TESTIMONY OF
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Thank you, Mr. Chairman, for the opportunity to address the Subcommittee today on the important work that the Environmental Protection Agency (EPA) is doing, in cooperation with States and drinking water systems, to assure that all Americans have drinking water that is safe.

Today, Americans enjoy one of the safest drinking water supply systems in the world. Over 90% of Americans served by community water systems receive water with no reported health standard violations.

The high quality of our drinking water is a testament to the hard work and dedication of the managers and staff of water systems throughout the country -- large and small, publicly owned and private -- who are the first line of defense in assuring safe drinking water.

State officials oversee the work of local systems and are essential to keeping the promise of safe drinking water. Now more than ever, we rely on States to identify and

fix problems and to work with local systems to ensure safe drinking water long into the future.

it is also important to recognize that the country would not have the high quality drinking water system that we enjoy today without the leadership provided by the Congress in the enactment of the 1996 amendments to the Safe Drinking Water Act (SDWA). The SDWA amendments, which the Clinton Administration played a major role in developing, invigorated the core drinking water program and provided new direction to federal, State and local governments and the drinking water community. The 1996 amendments moved us toward more comprehensive drinking water protection by:

- improving the way EPA sets drinking water safety standards based on good science and data;
- addressing some of the highest public health risks;
- expanding consumer information and involvement;
- providing over 3 billion dollars in funding for infrastructure investments for communities;
- emphasizing prevention through source water assessments, capacity development, and operator certification; and
- attending to some of the most pressing problems of small water systems.

In addition to playing a leadership role in developing the key elements of the SDWA amendments, the Administration has also dramatically increased funding for State safe drinking water programs and for financing of drinking water infrastructure.

Perhaps more important, EPA has established an outstanding record of success in implementing the many new and challenging authorities called for by the SDWA amendments -- a total of some 55 new Federal responsibilities. The Agency worked with States to successfully establish State Revolving Loan Funds for financing drinking water infrastructure improvements. The Agency has worked closely with States and a range of other stakeholders to develop strong and practical new drinking water standards within the very tight timeframes established in the SDWA amendments. And, we have worked with all interested parties to improve the long-term protection of sources of drinking water. I want to publicly commend all the EPA staff who have worked so hard over the past several years to build an outstanding drinking water program.

I believe that the outstanding quality of the drinking water program we have today is the best evidence that we will be able to do even better in the coming years. We will do better in our efforts to identify contaminants of special concern. We will do better in helping communities finance needed system improvements. We will do better in planning for the long-term safety of sources of drinking water. And, we will accomplish this work hand-in-hand with State and local officials, citizens, and the Congress.

My testimony today will review some of the work we have done to implement the SDWA amendments, describe some of the funding issues that the program faces, and identify some of the challenges that we will be working on in the coming years.

SUCCESS IN MEETING SDWA MANDATES

The 1996 SDWA amendments gave the entire drinking water community, but especially EPA, new marching orders and many new challenges, including regulating high risk contaminants, improving consumer right-to-know about drinking water quality, protecting source waters, and financing system improvements.

Regulating High-Risk Contaminants

In the past two years, we have proposed or finalized a series of new rules that address microbial and other high risk contaminants in drinking water.

The Administration and Congress agree that the most significant threat to public health is microbial contamination, such as *E.coli* and *Cryptosporidium*. Adverse health effects from exposure to microbial pathogens in drinking water are well documented. As we have seen in Milwaukee and New York -- and most recently in our neighbor, Ontario, Canada -- these health effects can include severe infections that can last several weeks and may result in death.

This Spring, EPA proposed the Ground Water Rule and the Long Term 1 Enhanced Surface Water Treatment Rule to address the health threats to consumers by microbial contamination in ground water systems.

When promulgated, these rules will complete a cycle of microbial protection with the Interim Enhanced Surface Water Treatment Rule, issued in 1998. Together, these

rules will cover all consumers of water provided by public water systems and significantly reduce threats to human health from microbial disease.

