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## **Program of Loans and Grants to Private and Municipal Water Companies**

### **Sec. 25-33b-1. Purposes and definitions**

#### **(a) Purpose.**

The purpose of these regulations is to implement the provisions of the following sections of the General Statutes: 25-33a, 25-33b and 22a-471, as amended, establishing a program of loans to investor-owned and municipally owned water companies and grants to municipally-owned water companies for the planning, design, modification or construction of drinking water facilities necessary to enable these companies to comply with the Federal Safe Drinking Water Act of 1974 or with an order of the Department of Health Services deeming the water supplies by such companies to be inadequate and establishing a program of grants to water companies which have less than ten thousand customers and which own, maintain, operate, manage, control or employ a water supply well which is rendered unusable for potable drinking water. Section 25-33a, of the Connecticut General Statutes, also provides for emergency assistance grants to investor-owned water companies where facility or equipment failure has caused the company to be unable to provide water.

#### **(b) Definitions**

(1) "Commissioner" shall mean the commissioner of the Department of Economic Development.

(2) "Safe Water Act" shall mean the Federal Safe Drinking Water Act of 1974.

(3) "Applicable order of the Department of Health Services" shall mean an order of the Department of Health Services deeming the water supplied by a municipally-owned or investor-owned water company to be inadequate.

(4) "Authority" shall mean the Connecticut Development Authority.

(Effective April 27, 1987)

### **Sec. 25-33b-2. Loans to investor-owned and municipally-owned water companies**

#### **(a) Standards for eligibility**

(1) In order to be eligible for assistance under the drinking water facilities loan program, an applicant must demonstrate that:

(A) Either it is an investor-owned water company which supplies water to at least 25 but less than 10,000 customers or it is a municipally-owned water company; and

(B) It is subject to either the provisions of the Safe Water Act or an applicable order of the Department of Health Services.

(2) The proceeds of each loan are to be applied by the water company to pay the costs of the planning, design, modification or construction of drinking water facilities which are approved by the Commissioner of Health Services as necessary and appropriate to enable the water company to comply with the Safe Water Act or an applicable order of the Department of Health Services. Planning costs shall include, but need not be limited to, fees and expenses of architects, engineers, attorneys, accountants and other professional consultants, and costs of preparing surveys, studies, site plans and plans and specifications for eligible drinking water facilities. A portion of the loan proceeds may be applied by the applicant to the reasonable costs of procuring the loan.

(3) Loans will be made in amounts as determined by the Commissioner.

Each loan will

(A) have a term not in excess of thirty years;

(B) bear interest at a rate of 1% above the interest cost borne by the State with respect to its most recent issue of general obligation bonds;

(C) be repaid in regular periodic installments throughout its term; and

(D) be subject to prepayment without penalty at any time.

(b) **Procedures for determining eligibility and awarding loans**

(1) Applications shall be made on forms prescribed by the Commissioner, accompanied by a preliminary cost certificate setting forth the estimated costs of the eligible drinking water facilities. Each loan shall be authorized by the authority or, if the authority so determines, by a committee of the authority consisting of the chairman and either one other member of the authority or its executive director. The authority shall charge reasonable application and other fees to be applied to the administrative expenses incurred in carrying out the provisions of Conn. Gen. Stat. § 25-33a, to the extent such expenses are not paid by the authority or from monies appropriated to the Department of Economic Development.

(2) The Commissioner will issue commitments to make loans after determining from each application and performing such other inquiries and investigations as he deems appropriate in the circumstances that the applicant meets the criteria for eligibility set forth in § 25-33b-2 (a) of these regulations. Each commitment will specify the amount of the loan the Commissioner commits to make and the period for which the commitment will be valid, taking into consideration the construction schedule and completion date for the eligible drinking water facilities estimated by the Commissioner of Health Services. Each commitment will also set forth such other terms and conditions as are established by the Commissioner for the loan.

