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H.R. ___, DRINKING WATER SYSTEM IMPROVEMENT ACT AND RELATED ISSUES
OF FUNDING, MANAGEMENT, AND COMPLIANCE ASSISTANCE UNDER THE SAFE
DRINKING WATER ACT

FRIDAY, MAY 19, 2017

House of Representatives,
Subcommittee on Environment,
Committee on Energy and Commerce,
Washington, D.C.

The subcommittee met, pursuant to call, at 8:30 a.m., in Room 2123, Rayburn House Office Building, Hon. John Shimkus, [chairman of the subcommittee] presiding.

Present: Representatives Shimkus, McKinley, Barton, Murphy, Harper, Johnson, Hudson, Walberg, Carter, Walden (ex officio, Tonko, Ruiz, Peters, Green, McNerney, Dingell, Matsui, and Pallone (ex officio).

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Staff Present: Grace Appelbe, Legislative Clerk, Energy/Environment Subcommittees; Ray Baum, Staff Director; Mike Bloomquist, Deputy Staff Director; Jerry Couri, Chief Environmental Advisor; Jordan Davis, Director of Policy and External Affairs; Wyatt Ellertson, Research Associate, Energy/Environment Subcommittees; Blair Ellis, Digital Coordinator/Press Secretary; Adam Fromm, Director of Outreach and Coalitions; Tom Hassenboehler, Chief Counsel, Energy/Environment Subcommittees; Zach Hunter, Director of Communications; A.T. Johnston, Senior Policy Advisor, Energy Subcommittee; Alex Miller, Video Production Aide and Press Assistant; Dan Schneider, Press Secretary; Sam Spector, Policy Coordinator, Oversight and Investigations Subcommittee; Hamlin Wade, Special Advisor, External Affairs; Jeff Carroll, Minority Staff Director; Jacqueline Cohen, Minority Chief Environment Counsel; David Cwiertny, Minority Energy/Environment Fellow; Rick Kessler, Minority Senior Advisor and Staff Director, Energy and Environment Subcommittees; Alexander Ratner, Minority Policy Analyst; Andrew Souvall, Minority Director of Communications, Outreach and Member Services; and C.J. Young, Minority Press Secretary.

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Mr. Shimkus. I would like to call the hearing to order.

And I wanted to thank our witnesses for joining us today.

First of all, I know it is early. The one thing that is certain about us in Washington, D.C., is that there is uncertainty around us. So because of other meetings scheduled and planned, we asked for you to come early. And I do personally appreciate it. And it shows you the interest of our colleagues that they are here this early, so that is great.

No matter how many miles you travel -- first of all, we have got folks as far as away from Alaska and as close as Pennsylvania here. No matter how many miles you have traveled to be with us, we are grateful for the time and financial sacrifice you are making to share your expertise with us today.

I also want to mention that even though they did not have -- did not send someone to present oral testimony, I appreciate the Environmental Protection Agency providing us with a written statement to include in our hearing record. I ask that -- for unanimous consent.

Without objection, so ordered.

[The information follows:]

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Mr. Shimkus. And I am also pleased to announce that the Agency has agreed to take written questions from members for our hearing record. This is highly unusual but an essential step to making this hearing record as complete as possible. And we obviously consider the Agency an important player whose technical experience and input is critical to the quality of our work.

I now recognize myself 5 minutes for giving an opening statement.

Today, our panel continues its look broadly at our Nation's drinking water infrastructure structure and examine questions as to what is necessary for the Federal Government to do in the way of planning, reinvestment, and technical support of these systems to meet future needs.

The discussion draft which is subject to the hearing is meant to build on the testimony from our last hearing to help our subcommittee think more precisely about what items should be prioritized for legislation and how they should be addressed in the legislation.

Importantly, the discussion draft is not a finite universe of all the issues that the committee is open to considering. It is a true baseline for conversation and an invitation for feedback or refinements or suggested alternative approaches and an opportunity to make the case for including additional issues.

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I know that some of us here today are curious why one provision or another is not added. I hope we can talk about those things today. I suspect we might be able to find agreement on some of those issues after we have had some time to find out each other's objectives and reflect on the best way to balance the needs of water, consumers, providers, and program implementers.

Let me take a minute to explain some items in the discussion draft, why they are there.

Based on oral testimony and written responses for the record, the water utility groups that testified at the hearing -- last hearing talked about the importance of partnerships for addressing growth and compliance issues. The discussion draft proposes language to allow contractual arrangements or management of engineering services that will get a water system into compliance.

Under questioning, many of the witnesses mentioned the important role that asset management can play in addressing short- and long-term water system needs but that mandating this requirement would be challenging. The discussion draft has States consider how to encourage best practices in asset management and has the EPA update technical and other training materials on asset management.

We received testimony on the need to further aid disadvantaged communities. The discussion draft increases the

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amount a State can dedicate to disadvantaged communities to 35 percent of their annual capitalization grant and permit States to extend loan payments for these communities by another 10 years.

We received testimony on the need to increase funding for the Drinking Water State Revolving Loan Fund and the Public Water System Supervision grant, but not specific recommendations about what a realistic number is or whether commensurate budgetary cuts will offset these increases.

In response to this, the discussion draft creates a 5-year authorization for appropriations of both these programs but leaves them blank to allow a greater and more specific conversation to occur. This will not be easy. Some of these conversations will be very difficult, but we will have to have them in an open and honest manner, but that is not new. Anyone who has been around our subcommittee for a while knows we have a reputation for tackling challenging issues.

As I said earlier, we are at the beginning of this journey with a discussion draft as a baseline, and we are not close to the finish line as of yet.

With that, I yield back my remaining time. And now I yield to my friend from New York, the ranking member, Mr. Tonko.

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[The prepared statement of Mr. Shimkus follows:]

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Mr. Tonko. Thank you, Chairman Shimkus. And thank you to our witnesses for being here on what is apparently a very busy morning in the House.

We can all agree that aging drinking water systems can hold back economic growth and threaten public health. These problems will only get worse if we continue the decade's long trend of neglect. I know we have limited time, so I will not restate all the details of our growing national need to invest in drinking water systems and update the Safe Water Drinking Water Act. Suffice it to say, the need is immensely great. This subcommittee has been building a tremendous record that more than justifies the need for action.

Mr. Chair, I appreciate you holding this hearing and offering the discussion draft to bring attention to our hidden infrastructure, which has been out of sight and, regrettably, out of mind for far too long.

This draft responds to many of the issues that have been identified in previous hearings: the need to reauthorize the Drinking Water SRF and the Public Water System Supervision program, as well as the need to encourage asset management plans, greater source water protection, and support for disadvantaged communities.

With that said, I truly believe we can improve upon the draft

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before us today which will ensure strong bipartisan support moving forward. There are a number of democratic bills that have already been introduced that can help inform these efforts. The AQUA Act includes provisions on how to further assist disadvantaged communities and better incentivize asset management plans. It would also help fulfill a stated goal of this administration mandating Buy America requirements.

Mr. Pallone's SDWA amendments would enable EPA to promulgate much needed national standards. The bill also creates programs to reduce lead in schools among other important SDWA updates.

Mr. Peters has a bill to provide grants to assist systems with resiliency, source water protection, and security in the face of changing hydraulic conditions, such as droughts, sea level rise, and other emerging pressures on systems.

We do know the national need is growing: \$384 billion over the next two decades to maintain current levels of services. We need to have the vision to acknowledge that this does not account for stresses, environmental and financial, that will continue to get worse if we simply do nothing.

Finally, the Drinking Water SRF has been a tremendous success. I am grateful that Chair Shimkus has undertaken the first funding reauthorization since its inception in 1996. But as we will hear today, the draft includes unspecified funding levels.

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As a candidate, President Trump called for tripling funding for both SRF programs. The AQUA Act proposes levels that are in line with that -- with what States handled following the Recovery Act. I think these are good targets to start negotiations.

We must recognize that local governments are struggling. Significant amounts of projects go unfunded each year, and the status quo of Federal support will simply not reduce the massive and growing levels of need. It is time for the Federal Government to step up and contribute its fair share.

Mr. Chair, I would end by asking for a commitment to sit down with our side, learn more about some of our proposals, and work together to make this a truly bipartisan effort that moves us forward. We had close cooperation on the brownfields reauthorization draft. I think we can get to a similar place on drinking water.

And with that, I yield back.

[The prepared statement of Mr. Tonko follows:]

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Mr. Shimkus. I thank the gentleman. The gentleman yields back.

The chair now recognizes the chairman of the full committee, Mr. Walden, for 5 minutes.

The Chairman. Thank you, Mr. Chairman.

You know, in March, our committee began a review of the financial needs of our entire Nation's drinking water infrastructure. We spoke about the need to think broadly about all things that can affect water affordability, reliability, and safety. Today, we take the next steps in our deliberative process by reviewing the discussion draft and related ideas from stakeholders to formulate policy on drinking water, State revolving loan funding, and Public Water System Supervision grants.

We will also examine efforts to improve asset management by utilities and other ways to lift paperwork burdens and improve systems delivery of safe drinking water.

Both sides of the aisle support making newer and larger investments in our Nation's infrastructure, and I agree that we need to help ensure these assets support the great quality of life Americans enjoy. However, in doing so, we must be careful to select wise investments and create diversified options that make sense for water systems for States and for consumers. It is

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important for us to tackle this job seriously for a couple of reasons.

As we learned at the last hearing, the country's drinking water delivery systems are facing the challenges of older age. We learned from the water utilities and other stakeholders the importance of partnerships for addressing growth and compliance issues.

The discussion draft proposes language to allow contractual arrangements for management and engineering services that will get a water system into compliance. We welcome feedback on that approach.

We also received testimony on the need to increase funding for the Drinking Water State Revolving Loan Fund and Public Water System Supervision grants, but not specific recommendations about what a realistic number is or whether budgetary cuts will offset these increases.

For the last couple of years, the appropriated levels have been consistent. The appropriations for the Drinking Water Revolving Loan Fund were last authorized in 2003. That is long enough. It is time to reassert this committee's proper role in authorizing our statutes and realign the focus of the EPA and other agencies back to their core missions, in this case, ensuring the provision of safe drinking water for our Nation's consumers.

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We look forward to continuing the dialogue on this as our committee process continues.

