STATE OF RHODE ISLAND

FY2010 INTENDED USE PLAN

in support of the

FEDERAL FISCAL YEAR 2009 CAPITALIZATION GRANT

To be made available by the Safe Drinking Water Act Amendment of 1996 for the Drinking Water State Revolving Fund

I. INTRODUCTION

This document serves as the State of Rhode Island's application for the Environmental Protection Agency's Federal Fiscal Year (FFY) 2009 Drinking Water State Revolving Fund (DWSRF) Capitalization Grant as authorized by Section 1452 of the Safe Drinking Water Act Amendments of 1996 (the Act). This application requests the award of a grant totaling $8,146,000. The RICWFA agrees to provide, through methods available to it, the appropriate State Matching Funds of $1,629,200 for the federal fiscal year 2009 grant. The State Match will be deposited into the DWSRF upon payment of federal funds into the Automated Clearing House as required by the Act.

II. THE RHODE ISLAND DWSRF PROGRAM

A. DWSRF Administration

The entities involved in the application for this federal capitalization grant are the Rhode Island Clean Water Finance Agency (RICWFA) and the Rhode Island Department of Health (HEALTH). The RICWFA is the designated lead agency of the State and is empowered to enter into capitalization grant agreements with the Regional Administrator, to accept capitalization grant awards, and to otherwise manage the fund in accordance with the requirements and objectives of the Safe Drinking Water Act Amendments of 1996 (SDWA), as established by Chapter 46-12.8 of the General Laws of Rhode Island as amended.

HEALTH is designated as the primacy agency for the SDWA, and will be responsible for: establishing assistance priorities; assisting in developing the Intended Use Plan (IUP); establishing project priority lists; determining project eligibility; performing technical project reviews; monitoring construction; and determining and implementing set-aside programs.

A Memorandum of Understanding, (MOU) exists between the two agencies and is included as Attachment D to the application package.

B. Planned Program Activities

This capitalization grant application is for the project amounts and set-aside dollars made available to the State of Rhode Island for federal fiscal year 2009. The IUP included as Section III.B to this document outlines the anticipated use of all dollars available in the DWSRF and the

methods of financing to be used to make construction loans to Rhode Island water suppliers.

The financial structure of Rhode Island's DWSRF Program will be a culmination of extensive modeling and analyses which will provide the DWSRF Program with the flexibility to accomplish its goals within the changing financial, legal and/or political environment.

The State of Rhode Island DWSRF will have a financing structure flexible enough to meet the needs of the varied types of water suppliers who seek financial assistance from the program while ensuring the financial health of the DWSRF, the Agency, its bond holders, and existing financial assistance programs. The financial structure will also attempt to maximize the number and volume of loans the Agency can safely make to the local communities and water supply authorities while complying with the Safe Drinking Water Act Amendments of 1996 and the associated rules promulgated by EPA.

III. CAPITALIZATION GRANT AGREEMENT

A. EPA/RICWFA Operating Agreement

The Operating Agreement (OA) which establishes a mutual obligation between the U.S. Environmental Protection Agency (EPA) and the RICWFA for the implementation of the DWSRF, is in effect as of December 1997. The purpose of the Operating Agreement is to define and integrate rules, regulations, guidelines, policies, procedures, and activities to be followed by EPA and the RICWFA in administering the DWSRF Program prescribed by Section 1452 of the Safe Drinking Water Act. The OA will continue from year-to-year and will be incorporated by reference into the annual SRF capitalization grant agreement.

The RICWFA agrees that any modifications to this agreement that may be required by EPA regulations, policies, or program guidance, will be made and implemented where applicable within six months of issuance or on such other schedule as negotiated with EPA. If feasible, such modifications may be discussed at the time of the annual review. EPA agrees that, unless mandated by Federal law, modifications will not apply retroactively, unless agreed to by the RICWFA.

Detailed information concerning Rhode Island's SRF laws, rules, policies and procedures are incorporated by reference in the Operating Agreement. During or before the annual capitalization grant application submittal process, changes to the Operating Agreement will be considered and only the materials relevant to the proposed changes shall be submitted for EPA's consideration.

