

WAC 173-98-300 Wastewater treatment facilities construction.

(1) There are three primary factors considered in determining hardship funding for the construction portion of wastewater treatment facilities projects:

- (a) Service area population;
- (b) Existing residential need at the time of application; and
- (c) Level of financial burden placed on the ratepayers.

(2) **Service area population.** Applicants with a service area population of twenty-five thousand or less can request hardship funding consideration by submitting a financial hardship analysis form along with the funding application. If the service area population is different from the population of the applicant, the applicant must show that the hardship assistance is solely used to benefit the population of the service area.

(3) **Existing residential need.** The applicant and the department calculate the water pollution control facilities construction costs that are associated with existing residential need at the time of application.

(4) **Level of financial burden.**

(a) Financial burden for the sewer ratepayer is determined by calculating the residential sewer user fee as a percent of the median household income (MHI) for the project area. The annual residential sewer user fee is calculated using:

- (i) Estimated construction costs;
 - (ii) Existing annual operation and maintenance costs;
 - (iii) Discounted, existing annual operation and maintenance costs as a result of constructing the project;
 - (iv) Projected future annual operation and maintenance costs for the total facility;
 - (v) The applicant's current and future annual debt service on the project;
 - (vi) The annual debt service for the project if funded with a revolving fund loan;
 - (vii) Other grants and loans funding the project;
 - (viii) The applicant's level of debt for other wastewater facilities not associated with the project;
 - (ix) The total number of households or equivalent residential units (ERUs) existing at the time of application that will be served by the project;
 - (x) The nonresidential share of the total annual costs is deducted; and
 - (xi) MHI for the project area;
- (b) The sewer user fee as a percentage of MHI is the basis for the department's hardship loan interest rates shown in Table 1;
- (c) The most recent available American Community Survey data determines the MHI;
- (d) If MHI data are not available for a community, the county MHI in which the community resides will be used; and
- (e) If the applicant disputes the data used by the department, the department may allow an applicant to conduct a scientific survey to determine the MHI for the project area.

(5) **Loan terms and interest rates.** The department uses Table 1 to determine the hardship loan interest rates.

**Table 1
Hardship Loan Interest Rates**

Sewer fee divided by MHI is:	Below two percent (nonhardship)	Above two but below three percent (moderate hardship)	Above three but below five percent (elevated hardship)	Above five percent (severe hardship)
One to five years term:	Thirty percent of market rate	Twenty percent of market rate	Ten percent of market rate	Zero percent
Six to twenty years term:	Sixty percent of market rate	Forty percent of market rate	Twenty percent of market rate	Zero percent
Twenty-one to thirty years term:	Eighty percent of market rate	Sixty percent of market rate	Forty percent of market rate	Twenty percent of market rate

(6) **Partially funded projects:** If a project in the hardship category receives partial funding due to department funding constraints, the department may offer the remaining funding, subject to funding ceilings, in the next funding cycle. The department may require further hardship analysis before offering the remaining funds.

[Statutory Authority: Chapters 90.50A and 70.146 RCW. WSR 17-17-040 (Order 16-04), § 173-98-300, filed 8/9/17, effective 9/9/17. Statutory Authority: Chapter 90.50A RCW, RCW 90.48.035, and 43.21A.080. WSR 11-20-036 (Order 10-14), § 173-98-300, filed 9/27/11, effective 10/28/11. Statutory Authority: RCW 90.48.035. WSR 07-14-096 (Order 05-16), § 173-98-300, filed 6/29/07, effective 7/30/07.]