Disinfection of drinking water to protect from microbial contamination is one of the major public health advances in the 20th century. However, the disinfectants themselves can react with naturally-occurring materials in the water to form unintended byproducts that may pose health risks. EPA's Disinfectants/Disinfection Byproducts Rule, released with the Interim Enhanced Surface Water Treatment Rule in 1998, addresses the potential health threats that may be related to the disinfection process itself. It strengthens standards for trihalomethanes, establishes new drinking water standards for seven disinfectant byproducts and three disinfectants, and requires treatment techniques to further reduce exposure to disinfection byproducts.

The risk-risk tradeoff between disinfectants and their byproducts makes decisions about treatment difficult. However, the extensive stakeholder process that EPA used to develop these complex rules has assured that the new requirements are well supported and understood.

I am pleased to announce that on September 6th, a Federal Advisory Committee -- with whom the Agency has been discussing efforts on microbial contaminants, the disinfectants used to treat these contaminants, and disinfection byproducts resulting from the treatment – reached agreement on the second phase of these rules. This agreement builds on both the results of the microbial and disinfection byproducts research that is currently ongoing and a massive data collection effort on contaminant

occurrence. It will strengthen and expand the human health protections provided in the rules promulgated in 1998.

In November 1999, EPA proposed the Radon Rule, which will have an important impact on reducing the human health risk from radon in drinking water as well as in indoor air from soil. Radon in indoor air is the second leading cause of lung cancer in the United States. Although the risk posed by radon from drinking water is much smaller than that from indoor air, the 1999 report from the National Academy of Sciences confirmed that radon in drinking water causes cancer.

Because of the multimedia nature of radon risk, Congress, in the SDWA Amendments, created a unique multimedia mitigation approach to allow local flexibility in addressing both risks. Our approach of an alternative maximum contaminant level and multimedia mitigation program accurately and fully reflects the 1996 SDWA amendments' provisions to protect public health, and will result in a reduction of cancer cases from both indoor air and drinking water in a cost-effective manner.

Consistent with the Congress' direction, EPA has also issued a proposed rule to lower the maximum contaminant level for arsenic, another high-priority drinking water contaminant. Arsenic is a known carcinogen and is also linked to many non-cancer health effects. In a March 1999 report, the National Academy of Sciences' National Research Council found that the current, 50-year-old arsenic standard of 50 parts per billion does not provide adequate human health protection, and recommended that EPA lower the MCL as quickly as possible.

The Agency proposed a standard of 5 parts per billion and also asked for comments on 3, 10, and 20 parts per billion. Last month we held a day-long, public meeting on this proposed rule in Reno, Nevada. Over 140 people attended in person and another 40 or so joined in the discussion via telephone. While we knew there was considerable interest in this proposed rule, the attendance at this meeting serves as a good indicator that the comments submitted on this rule will be significant.

In addition, we expect a report on this proposed rule from the Agency's Science Advisory Board (SAB) in the next few weeks. This SAB assessment, as well as the numerous public comments submitted on the proposed rule, will be thoroughly evaluated as EPA develops the final regulation on arsenic.

Right-to-Know/Consumer Awareness

The Clinton Administration has a strong commitment to the right of consumers to know the quality of the water that they drink. We made expanded consumer information a top priority in the development of the SDWA amendments and have worked hard to assure the effective implementation of new right-to-know authorities. In addition, drinking water systems are making outstanding progress in providing information to consumers.

The new "consumer confidence" reports give customers of drinking water systems the information they need to make their own health decisions. Today, approximately 253 million Americans have access to their annual consumer confidence

report. Over 100 million Americans are able to read their water quality report online. These reports provide information the public is demanding.

The public also needs immediate information about drinking water health threats so they can protect themselves and their children. EPA recently completed revisions to the Public Notification Rule, which now requires faster notice in emergencies – specifically, within 24 hours. While providing for faster and clearer communication to consumers, the rule will also reduce the burden to water systems by requiring fewer notices overall and enabling water systems to better target notices to the seriousness of the risk.