Information which changes from year-to-year shall be contained in the Annual Application for Federal Assistance and the Intended Use Plan.

Several specific assurances necessary for submittal of a capitalization grant agreement are included in the Operating Agreement. These include:

- An assurance that the State has the authority to establish the DWSRF and will operate the DWSRF program in accordance with the SDWA;
- Assurance that the State will use Generally Accepted Accounting Principles;

- Assurance that the State will have the DWSRF fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards;
- Assurance that the State will commit and expend funds as efficiently as possible and in an expeditious and timely manner;
- Assurance that funds swill be used in accordance with the Intended Use Plan, and;
- Assurance that the State will provide EPA with a biennial report.

Other assurances specific to the award and acceptance of the DWSRF capitalization grant are noted in the Intended Use Plan, included as the next section of this document.

As per the OA, EPA agrees to review the capitalization grant application and take appropriate action within 60 days of receipt of a complete application (Application for Federal Assistance with supporting documentation and certifications and any modifications to the OA, the annual IUP, and proposed payment schedule) in the Regional Office. EPA shall either approve the application and award the Capitalization Grant or shall notify the RICWFA in writing of issues requiring resolution. The RICWFA and EPA agree to negotiate promptly, cooperatively, and in good faith to clarify or resolve questions which may arise during review of the Capitalization Grant application. The RICWFA agrees to act upon the Capitalization Grant offer within 30 days of EPA approval.

III. Capitalization Grant Agreement

B. DWSRF Intended Use Plan

1. Introduction

The Rhode Island Clean Water Finance Agency ("Agency" or "RICWFA"), hereby submits to EPA, the Intended Use Plan (IUP) for the Safe Drinking Water Act, Section 1452 funds available to the State of Rhode Island for federal fiscal year 2010. The federal fiscal year 2009 allotment for the State of Rhode Island is $8,146,000. The 20% state match requirement of $1,629,200 will be deposited into the Drinking Water State Revolving Fund (DWSRF) upon payment of federal funds into the Automated Clearing House as required by the Act.

With the award of the FFY2009 federal grant, it is the State's intention to continue a subsidized loan program for eligible publicly and privately organized drinking water suppliers in the State of Rhode Island.

To determine which projects are to be funded by the DWSRF, the Rhode Island Department of Health has prepared its Project Priority List (PPL). The Fiscal Year 2011, the most current, PPL is included as Appendix A to the IUP. Projects expecting to need SRF funds in the next fiscal year are identified in priority order. HEALTH has developed a tie-breaking procedure; by-pass provisions; by-pass for small systems procedure; and emergency projects procedure as part of the Rules and Regulations Pertaining to the DWSRF Program which are included as Attachment B to the grant application package.

The State of Rhode Island is currently not contemplating the transfer of capitalization grants

from the DWSRF to the Clean Water SRF or vice-versa; but reserves the right to do so if the need arises.

2. Revision to the Intended Use Plan

This IUP is for construction projects listed on the Project Priority List. Throughout the course of the year, the need may arise to amend this IUP. In such an event, the Program will only propose projects that have been selected from the approved Project Priority List.

In the event that projects identified for funding in the IUP are unable to proceed, funding assistance for these projects will be deferred and other projects from the PPL will be selected for funding based on procedures in the priority determination system, readiness to proceed, and availability of funds. Any qualified DWSRF applicant that has funding assistance deferred will be informed in writing by the RI Department of Health.

3. Short and Long Term Goals

As required by the Safe Drinking Water Act, the RI DWSRF Program has identified the following goals for the Drinking Water State Revolving Fund. The RICWFA and HEALTH will develop and administer all proper rules, regulations and policies in order to implement the program in compliance with the Safe Drinking Water Act Amendments of 1996. The goals described below are grouped according to short-term and long-term objectives and are not listed in any particular order:

Long Term Goals

Goal #1: To manage and establish a Drinking Water State Revolving Fund Program (DWSRF) in compliance with the Safe Drinking Water Act Amendments (SDWA) of 1996 (Section 1452).