I want to welcome all of you here today, our witnesses, who took time and traveled from far and wide to be with us to comment on this discussion draft, and that is what it is. Your input is important, and we would appreciate specific recommendations as you are able to give on these important issues.

And, again, thank you all for being here. We all care deeply about drinking water, safe drinking water, and helping our communities achieve that for all of our citizens in the country.

And with that, Mr. Chair, I yield back the balance of my time.

[The prepared statement of Chairman Walden follows:]

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Mr. Shimkus. The gentleman yields back the balance of his time.

The chair now recognizes the ranking member of the full committee, Mr. Pallone, for 5 minutes.

Mr. Pallone. Thank you, Mr. Chairman. Thank you.

The safety of our drinking water is an incredibly important topic which deserves more time than we have at today's hearing.

At our last drinking water hearing, we heard broad agreement from witnesses and members that we need to reauthorize the Drinking Water State Revolving Fund and increase the funding. My democratic colleagues and I have been saying this for years, so I am encouraged that Republicans on this subcommittee now seem to agree.

Unfortunately, this rushed hearing is not sufficient to address this issue. We have great ideas, but they are not reflected in the barebones discussion draft. We need a bipartisan effort to modernize the Safe Drinking Water Act, but in preparing this discussion draft, your staff didn't consult with us. We were eager to work with you, but we were told, without explanation, that such discussions could only happen after this hearing.

So before us today is a discussion draft that, in my opinion, fails to measure up to the severity of the problem. It simply does not meet the needs of public water systems and the

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communities they serve. The draft contains nothing to address the growing problems of lead in drinking water in homes and schools. It does nothing to improve the regulatory process and better protect public health from new and emerging pollutant classes, and it does nothing to improve transparency and restore consumer confidence in the safety of our tap water, and there is no commitment to increase funding.

So I am disappointed in the discussion draft, and I urge my colleagues to look at the real solutions in the bills that my democratic colleagues and I have introduced, and that is H.R. 1071, the AQUA Act of 2017, and H.R. 1068, the Safe Drinking Water Act Amendments of 2017.

I want to thank our witnesses for coming. I apologize that we don't have more time available, but I also want to express my frustration at the lack of a witness from the EPA. This subcommittee cannot produce meaningful legislation to reauthorize the State revolving fund and strengthen the Safe Drinking Water Act without their input. So it is clear we need to have another hearing.

Safe drinking water is simply too important, and I hope we can start to work together on a bipartisan bill to tackle these serious problems.

I yield back, Mr. Chairman.

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[The prepared statement of Mr. Pallone follows:]

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Mr. Shimkus. The gentleman yields back his time.

All members having concluded their opening statements, the chair would like to remind members that pursuant to the committee rules, all members' opening statements will be made part of the record.

I want to thank all of our witnesses for being here today and taking the time to testify before the subcommittee. Today's witnesses will have the opportunity to give opening statements, followed by a round of questions from members. Our witness panel for today's hearing are in front of us.

What I will do is recognize you individually for 5 minutes. Your full statements are submitted for the record. And as you can see, there is a lot of interest from our side. So if you get too far over the 5 minutes, I might start tapping the gavel to get you to wind up.

And before I take more time, let me just start by recognizing Mr. Martin Kropelnicki, president and CEO of the California Water Services Group, on behalf of the National Association of Water Companies. He testified here before. We are glad to have you back.

You are recognized for 5 minutes.

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STATEMENTS OF MARTIN A. KROPELNICKI, PRESIDENT AND CEO, CALIFORNIA WATER SERVICE GROUP, ON BEHALF OF THE NATIONAL ASSOCIATION OF WATER COMPANIES; SCOTT POTTER, DIRECTOR OF NASHVILLE METRO WATER SERVICES, NASHVILLE, TN, ON BEHALF OF THE AMERICAN MUNICIPAL WATER ASSOCIATION; STEVE FLETCHER, MANAGER, WASHINGTON COUNTY WATER COMPANY, NASHVILLE, IL, ON BEHALF OF THE NATIONAL RURAL WATER ASSOCIATION; LISA DANIELS, DIRECTOR, BUREAU OF SAFE DRINKING WATER, PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, ON BEHALF OF THE ASSOCIATION OF STATE DRINKING WATER ADMINISTRATORS; KURT VAUSE, SPECIAL PROJECTS DIRECTOR, ANCHORAGE WATER AND WASTEWATER UTILITY, ON BEHALF OF THE AMERICAN WATER WORKS ASSOCIATION; LYNN THORP, NATIONAL CAMPAIGNS DIRECTOR, CLEAN WATER ACTION; AND JAMES PROCTOR, SENIOR VICE PRESIDENT AND GENERAL COUNSEL, MCWANE, INC.

STATEMENT OF MARTIN A. KROPELNICKI

Mr. Kropelnicki. Thank you, Mr. Chairman.

Good morning. I am Marty Kropelnicki, president and CEO of California Water Service Group, or Cal Water. We provide water and wastewater services to approximately 2 million people in the great State of California, Hawaii, New Mexico, and Washington,

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State of Washington. I am also the current president of National Association of Water Companies, which I am here representing today. NAWC's members have provided water and utility services for more than 200 years, and they serve approximately 25 percent of the U.S. population.

NAWC applauds you, Mr. Chairman, and this subcommittee for highlighting America's drinking water infrastructure needs and putting forward a discussion draft amendment to the Safe Drinking Water Act for utilities and regulators to review.

We are all working together towards the same outcome: safe, reliable, sustainable high-quality drinking water, which is critical to every person, every community, and every business in this country.

Suffice to say that substantial portions of the utility sector face significant challenges. The Nation's drinking water infrastructure recently received a D by the American Society of Civil Engineers. The American Water Works Association projects that \$1 trillion will be needed to invest infrastructure through 2035 to replace aging infrastructure to keep up with population growth.

More ominously, recent reports by the Natural Resources Defense Council showed that nearly one in four Americans get drinking water from untested and contaminated systems.

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With great challenges come great opportunities, and that is what we are here to talk about today. The discussion draft put forward by the subcommittee is a good first step to addressing the crisis. Legislation along these lines would do much to build upon and advance the good work of many water suppliers that are already undertaken.

For example, NAWC estimates that our six largest members, of which Cal Water is one, will invest in nearly \$2.7 billion this year alone in their water systems to ensure that they remain safe, reliable, and are sustainable for decades to come.

Federal funds alone will not fix this problem, especially given that many of the problems are the results of poor decisionmaking year after year after year and not necessarily the absence of funding.

Let me highlight for you several recommendations for Congress to consider. First, we must ensure that any Federal funds are used efficiently and effectively. NAWC and its members support the EPA's 10 attributes of effective utility management, which includes things such as financial viability and infrastructure stability.

Applicants for dollars of public funds should demonstrate that there are management assets that adequate repair, rehabilitation, and replacement are fully reflected in management

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decisions, including water rates that reflect the true and full cost of service.

Second, failing systems that are in seriously noncompliant situations with water quality standards must be held accountable. If a system is plagued with a history of serious noncompliance, it should be given an option to pursue a partnership that will lead to compliance or be compelled to consolidate system with an able owner or operator.

Finally, as Congress considers future funding for drinking water programs, NAWC recommends that the private water sector not only have equal access to Federal funding but also that steps be taken to further enable and incentivize private water investment and involvement in solving the Nation's infrastructure challenges.

Apart from the more obvious tax-based measures, these incentives should include providing a safe harbor or a shield that would allow companies like Cal Water or NAWC members to partner with undercompliant systems and give them that ramp-up time to be coming into compliance.

Quite simply, private water companies like Cal Water and NAWC members have the financial balance sheets, managerial and technical expertise to help ensure that all Americans have safe, reliable, and sustainable high-quality drinking water.

I sincerely appreciate the invitation to come back here today

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to testify. Along with my colleagues at NAWC, we look forward to continuing our work with you and this committee as we work on the Nation's infrastructure challenges.

Thank you. And I would be happy to respond to any questions, Mr. Chairman.

[The prepared statement of Mr. Kropelnicki follows:]

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Mr. Shimkus. Thank you. The gentleman yields back his time.

The chair now recognizes Mr. Scott Potter, director of the Nashville Metro Water Services in Nashville, Tennessee, on behalf of the Association of Metropolitan Water Agencies.

You are recognized for 5 minutes, sir. Thank you.

STATEMENT OF SCOTT POTTER

Mr. Potter. Good morning, sir.

Chairman Shimkus, Ranking Member Tonko, and members of the subcommittee, the Association of Metropolitan Water Agencies, or AMWA, appreciates the opportunity to offer our thoughts today on the Drinking Water System Improvement Act of 2017.

I am Scott Potter, director of Metro Water Services in Nashville, Tennessee. We provide drinking water services to 190,000 households and 200,000 sewer accounts in Nashville and Davidson County in Tennessee. I also serve as president of AMWA's board of directors. AMWA is an organization representing the Nation's largest publicly owned drinking water utilities, which collectively serve over 130 million Americans with quality drinking water. Our members support reauthorization of the Drinking Water SRF, and we appreciate that the legislation before the subcommittee today would do so for the first time in the

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program's history.

My written testimony has been submitted for the record. It includes more detailed feedback on the various sections of the legislation, so I will use my time today to speak more generally about the bill and AMWA's priorities for reauthorization of the Drinking Water SRF.

Simply put, we believe that the Drinking Water SRF is a valuable program. It should remain a cornerstone of Federal efforts to promote cost-effective water infrastructure financing to help communities protect public health and meet the regulatory requirements of the Safe Drinking Water Act.

We are pleased the Drinking Water System Improvement Act preserves the existing framework of the Drinking Water SRF, while making several targeted modernizations to the program and the Safe Drinking Water Act as a whole.

For example, the bill will leverage the expertise of large water utilities by encouraging them to enter into agreements to help in-need water systems correct, identify water quality violations, and carry out necessary management and administrative functions.

The bill also recognizes the importance of asset management by directing States to describe steps they will take to promote the adoption of effective asset management principles, practices,

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and how they will assist local utilities in training their staff to implement asset management plans.

We support these measures, though AMWA also believes utilities that have completed qualifying asset management plans should be rewarded with a degree of additional preference when they apply for Drinking Water SRF assistance.

