



State of Utah

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Executive Secretary

August 28, 2013

Alan Matheson
Governor's Advisor on the Environment
200 State Capitol Building
350 North State Capitol
Salt Lake City, Utah 84114

Dear Mr. Matheson:

Subject: Utah's Water Future

This is a joint letter written by the Drinking Water Board and the Division of Drinking Water in response to a solicitation for comments on Utah's water future. This letter will comment on four specific areas: 1) the essential need for a safe and reliable supply of drinking water, 2) affordability issues into the future, 3) a need for responsible management of drinking water systems, and 4) the drinking water systems and energy nexus.

A SAFE AND RELIABLE SUPPLY OF DRINKING WATER

The provision of the safe and reliable supply of drinking water is **essential** to support population growth and economic prosperity. Specifically, public drinking water systems provide: a) a life sustaining commodity, b) promote public health by i) enabling personal hygiene, ii) household cleaning and iii) removal of wastes, c) furnish water for household landscaping, d) supply many water consuming industrial endeavors, e) support many commercial endeavors and f) fight fires. Consequently, the State has an interest in ensuring the provision of a safe and reliable supply of drinking water.

The Drinking Water Board and the Division of Drinking Water are uniquely qualified to assist in this effort. Hence, Primacy, the authority given by EPA to the State to implement the Federal Safe Drinking Water Act, must be supported by the State. Primacy enables local control of the oversight functions associated with the Federal and State Safe Drinking

Water Acts. Also, with Primacy, and a State contribution, the Drinking Water Board is able to administer a fund to assist water systems in the construction of drinking water facilities needed to maintain the delivery of a safe and reliable supply of drinking water as well as accommodate population growth and economic prosperity.

AFFORDABILITY

Currently, there are 454 water systems providing water to year round resident populations throughout the state. Of that number, more than half of them, 238 water systems, serve populations of less than 500. In addition, another 113 water systems serve populations between 501 and 3,300 people. Typically these smaller drinking water systems, when faced with the need to replace old and worn out facilities, or construct new facilities to accommodate growth, do not have the population base necessary to pay for the needed facilities. It is not uncommon for individual household water rates to rise above 1.75 % of the medium household income with financial assistance from the Board. If this assistance wasn't provided, the needed rate increase to fund construction projects would be prohibitive. In the past, this assistance has been provided by the Drinking Water Board, and this funding mechanism must be supported by funds made available to the State's Drinking Water Board, by direct appropriation and from the EPA.

Given the mobility of the work force and the changing nature of jobs in America, it is conceivable, in the future, that new businesses and/or individuals will be developed or employees may choose to reside in these very small and small communities. Hence, the viability of the very small and small drinking water systems is essential and must be enabled.

On the other hand, large water systems face a different dilemma. As implied in the first paragraph under the SAFE AND RELIABLE SUPPLY OF DRINKING WATER section of this letter, all drinking water systems must provide the needed source and delivery capacity before growth occurs. If not done, the unthinkable occurs where the needed services that drinking water systems provide are not always available as growth takes place. It is acknowledged that this places an added burden on existing water users for the benefit of future water users. An equitable way that water systems have used to address this situation is the assessment of property taxes for a portion of their revenues. This approach provides a way to charge future water users for the benefit they will receive. The Board and Division are supportive of this approach that attempts to appropriately distribute the costs to future beneficiaries.

For larger water systems, the availability of high quality nearby source waters is just not always readily accessible. These large water systems must develop sources that require extensive treatment to render the water safe to drink, or transport water from outside their hydrologic water basin. In both cases, the cost of the projects is high. However, the

population base is able to repay the costs over time as long as water agencies are allowed to keep their current funding sources. For such projects the State needs to consider a funding mechanism to enable these projects to proceed, so that needed infrastructure will be in place to accommodate growth.

MANAGEMENT OF WATER SYSTEMS

It is important that water system management be financially, managerially and technically capable of operating their water system. It is essential that water systems be run like a business. This includes: depreciation of facilities, maintenance of physical facilities, development and building of reserve fund accounts all to extend the life of facilities as well as develop the capacity to deal with replacement of facilities and construction of new facilities.

All barriers to municipal governments that limit their water system to function like a business must be eliminated. Further these practices must be taught to responsible individuals in each utility. A good way to start is to require new boards, and city and town councils to receive structured training. Also, appropriate financial and managerial audits of water systems are advisable.

DRINKING WATER SYSTEMS AND ENERGY NEXUS

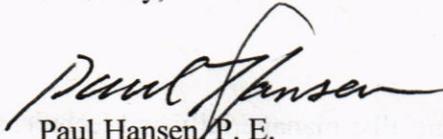
Water systems have the potential of providing a significant role in how energy development occurs. The operation of drinking water systems frequently involves the use of high energy pumps that place a huge demand on the energy delivery system. Also, the continued operation of these pumps consumes large amounts of electricity. However, because drinking water systems also typically have storage facilities, water operators can, if sufficient storage exists, adjust their pumping time to off peak energy consuming times. In the aggregate, if many water systems switch to pumping during off peak energy consuming times it would significantly reduce the peak power needed to be provided.

In addition, due to the extreme elevation differences within some water systems service area, the utilities have to reduce the pressures as water flows from higher elevations to lower elevations. They do this by dissipating the energy with a pressure reducing valve. Along the mountain range there are many pressure reducing valves in existence. A way needs to be developed to capture the dissipated energy and turn it into electricity. In the aggregate, this could be a significant environmentally clean source of energy.

Paul Matheson
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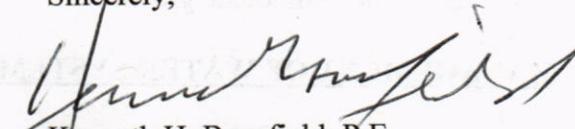
We acknowledge the foresight of the Governor regarding the need to develop an overarching water policy, and we appreciate your consideration of these comments.

Sincerely,



Paul Hansen, P. E.
Chairman
Drinking Water Board

Sincerely,



Kenneth H. Bousfield, P.E.
Director
Division of Drinking Water

KHB

cc: Dennis Strong, Director, Division of Water Resources