Goal #2: Manage the DWSRF to distribute funding to eligible public and privately organized water suppliers in a timely and efficient manner.

Goal #3: Endeavor to provide 15% of project funds for assistance to small systems on an annual basis.

Goal #4: Maintain the Capacity Development Program as per Section 1420 of the Act.

Goal #5: Maintain a Source Water Protection Program in accordance with Section 1453 of the Act.

Goal #6: Maintain a Disadvantaged Community loan program for those water suppliers meeting the Disadvantaged Community Program criteria.

Goal #7: Prepare a biennial report which lists the State's accomplishments for the previous two fiscal years; submit to EPA in a timely manner.

Goal #8: Develop various work plans for use of specific set-aside dollars.

Goal #9: Assure full compliance with Section 1452 of the Safe Drinking Water Act and all federal crosscutting issues as required by the 1996 SDWA amendments.

Goal #10: Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the SDWA and maintaining the public health objectives of the SDWA.

Goal #11 Maintain the fiscal integrity of the DWSRF and comply with generally accepted governmental accounting principles to assure continuance of loan funds for future generations.

Goal #12 Coordinate DWSRF activities with other state and federal activities relating to public drinking water.

4. Program Issues and Initiatives

This IUP addresses the sources of monies expected to be available to the DWSRF through state fiscal year 2010. The uses of these moneys are expected to begin in federal fiscal year 2011. The financing capability of this IUP is based upon the total federal award, (the FFY 2009 grant being applied for herein), less the amounts designated for the set-aside programs, plus the state match when due. Principal and interest repayments to the fund, plus interest and equity earnings will be returned to the fund and recycled.

The use of recycled funds will be accounted for in the IUP for the year in which they become part of a new series List or are used as a Federal Direct Loans. To date, the Agency has used $5,265,352 of State Match Repayments to fund new State Match loans. The Agency has used $15,476,655 of Deallocated List funds to make $4,976,438 in new Federal Direct Loans and $10,500,217 has been allocated to new List funds to leverage more loan proceeds.

The resources expected to be available in the DWSRF for use in Federal Fiscal Year 2011 for project loans are outlined in Table I below. These resources will be allocated to long term subsidized direct loans and/or leveraged loans to local governmental units and privately organized water suppliers in need of financing for identified capital projects.

Table II estimates the loan potential of Rhode Island's DWSRF based on the type of financing employed. With this application, the State is utilizing $325,840 of the Administrative Set-aside, $814,600 of the State Program Management Set-aside, $1,221,900 of the Local Assistance Set-aside, and $162,920 of the Technical Assistance set-aside. No set-aside funds remain reserved for future use (banked).

As of June 30, 2010, the Agency has made 43 drinking water loans totaling $218,705,811. Set-aside monies will be used according to the work plans prepared for each set-aside. Set-aside programs are discussed in depth later in this document.

TABLE I
Available Capital in the RI DWSRF Program

FFY	Grant Award	State Match	Set-Asides	UnBanked Set-Asides	Total Capital in the RI DWSRF
1997	$12,558,800	$2,511,760	($2,260,584)		$12,809,976
1998	$7,121,300	$1,424,260	($817,074)		$7,728,486
1999	$7,463,800	$1,492,760	($1,221,018)		$7,735,542
2000	$7,757,000	$1,551,400	($1,204,679)	($982,305)	$7,121,416
2001	$7,789,100	$1,557,820	($1,629,929)		$7,716,991
2002	$8,052,500	$1,610,500	($2,496,275)	($821,133)	$6,345,592
2003	$8,004,100	$1,600,820	($2,481,271)		$7,123,649
2004	$8,303,100	$1,660,620	($2,573,961)		$7,389,759
2005	$8,285,500	$1,657,100	($2,568,505)		$7,374,095
2006	$8,229,300	$1,645,860	($2,551,083)		$7,324,077
2007	$8,229,000	$1,645,800	($2,550,990)		$7,323,810
2008	$8,146,000	$1,629,200	($2,525,260)		$7,249,940
2008	$8,146,000	$1,629,200	($2,525,260)		$7,249,940
TOTAL	**$108,085,500**	**$21,617,100**	**($24,880,629)**	**($1,803,438)**	**$100,493,273**