(3) The Commissioner will disburse each loan upon receipt of a final cost certificate from the water company accompanied by an independent public accountant's opinion with respect thereto, together with confirmation by the Commissioner of Health Services that the planning, design, modification, or construction of eligible drinking water facilities has been completed satisfactorily by the water company and that the water company is or will be in compliance with the Safe Water Act or an applicable order of the department of health services. The loan will be evidenced by the promissory note of the water company and the water company will also deliver an opinion of counsel as to matters relating to the loan

(4) All proceeds from the repayment of interest and principal on any loan authorized by Conn. Gen. Stat. § 25-33a-(1), after payment therefrom of any loan correspondent's service fees property chargeable thereto, shall be paid to the state treasurer for deposit in a fund designated "Investor-owned Water Companies' Revolving Fund." Such fund shall be used to make loans authorized by Conn. Gen. Stat. § 25-33a (1).

(5) Loan commitments will terminate on the date specified in the loan commitment. In the event of a termination the amount segregated under the loan commitment for the benefit of a water company will again become available for commitment under the drinking water facilities loan program. The Commissioner may, in his discretion and as necessary to effect the purposes of Conn. Gen. Stat. § 25-33a (1), extend the commitment period to take account of construction delays or any other factors which may warrant an extension in particular cases.

(Effective November 9, 1983)

**Sec. 25-33b-3. Grants to municipally-owned water companies**

(a) **Standards for eligibility**

(1) In order to be eligible for assistance under the drinking water facilities grant program, an applicant must demonstrate that it is a water company owned by a Connecticut municipality.

(2) The proceeds of each grant are to be applied by the municipally-owned water company to pay the necessary and appropriate costs of planning, design, modification or construction of such drinking water facilities which are required to enable the company to comply with the Safe Water Act or an applicable order of the Department of Health Services. The necessity and appropriateness of the planned drinking water facilities will be approved by the Commissioner of Health Services. Planning costs include, but are not limited to, fees and expenses of architects, engineers, attorneys, accountants and other professional consultants, and costs of preparing surveys, studies, site plans and plans and specifications for eligible drinking water facilities.

**(b) Procedures for determining eligibility and awarding grants**

(1) Applications will be made on forms prescribed by the Commissioner, accompanied by a cost certificate setting forth the estimated eligible drinking water facilities costs and confirmation by the Commissioner of Health Services that the planned drinking water facilities are necessary. Each grant shall be authorized by the Connecticut Development authority or, if the authority so determines, by a committee of the authority consisting of the chairman and either one other member of the authority or its executive director. The Connecticut Development authority shall charge reasonable application and other fees to be applied to the administrative expenses incurred in carrying out the provisions of Conn. Gen. Stat. § 25-33a, to the extent such expenses are not paid by the authority or from monies appropriated to the Department of Economic Development.

(2) The Commissioner will evaluate each application and make such inquiries as it deems appropriate in the circumstances in order to determine that the applicant meets the criteria for eligibility set forth in § 25-33b-3 (a) of these regulations. Grants will be awarded upon the favorable conclusion of the Commissioner's evaluation and inquiry.

(3) Payment of grant funds may be made as a whole or in lots either in advance of, concurrently with, or in reimbursement to the municipality for the expenditure of amounts for qualified expenses, in each case as the Commissioner determines to be appropriate. In any event, grant funds will be disbursed in a manner which discourages applicants from seeking payment prior to the times moneys are actually required so as to obtain investment earnings on such moneys.

(4) The amount of any grant shall not exceed one hundred thousand dollars or thirty percent of the cost of the project being funded by the grant, whichever is greater.

(Effective November 9, 1983)

**Sec. 25-33b-4. Grants to investor-owned and municipally-owned water companies for potable water**

**(a) Standards for eligibility.**

In order to be eligible for assistance under this section, an applicant must demonstrate:

(1) It is a water company, as defined in Section 25-33a of the General Statutes, which has less than ten thousand customers and owns, maintains, operates, manages, controls or employs a water supply well which is rendered unusable for potable drinking water; and

(2) That the Commissioner of Health Services has stated in writing that the extent of pollution creates or can reasonably be expected to create an unacceptable risk of injury to the health or safety of persons using such groundwaters as a public or private source of water for drinking or other personal or domestic uses; and

(3) That the Commissioner of the Department of Environmental Protection has stated in writing that he is unable to determine the person or municipality responsible

for rendering the groundwaters unusable for potable drinking water or he determines that the responsible persons have no assets other than land, buildings, business machinery or livestock and are unable to secure a loan at a reasonable rate of interest to provide potable drinking water; and

(4) That the applicant has prepared an engineering report in accordance with all of the applicable requirements specified in Section 22a-471-1 (f) (1) of the Regulations of Connecticut State Agencies which has been approved by the Commissioners of Environmental Protection and Health Services.

