

**State Water Infrastructure Authority**  
**Meeting Date: April 13-14, 2022**  
**Agenda Item P – Draft Priority Rating System for State Revolving Fund, State Reserve, and**  
**Viable Utility Reserve Capital Projects**  
**DRAFT**

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**Division of Water Infrastructure Staff Report**

**Background**

The federal Clean Water Act and federal Safe Drinking Water Act provide states with the broad authority to implement and operate State Revolving Fund (SRF) loan programs, including project funding prioritization. North Carolina General Statute G.S. 159G-71 empowers the State Water Infrastructure Authority (Authority) to establish priorities for making loans and grants consistent with federal law.

The US Environmental Protection Agency (EPA) requires the Division of Water Infrastructure (Division) to update its Intended Use Plan (IUP) for the Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) programs. Included within each program’s IUP is the Priority Rating System which establishes the points that are applied by Division staff when an application for funding is evaluated. The Division proposes the Priority Rating System to EPA each year in the IUP for each SRF and submits the IUPs to EPA as part of the capitalization grant applications.

The same Priority Rating Systems are currently applied to infrastructure construction projects in the State Revolving Funds, Drinking Water Reserve, Wastewater Reserve, and the Viable Utility Reserve funding programs. A similar system is applied in the Community Development Block Grant-Infrastructure program. The Priority Rating Systems include four categories:

1. Category 1 – Project Purpose
2. Category 2 – Project Benefits
3. Category 3 – System Management
4. Category 4 – Affordability

The current system provides a consistent and transparent methodology for prioritization that aligns with the Authority’s Master Plan and with statutory requirements. The priority rating systems support applicants in their continued efforts toward long-term utility viability.

**Proposed Changes to the Priority Rating System**

**Line Item 1.B**

Add “failing infrastructure” to eligibility. Reduce prioritization for drinking water projects from 25 to 22 points and raise prioritization for wastewater projects from 15 to 20 points.

It is recommended that projects that resolve failing infrastructure, such as malfunctioning onsite wastewater systems, be given equal prioritization to projects resolving failed infrastructure. The definition of failing infrastructure for drinking water systems (i.e.

contaminated wells and dry wells) will not change. It is recommended that the prioritization points for these projects score slightly below the highest-scoring project purpose of consolidating a nonviable system. It is recommended that the prioritization points for resolving failed or failing drinking water infrastructure remain higher than points for resolving failed or failing wastewater infrastructure.

#### Line Item 1.C

Make priority points consistent by reducing points of wastewater projects from 15 to 12 to match points for drinking water projects. Add “including by a regionalization project” to clarify that a regionalization project replacing infrastructure can claim priority points (not a change from current practice).

It is recommended that replacement of old water meters for systems designated as distressed qualify for Line Item 1.C priority points. This change will be reflected in the guidance document.

Line Item 1.C.1: Clarify that replacement of lead service lines is eligible for these points.

Line Items 1.C.1 and 1.D.1: Make priority points consistent by reducing points of wastewater projects from 10 to 8 to match points for drinking water projects.

#### Line Item 1.E

New line item to include projects providing service to residential customers in disadvantaged areas.

It is recommended that projects providing service to residences in disadvantaged, historically underserved areas receive higher prioritization. Eligibility requirements for these prioritization points will include:

- At least 75 percent of the project cost is to provide new service to disadvantaged areas.
- Project must include providing connection to the residence (e.g. house connection).
- Projects receiving grant or principal forgiveness must cover any connection fees or system development fees for providing new service connection.

#### Line Item 1.G

Reduce prioritization for projects that will provide stream/wetland/buffer restoration.

It is recommended that the prioritization points for projects that will provide stream/wetland/buffer restoration be reduced from 15 to 10 points to better align priority with other project purposes identified in the point system.

#### Line Items 1.G.1, 1.H and 1.H.1

Update to wastewater project prioritization only. Change the term “Best Management Practices (BMPs)” to “Stormwater Control Measures (SCMs)”.

It is recommended that the term Best Management Practices (BMPs) be changed to Stormwater Control Measures (SCMs) to better match current terminology.

Line Item 1.H

Reduce prioritization for projects that will provide stormwater SCMs to treat existing sources of pollution.

It is recommended that the prioritization points for projects that will provide stormwater SCMs to treat existing sources of pollution be reduced from 20 to 10 points to better align priority with other project purposes identified in the point system.

Line Item 1.I

Reduce prioritization for projects that will provide reclaimed water/usage or rainwater harvesting/usage.