Available Capital: $100,493,273
Loans Executed: $218,705,811

5. Financial Plan and Structure for the DWSRF

The RICWFA will receive a federal capitalization award of $8,146,000 for federal fiscal year 2009, the State Match for which, in the amount of $1,629,200, will be deposited to the Fund upon payment of federal funds into the ACH. The RICWFA will provide through methods available to it, the appropriate State Matching funds for the federal fiscal year 2008 grant.

In FY 2009, the Agency received from the Environmental Protection Agency a $19,500,000 capitalization grant for its DWSRF Program under the American Recovery and Reinvestment Act (ARRA) of 2009. ARRA Projects will be funded at 25% less than the borrowers rate of borrowing; with $9,750,000 distributed amongst all the borrowers as principal forgiveness at a portion yet to be determined.

Since the inception of the DWSRF Program, loan demand had been met using direct loans, i.e., loans made with a proportionate amount of federal dollars and state match dollars; however, in March 2004 the Agency created a leveraged DWSRF Program. The leveraging ratio for the program is 2.1 to 1. As a result, the Agency can maximize its loan capability by issuing revenue bonds to meet the funding need. The Agency has calculated the proportionality requirement for disbursement of federal and state match dollars to the loan recipients in the following manner:

Table II
Proportionality Calculation

AWARD YEAR	AMOUNT
FFY 97 Federal Award	$12,558,800
FFY 98 Federal Award	$7,121,300
FFY 99 Federal Award	$7,463,800
FFY 2000 Federal Award	$7,757,000
FFY 2001 Federal Award	$7,789,100
FFY 2002 Federal Award	$8,052,500
FFY 2003 Federal Award	$8,004,100
FFY 2004 Federal Award	$8,303,100
FFY 2005 Federal Award	$8,285,500
FFY 2006 Federal Award	$8,229,300
FFY 2007 Federal Award	$8,229,000
FFY 2008 Federal Award	$8,146,000
FFY 2009 Federal Award	$8,146,000
Subtotal	$108,085,500
Less FFY 97 Set-Asides	($2,260,584)
Less FFY 98 Set-Asides	($817,074)
Less FFY 99 Set-Asides	($1,221,018)
Less FFY2000 Set-Asides & Unbanked Amts	($2,186,984)
Less FFY2001 Set-Asides	($1,629,929)
Less FFY2002 Set-Asides & Unbanked Amts	($3,317,408)
Less FFY2003 Set-Asides	($2,481,271)
Less FFY2004 Set-Asides	($2,573,961)
Less FFY2005 Set-Asides	($2,568,505)
Less FFY2006 Set-Asides	($2,551,083)
Less FFY2007 Set-Asides	($2,550,990)
Less FFY2008 Set-Asides	($2,525,260)
Less FFY2009 Set-Asides	($2,525,260)
Federal Project Dollars Available	$78,876,173
Total State Match Deposit	$21,617,100
Total Capital Available for Project Funding	**$100,493,273**

* The FFY 2009 Proportionality Calculation = State Match/Total Capital for Project Funding

$21,617,100/$100,493,273

=0.22

22 cents State Match and 78 cents federal for every project dollar disbursed.

6. Method and Criteria for Distributing Funds

The DWSRF will provide loans for up to 100 percent of eligible project and finance costs, consistent with Federal limitations on the use of DWSRF funds, with the State determining the eligibility based on State developed criteria. HEALTH has developed the project priority determination system and has prepared the Project Priority List for this fiscal year. The Agency will fund projects that appear on the approved PPL in the order in which they appear and to the extent that the borrowers access the fund. Periodic mailings and notices of fund availability have been provided to all eligible borrowers. Currently the Agency and Health are structuring loans and project approvals for several projects around the State.