Finally, EPA continues to respond to the public about drinking water issues. In 1999, EPA's Safe Drinking Water Hotline received over 10,000 calls from consumers about their water quality, most coming near the October, 1999 deadline for the first consumer confidence report. EPA's Local Drinking Water Information website is accessed over 5,000 times per month.

Preventing Contamination of Drinking Water

The 1996 SDWA amendments recognized that a robust program to prevent contamination of drinking water supplies and efforts to ensure reliable systems are necessary and cost-effective approaches to address current and emerging problems.

Effective drinking water protection has to start with an understanding of the threats to the water source. States are making significant progress in development of

source water assessments. Fifty States/Territories have an EPA-approved *Source Water Assessment and Prevention Program* and are conducting assessments for the water supplies.

To support source water assessment and prevention activities, States were provided a one year only, FY1997, set-aside that allowed them to use up to10 percent of their Drinking Water State Revolving Fund allotment to support their source water delineations and assessment efforts.

The total amount available for this set-aside was approximately $124 million; all States and Territories actually set aside close to $112 million, or 90 percent of the amount available. While the set-aside itself was limited to one year, the States have four years to obligate these funds.

Preventing drinking water contamination also means that water systems must have the financial, technical, and managerial ability to meet new challenges and continue to provide safe drinking water to their consumers. As required by the 1996 SDWA amendments, EPA has developed guidance to States on both capacity development programs and programs to ensure that all water systems have access to a fully qualified operator.

All States are developing their capacity development and operator certification programs. We are optimistic that they will meet the statutory requirements and deadline so as to avoid the penalty of a 10 percent reduction for capacity development and a 20 percent reduction for operator certification from their State Revolving Loan Fund allocation in FY 2001.

Drinking Water State Revolving Fund

The Drinking Water State Revolving Fund (DWSRF) has been extremely successful in less than 4 years of operation. From its four year (FYs 97,98,99, 00) aggregate appropriations of some $3.6 billion, EPA has given out nearly $2.7 billion in revolving loan grants to all 50 States, Puerto Rico, the District of Columbia, and the Territories.

States have made over 1,200 loans totaling over $2.3 billion to water systems to address the most significant public health needs. Small water systems have been a focus of the DWSRF. Nearly three-fourths of all DWSRF loans awarded have gone to systems serving fewer than 10,000 persons.

EPA Cooperation with States and Drinking Water Systems

As EPA has implemented SDWA, we have tried to ameliorate some of the demands that the requirements place on our partners, especially the States.

We have had extensive stakeholder involvement in our actions, including a particular focus on small water systems. This has improved the quality of our rules and has resulted in increased flexibility to States and water systems.

The SDWA amendments provide the authority to accommodate the needs and concerns of small systems and to emphasize technologies as a cost-effective approach to achieve compliance with our rules. We have worked hard to make effective use of this authority.

We have also given the regulated community advance notice of new requirements, so that they may better prepare. The new Contaminant Candidate List process that Congress added to SDWA in 1996 gives us a fair and workable way to identify and address the highest risks to public health. We will also attempt to consolidate rules by type to move away from a contaminant-by-contaminant approach to regulation.

As we develop our rules, we have taken into consideration the impacts that other rulemakings will have on the regulated community. We have tailored rules to consider local or regional considerations. We have phased implementation components where possible. We have worked to improve the capacity of water systems to meet these new requirements through early and improved technical assistance, training, outreach, and funding through the DWSRF.

Finally, we are working to lessen the pressure on water systems as the last line of defense by promoting tools for watershed and source water protection through such mechanisms as the SDWA's source water protection programs and the Clean Water Act.

FUNDING SAFE DRINKING WATER PROGRAMS

Mr. Chairman, in your letter of invitation to this hearing, you asked that I address funding for the implementation of the SDWA amendments, both now and in the future.