The idea is not to make asset management plans mandatory or to exclude systems without asset management plans from receiving funding, but instead to incentivize all public water systems that seek SRF dollars to think holistically about the full life-cycle costs of their infrastructure.

As this legislation continues to develop, AMWA would like to recommend several additional points for consideration. Perhaps most importantly, the final bill should reauthorize the Drinking Water SRF at a level that recognizes the immense nationwide water infrastructure need and does not inadvertently constrain Congress' ability to fund the Drinking Water SRF at an amount that appropriately responds to these needs.

For example, initial versions of the fiscal year 2017 EPA appropriations bill approved by the House and Senate committees last year would have provided more than \$1 billion for the Drinking Water SRF. Given the Nation's infrastructure needs and the apparent willingness of appropriators to provide this level of

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investment in the program, this legislation should authorize the funding level comfortably in excess of this figure.

Earlier this year, AMWA and other water sector stakeholders endorsed a call to double Drinking Water SRF funding to roughly \$1.8 billion. So a figure in this vicinity would serve as a reasonable starting point for the new authorization level.

AMWA also supports expanding the Safe Drinking Water Act's definition of a disadvantaged community eligible for additional assistance to include a portion of the utility service area. The statute currently requires all the utility service area to meet the State's affordability criteria, but this is difficult to achieve for large metropolitan water systems that typically serve diverse populations that both have areas of affluence and also areas with concentrations of people in need.

By allowing defined portions of a large utility service area to be classified as disadvantaged, more individual in-need neighborhoods served by America's large water providers would become eligible for the same type of benefits that are already available in many small cities and towns throughout the country.

Finally, we support codifying the ability of recipients to use Drinking Water SRF funds for projects to improve the security of a public water system.

In 2014, Congress explicitly allowed the use of clean water

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SRF funds for security improvement projects at publicly owned treatment works. So we believe it is appropriate to formally extend the same ability to public water systems.

In closing, AMWA believes this legislation is a good starting point for efforts to reauthorize the Drinking Water SRF. We look forward to continuing to work with members of the subcommittee on this legislation, and I will be happy to answer any questions the committee may have.

Thank you, sir.

[The prepared statement of Mr. Potter follows:]

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Mr. Shimkus. The gentleman yields back his time. The chair thanks him.

And now I would like to recognize Mr. Steve Fletcher, manager of the Washington County Water Company, Nashville, Illinois, in the great State of Illinois, and in the great district of the 15th Congressional District of Illinois, on behalf of -- who represents that? I don't know -- of the National Association of Water -- the National Rural Water Association. You guys got me off my game.

You are recognized for 5 minutes.

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STATEMENT OF STEVE FLETCHER

Mr. Fletcher. Good morning, Chairman Shimkus, Ranking Member Tonko, and members of the subcommittee. I am Steve Fletcher from rural Illinois in Washington County.

Rural Illinois and New York and the rest of America thank you for this opportunity to testify on drinking water infrastructure. Thank you, Congressmen Shimkus and Tonko, for your visits to your local small communities in your districts to tour and help with specific community water issues. This is very much appreciated.

I also need to thank Congressmen Harper, Tonko, and the subcommittee for passing the Grassroots Rural and Small Community Technical Assistance Act into law in the last Congress.

I am representing all small rural water -- I am sorry -- small and rural community water supplies today through my association with the Illinois and National Rural Water Association.

Our member communities have the responsibility of supplying the public with safe drinking water and sanitation every second of every day. Most all water supplies in the U.S. are small. Ninety-two percent of the country's 50,366 drinking water supplies serve communities with fewer than 10,000 persons. Illinois has

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1,749 community water systems and 1,434 serve less than 10,000 people. New York has 2,343, and 2,195 of those serve communities with less than 10,000 people.

My water system is a not-for-profit rural water system started by a group of farmers in the late 1980s who organized and built the water system using funding from the Federal Government that allowed these mainly farm families to receive safe, piped drinking water for the first time. Without the financial help from the Federal Government, we could never have afforded to have safe public water or even a public water utility.

Before the development of the rural water systems, rural households, including mine, relied on cisterns and private wells that were contaminated with nitrate so we couldn't drink the water.

We are pleased to endorse the subcommittee's legislation of the Drinking Water System Improvement Act of 2017. Small and rural communities support the use of these existing Federal infrastructure initiatives like the SRFs as the primary delivery mechanisms for any new Federal water infrastructure initiative. These initiatives all have specific provisions targeting Federal water subsidies to community water projects based on environmental and economic need. If some type of needs-based targeting is not specifically included in any new water infrastructure legislation,

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the funding will bypass rural America and be absorbed by large metropolitan water projects.

This bill accomplishes this objective. We support the bill's extended maximum loan duration and increase in the amount of additional subsidization to disadvantaged communities. Commonly, low-income or disadvantaged communities do not have the ability to pay back the loan, even with very low interest rates, and require some portion of grant funding to make the project affordable to the rate payers.

I would like to make two more related policy points with my remaining time. First, there is a misconception among some stakeholders that SRFs are for small and rural communities. SRFs have no limitation on size or scope of a water project. According to the EPA, most SRF funding is allocated to large communities. Approximately 62 percent of Drinking Water SRF funding is awarded to large communities, including numerous SRF projects that cost over \$50- or \$100 million. SRFs work for all sized water systems, and we are grateful for your support of the programs.

My final point is regarding local governmental choice in decisions of consolidation and privatization. The decision for any local government to privatize or consolidate should be determined at the discretion of local citizens. There is nothing inherently more efficient or more economical in the operation of

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our private water utility versus the public governmental water utility.

Regarding consolidation, rural water associations and systems like mine have assisted in more communities consolidating their water supplies than any program or organization. Again, when communities believe consolidation will benefit them, they eagerly agree with these partnerships. I have numerous examples from my own community which partners with six neighboring water utilities in various forms. We do not think any new Federal regulatory policy at expense of local government control and choice for privatization or consolidation would be beneficial to local communities or their citizens.

Thanks, Mr. Shimkus, for being such a good friend in support of rural America and to give us this opportunity today. I am happy to answer any questions.

[The prepared statement of Mr. Fletcher follows:]

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Mr. Shimkus. The gentleman yields back his time, and the chair thanks him.

And now I would like to turn to Ms. Lisa Daniels, director of the Bureau of Safe Drinking Water at the Pennsylvania Department of Environmental Protection, on behalf of the Association of State Drinking Water Administrators.

You are recognized for 5 minutes.

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STATEMENT OF LISA DANIELS

Ms. Daniels. Good morning, Chairman Shimkus, Ranking Member Tonko, and members of the subcommittee. Thank you for the opportunity to be here to discuss the status of our Nation's State drinking water programs.

I am also president elect for ASDWA, so I am very glad to be here to represent the organization.

Our members are on the front lines every day ensuring safe drinking water and protecting public health. Vibrant and sustainable communities, their citizens, and businesses, all depend on a safe and adequate supply of drinking water.

States oversee more than 152,000 public water systems and interact with them through a broad range of activities that are funded through two Federal funding sources. Of course, there is the Drinking Water State Revolving Loan Fund, but there is also the Public Water System Supervision program.

The vast majority of community water systems are in compliance with health-based standards. That is the good news. But what about those systems that struggle?

The Drinking Water SRF can provide solutions for struggling systems. At only 20 years old, it really is a remarkable success

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story. It has allowed States to fund projects to upgrade treatment plants, rehabilitate distribution systems, address our aging infrastructure, and it has been quite successful. In fact, States have been able to leverage Federal funding to fund more than 13,000 projects through the SRF.

A major component of the 1996 amendments with new statutory language that allow States to undertake what we call proactive measures. Funded through the set-asides, proactive measures such as operator training, technical assistance, and source water protection offer support for water systems as they strive to enhance their performance.

Water systems are encouraged to consider a range of options, including partnerships, which could be as simple as sharing a backhoe or as complex as merging with a neighboring system. And the set-aside funds are available to support many of these activities.

I would like to share an example from my home State. The Stockton Water System was a very small 43-home community that was operating as an untreated, unfiltered, and unpermitted surface water system. We discovered this system in 2014 because of customer complaints.

The water was found to contain E. Coli, giardia, and salmonella. Traditional strategies and enforcement weren't

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working in this community. They really needed a different kind of assistance. We employed several capability enhancement programs in Stockton, including Capability Enhancement program, which provided the initial assessment and also provided onsite technical assistance to really focus on -- to really help folks understand the challenges with this community. We also employed the professional engineering services program, which was able to conduct feasibility studies and design work to find the best solutions.

These initiatives came together with PENNVEST, which is our SRF funding agency, to identify a willing partner. And we found that in the nearby Hazelton City Authority system. They agreed to work with Stockton, make the Drinking Water SRF application, extend water service, replace Stockton's existing distribution system, while keeping water rates at an affordable \$35 per month. The total project cost was \$2.2 million, which was underwritten by PENNVEST and, today, Stockton now has a safe and reliable drinking water.

Solutions such as this would absolutely not be possible without the Drinking Water SRF and the set-asides. Drinking water systems and the communities they serve are the direct beneficiaries of the work accomplished through these programs.

State drinking water programs have often been expected to do

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more with less, and we have always responded with commitment and integrity, but we are currently stretched to the breaking point. Insufficient Federal funds increase the likelihood of contamination incidents, and we do not want to see another Charleston, West Virginia; Toledo, Ohio; or Flint, Michigan.

To sustain public health protection, States need congressional support. For the past 4 years, the PWSS program has flat funded, and the Drinking Water SRF funding has decreased. These essential programs come with well-documented needs, and they must be fully supported.

ASDWA recommends the PWSS program be funded at \$200 million, and we also recommend the Drinking Water SRF be funded at \$1.2 billion to allow us to continue to do this great work.

In summary, the 1996 amendments offered the community a promise of enhanced public health protection through a framework of both traditional and proactive collaboration between State drinking water programs and the water systems that they oversee. Maintaining funding for the Drinking Water SRF, the set-asides, and the PWSS program is critical.

State drinking water programs are committed to fulfilling the promise of the 1996 amendments. Thank you.

[The prepared statement of Ms. Daniels follows:]

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Mr. Shimkus. I thank the lady.

The chair now recognizes Mr. Kurt Vause -- gets the longest traveling award for getting here -- special projects director at Anchorage Water and Wastewater Utility, on behalf of the American Water Works Association.

