

Exhibit No. ___ (RS-6)
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.

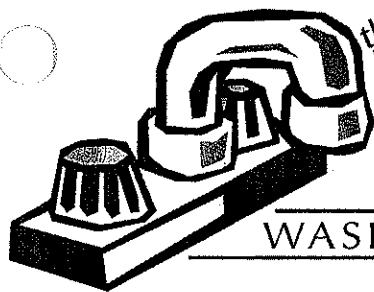
DOCKET NO. UW-060343

EXHIBIT TO
RESPONSE TESTIMONY OF
RICHARD SARVER, DEPARTMENT OF HEALTH

ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

DOH "Water Tap" newsletter, February 2004

October 4, 2006



the WATER TAP

WASHINGTON'S DRINKING WATER NEWSLETTER

2004 Drinking Water State Revolving Fund (DWSRF) Program

\$20 million to fund water system repairs and upgrades

1.5 % basic loan interest rate — for private and public entities

Are you planning to improve your water system, or is there an enforcement action or penalty against your system? DWSRF can help finance capital construction costs to improve water quality for your consumers and improve your compliance with drinking water regulations. Come to one of seven DWSRF workshops throughout Washington in March for information.



- Seven free application workshops in March 2004
- Applications due May 11, 2004
- Funds available spring of 2005

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- Projects to upgrade outdated, deteriorated facilities.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.
- Point of use treatment devices *in most cases*.

Trends

- Almost half the projects funded to date are for privately-owned water systems.
- Many of the projects ranked highest priority have enforcement actions against them—projects that bring a system into compliance receive bonus points.
- A majority of the projects funded are the very small systems under 3,300 population.
- Water systems with water quality issues that pose a high public health risk such as nitrate and coliform are given priority.

DWSRF guidelines and application are available online: http://www.doh.wa.gov/ehp/dw/Our_Main_Pages/dwsrf.htm

A New DWSRF Year

Bold italics: Action required of loan applicants

March: Workshops (see p. 3)

May: *Applications due to DOH May 11*

June: DOH reviews applications for eligibility

September:

- *Water System Plan due to DOH*
- Draft priority project list and Draft Intended Use Plan list available for public comment

November: *Small Water System Management Program and Water System Plan Amendments due to DOH*

January: Deadline for DOH to approve Water System Plans, Amendments, and Small Water System Management Programs.

February: Funds available

Successful Project Examples

Nisqually Pines Community Club - 2000, Thurston County

The Nisqually Pines Community Club system has experienced E-coli contamination, a boil water order, and related high operation and maintenance costs. This project near completion will replace two reservoirs that were directly implicated in the E-coli contamination and an old booster pump station. A new well drilled in the upper aquifer will allow blending with water from existing wells to keep iron and manganese levels below prescribed MCLs. An existing well will be abandoned due to TCE contamination, and a replacement well drilled; chlorination, fire hydrants and service meters will be installed.

Loan Execution Date:	July 2001
Project Funding:	DWSRF Loan: \$2,232,780
	Total Project Cost: \$2,232,780

Colony Surf Water Supply - 2001, Mason County

The Colony Surf water system was built in the 1970's. Although only about half of the total water connections proposed for this development have been provided, the system currently does not provide enough equalizing and standby storage, nor does it maintain adequate distribution system pressures. As a result, the system may not add new residential service connections until these problems are resolved. The project includes: construction of a new well,

water storage facility, booster pump station, pressure regulators, emergency generator, piping, pumps, controls, telemetry, fire hydrants, relocation of existing reservoir, booster pump house, hydro pneumatic tank, and fencing. The project will provide the necessary increases in capacity and help insure that water service can be maintained during drought, fire, and power outages. It will also avert potential litigation and lift the moratorium on new connections.

Loan Execution Date:	June 2002
Project Funding:	DWSRF Loan: \$316,500
	Total Project Cost: \$316,500

Ryderwood Improvement & Service Association - 2002, Cowlitz County

The Ryderwood treatment plant, in operation since 1976, serves about 500 people (283 service connections). It has no redundant system, so treated water can not be produced during normal operation of backwashing, routine maintenance, and other times when the packaged plant is out of service. The permit allows 433 service connections, yet the plant can only serve 290 service connections. The project consists of design and construction of a second packaged plant, treatment building expansion to house the new plant, rehabilitation of the existing plant and treatment of the backwash effluent from the two packaged plants. The project will meet the needs of the community for the foreseeable future by increasing reliability in both water quantity and quality.