Rhode Island's DWSRF program offers an economic benefit to its borrowers in the form of loan interest subsidization. Loans can be up to twenty years and can be structured to meet the repayment abilities unique to each borrower. Loan fees include a 1% loan origination fee and a .5% (one-half of one percent) service fee on the outstanding balance of the loan. Interest is collected twice annually and principal is collected once annually.

The Rhode Island Clean Water Finance Agency and Department of Health will take several factors into consideration when determining which projects from the PPL will be funded by the DWSRF. These factors include:

- That project will provide a necessary health benefit in accordance with the Act;
- That the water supplier will make application to the SRF for financing
- That the water supplier has the financial, managerial and technical ability to apply for, receive and repay the DWSRF loan;
- That projects are ready to proceed at the time of financing availability.

7. Project Priority System

The State of Rhode Island will use a point system to rank the order in which eligible drinking water projects will receive funding from the DWSRF. Projects which address acute public health issues will receive highest priority. The next priority is given to projects that address chronic and long term public health issues. The ranking criteria also consider issues related to compliance with the SDWA, infrastructure upgrading and replacement, and the need for assistance based on affordability. The Ranking System and Scoring Criteria are included in the HEALTH's Rules and Regulations Pertaining to the DWSRF Program.

Each year, all eligible public drinking water systems will be asked to submit information on projects for which they are seeking DWSRF funding for the next funding year. The information will be reviewed by the Department of Health and then given a priority ranking score based on the ranking system. The eligible projects and their respective information will then be listed in order of priority, highest to lowest, in a Project Priority List. The project list will show the following information: name of system, project description, population served priority point score, and project dollars to be funded.

8. Activities to be supported

The Department of Health administers the set-aside programs targeted towards assisting water supply systems in meeting the broad based goals of the program Table III below illustrates the dollars to be spent on set-aside programs this year. A discussion of each set-aside program follows:

Table III
Allotment of Set-Aside Dollars

FFY Grant	Administrative	Technical Assistance	State Program Mgmt	Local Assistance	Total Set-asides
1997	$502,352	$251,176	$251,176	$1,255,880	$2,260,584
1998	$284,852	$0	$532,222	$0	$817,074
1999	$298,552	$149,276	$400,000	$373,190	$1,221,018
2000	$310,280	$297,566	$1,579,138	$0	$2,186,984
2001	$311,564	$0	$150,000	$1,168,365	$1,629,929
2002	$322,100	$316,832	$1,470,601	$1,207,875	$3,317,408
2003	$320,164	$160,082	$800,410	$1,200,615	$2,481,271
2004	$332,124	$166,062	$830,310	$1,245,465	$2,573,961
2005	$331,420	$165,710	$828,550	$1,242,825	$2,568,505
2006	$329,172	$164,586	$822,930	$1,234,395	$2,551,083
2007	$329,160	$164,580	$822,900	$1,234,350	$2,550,990
2008	$325,840	$162,920	$814,600	$1,221,900	$2,525,260
2009	$325,840	$162,920	$814,600	$1,221,900	$2,525,260
TOTAL	**$4,323,420**	**$2,161,710**	**$10,117,437**	**$12,606,760**	**$29,209,327**

A. Administration

The Department of Health and the Rhode Island Clean Water Finance Agency intend to use the annual allotment of administrative set-aside to manage the Drinking Water State Revolving Fund. It is expected that the accumulation of annual administrative set-aside award will outlast the federal capitalization period, thus assuring adequate revenue for perpetual program administration. The Agency is the lead agency responsible for fund administration while Health is the primacy agency responsible for regulatory and programmatic aspects of the DWSRF.

