distribution system upgrades.

Project Funding:	DWSRF Loan:	\$324,605
	Other Sources:	\$750,395
	Total Project Cost:	\$1,075,000

Royal City ~ Grant County

The city provides drinking water to a service area of more than 1,500 people and 60 businesses and small industries. The overall system is inadequate and in need of upgrades. The wells have high nitrate levels, and capacity is insufficient to meet the maximum day demand. This project received a 2.5% DWSRF loan to drill a third well, construct a well house, install pumping, electrical, and telemetry equipment, and improve two booster stations, including redundant pumping equipment and emergency power.

Project Funding:	DWSRF Loan:	\$607,920
	Other Sources:	\$300,000
	Total Project Cost:	\$907,920

Snohomish County PUD #1 ~ Snohomish County

The Kla-Ha-Ya system serves 78 customers and is in red operating status due to storage capacity deficiencies. The customers are not able to finance and manage the necessary improvements on their own. The PUD received a 2.5% 20-year DWSRF loan to integrate Kla-Ha-Ya into the larger PUD system. The project consists of installation of approximately 4,400 feet of 8" ductile iron pipe, PUD connections, meters, and other distribution-related appurtenances. Upon completion, the red operating permit status will be lifted, the community will have a reliable source of drinking water, and PUD staff will operate and maintain the system.

Project Funding:	DWSRF Loan:	\$660,960
	Other Sources:	\$13,300
	Total Project Cost:	\$674,260

DWSRF Workshops

2003 Drinking Water State Revolving Fund (DWSRF) Application Workshops

Please indicate which session you wish to attend on the registration form at right.

March 18 - Spokane
(Includes Arsenic Workshop)
Hampton Inn Spokane
Sunset A-Room
2040 South Assembly Road
Spokane, WA 99224
509-747-1100

March 19 - Richland
Hampton Inn Richland
Columbia Point
486 Bradley Boulevard
Richland, WA 99352
509-943-4400

March 20 - Wenatchee
(Includes Arsenic Workshop)
West Coast Wenatchee Convention
Center Hotel - Gala 1-2-3
207 N. Wenatchee Avenue
Wenatchee, WA 98801
509-662-1234

March 25 - Kelso/Longview
(Includes Arsenic Workshop)
Red Lion Hotel - Cedar Room
510 Kelso Drive
Kelso, WA 98626
360-636-4400

March 26 - Tacoma
La Quinta Inn Tacoma
Pine Fir Room
1425 East 27th Street
Tacoma, WA 98421
253-383-0146

March 27 - Mount Vernon
(Includes Arsenic Workshop)
The Cranberry Tree Restaurant
The Big Room
2030 Freeway Drive
Mount Vernon, WA 98273
360-424-7755

March 28 - Port Angeles
Best Western Olympic Lodge
The Crescent
140 Del Guzzi Drive
Port Angeles, WA 98362
360-452-2993

Workshop Agenda and Registration Form

Public Works Trust Fund & Drinking Water State Revolving Fund
8:30 A.M. ~ 4:30 P.M.

- 8:30 - 10:00 Public Works Trust Fund Application Workshop
- 10:15 - 11:45 Drinking Water State Revolving Fund Application Workshop
- 11:45 - 1:15 Lunch (on your own)
- 1:15 - 2:45 Financial Capacity Workshop
- 1:15 - 4:30 Arsenic Treatment Workshop* (Spokane, Wenatchee, Kelso, Mt. Vernon)

Seven different dates and locations • All workshops are free - register in advance
*Note: Arsenic treatment workshops are at four locations only.

For more information: Chris Gagnon 360-236-3095 or chris.gagnon@doh.wa.gov

cut along line, follow instructions below

Please fill out and mail or fax to:

Public Works Board, PO Box 48319,
Olympia, Washington, 98504-8319

Attention: Julie Moultime

Fax 360-664-3029 • Phone 360-725-5015

Check the workshops you wish to attend.

- 8:30 - 10:00 Public Works Trust Fund
- 10:15 - 11:45 DWSRF
- 1:15 - 2:45 Financial Capacity
- 1:15 - 4:30 Arsenic Treatment

Name _____ Phone _____

Water System _____

Address _____

Workshop Location _____ # Persons Attending _____

Guidelines/Applications Requested: PWTF _____ DWSRF _____

Note: Guidelines and applications will be available online:

Drinking Water State Revolving Fund: www.doh.wa.gov/ehp/dw/Our_Main_Pages/dwsrf.htm

Public Works Trust Fund: www.pwb.wa.gov/programs.htm

Water System Plan Requirement

The project must be included in a current DOR-approved Water System Plan or Small Water System Management Program. The deadline for submitting a **Water System Plan** to DOH is September 30, 2003. The deadline for submitting a **Water System Plan Amendment** or **Small Water System Management Program** to DOH is November 30, 2003. Systems that fail to meet these deadlines will become ineligible for funding. Submittal by the deadline does not guarantee DOH approval. The required plan must be approved by January 31, 2004.

During the 2002 DWSRF cycle 15% of the eligible projects came off the funding list because they did not meet this requirement. Potential applicants are strongly encouraged to contact their DOH regional office immediately to find out their planning requirements.

The Public Works Board programs include a planning loan program for municipal water systems. Information is available at www.pwb.wa.gov or by calling 360-725-5000.

The state's online infrastructure database at www.infracfunding.wa.gov has information on sources of funding and technical assistance for projects.

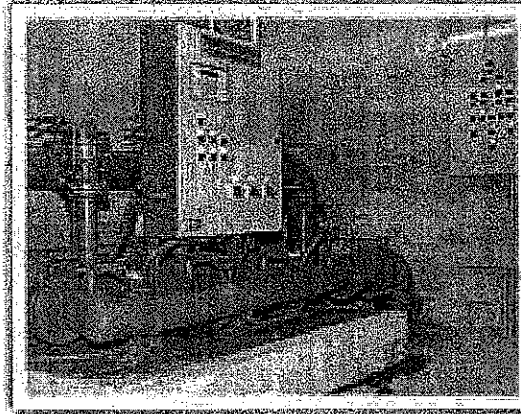
Technical assistance for small water systems is also available from Evergreen Rural Water of Washington at www.erwow.org, PO Box 2300, 113 South 2nd Street, Suite 201, Shelton, WA 98584, 360-462-9287 • 800-272-5981

DWSRF Highlights for 2003

- 1.5% basic interest rate on 20 year loans
- 1% interest for systems in distressed counties
- Reduced interest rates for systems in disadvantaged communities
- No local match required
- New!** • Loan fee decrease to 1%
- Loan limit \$4 million per system
- Loan limit \$8 million for projects involving multiple systems
- Retroactive assistance for specific high-priority municipal projects
- Most Group A community and nonprofit, noncommunity water systems are eligible
- Financing available to both public and privately owned water systems
- Over \$20 million available for project loans
- New!** • Water system plan approval deadline extended to January 31, 2004



Photos above and below - Skookum Chuck Water Association improvements funded through DWSRF.



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Special Edition

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