

Vermont Department of Environmental Conservation*Agency of Natural Resources*

Commissioner's Office

One National Life Drive, Main 2 [phone] 802-828-1556

Montpelier, VT 05620-3520 [fax] 802-828-1551

To: Representative Janet Ancel, Chair, House Ways and Means Committee
Representative Carolyn Branagan, Vice Chair, House Ways and Means Committee

From: David Mears, Commissioner, Department of Environmental Conservation

Date: February 3, 2015

Re: Follow up from January 30th fee testimony on Department of Environmental Conservation
SFY16 Fee Proposal

Please see the following responses to the questions and comments from our discussion of DEC's fee proposal testimony on January 30th.

Fee Comparisons to other states

We have researched water quality fees in other New England states and several west coast states. To date, we have received information from MA, NH, ME, WA and OR. Copies of those fee charts are attached.

Questions and Responses:**1) Underground Injection Control (UIC) Program (Rows 106-113 and 134-139)**

Give examples of UIC facilities, a description of what type of facility it is and how it might be regulated under the new rules and fee structure.

The UIC rules were updated for the first time in 30 years in October 2014. Under the new rules, our primary focus for the next two years will be to do outreach to approximately 500 facilities to identify if there are potential sources of contamination for groundwater, which need to be eliminated or regulated. There are currently nine known permits under the amended rules. We anticipate our outreach to add to that total. The number of facilities subject to permitting will not be known until the outreach is performed. We expect that all regulated facilities will be businesses. Examples include: mining waste discharged from an infiltration pond (Luzenac- Troy Mine), stormwater containing deicing fluid discharged into infiltration trenches at Burlington International Airport, and discharges from boiler blowdown to an injection well leachfield (Britton Lumber Company).

2) Dam Safety Annual Operating Fees (Rows 173-175):

What are the conditions of the dams that are inspected?

See attached Department draft Performance Measure for the Dam Safety Program. Dam condition is assessed at poor, fair or good quality. One hundred percent of high hazard dams were inspected in 2014, of those dams: 17% are in poor condition, 60% are in fair condition, and 23% are in good condition. Thirty eight percent of significant hazard dams were inspected, of those dams: 27% are in poor condition, 46% are in fair condition, and 13% are in good condition. In 2014, 7% of low hazard dams were inspected. Of those dams: 36% percent are in poor condition, 44% are in good condition and 20% are in good condition. It should be noted that a number of low hazard dams have not been inspected by the department and their condition is unknown.

Department staff currently perform inspections of dams under state jurisdiction. Why not have the dam owner hire a consultant, or engineer to perform the dam inspections instead of Department staff and not charge annual operating fees?

Dam inspections by a private consultant or third party qualified to perform this work would likely cost the dam owners significantly more money than paying the annual fee. A dam inspection would typically cost approximately \$3,000 for a third party engineering inspection. For example, a high hazard dam with an annual inspection frequency would cost a dam owner \$9,000 over three years versus \$3,000 over three years if performed by Department staff. For a significant hazard dam with a target frequency of three years, it would cost the dam owner \$3,000 over three years in comparison to \$1500 over three years if Department staff completed these inspections.

In addition, Department engineering, legal and administrative staff time would be required to oversee the program. The Department would also need to establish clear standards for poor, fair and good quality dams for the consulting community to use. This is possible but would likely require rule making.

3) Drinking Water Program – Construction Fees (Rows 150-153)

Overall, will construction costs be increasing for public water supplies compared to what they currently pay?

Yes. The increase in construction fees is for all systems, public and otherwise. . Currently, most water systems only pay the base fee of \$375 because they are not increasing the total capacity of their system. Examples include: adding treatment or a storage tank, and changes to the distribution system.

4) Drinking Water Program – Operating Fees (Public Community Systems – Row 155)

Can you provide examples of operating fee increases for community water systems?

Here are several examples of how this fee would affect different sized water systems:

- Small mobile home park with a population 125 (approximately 37 connections) will increase from \$92 to \$128 per year.
- Moderately sized community system serving a population of approximately 2,000 people – fee will increase from \$3,600 to \$4,088 per year
- Large community system serving a population of 14,000 people – fee will increase from \$24,228 to \$27,620 per year.

Can a community water system deny water to one of their users, or are they required to serve water to everyone in the community? Please explain how that works.

There is a Uniform Disconnect Procedure in place that a water system must follow to deny water to a user. For example, if an individual doesn't pay their water bill, after utilizing this procedure, the water will be turned off.

5) Drinking Water Program – transient non-community (TNC) operator certification fee (Row 156)

What are the water system operators getting for their \$45 per year? If training is required, why not just have operators pay for the training instead of paying an annual fee?

Licensed/Certified operators are required to renew their certificate once every three years, not every year as previously stated. The \$45 fee is to renew the certification for the TNC operators. Fee revenue is used to provide technical assistance to TNC operators.

A training program is offered, and required for operators overseeing the more complex TNC systems. This training is provided by a third party, not connected to our fee proposal.

6) Drinking Water Program – DWSRF Municipal exemption Removal (Row 219)

Does the Drinking Water State Revolving Loan Fund (DWSRF) exemption removal for construction permits only apply to municipalities, or does it include privately owned water systems too?

This exemption removal is specifically for municipalities that receive capital funds through the Drinking Water State Revolving Loan Program. Private water systems, while eligible for DWSRF funding, are not currently exempt from paying this fee.

Where does the money come from for the DWSRF? Will removing the exemption cost the state more money?

The DWSRF program is funded primarily with federal money but does require a state match. Currently the program is approximately 80% federally funded. Loan recipients could include the cost of the state permit in their loan, which is primarily capitalized with federal dollars, thus most of the permit fee is initially paid for with federal funds.

Attachments:

Complete list of Dams currently under DEC Jurisdiction (electronic version only)

Dam inspections and condition summary handout

Fee Comparisons from other states – MA, NH, ME, OR, WA (electronic version only)