The Program intends to use four percent (4%) of the federal capitalization grant funds for HEALTH and RI Clean Water Finance Agency administrative costs to support the DWSRF program. Based upon the FFY 2009 allotment of funds, the two agencies plan to use $325,840 of FFY 2009 funds for administrative support in managing and operating the DWSRF program over a period extending beyond fiscal year 2011. The Memorandum of Understanding (MOU) between the RI Clean Water Finance Agency and the Department of Health further differentiates the use of these administrative monies.

B. Technical Assistance for Small Systems

To take full advantage of the funding available for technical assistance for water systems serving less than 10,000 persons, the State intends to use 2% ($162,920) of the FFY 2009 Capitalization Grant for technical assistance.

The Technical Assistance set-aside monies will be used for technical training to the operators of small public water systems specifically targeting operation and maintenance issues including water quality improvement and compliance with the Safe Drinking Water Act. The bulk of the technical assistance set-aside funding will be used to fund contracts to provide outreach services to educate on and facilitate the use of the DWSRF by the small water systems. A portion of the set-aside will be used to provide assistance to small community water systems in preparing Consumer Confidence Reports (CCRs).

C. State Program Management

A maximum of 10% of a Capitalization Grant can be allocated for State Program Management (SPM) activities if a one-to-one match of State money (but not the State match) is provided. Based on the ability to match federal funds, the State intends to take 10% of the FFY 2009 Capitalization Grant. The State will use $814,600.

The DOH will use the State Program Management set-aside to fund various activities which are mandated by the Safe Drinking Water Act including:

- to implement the Capacity Development Program to ensure that water systems have the technical, managerial, and financial capacity to meet existing and future SDWA regulations;
- to implement the new Source Water Assessment Program to comply with a mandate of the SDWA;
- to fund a portion of the Operator Certification Program;
- to fund a new Quality Control and Quality Assurance Officer within the Department of Health;
- to support the portion of HEALTH's web page relating to the drinking water activities, data, and services;
- to fund new equipment for drinking water quality analysis at the Department of Health's Division of Laboratories;
- And, to fund existing drinking water programs including a portion of other Public Water Surveillance Program activities.

The Safe Drinking Water Act Amendments of 1996 require that states meet specific mandates or risk losing a portion of their federal grant. Failure to implement a Capacity Development program and/or Operator Certification Program that are at least as stringent a the federal guidelines will result in a state losing up to 20% of their capitalization grant each year.

D. Local Assistance

The State is seeking to take the maximum of 15% ($1,221,900) of the FFY 2009 Capitalization Grant for Local Assistance activities. These funds will be used for the purpose of continuing the

approved Source Water Assessment Program (SWAP) in accordance with Section 1453 of the SDWA; providing local assistance for the purpose of developing local government and small water capacity consistent with HEALTH's approved Capacity Development Strategy and to support the establishment and implementation of wellhead protection programs consistent with Rhode Island's DEM's Approved Wellhead Protection Program. It is expected that these set-aside dollars will be used during the next several state fiscal years.

9. List of Projects to be Funded

The Rhode Island Department of Health, in preparation of its Fiscal Year 2011 PPL, has surveyed water suppliers around the State to gauge interest and readiness to proceed for projects needing DWSRF funding provided by the FFY 2009 Capitalization Grant. A list of potential borrowers, the projects to be funded, the project's ranking score, and estimated dollar amount of the project is provided as Appendix A to the IUP. The PPL was put on notice for public review on May 3, 2010

10. Disadvantaged Community Program

As mandated in the Safe Drinking Water Act Amendments of 1996, the State of Rhode Island has developed criteria for awarding additional financial assistance to those water suppliers whose service area is determined to be economically disadvantaged. The additional financial assistance will be in the form of increased interest subsidization on DWSRF loans. The Agency and the Department of Health submitted the following criteria to all public and community water suppliers in the State for their review and input in August of 1998:

