

for financing of local utilities which AWWA policy strongly supports. We are fully in accord with the intent of provisions of this bill to stimulate construction of water pollution control facilities and make available additional matching funds for such construction. We especially commend those provisions which require mandatory certification of wastewater operators, to provide the reservoir of trained manpower so essential to obtain full efficiency of the more sophisticated treatment facilities which will be necessary to abate the pollution of streams and lakes in the United States.

AWWA also favors the provision that the Federal Government take some steps to be sure that its funds are invested prudently and in such a manner that the utility can work toward a self-sustaining basis and provide a financial base which will allow the local entity to finance future expansion and assure itself of the ability to pay for the quality of management and operation necessary to improve service to the public. In fact AWWA has a policy (attached) which recommends that the operation, maintenance, and capital funds of the utility be treated as a "sacred fund" rather than being mixed with or made a part of the general fund operation. Many municipal utilities have had their earnings diverted to other uses so that funds for future expansion and construction were not available when their need became apparent. AWWA feels further that establishment of the wastewater operation as a community utility, like the water utility, will improve its image as a service organization, making it better able to sell adequate rates based on service rendered, thus increasing the ability of the local entity to meet future demands without the necessity of continuing Federal support.

As AWWA sees the intent of this bill, it is to assist the local entity with its backlog of needed construction, but it is even more important, we feel, that the legislation set the pattern for a healthy, financial condition of the local entity. If we can create, by this Federal support, a healthy industry it will be a most profitable investment for the Nation. If, however, the pattern is not set for such utility-type approach, it is our opinion that Congress will find it necessary to meet this crisis again and again in the future as citizens become accustomed to unrealistically low rates for the service rendered.

AWWA also commends the provisions of the bill which provide for increased research and development and for training of wastewater utility personnel. Although many water pollution problems are open to apparent solution by provision of simple, well-established techniques of primary treatment for both now and the future, we do not at this time have adequate data on the secondary treatment and tertiary treatment required in many parts of the country. Putting wastewater to beneficial use again is of primary interest in many areas of our country. We realize that much work has been started in these areas by the Federal Water Pollution Control Administration, but its continuation and acceleration are essential if we are to avoid spending the monies involved in this bill on treatment facilities which will not be adaptable to the problems of the future. Conventional secondary treatment in many cases is patently unable to meet the requirements of an expanding urban population and the residual pollution loads of the streams affected. The research and application grants that are envisioned in this law will be a valuable investment on the part of the Federal Government in that they promise that the capital funds necessary for pollution control will be spent wisely and on a planned basis to develop facilities that can be integrated without financial loss into plants of tomorrow.

We wish to suggest that the 5,000 investor-owned water utilities in the United States (and the growing number of investor-owned wastewater utilities) should be considered in this program and offered some of the research advantages and assistance in meeting new criteria that are offered to publicly owned utilities. To do this, we would suggest that the provisions of Section 6 paragraph (d) of the bill make the investor-owned water or wastewater utility eligible for research and demonstration grants and that assistance to these agencies in terms of tax concessions in areas of water pollution control be considered.

We are indeed happy to see this move toward a comprehensive approach to the management, financing, and technical aspects of the problem considered in a single bill. Members of AWWA have long advocated that the Federal grant program provide means by which the capital obligations issued by a local entity, through revenue bonds or general obligation bonds, be enhanced by a Government guarantee or by long-term Government loans that would improve the ability of the local entity to sell the maximum amount of revenue bonds at the lowest interest rate for construction of these needed facilities. We would subscribe