I am confident that, working together, Congress and the Administration have provided the resources that EPA, States, and others needed to assure the effective implementation of the SDWA amendments.

Since the early 1990s, the Clinton Administration had proposed, and Congress has provided, dramatically increased resources for Public Water Supply Supervision (PWSS) grants to the States. These grants provide support to States in their role as primary implementors of drinking water programs.

The funding for PWSS grants has increased from a level of $39.3 million in FY'90, to $72.2 million in FY 96, and almost $94.0 million in FY's 1998, 1999, and 2000 -- an almost threefold increase in less than 10 years. (Note that roughly 10% of PWSS funding has been used by EPA to implement drinking water programs for Territories, Tribes, and States not implementing the program.) States must match these federal funds by providing at least one dollar for every three federal dollar received, but usually provide more.

Congress and the Administration recognized that adequate funding for drinking water programs called for in the new SDWA amendments would be essential to the success of the program. We agreed to include in the new law authority for States to use some of the funds provided to them through the DWSRF to support program management activities. The authority to "set-aside" the DWSRF funds is discretionary to each State. Many States have chosen to use this new authority to supplement State funds and the federal funds available under the PWSS grant program.

I understand your question, Mr. Chairman, to be whether these various funding sources are sufficient to support implementation of the strong drinking water program called for in the SDWA amendments. I believe that the short answer to that question is "yes." At the same time, it is important to note that not all States have chosen to use the full amount of funding that is available to them. And, as the program evolves in the coming years, some funding shortfalls may develop.

I have attached to my testimony a graph that illustrates the funding increases for drinking water program implementation over the past decade.

FUTURE CHALLENGES FOR THE DRINKING WATER PROGRAM

The challenges facing the entire drinking water community are indeed daunting. Protection of drinking water safety has always required constant vigilance and a proactive approach to emerging threats. That is still the case today. We can continue to meet these challenges through the framework provided by the SDWA, but it will require concerted effort by everyone in the drinking water community.

The cost of providing safe drinking water -- finding a water supply, treating the water, delivering the water, and maintaining the system -- will continue to be a challenge. EPA's 1997 Drinking Water Needs Survey Report to Congress identified over $138 billion in industry needs with the vast majority of these needs targeted for delivery of water, rather than for meeting SDWA regulatory requirements. EPA is committed to working with Congress, the States, the drinking water industry, and

consumers to ensure that Americans continue to receive safe, affordable drinking water into the future.

The impressive successes of drinking water systems, States, and Federal agencies in providing safe water to all Americans should not lull us into a false sense of security. This success is a result of daily efforts to address constant risks and challenges.

While some threats have been eliminated and some require continual management, new challenges are arising, including –

- unknown, or newly emerging contaminants;
- a pace of development that may threaten source water quality if not properly managed;
- an expanding and aging population that increasingly includes those with special health concerns;
- increasing demand and competition for water that strains available resources;
- a need for high-quality research on health effects and treatment technologies;
- a need for accurate information on compliance with drinking water standards; and
- a need for data that is reliable and accurate and information systems that can serve as a user-friendly reference for the drinking water community and the general public.

CONCLUSION

I am confident that the safety, security, and availability of drinking water will always be at the top of the American public's agenda. EPA will continue to work tirelessly with Congress, the States, localities, and others to identify and develop the best mechanisms for full and appropriate implementation of drinking water protection activities.

Thank you again for the opportunity to discuss these important issues. I would be happy to address any questions you may have at this time.

