

REPORT TO LEGISLATURE

NR 123.21(3), Wis. Adm. Code
Well compensation program

Board Order No. CA-22-94
Clearinghouse Rule No. 94-100

Statement of Need

The well compensation program was created in early 1985 to provide financial assistance for the replacement of contaminated private drinking water wells. The statute which created the program specifies that the department determine by rule "the usual and customary costs of each item for which an award may be issued". This requirement resulted in the development of a set of flat rate cost tables which are used to calculate the eligible costs and grant award or payment amount for all grants for new well construction and the reconstruction of existing wells. The cost tables do not include flat rate cost items for treatment devices and connection to municipal water systems because these grants represent a small percentage of the total grants and these types of costs vary substantially from one situation to another. Because the last amendments to the cost table portion of this rule were completed in February, 1991, and complaints about grant amounts being less than actual costs have increased recently, it was decided to do a general review and revision of the cost tables.

A three step process was used to arrive at the updated cost table amounts. The first step was to inflate all of the original cost table amounts by 25% as recommended by the well driller's association at the public hearings. The second step was to compare these inflated amounts with the cost data obtained from cost survey responses. For those items where these two numbers were fairly close, we accepted the 25% adjusted amount for the updated cost table. The third step was then used for those items that didn't pass step two. Here, we generally came to a case-by-case decision based on recent cost information from grant or payment experience, price information from the manufacturer or supplier or from other well drillers or pump installers. Frequently, arriving at a cost estimate was a straightforward process, but in the remaining cases it was a subjective decision.

Modifications as a Result of Public Hearing

The rule taken to public hearing did not show any changes from the rule in effect. All of the cost amounts were modified as a result of comments at the public hearings.

Appearances at the Public Hearing and Their Position

July 12, 1994 - Stevens Point

In support - none

In opposition - none

As interest may appear:

John Robinson, WI Water Well Association, P.O. Box 31, Wausau, WI 54402

July 13, 1994 - Madison

In support - none

In opposition - none

As interest may appear:

Byron Wickham, WI Water Well Association, 220 Portage Street, Lodi, WI 53555

Response to Comments by Legislative Council Rules Clearinghouse

In response to the Legislative Council Rules Clearinghouse:

Comment #1 - The price numbers here, as in the original rule, are averages of the specific cost information we were given by the drillers and pump installers who completed and returned the cost survey forms. Given that the average was constructed from the cost data submitted from around the state, these averages do reflect the range of costs throughout the state.

Comment 2.c. - In this rule, we have dropped a few items that are in the original cost tables in ch. NR 123. The items we have dropped are items that are not now used in well construction and pump installation under Well Compensation.

Final Regulatory Flexibility Analysis

No small business impact is expected as a result of this rule. The rule will result in a slight - up to 25% - increase in grant payment amounts to Well Compensation grantees. However, even with an increase of 75 to 100 grants per year, this is not likely to result in a noticeable increase in business for the well driller or pump installation businesses.

CR 94-100

- REF 1.19.95