

**Minutes of the
June 18, 2010 Meeting
Small Water Systems Technical Assistance Center (TAC)
Advisory Board**

A regular meeting of the TAC Board was called to order by Chairperson Brion Johnson in Room 105 of the Rachel Carson State Office Building, Harrisburg, PA at 10:00. The purpose of the meeting was to discuss the Legislation Regulation Subcommittee's recommendations regarding the Department's proposed revisions to the fees charged for the Drinking Water Program as identified in Chapter 109 (Drinking Water) and review the proposed revision to the Chapter 109 Lead and Copper Rule. New officers also needed to be elected.

The following board members/alternates were present:

Penny McCoy, Pennsylvania Rural Water Association
Serena DiMagno, Water Works Operators Association of Pennsylvania
Mary Gaiski, Pennsylvania Manufactured Housing Association
Mike Sienkiewicz, Pennsylvania Manufactured Housing Association
Stan Brown, Pennsylvania Public Utility Commission
Herb Spencer, American Water Works Association, Pennsylvania Chapter
Daniel Standish, American Water Works Association, Pennsylvania Chapter
Brion Johnson, Pennsylvania Infrastructure Investment Authority
E. Lee Koch, Pennsylvania Municipal Authorities Association
Jennifer Case, Pennsylvania Municipal Authorities Association
Christine Hoover, Pennsylvania Office of Consumer Advocate
Tom Essig, RCAP Solutions, Inc.
Elam Herr, Pennsylvania State Association of Township Supervisors
Julie Kollar, League of Women Voters of Pennsylvania
Ron Rohall, Pennsylvania Association of Conservation Districts, Inc.
Korah Abraham, USDA Rural Development
James Steele, Pennsylvania Builders Association

Members/alternates from the following organizations were not present:

County Commissioners Association of Pennsylvania
Pennsylvania Association of Realtors
Department of Community and Economic Development
Center for Rural Pennsylvania
State Board for Certification of Water and Wastewater Systems Operators

The following DEP staff was present:

Veronica Kasi, Bureau of Water Standards and Facility Regulation
Janet Fisher, Bureau of Water Standards and Facility Regulation
Lisa Daniels, Bureau of Water Standards and Facility Regulation
Kevin McCleary, Bureau of Water Standards and Facility Regulation
Duke Adams, DEP, Office of Policy and Communications

Joanne Nardone, Bureau of Water Standards and Facility Regulation
Dawn Hlssner, Bureau of Water Standards and Facility Regulation
Kevin Anderson, Bureau of Water Standards and Facility Regulation

Non-members present at this meeting:

Erik Ross, National Association of Water Companies
Stephen Hoffman, Independent Regulatory Review Council
Ed Troxell, Pennsylvania State Association of Boroughs
Ron Grutza, Pennsylvania State Association of Boroughs

General TAC Business

New member James Steele, representing the Pennsylvania Builder's Association, was welcomed to the committee. Introductions were made all around.

Motion made by Mike Sienkiewicz to approve the minutes from the March 9, 2010 TAC Board meeting. Motion seconded by Lee Koch. Motion carried. Comment by Christine Hoover regarding correction to December 17, 2009 minutes related to Mike Metcalf of Public Utility Commission attending the meeting and no one from the Office of Consumer Advocate attending the meeting. The minutes will be modified accordingly.

The Nominating Committee, consisting of Stan Brown, Dan Standish, Tom Essig and Christine Hoover, met by conference call on 6/2 and 6/7/2010. They proposed the following slate of officers.

- Chairperson – Serena DiMagno
- Vice Chairperson – Penny McCoy
- Education, Training and Outreach – Herb Spencer
- Legislation/Regulation – Mary Roland
- Capability Enhancement – Tom Essig
- Ad Hoc – Mike Sienkiewicz

Additional nominations were opened to the floor but none were made. Motion to close the nomination was made by Lee Koch and seconded by Mike Sienkiewicz. Motion passed. Motion to elect the slate of officers as proposed by the committee made by Lee Koch and seconded by Mike Sienkiewicz. Motion passed.