- To participate in the Disadvantaged Community Program, an eligible DWSRF borrower must be a community public water system;
- The water supplier must make application to the DOH for inclusion on the Project Priority List, and application to the Agency for a DWSRF loan in the current year;
- The water supplier must have a service area Median Household Income figure (MHI) less than or equal to the State Non-Metropolitan MHI which is currently $42,090;
- A debt service schedule for a standard DWSRF loan (25% interest subsidy) will be calculated for the project loan being contemplated. The schedule will be added to the water suppliers existing rate structure and the resultant annual user fee, when compared to the service area MHI, must be greater than 0.999 percent;
- The Disadvantaged Community Program will be in effect to the extent monies are available;
- If found to be eligible for the Disadvantaged Community Program, additional interest subsidies will be calculated as per the following schedule:

User fees with DWSRF Debt Service/Service Area MHI	Subsidy
Less than or equal to 0.999 %	25% interest subsidy
1.000% to 1.249%	50% interest subsidy
1.250% to 1.499%	75% interest subsidy
Greater than or equal to 1.500%	0% interest rate

In August of 1998, the Agency and Department of Health forwarded the criteria for the

disadvantaged community program to the approximately 130 water suppliers in the State who would be eligible to apply for the additional subsidization. The Disadvantaged Community Program as presented herein has been implemented and all eligible borrowers will be examined as to qualification for additional loan subsidies.

11. Assurances and Specific Proposals

The Agency provides the necessary assurances and certifications for the DWSRF as part of the Operating Agreement between the Agency and the U.S. Environmental Protection Agency. Refer to Rhode Island's Operating Agreement for specific assurances regarding the State Environmental Review Process to be done by RI DEM; agreement to comply with federal cross-cutters; agreement to enter into binding commitments; and agreement to the timely expenditure of funds.

12. Schedule of Payments into the Automated Clearing House (ACH)

The Rhode Island DWSRF anticipates funding its Automated Clearing House account in a manner to be agreed upon by the EPA and the RI Clean Water Finance Agency to allow for maximum capitalization grant draws as may become necessary. The Rhode Island DWSRF program anticipates deposits into the ACH for the FFY09 capitalization grant as per the following schedule.

Table IV
Anticipated Payments Into EPA/ ACH Payment system

Federal Fiscal Quarter	Payment Into ACH	Cummulative Ceiling
Oct - Dec 2010 (11-1)	$0	$0
Jan - Mar 2011 (11-2)	$0	$0
Apr - Jun 2011 (11-3)	$0	$0
Jul - Sep 2011 (11-4)	$8,146,000	$8,146,000

13. Schedule of Cash Draws from the ACH

The ultimate method of financing used (e.g. direct loans, leveraged loans or combination) and the anticipated start and completion dates of the projects to be funded will determine an accurate cash draw schedule from the ACH. In last year's IUP, the State provided EPA with an estimated cash draw schedule. Without firm knowledge of the timing of new loan origination and construction initiation, the Agency has no reliable method of determining an accurate cash draw schedule for the new capitalization grant award. The Agency and the Department of Health are cognizant of, and will abide by all cash draw rules as prescribed by EPA.

14. Schedule of Binding Commitments

In accordance with Section 1452(g)(3)(A) of the Safe Drinking Water Act Amendments of the 1996, the State of Rhode Island agrees to enter into binding commitments to provide financial assistance to eligible water suppliers. A binding commitment for the State of Rhode Island's DWSRF program is defined as that point in time when both a Certificate of Approval for the project has been issued by HEALTH and a loan agreement with the RICWFA is in place. The

State of Rhode Island agrees to make binding commitments in an amount equal to or greater than the amount of each grant payment and State Match that is deposited into the DWSRF within one year after the grant payment.

15. Public Review and Comment

The IUP is subject to review and comment by the public prior to its incorporation into the State of Rhode Island's Capitalization Grant agreement with EPA. The IUP was put to public notice on June 28, 2010 in the Providence Journal and will simultaneously send to all interested parties by request.

The FY 2011 PPL was put on public notice on May 3, 2010 and sent to all interested parties (all DWSRF eligible water systems, local interest groups, and involved units of government). As utilities show interest in utilizing the DWSRF Program, the Department of Health revises the PPL accordingly so that the utilities may access DWSRF funds.