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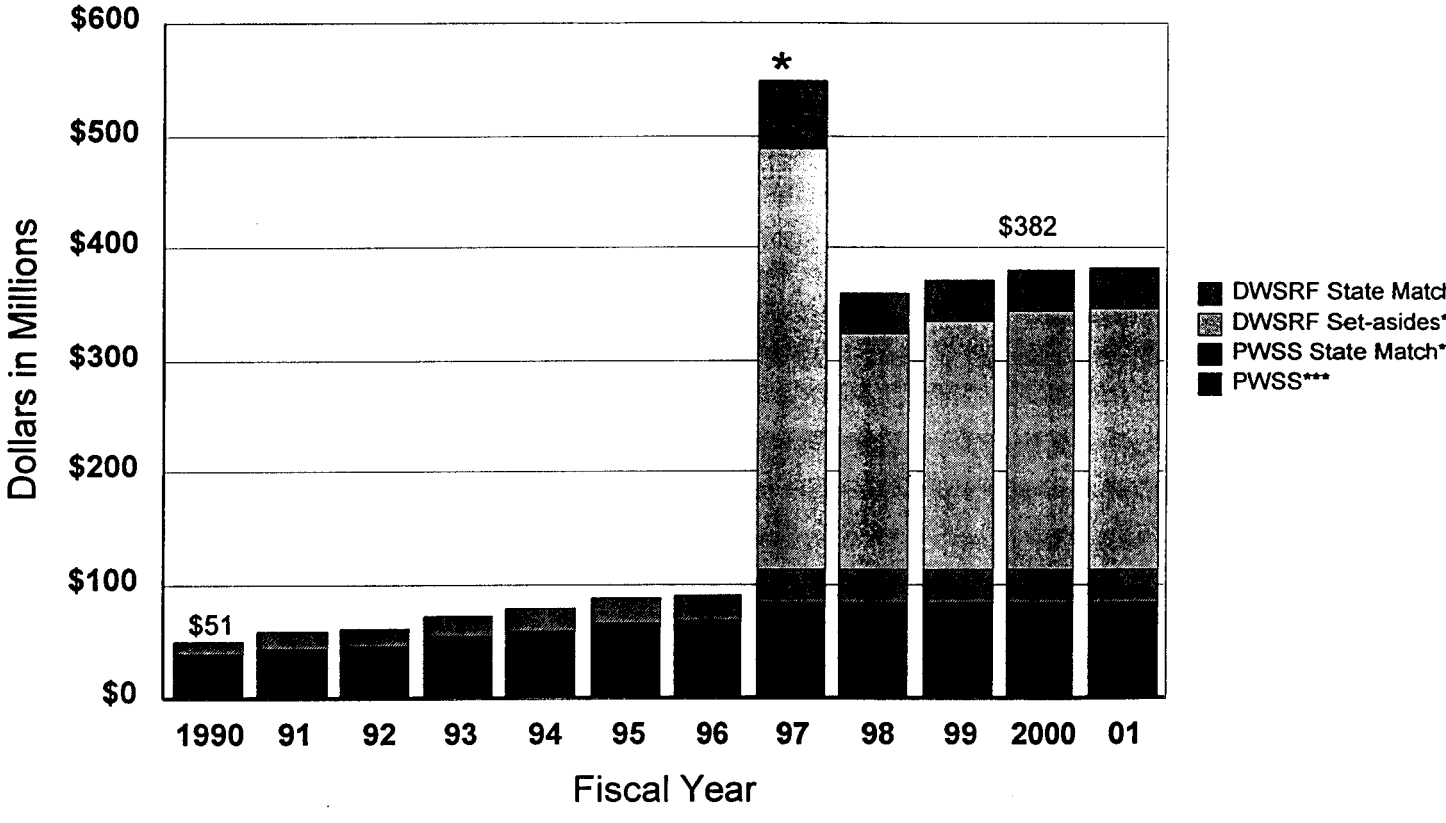
Funding Allowable for State Drinking Water Programs



* The FY 1997 DWSRF appropriation was $1.275 billion.

**PWSS State match is equal to one-third of PWSS grant, however, states often match significantly more. The state match on the DWSRF 10% state program managemnet set-aside is assumed to be 50%.

*** Amounts do not include funding for Tribes, Territories, and Wyoming.