It is recommended that the prioritization points for projects that will provide reclaimed water/usage or rainwater harvesting/usage be reduced from 15 to 10 points to better align priority with other project purposes identified in the Priority Rating System.

Proposed changes to Category 1 - Project Purpose are summarized in Table 1 below.

<b>Table 1. Summary of Priority Points Adjustment for Line Category 1 - Project Purpose</b>			
<b>Line Item</b>	<b>Project Purpose</b>	<b>2021 Prioritization Points</b>	<b>Potential 2022 Prioritization Points</b>
1.A	Consolidate nonviable utility	25	25
1.B	Resolve failed <u>or failing</u> infrastructure	DW: 25 WW: 15	<u>DW: 22</u> <u>WW: 20</u>
1.C	Rehab/Replacement	DW: 12 – 20 WW: 15 – 25	DW: 12 – 20 <u>WW: 12 – 20</u>
1.D	Expansion	DW: 2 – 10 WW: 2 – 12	DW: 2 – 10 <u>WW: 2 – 10</u>
<u>1.E</u>	<u>Service to disadvantaged areas</u>	<u>NA</u>	<u>20</u>
<del>1.E.</del> <u>1.F</u>	Reserved for other programs		
<del>1.F.</del> <u>1.G</u> (WW only)	Stream/wetland/buffer restoration	WW: 15 – 25	<u>WW: 10 – 20</u>
<del>1.G.</del> <u>1.H</u> (WW only)	Stormwater SCMs	WW: 20 – 30 (maxed at 25)	<u>WW: 10 – 20</u>
<del>1.H.</del> <u>1.I</u>	Reclaim/rainwater harvesting	WW: 15	<u>WW: 10</u>

<b>Table 1. Summary of Priority Points Adjustment for Line Category 1 - Project Purpose</b>			
<b>Line Item</b>	<b>Project Purpose</b>	<b>2021 Prioritization Points</b>	<b>Potential 2022 Prioritization Points</b>
(WW only)			

Line Item 2.B (Drinking Water Only)

Expand to include additional environmental benefits.

It is recommended that the line item for capturing specific environmental benefits be broken into two separate line items (Line Items 2.B.1 – 2.B.2) to more clearly highlight environmental benefits related to addressing failed water supply sources and elimination of drinking water lead service lines. Recommended changes are described below.

Renumber existing Line Item 2.B to Line Item 2.B.1 as shown below with no change in prioritization.

Line Item 2.B.1: Project addresses dry wells or contamination of a drinking water source or resolves managerial, technical, and financial issues

Add Line Item 2.B.2: Projects eliminate lead service lines as a new line item for projects that eliminate lead service line connections receive higher prioritization. It is recommended that projects must document that at least 75 percent of the project cost is to replace lead service lines and must include the replacement of private lines up to the premise to be eligible for these priority points.

Line Item 2.C (Wastewater Only)

Expand to include additional environmental benefits.

It is recommended that the line item for capturing specific environmental benefits be broken into three separate line items (Line Items 2.C.1 – 2.C.3) to more clearly capture environmental benefits related to addressing failed onsite wastewater systems or non-discharge systems, addressing failing onsite wastewater systems, and providing utility service to disadvantaged, historically underserved areas. Recommended changes are described below.

Renumber the existing Line Item 1.C to be Line Item 2.C.1 as shown below with no change in prioritization.

Line Item 2.C.1: Project eliminates failed onsite wastewater system or non-discharge system

New Line Item 2.C.2: Project eliminates malfunctioning onsite wastewater systems. This new line item is for projects that eliminate malfunctioning systems. The change is based on recommendations from the N. C. Department of Health and Human Services' Onsite Wastewater Program to recognize different levels of documented failures. Applicants must provide copies of the notice of violation documenting that the system is malfunctioning per 15A NACA 18A .1961 described below.