You are recognized for 5 minutes. Welcome.

STATEMENT OF KURT VAUSE

Mr. Vause. Good morning, Chairman Shimkus, and members of the subcommittee. My name is Kurt Vause. I am the special projects director for the Anchorage Water and Wastewater Utility from Anchorage, Alaska. I also serve as the chair of the Water Utility Council and acting chair of the Asset Management Committee of the American Water Works Association.

We deeply appreciate this opportunity to offer the viewpoints and experiences of drinking water providers to the important deliberations and decisions of this committee.

The discussion draft of drinking water legislation this subcommittee is considering is a good step towards addressing the Nation's needs, to reinvest in its water infrastructure, and towards addressing other needs as well. I would like to briefly address three topics.

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First, providing safe drinking water to communities requires a complex mix of engineering, capital investment, management, science, community engagement, and regulatory resources. This complexity makes it particularly difficult for many small systems to remain in compliance in regulation and maintain their infrastructure.

Options to help address these challenges include partnerships or regionalization to share resources among these systems, many who serve small systems and communities. Regionalization or partnerships encompass anything from physical connections to shared management, engineering, operations, and purchasing resources.

When a compliant utility absorbs or merges a noncompliant utility, that newly formed utility faces a regulatory compliance challenge. The SDWA ought to provide a finite grace period for the newly merged system to come into compliance with regulation. Whether a utility has explored consolidation should become one of the factors weighted in ranking SRF loans or in evaluating compliance options.

Second, all utilities manager their assets, but the practice we now formally call asset management is more scientific and focused. The goal of infrastructure asset management is to meet a required level of service in the most cost-effective manner at an

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acceptable level of risk through the management of assets for present and future customers.

We do not believe a specific level of asset management practice should be mandated, because that would put Congress or a regulatory agency in the business of defining asset management objectives. Utilities vary too greatly in strategic objectives, size, type of assets, geography, climate, source waters, type of treatment and distribution for a Federal definition to be practical.

Professional organizations such as AWWA are making education and asset management practice an ongoing part of our educational efforts for members. For example, AWWA's upcoming annual conference. Our Asset Management Committee has developed a track of sessions on project infrastructure and asset management with five individual sessions containing 27 separate presentations.

We also believe there is a role States can play in similar efforts through the maintenance of the PWSS supervision grants. We urge Congress to maintain PWSS funding for fiscal year 2018 at no less the current authorization levels.

Third, as we have said before to Congress, local rates and charges have been and will likely always be the backbone of local water system finance. However, when major infrastructure projects required either to comply with regulations or replace aging

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infrastructure, there is a need for a quicker, larger infusion of cash than those rates and charges typically provide.

This is where the toolbox of utility finance comes into play. This spring, AWWA cosigned a two-page summary of how the Federal Government can assist water utilities in financing these challenges. The highlights of that were: Number one, preserve the tax-exempt status of municipal bonds; two, provide fully authorized funding for the Water Infrastructure Finance and Innovation Act, known as WIFIA, at \$45 million for fiscal year 2018; three, double appropriations for the drinking water and wastewater SRF programs; and four, remove the annual volume caps on private activity bonds for water infrastructure projects.

We realize appropriations come from the Appropriations Committees, but we seek your support in funding with these panels.

This concludes my remarks to the subcommittee. We also look forward to continuing dialogue with this panel after this hearing.

[The prepared statement of Mr. Vause follows:]

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Mr. Shimkus. The chair thanks the gentleman.

The chair now recognizes Ms. Lynn Thorp, national campaigns director at Clean Water Action.

You are recognized for 5 minutes.

STATEMENT OF LYNN THORP

Ms. Thorp. Thank you.

Good morning, Chairman Shimkus, Ranking Member Tonko, and members of the subcommittee. My name is Lynn Thorp. I am national campaigns director at Clean Water Action. We are a national organization with 1 million members working in 15 States on health and environmental projects with an emphasis on drinking water issues.

Thank you for the opportunity to provide comments on the Drinking Water System Improvement Act. Recent high profile events have highlighted the importance of infrastructure investment, effective system operation, and source water protection. From the drinking water crisis in Flint, Michigan, to the leaking chemical storage tank that contaminated the Elk River in West Virginia, we have seen how taking drinking water for granted can lead to public health risks and economic disruption of entire communities.

Our approach to meeting 21st century drinking water

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challenges needs to be a holistic one. It should include not only increased investment in infrastructure, but also sufficient resources for effective oversight of Safe Drinking Water Act compliance by Federal and State primacy partners, more funding for research and innovation, more attention to keeping drinking water sources clean, and a vision for how we want our drinking water systems to look in the second half of the 21st century.

You can see some ideas about that in the testimony from the witnesses we have heard from already this morning and in the 2016 U.S. Environmental Protection Agency Drinking Water Action Plan.

We do hope this subcommittee will consider provisions in the Safe Drinking Water Act Amendments of 2017, H.R. 1068, introduced by Representatives Tonko and Pallone earlier this year. Transparency, how we determine which contaminants to regulate, climate resiliency and drought, threats to drinking water from oil and gas and other activities, water efficiency, and technology innovation are all important if we are to maintain a high quality of drinking water and healthy water systems.

We support Drinking Water State Revolving Fund authorizations commensurate with those proposed in the AQUA Act mentioned earlier today, which would authorize over \$3 billion in fiscal year 2018, and increase thereafter reaching \$5.5 billion on fiscal year 2022.

AWWA, the American Society of Civil Engineers, and EPA have

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repeatedly found investment needs orders of magnitude greater than those authorizations I have mentioned. Ambitious authorization signal a commitment to clean drinking water and are a reasonable contribution to the mix of funding sources available to drinking water systems.

We also support increased authorizations for Public Water Systems Supervision grants. The Association of State Drinking Water Administrators has estimated the gap in needs between current funding and comprehensive State programs to be \$300 million or more annually. As noted earlier, bridging this gap will increase public health protection and support sustainable drinking water systems.

Drinking Water State Revolving Fund dollars can be spent on numerous activities that support those goals: pipe replacement, treatment upgrades, source water protection, improvements for storage, and system restructuring and consolidation. We want to highlight just two of those here as examples: pipe repair and replacement and source water protection.

As you know, EPA estimates we may have between some 6-1/2 or even more than 10 million lead service lines or partial lead service lines in the United States. Lead is a highly poisonous metal, and children under 6 are most at risk. Increased investment can help more communities move sooner to full lead

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service line replacement.

American Society of Civil Engineers also estimates there are over 240,000 water main breaks each year due to deteriorating and poorly maintained pipes. As you probably know, just this week, a pipe from 1860, a water main broke right in Northwest, D.C. We lose water through leaks in mains and service lines as well, and these disruptions threaten public health, allowing pathogens to get into the pipes and, of course, lead to loss of treated water. Some estimates say up to 18 percent of treated water, which is a valuable commodity, if you will.

So shoring up our underground drinking water infrastructure not only protects public health, reduces lost revenue for drinking water systems, but also leads to less disruption, like we saw in parts of D.C. just this week.

We can also use Drinking Water State Revolving Funds for source water protection, and many communities are using innovative strategies in this area. The return on investment there is clear in terms of public health protection. And the EPA estimates that every dollar spent on protecting a drinking water source saves \$27 in drinking water treatment.

I just want to close by noting that EPA programs are fundamental to the success of State programs and water systems. So increased State revolving fund investment won't be as effective

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if at the same time EPA lacks staffing and funding for oversight, enforcement, research, development of contaminant standards, support for small systems, and other critical activities.

We urge subcommittee members to oppose cuts in EPA funding as well as rollbacks of health and environmental protections that would put our Nation's drinking water sources at risk of contamination.

Thank you for the opportunity to provide these comments.

[The prepared statement of Ms. Thorp follows:]

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Mr. Shimkus. Thank you.

The chair now recognizes Mr. James Proctor, senior vice president and general counsel at McWane, Incorporated.

You are recognized for 5 minutes.

STATEMENT OF JAMES PROCTOR

Mr. Proctor. Chairman Shimkus, Ranking Member Tonko, Chairman Walden, Ranking Member Pallone, members of the subcommittee, good morning. I am Jim Proctor from McWane in Birmingham, Alabama, and I greatly appreciate the opportunity to be here this morning to testify about an issue that is so vital to our Nation's health, economy, and security.

For almost 200 years, McWane has proudly provided the building blocks for our Nation's water infrastructure, supplying the pipes, valves, fittings, and related products that transport clean water to communities and homes across the country. We employ more than 6,000 team members who work in 14 States and 9 other countries. Most of those team members are represented by the United Steelworkers and other labor organizations who we consider as partners in our efforts to improve our economy and our communities.

I am pleased that the committee is considering efforts to

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modernize the Drinking Water State Revolving Fund. The Drinking Water SRF has played a key role in delivering the investment efficiently to communities throughout the Nation. However, as the committee has recognized, it needs reform to make it more responsive to the scale of America's water infrastructure needs.

A vital component of any drinking water SRF improvement is a significant and consistent annual authorization level to spur increased capital investment. This investment will create and preserve the highways jobs that make these products and allow producers to harness the economies of scale that make American products more competitive. These impacts have a multiplier effect as they ripple through supply chains.

We also need to invest those dollars wisely. Like generations before us, we should rebuild our infrastructure with the most durable energy efficient and safe materials available. And smart technology offers many innovative solutions that can improve system management and reduce cost to cash-strapped utilities. But increased funding and better management do American workers and industry little good if their tax dollars are spent on unfairly traded foreign imports.

Like many other American manufacturers, we have made huge investments to modernize our operations to exceed the world's most rigorous environmental safety and regulatory standards. But we

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must compete every day against foreign state-owned or state-subsidized foundries that do not operate by any comparable regulatory standards and have little regard for workplace safety or the environment. This creates significant competitive disadvantages and have led to lost sales, closed plants, and lost jobs. And as the factories that once built our Nation's infrastructure disappear, communities lose the vital tax revenues and rate payers needed to operate and maintain their water systems.

Put simply, we can't continue to divorce Federal regulatory policies from procurement policies. The same Federal Government that regulates our operations and taxes our workers should use their tax dollars to purchase domestic products for the Nation's infrastructure, particularly when foreign alternatives are produced in conditions that would make members of this esteemed body cringe.