Loan Execution Date:	July 21, 2003
Project Funding:	DWSRF Loan: \$1,084,158
	Total Project Cost: \$1,084,158

City of Richland - 2002, Benton County

The North Richland well field supplies about 15% of Richland's drinking water, mostly during high demand season and when maintenance requires shutdown of the water treatment plant. Water from the well field falls under the Surface Water Treatment Rule and is susceptible to microbial contamination. Existing chlorination facilities for the well water will not meet treatment requirements. In addition, this source's production has declined from 15 mgd to 8 mgd. If capacity is not restored, the city will have to develop an additional source. This project will restore capacity by rehabilitating each of the extraction wells and replacing obsolete pumping equipment. Meters installed on each well will accurately track production. The project also includes rehabilitation of the well field infiltration basins and installation of filter sand to optimize filter operation and facilitate future maintenance.

Loan Execution Date:	June 2003
Project Funding:	DWSRF Loan: \$1,632,000
	Total Project Cost: \$1,632,000

DWSRF Workshops

2004 Drinking Water State Revolving Fund (DWSRF) Application Workshops

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

March 16 - Spokane
Hampton Inn Spokane
2010 South Assembly Road
Spokane, WA 99224
Sunset A Room
509-747-1100

March 17 - Pasco
Red Lion Inn Hotel - Pasco
2525 North 20th Avenue
Pasco, WA 99301
Bronze Room
509-547-0701

March 18 - Wenatchee
West Coast Wenatchee
Convention Center Hotel
201 N. Wenatchee Avenue
Wenatchee, WA 98801
Gala T-2-3
509-662-1234

March 23 - Kelso/Longview
Red Lion Hotel
510 Kelso Drive
Kelso, WA 98626
Cedar Room
360-636-4400

March 24 - Tacoma
La Quinta Inn Tacoma
1425 East 27th Street
Tacoma, WA 98421
Pine/Fir Room
253-383-0146

March 25 - Mount Vernon
Skagit P.U.D. #1
1415 Freeway Drive
Mount Vernon, WA 98273
P.U.D. Conference Room
360-424-7104

March 26 - Port Townsend
Port Townsend Yacht Club
2503 Washington Street
Port Townsend, WA 98368
360-586-4120

Application Workshops

Agenda and Registration Form

- 8:30 - 10:15 Public Works Trust Fund Workshop/Comprehensive Review/Database Demonstration
- 10:15 - 10:30 Break
- 10:30 - 11:30 Drinking Water State Revolving Fund Application Workshop

Pasco, Wenatchee & Tacoma only:

- 12:00 - 1:30 Financial Capacity Workshop

Seven different dates and locations • All workshops are free - register in advance

✂ 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: Rhonda Campbell

rhondac@pwb.wa.gov

Fax 360-664-3029 • Phone 360-586-4122

Check the workshop(s) you wish to attend:

8:30 - 10:15 - Public Works Trust Fund

10:15 - 10:30 - Break

10:30 - 11:30 - DWSRF

Pasco, Wenatchee & Tacoma only

12:00 - 1:30 - Financial Capacity Workshop

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

To be eligible for a loan and remain on the funding list, DWSRF applicants must have a current DOH-approved water system plan or small water system management program that includes the proposed project, by January 31, 2005. The deadline for submitting a Water System Plan to DOH is September 30, 2004. The deadline for submitting a Water System Plan Amendment or Small Water System Management Program to DOH is November 30, 2004. 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 receive DOH approval by January 31, 2005. 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 360-586-4120.

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.ervow.org.

121 West K Street, Suite 103
P.O. Box 2300
Shelton, WA 98584
360-462-9287, 800-272-5981

2004 DWSRF Highlights

- 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
- Loan fee 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

Loan Fee

There is a 1% loan fee applied toward each loan. The loan fee is not subject to the loan limit. For example, for a project budgeted at \$4 million, the applicant may apply for a \$4,040,000 loan — \$4 million for the project plus the \$40,000 loan fee. The loan fee is incorporated into the loan and is paid when the first loan draw is made. The loan fee is non-refundable. Incorporating the loan fee into the loan is equivalent to increasing the project costs by approximately 1%.

When to Submit Separate vs. Multiple Applications

Projects not directly tied together must be submitted under separate applications. Exceptions include when multiple project components are required to bring the system back into compliance with drinking water regulations, when multiple project components are required for functionality purposes, when submitting identical projects that will receive identical scores. Applicants should contact the DOH regional office for guidance.

Retroactive Financing

Retroactive financing may be available for eligible publicly owned (municipal) projects that were constructed after July 1, 1993. Eligible projects may include those that address surface water issues, primary chemical contaminants, and capital construction projects related to compliance orders. Projects constructed after January 1, 2003 receive a higher score. See guidelines for detailed eligibility requirements.



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Special Edition

BULK RATE
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Department of Public Health

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Department of Health
Office of Drinking Water
PO Box 47822
Olympia, WA 98504-7822
1-800-521-0323