**15A NCAC 18A .1961 MAINTENANCE OF SEWAGE SYSTEMS**

*(a) Any person owning or controlling the property upon which a ground absorption sewage treatment and disposal system is installed shall be responsible for the following items regarding the maintenance of the system:*

*(1) Ground absorption sewage treatment and disposal systems shall be operated and maintained to prevent the following conditions:*

*(A) a discharge of sewage or effluent to the surface of the ground, the surface waters, or directly into groundwater at any time; or*

*(B) a back-up of sewage or effluent into the facility, building drains, collection system, or freeboard volume of the tanks; or*

*(C) a free liquid surface within three inches of finished grade over the nitrification trench for two or more observations made not less than 24 hours apart.*

*Observations shall be made greater than 24 hours after a rainfall event.*

*The system shall be considered to be malfunctioning when it fails to meet one or more of these requirements, either continuously or intermittently, or if it is necessary to remove the contents of the tank(s) at a frequency greater than once per month in order to satisfy the conditions of Parts (A), (B), or (C) of this Paragraph. Legal remedies may be pursued after an authorized agent has observed and documented one or more of the malfunctioning conditions and has issued a notice of violation.*

Line Item 2.H.3

Expand to include projects that address an emerging compound without a maximum contaminant level (MCL) without requiring a health advisory level to be exceeded. Increase prioritization from 7 to 10 points.

This removes the requirement that a Health Advisory Level must be exceeded to claim priority points for a project that addresses emerging contaminants. The guidance document will provide instructions on how applicants must document a need for addressing an emerging contaminant. The Division anticipates strategies and instructions will evolve continuously based on the latest science and Department developments.

It is recommended that prioritization increase from 7 to 10 points to better align with priority with other project benefits identified in the point system, and in anticipation of funding PFAS/emerging contaminant remediation projects using dedicated Bipartisan Infrastructure Law funds.

#### Line Item 2.N.7

Expand to include cybersecurity projects.

Cybersecurity is an important and emerging element of utility resiliency that was not clearly identified as eligible for additional prioritization.

#### Line Item 2.P (Wastewater only)

Expand to include additional surface water classifications.

At its September 16, 2021, meeting, the Authority approved prioritization of Viable Utility Reserve (VUR) construction projects matching the existing Priority Rating Systems for State Revolving Loan and State Reserve construction projects. Comments were received in the public review process suggesting additional water bodies be added to Line Items 2.O and 2.P for wastewater projects, and the Division was asked to explore those options. Based on discussions with the Division of Water Resources and the Division of Marine Fisheries, the Division has added the following waterbodies to Line Item 2.P for consideration: Unique Wetlands (UWL), Primary Nursery Areas (PNA), Anadromous Fish Nursery Area (AFNA) and Submerged Aquatic Vegetation (SAV).

Unique Wetlands have met an exceptional ecological significance standard and may serve as habitat essential for the conservation of state or federally listed threatened or endangered species. Many (but not all) PNAs, AFNAs and SAVs are classified as HQW, ORW and/or SA, which are listed in the Priority Rating System. Adding the three classifications would ensure all of these areas are included in Line Item 2.P.

#### Line Item 4.D

Add a new line item to expand Affordability Category to include projects that benefit disadvantaged areas.

While not all applicants may qualify for any of the other affordability category priority points, some may design projects that primarily benefit disadvantaged, historically underserved areas, thereby ensuring that funds benefit residents in these areas. It is recommended that projects that benefit disadvantaged areas receive higher prioritization. To define “benefit”, applicants must document that at least 50 percent of the total construction cost directly supports a disadvantaged, historically underserved area to be eligible for these priority points. Disadvantaged, historically underserved areas are defined by the Department in the Community Mapping System, or an applicant can provide a narrative describing the criteria by which the applicant determines the areas to be disadvantaged and/or historically underserved.

#### **Staff Recommendations**

- Division staff ask that the Authority approve for public review the complete Priority Rating System for Drinking Water Projects and Priority Rating System for Wastewater Projects as shown below.

## DRAFT – 2022 PRIORITY RATING SYSTEM for Drinking Water Projects

Instructions: For each line item, mark “X” to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose (Points will be awarded for only one Project Purpose)	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve <del>failed</del> <u>failed or failing</u> infrastructure issues		<del>25</del> <u>22</u>
1.C	Project will rehabilitate or replace infrastructure, <u>including by a regionalization project</u>		12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old <u>OR lead service lines</u>		8
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E	<u>Project will provide service to disadvantaged areas</u>		<u>20</u>
<del>1.F – 1.I</del>	Reserved for other programs		
<b>Maximum points for Category 1 – Project Purpose</b>			25
<b>Subtotal claimed for Category 1 – Project Purpose</b>			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Reserved for other programs		
2.B	Project provides a specific public health benefit <del>to a public water supply system by replacement, repair, or merger;</del>		<u>20</u>