Fortunately, this problem has been mitigated recently by the application of the American Iron and Steel Buy American preference to the SRFs and WIFIA programs. Buy America has created incentives to preserve increased production capacities in the United States and to maintain work forces critical to sustaining the communities around them. I can say with pride and relief that this Buy American preference has saved at least one of our plants

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and preserved hundreds of jobs in the economically depressed area.

By 2008, our waterworks fittings plant in Anniston, Alabama, was the last surviving domestic manufacturer of these products. At one time, there was many as a dozen such plants in the U.S., but all fell victim to the unfair competition I described previously. Even that lone survivor was at risk of closure during the Great Recession, operating at around 30 percent of its production capacity. But because of Buy American, that plant has increased its capacity utilization to almost 70 percent, added product offerings, and more than doubled the number of jobs. Our other plants have seen similar benefits.

But the impacts aren't limited to our operations. Because of Buy America, the primary importer of waterworks fittings has brought its production back to the United States, recently purchasing a domestic production facility and restoring hundreds of American jobs, while increasing competition in the marketplace.

In 2014, Congress codified the Buy American preference for the Clean Water SRF and WIFIA. Over that same time, it has been applied to the Drinking Water SRF through the annual appropriations process.

Congress should align the Drinking Water SRF with the Clean Water SRF, WIFIA, and other Federal infrastructure programs, like transportation, of making the provision permanent. This will not

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only preserve jobs, but a consistent standard will increase administrative efficiency and reduce costs since many water projects tap into multiple federal funding sources.

The reformation and reauthorization of the Safe Drinking Water Act programs with the Buy American preference are crucial to our Nation's health and prosperity. We at McWane are honored to have the opportunity to contribute to that process.

Thank you very much.

[The prepared statement of Mr. Proctor follows:]

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Mr. Shimkus. I thank you all for your testimony.

We will now move into the question-and-answer portion of the hearing. I will begin the questioning and recognize myself for 5 minutes.

And, of course, I will go to Mr. Fletcher first. Is it challenging for a small community to go through application processes for government assistance?

Mr. Fletcher. Very much so, Congressman.

Mr. Shimkus. What would you recommend a process of streamlining or the challenges? What could we do to make it easier?

Mr. Fletcher. Well, I believe that if we have assistance, circuit rider program, something similar to that, for each State, that the circuit riders would have the knowledge to go to these small systems and help them through the process with the SRF application.

Mr. Shimkus. Mr. Vause, your testimony requests -- calls for streamlining the SRF application process. What does that include for you?

Mr. Vause. Mr. Chair --

Mr. Shimkus. And hit your microphone button there.

Mr. Vause. Mr. Chair, we do support efforts to reduce the burden on regulation and the application process itself. We think

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that the EPA can do, amongst its regions, the -- developing best practices that can be applied to all of the regions there to streamline the application processes themselves.

We believe, secondarily, that the ability to do the applications themselves rely on certain forms and certain procedures that the agency should streamline. Those procedures themselves go to the issue of the Buy America provisions, they go to the issues of tracking minority, disadvantaged, and women business enterprise activities related to SRF projects. So those are two areas that we would like to see where there is streamlining done. Thank you.

Mr. Shimkus. And if anyone else on the panel would like to comment on the possibility of streamlining the application process for SRF? If you have --

Oh, Ms. Daniels.

Ms. Daniels. Yes. Hi. So if I could just add. So we have heard from applicants that they much prefer the RUS program because it is much more streamlined. And it seems that it can give the applicant upfront information sooner about what they might be eligible for, what rates they might be looking at, and it helps them then move forward from there and really design the project that fits sort of their understanding of funding.

So if our program could figure out a way maybe to do a letter

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of intent where you get the financial information up front, because that is generally what is used to determine rates and moneys available, that would give folks some upfront information then to move forward and finish the complete application.

Mr. Shimkus. Yeah. I know in -- what is the burden? You mentioned burden.

Ms. Daniels. So the burden for completing the application?

Mr. Shimkus. Right.

Ms. Daniels. Well, I mean, it is substantial for small systems. In some cases, they are just not capable of completing it. So one of the assistance programs that I mentioned before, professional engineering services program, we do provide assistance. So if a community really needs help completing the application, we will work with them to do that.

Mr. Shimkus. And I agree, being from rural America, I think the RUS ability for rural water co-ops and stuff have been very, very helpful. And I haven't heard the same concerns that I had with the SRF.

Going back to you, Ms. Daniels, are there any -- are there other reasonable steps that can be taken to simplify the SRF application process or paperwork? Anything else you can think of?

Ms. Daniels. I think, really, if we can come up with sort of an upfront screening process, so an upfront letter of intent, I

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think that gives folks a better sense.

So in Pennsylvania, before they can come in for an application, they already have to have the project designed, they have to have all of the permits in place. There is a lot of expense that goes into getting to that point, and we don't even know yet, then, what they might qualify for or what rates they might be looking at.

Mr. Shimkus. So let me finish up with you. We have heard a fair amount of testimony on disadvantaged communities. Are you comfortable with the flexibility that the Safe Drinking Water Act allows regarding the amount you can spend and how much debt you can forgive?

Ms. Daniels. We really are. You know, I think keeping the language of "up to" gives States the flexibility. So in a given year, if we have lots of projects that meet that criteria, we are able to fund those. But in other years where we don't, it means we don't necessarily have to set that funding aside. We can use that for other worthwhile projects.

Mr. Shimkus. Thank you very much.

I would yield back my time, and now recognize Mr. Tonko for 5 minutes.

Mr. Tonko. Thank you.

Many of the organizations represented today testified earlier

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this year. At that hearing, everyone agreed that more funding is necessary for the Drinking Water SRF.

The SRF was initially authorized at \$1 billion in 1996 and, frankly, I don't think that level of 20 years ago would meet our Nation's needs, especially since we have seen the need grow significantly during this time period.

So my question to everyone on the panel is, do you support sustained increased funding for the SRF relative to historic value -- levels?

Mr. Kropelnicki?

Mr. Kropelnicki. Yes, we do.

Mr. Tonko. Mr. Potter?

Mr. Potter. Sir, I would like to address the fact that the drinking water industry is a jobs program waiting to happen. We can put a lot of people to work in a hurry. So the level of funding that Congress would appropriate really can't be enough. We can put people to work. We can renew infrastructure. We can keep the dollars in the United States. We have used McWane pipe. It is a good pipe. Everything about the whole program is good for us. Fund us; we will put people to work.

Mr. Tonko. Thank you.

And can we continue, Mr. Fletcher, just across the board?

Mr. Fletcher. Any increased funding for small communities

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would be greatly appreciated.

Mr. Tonko. Thank you.

Ms. Daniels?

Ms. Daniels. So ASDWA supports funding of about a billion. Now, that isn't quite the same as maybe the double or the triple numbers that you are hearing from other folks. One of the reasons is that we have to understand that State staffing levels are what they are right now based on sort of the historical funding. States would have a difficult time quickly staffing up to be able to move a two or three times the amount of funding. I think what States may need is more moderate increases over a longer period of time and maybe some predictability that those funding levels will continue. That is what States need to really be sort of confident that they can increase staffing levels to be able to move those moneys.

Mr. Tonko. Right. And I believe AQUA reflects that in its language.

Mr. Vause?

Mr. Vause. Mr. Tonko, yes. As we had indicated in our testimony, the doubling of SRFs, and we believe a sustained effort is necessary both for the SRFs and the WIFIA program.

We do recognize, though, that States do have a match to the SRFs. So along with the increased funding at the Federal level is

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a requirement that the States have to match as well.

Mr. Tonko. Thank you.

Ms. Thorp?

Ms. Thorp. Yes, thank you, Congressman. Yes. As I mentioned, we support significant increases in the State revolving funds as well as in the Public Water System Supervision grants. We recognize there are complications and that it is not the only solution to our Nation's drinking water challenges, but it is certainly a much needed piece of the puzzle.

Mr. Tonko. Thank you.

Mr. Proctor?

Mr. Proctor. Absolutely. As has been noted previously, there is an estimated trillion dollar need to rehabilitate our country's water infrastructure. The unfortunate thing, though, is that highways, airports, other things like that get more attention, but the need is just as critical for water. If there is a pothole in a highway, I am sure you all get a phone call from a constituent, but with water, even though 20 percent of our water is leaking into the ground today, which is massive waste of a precious resource as well as the energy associated with it, it is out of sight, out of mind. But we can live without roads; we can't live without water.

Mr. Tonko. Thank you.

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RPTR TELL

EDTR HUMKE

[9:29 a.m.]

Mr. Tonko. There are disadvantage systems that need extra assistance, and this discussion draft has some good ideas, but I believe there are additional things we can do to support them.

Mr. Potter, can you expand why it is important to expand the definition of disadvantage community?

Mr. Potter. Yes, sir. Fundamentally we are a large system, so we have 190,000 water accounts. We have areas at Metro Water Services that are relatively affluent. We have areas that are economically disadvantaged. If we do not expand the definition, then we wouldn't have the ability to have the additional subsidization available through the Drinking Water SRF.

It provides us another tool to fund a project specifically in a disadvantaged area that we would not have if the definition wasn't expanded, so we would request that it be done so.

Mr. Tonko. Thank you. And an asset management, the benefits of that management, of asset management are being more widely accepted, and I do understand the concerns about being overly prescriptive, but also believe that more can be done to encourage utilities to implement plans.

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To Mr. Vause and Mr. Potter, do you see a benefit to having systems finance projects that focus on the long-term sustainability of their systems?

Start with you, Mr. Vause.

Mr. Vause. Mr. Tonko, yes, and we do believe in the encouragement of every utility doing a project of that nature to consider the life cycle costs associated with that and to factor that into the decisionmaking on what is the right solution for that particular project issue at hand.

Mr. Tonko. And Mr. Potter?

Mr. Potter. Yes, sir. Asset management is a good thing. Recognizing that some utilities will have staffing that is more, I guess, available than a small system. A good example is, is this a pump? If you take a brand new pump out of the box, and you install it, and you do vibration analysis and lubricational analysis over the life cycle of the pump, it is going to last longer. And that is a better use of O&M funding.

If you don't do that, and that means you don't have asset management program, it is going to cost more. And if it costs more, those dollars will not be available for capital investment.

So overall it is a good idea. We recognize that some utilities will have higher capabilities than others, but overall asset management works.

