

STATE OF WISCONSIN  
SAFE DRINKING WATER LOAN PROGRAM  
STATE REVOLVING FUND

**RESPONSE TO COMMENTS**  
on the  
**SFY 2021 INTENDED USE PLAN**

The SFY 2021 Safe Drinking Water Loan Program (SDWLP) Intended Use Plan (IUP) was published twice for a 21-day public comment period. The first comment period was April 6 through April 27, 2020 and the second comment period was July 27 through August 17, 2020. During the initial public comment period, comments were received from two individuals. No comments were received during the second public comment period. The table below lists the comments received and the DNR response, including any clarifications that were subsequently made in the final version of the Intended Use Plan.

IUP Section	Comment	Submitted by	DNR Response
Section IX Replacement of Lead Service Lines	I was pleased to learn more about the continued commitment by the DNR to addressing lead-laden water in our communities.	Senator Robert Cowles, Wisconsin’s 2nd Senate District	Thank you for your comment.
	I was pleased to see the Department include new provisions in the SDWLP IUP that will ensure municipalities receive approval on their PSC Lead Service Line (LSL) Replacement program application prior to applying for SDWLP loans.	Senator Robert Cowles, Wisconsin’s 2nd Senate District	Thank you for your comment. This requirement is intended to make certain there is sufficient time built into the process for applicants to close their loans by the statutory deadline.
	I’d like to express concerns with the DNR’s proposal to require the complete removal of all lead water lines on a block to qualify for SDWLP funding (page 6). I agree that lead water mains and public-side lead water laterals must be replaced to qualify for funding, and I set forth similar criteria in the Leading on Lead Act. However, the SDWLP takes an additional step beyond Act 137 that I believe could have adverse impacts on local government’s use of these funds.	Senator Robert Cowles, Wisconsin’s 2nd Senate District	If all the private LSLs in a block are not removed, the SDWLP will not provide funding for the <u>public</u> side costs for <u>that block</u> only. It will not impact the remainder of the project and does not prevent the remaining properties on that block from having their LSL replaced. It would also not halt the replacement of that segment of the water main. This requirement was implemented due to health concerns regarding the large spike in lead concentrations that can occur when lines are disturbed during construction. The requirement is intended to

	<p>A requirement to replace each private-side lead lateral may result in a situation where one property owner can halt important human health progress on an entire block. While I understand that each community should make their best faith effort to include all property owners in any lead removal efforts, we should not be limiting the scope of funding to allow one unwilling participant to prevent all of their neighbors in the rest of the block from receiving cleaner, safer water.</p>		<p>motivate municipalities to find a way to gain compliance from all affected property owners to have their LSL replaced, whether through education or a mandatory replacement ordinance.</p>
	<p>I also question whether the replacement of all lines may result in the requirements for replacements that are not eligible for private-side lead water lateral replacement funding, such as businesses. If the department is requiring complete replacements for an entire block, and the block is generally residential with some business properties, how would a community address the concerns of a business owner facing tight margins, especially with the economic impact of the COVID-19 pandemic, to ensure the majority of the residential block can receive cleaner, safer drinking water?</p>	<p>Senator Robert Cowles, Wisconsin's 2nd Senate District</p>	<p>The SDWLP made a modification to its policies under the Private LSL Replacement Program in response to this comment. When a non-residential LSL is connected to a watermain that is being replaced with SDWLP funding, and at least 50% of the LSLs on the block where the non-residential LSL is located are otherwise eligible for replacement through the Private LSL Replacement Program, the non-residential LSL will be considered eligible for replacement.</p> <p>In addition, if a municipality faced with this situation is not participating in the Private LSL Replacement Program, they could apply to the PSC for approval to use ratepayer funds to cover up to 50% of the property owner's cost of LSL removal. In some situations, the municipality might be able to reprioritize which water mains were being replaced. Under normal circumstances, the replacement of an LSL would simply be considered another business expense, though we understand that the COVID-19 pandemic has had a negative economic impact on many businesses.</p>
	<p>I would like to commend the Department on the inclusion of the provision that requires point-of-use (POU) filtration devices be provided to homeowners that are having laterals replaced.</p>	<p>Senator Robert Cowles, Wisconsin's 2nd Senate District</p>	<p>The department is committed to minimizing the health risks resulting from potential construction related spikes in lead levels in the water coming into people's homes.</p>