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	<del>includes replacing dry wells, addressing contamination of a drinking water source by replacing or additional treatment; or resolves managerial, technical &amp; financial issues</del>		
<u>2.B.1</u>	<u>Project addresses dry wells or contamination of a drinking water source; or resolves managerial, technical &amp; financial issues</u>		<u>20</u>
<u>2.B.2</u>	<u>Projects that eliminate lead service lines</u>		<u>10</u>
<b>2.C</b>	Reserved for other programs		
<b>2.D</b>	Project addresses promulgated but not yet effective regulations		10
<b>2.E</b>	Project directly addresses <u>environmental compliance requirements</u> <del>enforcement documents</del>		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, <b>OR</b>		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
<b>2.F</b>	Project includes system merger		10
<b>2.G</b>	Project addresses documented low pressure		10
<b>2.H</b>	Project addresses contamination		
2.H.1	Project addresses acute contamination of a water supply source <b>OR</b>		15
2.H.2	Project addresses contamination of a water supply source other than acute <b>OR</b>		10
2.H.3	Project addresses an emerging compound without a MCL <del>but above a health advisory level</del>		<del>7</del> 10
<b>2.I</b>	Project improves treated water quality by adding or upgrading a unit process		3
<b>2.J</b>	Water loss in system to be rehabilitated or replaced is 30% or greater		3
<b>2.K</b>	Project provides a public water system interconnection		
2.K.1	Project creates a new interconnection between systems not previously interconnected <b>OR</b>		10
2.K.2	Project creates an additional or larger interconnection between two systems already interconnected which allows one system's public health water needs to be met during an emergency <b>OR</b>		10
2.K.3	Project creates any other type of interconnection between systems		5

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<b>2.L – 2.M</b>	Reserved for other programs		
<b>2.N</b>	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside the 100-year floodplain to outside the 500-year floodplain <b>OR</b>		8
2.N.2	Project relocates infrastructure from inside the 100-year floodplain to outside the 100-year floodplain <b>OR</b>		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside a 500-year floodplain <b>OR</b>		3
2.N.4	Project fortifies or elevates infrastructure within floodplain, <b>OR</b>		4
2.N.5	Project improves ability to assure continued operation during flood events <b>OR</b>		4
2.N.6	Project downsizes infrastructure related to buyouts <b>OR</b>		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including <u>cybersecurity and/or</u> backup electrical power source		3
<b>2.O – 2.S</b>	Reserved for other programs		
<b>Maximum points for Category 2 – Project Benefits</b>			35
<b>Subtotal claimed for Category 2 – Project Benefits</b>			
<b>Line Item #</b>	<b>Category 3 – System Management</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>3.A</b>	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application <b>OR</b>		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
<b>3.B</b>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
<b>3.C</b>	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan		5
<b>3.D</b>	Applicant has implemented a water loss reduction program		5
<b>3.E</b>	Applicant has implemented a water conservation incentive rate structure		3
<b>Maximum points for Category 3 – System Management</b>			15

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<b>Subtotal claimed for Category 3 – System Management</b>			
<b>Line Item #</b>	<b>Category 4 – Affordability</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>4.A</b>	Residential Connections		
4.A.1	Less than 10,000 residential connections <b>OR</b>		2
4.A.2	Less than 5,000 residential connections <b>OR</b>		4
4.A.3	Less than 1,000 residential connections		8
<b>4.B</b>	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 <b>OR</b>		4
4.B.2	Greater than \$90 <b>OR</b>		6
4.B.3	Greater than \$107 <b>OR</b>		8
4.B.4	Greater than \$129		10
<b>4.C</b>	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark <b>OR</b>		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark <b>OR</b>		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
<b>4.D</b>	<u>Project benefits disadvantaged areas</u>		<u>5</u>
<del>4.D</del> <del>4.E</del> <del>4.G</del>	Reserved for other programs		
<b>Maximum points for Category 4 – Affordability</b>			25
<b>Subtotal claimed for Category 4 – Affordability</b>			
<b>Total of Points for All Categories</b>			

## DRAFT - 2022 PRIORITY RATING SYSTEM for Wastewater Projects

Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose (Points will be awarded for only one Project Purpose)	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve <del>failed</del> <u>failed or failing</u> infrastructure issues		<del>15</del> <u>20</u>
1.C	Project will rehabilitate or replace infrastructure, <u>including by a regionalization project</u>		<del>15</del> <u>12</u>
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, or tanks to be rehabilitated or replaced are greater than 40 years old		<del>10</del> <u>8</u>
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		<del>10</del> <u>8</u>
<u>1.E</u>	<u>Project will provide service to disadvantaged areas</u>		<u>20</u>
<u>1.F</u>	Reserved for other programs		
<u>1.G</u>	Project will provide stream/wetland/buffer restoration		<del>15</del> <u>10</u>
<u>1.G.1</u>	Restoration project that includes restoration of a first order stream and includes stormwater infiltration <u>SCMs</u>		5
<u>1.G.2</u>	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream		5
<u>1.H</u>	Project will provide <u>SCMs</u> to treat existing sources of pollution		<del>20</del> <u>10</u>