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Mr. Tonko. Thank you. Thank you. And I yield back.

Mr. Shimkus. The gentleman's time is expired. The chair now recognizes the chair of the full committee Mr. Walden for 5 minutes.

The Chairman. Thank you, Mr. Chairman.

Mr. Vause, one of the proposed SRF enhancements that you discussed in your testimony was added flexibility and repayment terms for the SRF loans. Why is added flexibility for repayment terms needed, and do you support the provision in the discussion draft that extends loan repayment schedules for disadvantaged communities from 30 years to 40 years?

Mr. Vause. Mr. Walden, we do support the issue of extending the terms to disadvantaged communities, and essentially it is an issue of this, when you think about when you take out a loan for a home for other things, those are long-lived assets, and to be able to extend the terms out to not exceed the useful lives of the assets that are being funded through the SRF and so forth, that is an appropriate way to help communities who need to extend out the terms and so forth to be able to afford the loan.

The Chairman. All right. And today's discussion draft removes Federal reporting requirements on Federal funding if State or local requirements are equivalent to the Federal requirements.

From your perspective, Mr. Vause, what effect would this

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provision have, and would it be as beneficial as some of us think it would be, and do you support it?

Mr. Vause. Mr. Walden, we do support that concept, and it does help and facilitate the ability of the loan recipient to be able to ease the administrative burden of a project of this nature.

When utilities go through, being able to show that an equal or more stringent requirement exists, at the State level, makes it much easier to facilitate the use of the loans in the administration of a project that is funded and financed that way.

The Chairman. And is there something we should do in terms of prioritization or should we stay out of that, and by "that" I mean when we identify in the country a problem, let's say lead in the pipes or arsenic in the water or something, should we be thinking about a way, or maybe it is already there, to target, you know, a support to communities to deal specifically with those issues as opposed to just a leaky water system or something of that nature?

Mr. Vause. Mr. Walden, every State that acts as the primacy agency for SRF funds has their own set of criteria that they use to prioritize projects, and typically those prioritizations involve things that are of critical public health need, and, therefore, most of the monies that our experience is, is projects

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go to those that have the highest priority to protect public health.

The Chairman. Okay. Then sort of the several billion dollar question that is before all of us: How do we pay for this? I know at the local level in my water bill I pay for it. The Federal level we tend to just throw a number on a piece of paper and then go borrow it or find it or something.

Are there any of these authorized programs out there that you would tell us really aren't working and we should move money from them to this? Any ideas on how we should pay for this from the Federal level, other than giving our kids and grandkids the due bill later in their life?

Mr. Vause. Mr. Walden, I think a short answer to that is is the newly created WIFIA program is a great example of where the burden on the Federal Treasury is de minimis. In that situation it is a loan program.

The Chairman. Right.

Mr. Vause. And therefore, those who are in receipt of WIFIA loans really are paying back to the Federal Treasury and the effect is very, very minor.

The Chairman. Okay. Anybody else on the panel want to tackle the funding issue, other than being recipients of the funding, but.

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Mr. Shimkus. Would the chairman yield?

The Chairman. Sure, of course.

Mr. Shimkus. Can someone -- under the WIFIA, which has been part of the discussion too, it is my understanding for small communities the requirements are so large that they can't apply. In fact, no loans have been made out of the WIFIA program yet.

Am I correct or someone tell me about what they have done with the WIFIA. Mr. Potter?

Mr. Potter. Sir, we think WIFIA is in addition to SRF. We don't think they are mutually exclusive. We think they are complimentary, and we think they should both have equal funding attention.

The Chairman. But to his point, and Mr. Vause, I represent eastern Oregon, it is not as big as Alaska, but we have got a lot of these little tiny communities.

Mr. Shimkus. But you are a broadcaster in Alaska.

The Chairman. That is true. The Mighty Ninety KFRB Fairbanks. But the point is they don't have a huge water department, it is the mayor or somebody. I mean, you know, they have got a public works, but what we want to do is how do we streamline this and put the money in the pipe and the ground and the water system and not in the paperwork and the reporting and all of that? That is what we are trying, I think, Mr. Chairman,

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isn't that what we are trying to get to here?

Mr. Vause. Mr. Walden, with respect to the WIFIA program, for example, small communities under the size of 25,000, the project size that is eligible is a \$5 million project. States also can apply for WIFIA loans, and they can bundle projects together from small communities to help facilitate that in that program.

The ability of the small communities to administer an SRF program, to that question, I think the ideas that we have previously talked about of streamlining some of the paperwork exercising, having best practices used, but more importantly, the idea of being able to demonstrate the ability to use State regulations to avoid the issues of the cross-cutting requirements at the Federal level are all things that really help try to streamline that effort.

The Chairman. Thank you, Mr. Chairman.

Mr. Shimkus. The Chairman's time is expired. The chair now recognizes ranking member, Mr. Pallone, for 5 minutes.

Mr. Pallone. Thank you, Mr. Chairman. We have seen numerous serious problems in the Safe Drinking Water Act that should be addressed in any legislation this committee passes to amend the Safe Drinking Water Act. The biggest challenge is clearly the lack of funds, but I want to quickly touch on a few others. And

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my questions are of Ms. Thorp.

Does the discussion draft that is before us fix the weaknesses in the standard setting process under the Safe Drinking Water Act?

Ms. Thorp. Thank you, Congressman Pallone. The discussion draft, as I read it, didn't address any of the contaminant regulation, national primary drinking water regulation setting process at all, so it didn't go into that topic.

Mr. Pallone. All right. And the source water protection provisions in the statute have proven ineffective, and that is why my bill would create an entirely new program to ensure source water protection.

Does the discussion draft before us do enough to ensure source water protection in your opinion?

Ms. Thorp. Congressman Pallone, if I recall, the discussion draft did allow for some set-asides in Drinking Water State Revolving Fund monies to do source water protection plans and to update those systems and States. So we think that is a good idea.

We do think there is some creativity and some innovation that needs to be applied as we look at the future of the Safe Drinking Water Act, which really as currently written, doesn't do much to protect source water or to reinforce our other environmental and public health protection statutes and regulations. Some

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interesting work could be done on that in the future.

Mr. Pallone. All right. Thank you.

Now, our Democratic proposals also address threats to source water, including oil and gas development and climate change. Does the discussion draft before us today address those threats?

Ms. Thorp. Still to me, Congressman?

Mr. Pallone. Yes, these are all to you.

Ms. Thorp. Thank you, Congressman Pallone. I did not see anything on oil and gas activities and other sector threats to drinking water sources or on climate change and resilience.

Mr. Pallone. All right. One of the concerns we hear about most on drinking water is lead contamination, particularly concerns about lead service lines and lead in school drinking water. Will this discussion draft get lead out of our homes and schools or do we need to do more?

Ms. Thorp. I don't think the discussion draft addressed lead in schools or lead in water, and specifically, although as I mention in my testimony, increased authorizations and appropriations can help us with some aspects of the lead service line problems, for example.

Mr. Pallone. All right. And then we also hear a lot of concerns about the need to restructure water systems to ensure the technical, financial, and managerial capacity to deliver safe

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water.

Does the discussion draft need to be strengthened to effectively address the restructuring and consolidation in your opinion?

Ms. Thorp. Well, I think some detail could be added. I think the discussion draft noted that this is one use of State Revolving Fund funds. So I think some of the detail we have seen in the bill that you, Congressman, introduced and in other places to support appropriate restructuring and consolidation would be helpful.

Mr. Pallone. All right. I mean, obviously, it is my opinion that this discussion draft needs a lot of work if it is going to actually address the problems we see in the Safe Drinking Water Act, so my hope is that my Republican colleagues will work with us as we move forward on some of the issues that I mentioned.

I want to yield the rest of my time, though, to Mr. McNerney.

Mr. McNerney. Well, I thank the ranking member of the full committee for yielding. I am going to read a statement and I want to know if all the panel members agree with a yes or disagree with a no.

"The draft mostly continues with the status quo, which is necessary but not sufficient to meet our Nation's drinking water needs.

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Mr. Kropelnicki?

Mr. Kropelnicki. I would agree with that, yes.

Mr. McNerney. Mr. Potter?

Mr. Potter. Yes, sir, I would agree with that statement.

Mr. Fletcher. Yes.

Ms. Daniels. Yes.

Mr. Vause. Yes.

Ms. Thorp. Yes.

Mr. Proctor. Yes, sir.

Mr. McNerney. Well, everybody said yes. I was going to take as just the ones that said yes, name one thing briefly that you think would most improve the legislation? Starting briefly. Go ahead.

Mr. Kropelnicki. Requiring that any funds being expedited are used, be used economically, efficiently, that asset management and full life cycle pricing and full cost in the true value of water is reflected in the rates being charged to customers.

Mr. McNerney. Mr. Potter?

Mr. Potter. Yes, sir. I would support enhancement in asset management program requirements and codifying the amounts in the SRF funding levels, and strengthening the WIFIA authorizations.

Mr. McNerney. Mr. Fletcher, briefly now?

Mr. Fletcher. Technical assistance would be very

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important --

Mr. McNerney. Very good.

Mr. Fletcher. -- and that for small systems in rural communities.

Mr. McNerney. Ms. Daniels?

Ms. Daniels. I would actually support being able to shift some of the work for source water protection plans to the SRF because that would free up set-aside funds for more technical assistance and other things within that program.

Mr. McNerney. Thank you. Mr. Vause?

Mr. Vause. Yes. EPA has stated that various States have unobligated or unspent balances in their Drinking Water SRF accounts, and when those dollars are not in circulation they are not being used to improve drinking water infrastructure.

So in combination with increased SRF funding, we, AWWA, would urge Congress to use all the necessary tools to help State primacy agencies put those unexpended funds to use in drinking water infrastructure.

Mr. McNerney. Ms. Thorp? Quickly, please.

Ms. Thorp. To increase authorization, I think creative use of technical assistance and State programs to move toward having the most 21st century modern drinking water systems we can nationwide.

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Mr. McNerney. Yes.

Mr. Proctor. In addition to the domestic preference and consistent levels of funding I mentioned in my earlier remarks --

Mr. McNerney. Quickly, please.

Mr. Proctor. -- additional things that would improve, the adoption of smart technology would go a long way.