**(b) Grant application procedures.**

(1) Application. A water company may apply for state funding assistance for up to fifty percent of the cost of the engineering report and for up to fifty percent of the cost of the most cost effective long term method of rendering the water supply in question usable for potable drinking water. An application for grant assistance shall be on a form prescribed by the Commissioner and shall include but not be limited to:

(A) Evidence to support the eligibility requirements specified in subsection (a);

(B) A detailed description of the most cost effective long term method, as determined by the Commissioners of Environmental Protection and Health Services, of rendering the water supply in question usable for potable drinking water.

(2) Upon submittal of all required information deemed necessary by the Commissioner, the application for reimbursement of engineering report costs and for financial assistance in providing the long term method of rendering the water supply usable for potable drinking water shall be processed in accordance with either subsections (c) or (d) of this section, as appropriate.

**(c) Grants from the Emergency Spill Response Fund.**

If the Commissioner of Environmental Protection, in accordance with section 22a-471 (b) (2) (A) of the general statutes, as amended by public act 85-407, determines that it is appropriate to make a grant to the water company from the Emergency Spill Response Fund, established by Section 22a-451, as amended, then the Commissioner shall transfer all grant application material to the Commissioner of Environmental Protection and award of any grant will, thereafter, be made in accordance with Section 22a-471-1 of the Regulations of Connecticut State Agencies.

**(d) Grants approved by the authority.**

(1) Each grant for an engineering report and long term method of rendering the water supply usable for potable drinking water shall be authorized by the Connecticut Development authority or, if the authority so determines, by a committee of the authority consisting of the chairman and either one other member of the authority or its executive director. The Connecticut Development authority shall charge reasonable application and other fees to be applied to the administrative expenses incurred in carrying out the provisions of Section 25-33a of the General Statutes, to the extent such expenses are not paid by the authority or from monies appropriated to the Department of Economic Development.

(2) The Commissioner will evaluate each application and make such inquiries as he deems appropriate in the circumstances in order to determine that the applicant meets the applicable criteria for eligibility set forth in Sections 25-33b-4 (a) and (b), of these regulations. Grants will be awarded upon the favorable conclusion of the Commissioner's evaluation and inquiry.

(3) Payment of grant funds may be made as a whole or in lots either in advance of, concurrently with, or in reimbursement to the water company for the expenditure of amounts for qualified expenses, in each case as the Commissioner determines to

be appropriate. In any event, grant funds will be disbursed in a manner which discourages applicants from seeking payment prior to the times moneys are actually required so as to obtain investment earnings on such moneys.

(e) If a water company receives funding from any other source or is compensated by a person who or municipality which is responsible for rendering the groundwaters unusable for potable drinking water, then the grants under this section shall be adjusted in accordance with subparagraphs (A) and (B) of Section 22a-471 (b) (3) of the General Statutes, as amended.

(Effective June 27, 1986)

**Sec. 25-33b-5. Emergency assistance grants to investor-owned water companies where equipment or facility failure has resulted in failure to provide water**

**(a) Standards for Eligibility.**

In order to be eligible for assistance under this section, an applicant must demonstrate that:

(1) It is an investor-owned water company which supplies water to at least 25 but less than 1,000 customers.

(2) The company is unable to provide water to its customers as a result of equipment or facility failure.

(3) The company has received a written recommendation from the Department of Health Services in consultation with the Department of Public Utility Control regarding the company's eligibility to file an application for an emergency grant.

(4) The company is financially unable to immediately restore service and there is no alternative water company reasonably able to immediately supply water.

(5) The company is not under orders by the Department of Health Services and/or the Department of Public Utility Control to correct problems related to the equipment or facility failure for which emergency grant funds are requested.

**(b) Grant Application Procedures.**

(1) Application forms shall be provided by the Department of Economic Development and shall be accompanied by a written recommendation of the Department of Health Services.

(2) Upon receipt, review, and approval of all required information identified in Sec. 25-33b-5 (a) deemed necessary by Commissioner, a grant may be made for eligible repair, rehabilitation, interconnection or replacement costs.

(Effective April 27, 1987)