Chapter 109 (Drinking Water) Fee Package Presentation

Lisa Daniels prepared a PowerPoint presentation to facilitate review of the proposed fee package and the recommendations developed on June 2, 2010 by the Legislative and Regulatory Subcommittee. After discussion the committee finalized recommendations as follows:

- Fees should be equitable for customer/consumers. Therefore fees should be charged based on the number of connections, factoring in differences due to method of treatment utilized at the system and whether the system has a surface or groundwater source. Another advantage to assessing fees by connections is that the costs for these fees would be more gradual. A Motion was made by Lee Koch to support that statement. Motion seconded by Mike Sienkiewicz. Motion carried by a vote of 8-3.
- Motion made by Mike Sienkiewicz that the Proposal for fees for noncommunity systems should be restored. Seconded by Lee Koch. Motion carried with one abstention.
- Fees for noncommunity systems or atypical community systems such as nursing homes, universities, prisons and resorts can't be figured by connection. Fees could be calculated by total capacity, population or combination of the two. Motion made to support this statement by Penny McCoy. Motion seconded by Lee Koch. Motion to pass was unanimous.
- Motion was made by Mike Sienkiewicz to accept the subcommittee recommendation that Drinking Water Program costs for Marcellus Shale issues should be covered by the Oil & Gas industry. Seconded by Tom Essig. Motion carried with 1 abstention.
- Motion by Mike Sienkiewicz to accept the subcommittee recommendation that Fees need to be put in a restricted account specifically for the Drinking Water Program. If the fees are too high, the fees need to be refunded and/or credited to the systems. Motion seconded by James Steele. Motion to pass was unanimous.
- Motion made by James Steele to reject the subcommittee comment that once the program is fully funded (by fees) a subsequent decrease in the General Fund Budget should be seen. Second by Mike Sienkiewicz. Motion passed.
- Motion by Penny McCoy to accept the subcommittee recommendation that general funds need to continue to support some of the program, particularly since 86% of the population is served by a public water supply system where, in essence the taxpayers are already paying. These fees should never cover the whole program and should be assessed gradually. Motion seconded by Lee Koch. Motion passed with a vote of 9-2.
- Motion by Dan Standish to strike the subcommittee recommendation that the analysis that showed the cost for service for small systems needs to be expanded to include medium and large systems. This is unnecessary since DEP provided the data at the Board meeting. Second by James Steele. Motion passed.
- Motion by Penny McCoy to amend and accept a committee recommendation to the effect that the Department should include in the preamble for this fee package the links to the proposed fee packages for both drinking water and wastewater systems to enable the system owners to determine the total cost impacts on their system. Second by Lee Koch. Motion passed unanimously.
- Systems need to be provided the ability to negotiate a payment schedule based on their financial situation that allows for installments and avoids having payments due at the same time as other tax deadlines. Motion to

support made by Penny McCoy and seconded by Lee Koch. Motion passed by a vote of 9-2.

- A late fee of not more than 6% per year is recommended as a consequence for non-payment. Motion to support by Mike Sienkiewicz. Seconded by James Steele. Motion passed with a vote of 10-1.
- The first and final bullets on the page of subcommittee recommendations request that DEP provide additional information as backup to show how to support proposed fees. Since this was provided at the Board meeting a motion was made again by Dan Standish that these recommendations are removed. Second by Penny McCoy. Motion passed unanimously.
- Another option for the assessment of fees is to look at the framework in Ohio to include: (1) a sliding scale fee/per connection; (2) the establishment of a minimum fee tied to the type of source or the number of connections; (3) fees for noncommunity systems. Motion to approve this statement made by Dan Standish, seconded by Jule Kollar. Motion to pass was unanimous.
- Add language to Chapter 109.1412 to limit fee increases to not more than the average change of the Consumer Price Index during the three year timeframe. A motion to this effect was made by Mike Sienkiewicz and seconded by Lee Koch. Motion passed by a vote of 8-3.
- The Department should include a table in the preamble of the draft regulatory package that shows a comparison of the different methods for assessing fees including: (1) by population; (2) using the number of connections; (3) calculation of equivalent dwelling units (EDUs); and (4) the framework used in Ohio. Motion to pass by Penny McCoy with motion seconded by Lee Koch. Motion passed by a vote of 9-2.
- The Drinking Water Program should be supported by fees equal to no more than 49% of program costs. Motion made by Lee Koch, seconded by Mike Sienkiewicz. Six voted against this motion, 5 were in favor. The motion did not pass.
- The TAC Board wants to indicate that they do not support the concept of assessing fees to cover program costs. Funding to implement the Drinking Water Program should come from the General Fund. Motion passed with a vote of 6-5.

Presentation by Dawn Hissner on the proposed Chapter 109 Drinking Water Lead and Copper Rule Short Term Revisions.

Chapter 109 Drinking Water Lead and Copper Rule Short Term Motion to accept the Revisions.

After Dawn Hissner presented a brief overview of the changes made, a motion to accept the revisions as presented was made by Brion Johnson. Motion seconded by Dan Standish. Motion passed.

Motion to adjourn was made by Penny McCoy. Meeting adjourned at 2:00.