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<u>1.H.1</u>	Project that includes <u>SCMs</u> in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
<u>1.I</u>	Project will provide reclaimed water/usage or rainwater harvesting/usage		<del>15</del> <u>10</u>
<b>Maximum points for Category 1 – Project Purpose</b>			25
<b>Subtotal claimed for Category 1 – Project Purpose</b>			
<b>Line Item #</b>	<b>Category 2 – Project Benefits</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>2.A – 2.B</b>	Reserved for other programs		
<b>2.C</b>	<del>Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks</del> <u>Project provides a specific environmental benefit</u>		
<u>2.C.1</u>	<u>Project eliminates failed onsite wastewater system or non-discharge system</u>		15
<u>2.C.2</u>	<u>Project eliminates malfunctioning onsite wastewater systems</u>		<u>10</u>
<b>2.D</b>	Project addresses promulgated but not yet effective regulations		10
<b>2.E</b>	Project directly addresses <u>environmental compliance requirements</u> <del>enforcement documents</del>		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, <b>OR</b>		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
<b>2.F</b>	Project includes system merger		10
<b>2.G</b>	Reserved for other programs		
<u>2.H.3</u>	<u>Project addresses an emerging compound</u>		<u>10</u>

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<b>2.I</b>	Project improves treated water quality by adding or upgrading a unit process		3
<b>2.J – 2.M</b>	Reserved for other programs		
<b>2.N</b>	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside 100-year floodplain to outside 500-year floodplain <b>OR</b>		8
2.N.2	Project relocates infrastructure out of a 100-year floodplain <b>OR</b>		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside the 500-year floodplain <b>OR</b>		3
2.N.4	Project fortifies or elevates infrastructure within floodplain <b>OR</b>		4
2.N.5	Project improves ability to assure continued operation during flood events <b>OR</b>		4
2.N.6	Project reduces the size of infrastructure as a result of a buyout or other abrupt loss of population <b>OR</b>		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including <u>cybersecurity and/or</u> backup electrical power source.		3
<b>2.O</b>	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
<b>2.P</b>	Project <u>directly benefits</u> waters classified as HQW, ORW, Tr, SA, <u>UWL, PNA, AFNA, SAV</u> , WS-I, WS-II, WS-III* or WS-IV* (* these classifications must be covered by an approved Source Water Protection Plan to qualify)		10
<b>2.Q</b>	Project will result in elimination of an NPDES discharge		3
<b>2.R</b>	Primary purpose of the project is to achieve at least 20% reduction in energy use		5
<b>2.S</b>	Reserved for other programs		

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<b>Maximum points for Category 2 – Project Benefits</b>			35
<b>Subtotal claimed for Category 2 – Project Benefits</b>			
<b>Line Item #</b>	<b>Category 3 – System Management</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>3.A</b>	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application <b>OR</b>		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
<b>3.B</b>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
<b>3.C – 3.E</b>	Reserved for other programs		
<b>Maximum points for Category 3 – System Management</b>			15
<b>Subtotal claimed for Category 3 – System Management</b>			
<b>Line Item #</b>	<b>Category 4 – Affordability</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>4.A</b>	Residential Connections		
4.A.1	Less than 10,000 residential connections <b>OR</b>		2
4.A.2	Less than 5,000 residential connections <b>OR</b>		4
4.A.3	Less than 1,000 residential connections		8
<b>4.B</b>	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 <b>OR</b>		4
4.B.2	Greater than \$90 <b>OR</b>		6

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4.B.3	Greater than \$107 <b>OR</b>		8
4.B.4	Greater than \$129		10
<b>4.C</b>	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark <b>OR</b>		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark <b>OR</b>		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
<b>4.D</b>	<u>Project benefits disadvantaged areas</u>		<u>5</u>
<b>4.E – 4.G</b>	Reserved for other programs		
<b>Maximum points for Category 4 – Affordability</b>			25
<b>Subtotal claimed for Category 4 – Affordability</b>			
<b>Total of Points for All Categories</b>			