Mr. McNerney. Thank you, chairman.

Mr. Shimkus. The gentleman's time is expired. The chair now recognizes the gentleman from Texas for 5 minutes.

Mr. Barton. Thank you, Mr. Chairman. And I am not going to take 5 minutes.

We appear to be on the verge of having a bill that most people agree with on both sides of the aisle. I don't hear a lot of negativity. I guess my only question would be, this section A, it says adds a new provision that if the Federal reporting requirements on Federal funding are pretty much the same as local requirements that you don't have to make the Federal report.

Do you all agree with that? I mean, that sounds like a good deal to me.

Mr. Kropelnicki. Yes.

Mr. Barton. Nobody has heartburn over there?

Ms. Daniels. No.

Mr. Barton. With that, Mr. Chairman, I am going yield the

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rest of my time to Mr. Murphy of Pennsylvania.

Mr. Murphy. I thank the gentleman. Mr. Vause, let me start off with you.

In your testimony you argued the present buy America requirements to the SRF are unrealistic and that the conditions for granting a waiver should be loosened to make it easier to buy nonAmerican products, am I correct?

Mr. Vause. We supported modifying the language.

Mr. Murphy. Just am I correct or not, to make it easier to buy nonAmerican, is that a yes or a no?

Mr. Vause. I am sorry, could you repeat the question?

Mr. Murphy. So you said in your testimony, you argued the present buy American requirements are unrealistic and that the conditions for granting a waiver to this should be loosened to make it easier to buy nonAmerican products. Did I understand that correctly?

Mr. Vause. Yes.

Mr. Murphy. Okay. So are you willing to forego U.S. taxpayer dollars for your water projects in order to buy your steel from wherever you want?

Mr. Vause. No.

Mr. Murphy. Well, then what percent of funding from the Federal Government should you have cut in order to allow you to

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support the economy of China instead of the United States?

Mr. Vause. That is not our intent, sir.

Mr. Murphy. Well, but if you are not buying American steel but you are using American taxpayer's money to buy products from other countries, that is how it works out. So intention or not, that is the outcome.

So, Mr. Proctor, in your testimony you discussed the benefits to McWane and the broader domestic steel industry of the American Iron and Steel Institute preference for Drinking Water State Revolving Fund. What impact would Congress enacting a statute to permanently apply this procurement preference policy to the DWSRF have on industry, domestic manufacturing, and jobs?

Mr. Proctor. I think it would accelerate the repatriation of jobs back here to the U.S. A permanent provision would give industry the signal that it is worth investing in the new capital and the new capacity here in the United States, and we would see exactly what has already happened in the fittings business where jobs that went to China are coming back to the United States, and that would increase competition, as well as increase jobs and economic benefits.

Mr. Murphy. So you speak of the lost opportunities of the domestic industries, as well as the administrative inconsistencies and inefficiencies that this generates. Can you explain what you

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mean by that?

Mr. Proctor. Well, it just seems inconsistent that on the one hand you are taking tax dollars from American workers and then using those tax dollars to fund the purchase of materials and in the process taking away their livelihoods, number one.

Number two, the agency that is charged with the administration of the SRF is the Environmental Protection Agency. When they impose regulations on American manufacturers that make them uncompetitive so that people go to China, India and other places to buy their products, they are having the perverse effect of sending those manufacturing jobs to place -- not only eliminating jobs here in the U.S., but sending them to places that have no regard for the environment.

Mr. Murphy. Like State-owned governments who also subsidize it and without the environment -- so what happens is, so you may have an American steel worker paying U.S. taxes. Those taxes then go to help subsidize water projects to the community, which then because of the onerous regulations of the United States make other countries' steel cheaper, and those communities then buy other countries' steel, which further puts that steel worker out of a job, do I follow that correctly?

Mr. Proctor. That is exactly right. That is exactly right. And you are making the environment worse in the process.

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Something around 25 percent of the particulate matter that falls on California comes from China.

Mr. Murphy. So all the work we do in environmental improvements are just very small and overridden, I understand, by what China does in a short period of time?

Mr. Proctor. That is correct.

Mr. Murphy. Right.

Mr. Proctor. China produces more carbon dioxide and greenhouse gasses than all the other iron and steel manufacturing companies in the world combined.

Mr. Murphy. Thank you.

Ms. Daniels, real quickly, how big of a national problem is the undiscovered water systems containing pathogens like in Cydectin?

Ms. Daniels. I mean, it is really hard to quantify that. Every year it seems we find one or two undiscovered water systems mainly in our rural areas.

You know, when you are driving past a community it is hard to see, are they on private wells, are they, you know a connected community water system?

So often we find out about them because we get folks calling complaining about water quality, and that sort of leads us to the investigation.

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Mr. Murphy. Thank you. I yield back.

Mr. Shimkus. The gentleman yields back the time. The chair now recognizes the gentleman from California, Mr. Peters, for 5 minutes.

Mr. Peters. Thank you, Mr. Chairman, and thanks for having this hearing. It comes at an important time when, you know, we obviously heard issues like Flint, we have got a 5-year drought ending in California, and it is a good time to talk about sustainability and resiliency, and we see reports that water prices would have to increase by 41 percent in the next 5 years to cover the costs of replacing infrastructure.

A New York Times op-ed by Charles Fishman said "Water is Broken. Data Can Fix It." And it claims that more than any single step, modernizing water data would unleash an era of water innovation like anything in the century. So I wanted to explore that with some of you who mentioned that.

Ms. Thorp, you said that in your testimony that invasion data and information systems could increase transparency, enhance public engagement and awareness, provide more effective oversight and ultimately lead to increased public health protection.

Can you tell me kind of what are the primary drivers for the lack of data and, you know, what are the steps we might take to employ data to be doing something beyond what we all agree we are

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doing today but we need to do?

Ms. Thorp. Thank you, Congressman Peters.

Mr. Peters. Could you move the microphone?

Ms. Thorp. Yes.

Mr. Peters. Thank you.

Ms. Thorp. I think it is not a lack of data necessarily. It may be a lack of ability to compile the data and then make it usable to not only regulators but to folks in the drinking water sector in the public interest and public health communities.

There is some interesting recommendations on that in the -- sometime late last year the President's Council of Science Advisors did an interesting report on drinking water data and urged folks to take a look at it. I do think some of the authorizations we have talked about today for State programs, as well as SRFs and EPA itself could lead to progress.

Mr. Peters. I guess I am looking for more specifics on the steps we should be taking.

Sometimes I find that if you leave it up to States to make these decisions, some of them will make more progress than others if they are not given the kind of technical assistance that we might be able to provide here.

Ms. Thorp. Well, one simple step would be improving the technology we use both at EPA and in States for making it possible

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for drinking water consumers to understand monitoring results in their water systems, not just lead but others. That sort of thing.

Mr. Peters. Mr. Potter, maybe you had some ideas about this, as well. Is it feasible to put water quality data online in real time, would that increase transparency?

Mr. Potter. Yes, sir it is. Was that directed to me?

Mr. Peters. I am sorry, I was looking at Proctor, but I am sorry, Mr. Potter, yes.

Mr. Potter. Yes, sir, it is. We have real time water quality data that we do and can put on the web.

Mr. Peters. Is there something in this bill we should be doing to encourage that?

Mr. Potter. I think encouragement of that in the asset management realm would be a perfect idea. Another example would be use of automatic metering to measure use at the tap and compare that to production. That would be a great asset management tool to identify where your leaks are.

So that is lots of room for additional technology to be used in our industry.

Mr. Peters. Is that being successfully employed in particular places?

Mr. Potter. We are exploring that presently.

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Mr. Peters. Okay. But you are exploring whether it is being employed or how it could be employed?

Mr. Potter. How it can be used once it is deployed. We are transitioning to that technology right now.

Mr. Peters. Mr. Vause, maybe you could just -- I have got about a minute left. Maybe you could tell us kind of, you know, we received a D on our drinking water infrastructure, and you have talked about whether this bill appropriately addresses the water infrastructure needs.

What funding levels would you recommend adding into each bracket, and briefly why would you do that?

Mr. Vause. Mr. Peters, we talked earlier about the fact that we would recommend appropriations at the full authorization level for WIFIA at \$45 million in fiscal year 2018, a doubling of the SRF's water and wastewater from their current fiscal year 2017 levels for fiscal year 2018.

To the issue of the data and the information, if that is part of this question, as well, I concur with what was said using it for asset management but also from security and preparedness, having on time real line data on water system quality I think is a very, very vital thing, and I think the PWSS programs and supporting the states in their efforts at not less than the current funding levels are really important to go forward.

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Mr. Peters. And just along the lines of Mr. McNerney's question I think we have something here that we can find wide agreement on, but I think we can do more, and I hope we take the opportunity to improve off of the standard things we have been doing for a long time, and I appreciate all the witnesses for being here today. I yield back.

Mr. McKinley. [Presiding.] The gentleman's time is expired. I recognize myself for 5 minutes.

To the group, maybe it goes to you, Mr. Proctor, about energy efficiency. Tonko out of New York and Welch out of Vermont, we have worked together on trying to find ways of efficiency, and one of the things that I am concerned about is from this in the water system one of two engineers in Congress, and one of the things we are talking about is always how do we improve efficiency?

And I think a smart grid system could be very interesting with our meters, and I think you were alluding to that perhaps in your testimony because if we have 240,000 breaks during a year, and we lose maybe anywhere from 20 to plus percent of our water, that is not efficient. The electricity is lost in motors and generating pumps to move that and the water we are moving and the chemicals all the process, so the efficiency, I know that Europe is investing about \$8 billion in the next 3 years in a smart systems smart metering system.

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Do you see that as being part of the solution of how we can be more prudent in our water programs?

Mr. Proctor. Absolutely. And I would like to make two points about that. One is the smart technology that is emerging right now does create the opportunity to monitor as well as meter water that is flowing through our distribution systems.

So you can detect leaks, and when you can detect the leaks you can detect -- you know exactly where it is so you don't spend a lot of time looking around trying to find it so you can repair it.

Mr. McKinley. If Europe is so much out in front with \$8 billion, do you know what kind of numbers we are putting into this, into the research, into a smart meter?

Mr. Proctor. I don't know the answer to that.

Mr. McKinley. If you can get back to me on that.