	I'd like to applaud the Department for the new principal forgiveness funding for private lead service line replacements (pages 6 to 8). The Department's use of Clean Water Fund Program (CWFP) dollars to establish a new principal forgiveness program with approximately \$61 million, as allowed by the federal Water Infrastructure Financing Transfer Act, is a very important step to assist our communities in ridding their infrastructure of lead.	Senator Robert Cowles, Wisconsin's 2nd Senate District	Thank you for your comment. We agree that removing lead water lines is an important action for communities to take and we are happy that we are able to help.
Transfer of Funds from CWSRF to DWSRF Sections VI & IX	While I generally support the use of CWFP for lead removal efforts, I question whether this will impact project proposals in the CWFP. As you may be aware, I've not only taken a legislative interest in lead, but I've also worked for several sessions on nutrient reduction efforts and have authored two different innovative methods to nutrient reduction. While the phosphorus multi-discharger variance (2013 Wisconsin Act 378 and 2015 Wisconsin Act 205) and the third-party water quality trading clearinghouse system (2019 Wisconsin Act 151), along with existing adaptive management practices, will assist wastewater utilities in limiting their expenses for facility upgrades due to further ratcheted phosphorus standards, the CWFP remains an important tool for local governments to complete necessary facility upgrades to limit their discharges.	Senator Robert Cowles, Wisconsin's 2nd Senate District	The proposed transfer of funds from the Clean Water Fund Program (CWFP) to the SDWLP for the purpose of lead abatement has been modeled by DOA and determined to have a negligible impact on the level of funding available in the CWFP. Furthermore, the CWFP is taking steps to help offset the cost of phosphorus reduction projects by awarding additional principal forgiveness to eligible municipalities. Information on this is detailed in the CWFP Intended Use Plan which was posted for public comment on July 6 <sup>th</sup> .
	I've heard on several occasions that the CWFP is oversubscribed, and fear that this transfer could have negative impacts to the program.	Senator Robert Cowles, Wisconsin's 2nd Senate District	Since its inception 30 years ago, the CWFP has never turned away a borrower due to lack of funds, in fact we are actively working to increase loan demand. As mentioned above, DOA's modeling has shown that the CWFP can support the transfer of funds, this is due in part to past commitments the state has made, and to the mature nature of the CWFP revolving loan program. The DNR and DOA remain committed to managing the fund to meet both short- and long-term demand.

<p>Section IX Replacement of Lead Service Lines</p>	<p>When we established our PSC approved LSL program, we planned on an average of 40 lead services per year to be replaced so over 10 years we could get the lead out because that was what the Utility as well as the City felt they could fund in any given year. There is a financial impact to our ratepayers and taxpayers currently for this program as well as the cost to replace the Utility side of the lead service. We have more customers that want to have their service replaced however we have funding limitations to the program that we have in place. With the funding that will be available, if this funding can only be used for some components and not all components on the private side then we are still going to be limited to the 40 per year. We recognize there are a lot of communities out there that were not part of the initial SDWLP LSL program or that have not gotten a program approved at the PSC level and there needs to be an equitable way to distribute the new funding.</p> <p>We would request some consideration to either of the following:</p> <ol style="list-style-type: none"> <li>1. If this funding could be considered to be used to pay a portion on the Utility and City portion of the private side and the Utility still pays for their side of the lateral and maintains the loan program if the customer needs it. This would help the cash flow and rate impact and we could offer to more than 40 customers in a year.</li> <li>2. To be able to reach the most customers would be to have the ability to use the funding to pay a portion of the costs across the board (City, Utility and Utility loan) on the private side replacement.</li> </ol>	<p>Melanie Krause, General Manager, Menasha Utilities</p>	<p>It is not our intention to punish municipalities for having gone through the PSC approval process to use ratepayer funds for a portion of private LSL replacement costs. We will work with any municipalities that have gone through the PSC approval process on a case-by-case basis in order to develop an equitable sharing of costs for private LSL replacements.</p>
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