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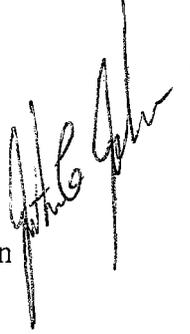
- MEMORANDUM -

To: Senate Committee on Natural Resources and Energy
House Committee on Fish, Wildlife & Water Resources

From: Justin G. Johnson, Commissioner, Department of Environmental Conservation

Date: November 10, 2010

Subject: Annual Legislative Report on the subject of Vermont Drinking Water State Revolving Fund Loans Awarded to Certain Nonprofit Privately-Owned Community Water Systems



We are pleased to provide the attached report on loan awards to certain privately-owned public water systems through the Vermont Drinking Water State Revolving Fund (DWSRF). It should be noted that the attached report is separate from the annual report submitted to the general assembly pursuant to 24 V.S.A. §4774(b). That report provides a much broader discussion of the DWSRF. This report is concerned only with those loans to privately owned non profit community water systems that qualify as financially "disadvantaged" systems, and thereby receive lower cost financing in accordance with 24 V.S.A. §4771(a)(5)(B). It should also be noted that the cited statute sunsets June 30, 2011; therefore, this will be the last report on the subject. The report was prepared by the Water Supply Division and submitted to the General Assembly in accordance with Act 92 of 2006 Section 2.

Please contact Eric Blatt, Water Supply Division, at (802) 241-3425 or eric.blatt@state.vt.us if you have questions.

cc: Mr. David Gibson, Secretary of the Senate
Mr. Donald Milne, Clerk of the House

**AGENCY OF NATURAL RESOURCES
DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

ANNUAL REPORT

**LOAN AWARDS TO CERTAIN PRIVATELY OWNED NONPROFIT
COMMUNITY WATER SYSTEMS
THROUGH THE
DRINKING WATER STATE REVOLVING FUND**

January 2011

This report is submitted pursuant to Act 92 of 2006 Section 2, which requires the Secretary of the Agency of Natural Resources to submit an annual report to the Senate Committee on Natural Resources and Energy and House Committee on Fish, Wildlife & Water Resources on certain loans awarded through the DWSRF.

In 2006, Act 92 was passed which expanded the eligibility criteria for “disadvantaged municipal” status to enable certain privately owned public systems to qualify for lower cost DWSRF construction loans. The Act amended 24 V.S.A. §4771(a)(5), which establishes the DWSRF loan administrative fee and term for privately owned nonprofit community water systems that for purposes of the loan program qualify as a “disadvantaged municipality.” The amendments to §4771(a)(5) provide for a loan term to be extended from the standard 20 years up to a maximum of 30 years and for reduction of the administrative fee from a maximum of 3% to zero. These provisions apply to eligible privately owned water systems with high annual user rates. The threshold for disadvantage status is an annual household user cost greater than 2.5% of the system’s median household income as established in §4771(a)(5)(B).

To date, only one water system has qualified under 24 V.S.A §4771(a)(5)(B) for disadvantaged funding. The following summarizes financial assistance to qualifying water systems in accordance with the annual reporting requirements in Act 92.

Required Reporting Element	Agency Summary
Number of privately owned nonprofit community water systems that have applied for loans under 24 V.S.A §4771(a)(5)(B)	1
Number of loans issued under 24 V.S.A §4771(a)(5)(B)	1
Total dollar amount of loans issued under 24 V.S.A §4771(a)(5)(B)	\$1,494,038
General description of water systems receiving loans issued under 24 V.S.A §4771(a)(5)(B), including the age of the development in which the privately owned nonprofit community water system is located	The only system to have applied for and received this special disadvantaged funding is the Alpine Haven Water Cooperative, located in the Towns of Montgomery and Westfield. There are approximately 100 residential connections on the system, of which approximately 30 are occupied by local residents. Most of the development is circa late 1960s to early 1970s.