[The information follows:]

***** COMMITTEE INSERT *****

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Mr. McKinley. The other thing I wanted to talk about maybe to you, Mr. Vause, is rural water. I come from West Virginia. We have a lot of areas that are really hurting for water, and I am thinking in Alaska you have got a similar situation.

And we know around the world there is some deficiencies with that people can't get access to water. And there is a program that is being developed in West Virginia at Ohio Valley University with Katharos, it is a group out of Denver in consolidation or in coordination with the Ohio Valley University to develop a mobile water treatment facility.

And they have been able to get it now to the point that they can produce water now at \$0.27 per person per day. That is pretty competitive with it. So I am wondering whether or not that is something that we should -- first, are you first are you aware of the Katharos Catharis program?

Mr. Vause. I am not aware of that particular program myself, but at our State, in Alaska for example, there are several ways that we are researching in partnership with the EPA ways to improve water supply to many rural areas of our State, and those include using innovation and trying to provide recycling and reuse technologies, so that for the limited supplies that are available, that there are ways in which we can improve at a household level the ability to have --

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Mr. McKinley. I know their program is what they are trying to develop there, is also been using solar panels, so they can go to areas without electricity and still be able to process water for families in that immediate area.

I think it also has opportunity for us where we have some serious leaks where people can't get water that a mobile unit could come in and be able to provide them water service during the interim period of time.

I am very optimistic that these mobile units could be very helpful to us, so I thank you on that. And I had a -- could you grab that? This is an example of, you know, when I say a water problem, I have designed thousands of miles of water system, and this is one in rural West Virginia, a good 1-inch waterline that probably has about 80 percent of it occluded that they can't pass water through.

This is what we see all across America. That is why this urgency of getting something done so that these families can have water, dependable clean water, and this is certainly is unable to provide that.

So I thank you for that and I yield the balance of my time. Who do we have next?

Okay. Mr. Green, you are recognized for 5 minutes.

Mr. Green. Thank you, Mr. Chairman. I want to thank our

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chairman and ranking member for holding hearings today.

You know water challenges are all over the country and where I am from in Texas I have a very urban district. It is mostly incorporated by either the City of Houston or smaller cities that provide water, but we have some areas that are urban areas outside the city limits and none of the cities will annex it because of the low property values. They just can't afford to come in and put new waterlines or streets or anything else.

So what I was going to see if is in these unincorporated communities that are very urban, and I am sure rural areas have the same problem with low property values. In Texas we created decades ago water districts that are actually local levels of government for water and sewer and other things if they would like.

But, again, you can't even create that if you have low value for your property because you can't sell bonds if you can't afford to pay them off.

Is there a Federal program for these areas similar to what rural water authorities would be to help get water and sewer because, again, these are very urban areas, but, you know, our traditional sources of water and sewer are not there, so what they have is they have water wells and septic tanks that are, again, in urban areas not designed to have that much usage, I guess.

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Is there anybody on the panel that -- a Federal program that would help that? Our county commissioners have helped with what they can but, again, they don't have the budget oftentimes to except to provide just a little bit of money, so that we have a partner but we would need Federal funding to do it in a low wealth area.

Anybody have any? Yes, sir.

Mr. Fletcher. Rural development has their water loan and grant program, and in Illinois, in my system itself, was unserved back in the late eighties. And we got a group of people together that tried to form this water system. And they went and talked to people, and people put deposits in of \$20. It cost them \$150 to get the meter once we had funding, but we went to a Farmers Home Administration and got our first loan and grant was \$2 and-a-half million.

And we served those people. And we have continued to do that through this program. And I can only, I guess, assume that there could be somebody in that area that would take the bull by the horns and try to do the same thing there.

Mr. Green. Mr. Proctor, can you tell us a little about the role your company plays in drinking water infrastructure projects?

Mr. Proctor. Yes, sir. We manufacture the basic building blocks for the Nation's water infrastructure. We make pipe,

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valves, fittings, fire hydrants, and all those related projects.

Mr. Green. Okay. Coming from Houston, and I have a whole bunch of chemical plants that make PVC pipe, and I just met with a group of them yesterday. I know there is some competition because PVC typically doesn't rust, but there is other problems with it also, so what would you guess would be the usage of PVC compared to metal pipes?

Mr. Proctor. I am not sure what the percentages are exactly, but I can say this, that iron is much more durable than PVC, and their modern techniques virtually eliminate the corrosion for pipe that is installed today.

But even without that, if you look at the track record of iron, as someone mentioned earlier, there was a problem that occurred just the other day for a pipe manufactured in 1860, and that was old cast iron.

Today we have ductal iron that is even stronger and lasts even longer.

Mr. Green. Okay. And I know in my area, though, when we see new subdivisions built I almost always see it being built by PVC. Again, because local prices and things like that I guess goes there.

What are the steps that Congress and the EPA can take to ensure that we have the trained workers who need to modernize and

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maintain our water system? In our district, like I said earlier, we have disadvantaged communities that do not have the resources to invest. In fact, some of the areas in our district would be called -- are colonia, which decades ago was created along the border.

Somebody would go buy, set out a subdivision, but they wouldn't provide any water and sewer, so people would buy a lot, and the only way they could get water is do their own well or a septic tank. But I am also interested in the training for the employees that need to be putting these systems in.

Anybody on the panel? Yes, sir.

Mr. Fletcher. Texas Rural Water Association has circuit riders and technical assistance and training for people like that, for operators that want to learn how to operate a system and get certified. And it is free of charge to these small communities.

Mr. Green. Great. Thank you. I have run out of time. Thank you, Mr. Chairman.

Mr. McKinley. The gentleman's time has expired. The chair now recognizes the gentleman from Mississippi, Mr. Harper, for 5 minutes.

Mr. Harper. Thank you, Mr. Chairman, and thank you for holding this hearing. I know this is an issue we have looked at for years and continue to be concerned about.

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I want to thank each witnesses for being here and taking time to help us. This is something that as we look at the aging infrastructure in so many of these systems and how we are doing that, and I agree to Mr. Fletcher, the circuit riders in my State of Mississippi have done a remarkable job of helping areas that maybe don't have the resources, and I think that has been a great value across the country where those have been used.

Mr. Vause, if I could ask you a couple of questions. And I know that Mr. Tonko touched on some of this earlier, but I want to try to look a little deeper. I know in your written testimony you emphasize the need for asset management to be encouraged but not mandated. Is there agreement amongst the industry as to what constitutes good asset management practices?

Mr. Vause. There are basically two models, and those models revolve around five basic concepts. The concepts are more or less solidified between those two models, and so what constitutes good practice really gets to the level of how well you practice each one of those five steps within asset management.

So I would say generally yes is the answer to that question.

Mr. Harper. Okay. But also in that these are sometimes goals or objectives, but how they are met I guess depends upon the resources and determination of each group. Would that be correct?

Mr. Vause. There is. There are policy considerations,

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considerations that go to what are the necessary levels of service that need to be provided for a particular community. Those are objectives that are set through public policy. There are what are also besides the required levels of service are what are the tolerances that a community has for the degree of risk that they are willing to accept or not accept.

Again, those are public policy choices that are made best at the local level, and so there is no one specific answer.

Mr. Harper. Sure. And of course you are here wearing more than one hat, but on behalf of the American Water Works Association what is that organization doing to encourage or support that better asset management?

Mr. Vause. Yes. We provide through a variety and suite of educational offerings, both in printed materials, in conferences, in workshops, webinars and so forth, a variety of opportunities for practitioners to be able to learn about these concepts, to see how they are applied both in the United States and elsewhere.

And to bring that information down to the level that allows people from the top executive level down to the plant floor and operators to have the opportunities, the educational opportunities that are necessary to learn how to best apply those practices for their utilities.

Mr. Harper. All right. Well, let's look at where we are

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right now. If we were talking about what industry or government could do, that might encourage better asset management, does something stand out that you would give us as a takeaway that you want to make sure we don't miss?

Mr. Vause. I think the ability to have the Environmental Protection Agency to be able to monitor these developments and provide materials on a periodic basis to update as time progresses, I think that is an important thing to include in this particular legislation is to ask the administrator to be able to update those on a regular basis and to make them available to all water systems across the United States. I think that is one aspect.

The second aspect that I think is as important is to provide the encouragement through providing a positive incentive to those systems that are interested in securing an SRF loan to be able to reward them for having made positive steps in advancing and adopting those practices at their local utility, not to penalize anyone for not having done so.

But to reinforce through positive rewards, if you will, the ability to work with the agencies and to secure loans so that there is a recognition that advancing these practices leads to good things for utilities.

Mr. Harper. And do you believe you have sufficiently

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objective criteria to measure that progress?

Mr. Vause. I think there are ways to measure that, and we would certainly be interested to working with the panel here to help identify those specific things that would be able to show measurable progress.

Mr. Harper. Thank you very much. And with that I yield back.

Mr. McKinley. The gentleman yields back his time. Mr. Chair?

Mr. Tonko. If I might, I know we are rushing off to the briefing for all the House Members.

I just wanted to offer this observation, that everyone is indicating that we need more Federal dollars to address what is a basic core bit of infrastructure that speaks to our needs, individual needs, household needs, and business needs. But if we can find it in our means to provide for 70 billion from the general fund for roads and bridges the FAST Act, I think we need to step up and say, hey, look, this is a hidden infrastructure that cannot be out of sight and out of mind.

We need to do better. We need to prioritize here and not set aside the needs here that should be funded with additional resources from the Federal budget based on recent happenings here in DC.

Mr. McKinley. And I applaud my colleague for being passionate

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and committed. So thank you for that.

Seeing there are no further members wishing to ask questions for the panel, I would like to thank you all for coming and also coming early. Again, in my 20 years this is probably the earliest hearing I have been involved with.

Before we conclude I would like to ask for unanimous consent to submit the following document for the record, a letter from the United States Steel Workers. Without objection so ordered.

[The information follows:]

***** COMMITTEE INSERT *****

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Mr. McKinley. And pursuant to committee rules I remind members they have 10 business days to submit additional questions for the record, and I ask that witnesses submit their responses within 10 business days upon receipt of the questions.

And you may get a little bit more since we are so busy this morning, so I think minority counsel warned you all about that previously. Upon receipt of the questions.

Without objection, the subcommittee is adjourned.

[Whereupon, at 10:11 a.m., the subcommittee was adjourned.]