



TDEC Response to Comments on Clean Water and Drinking Water State Revolving Fund Emerging Contaminants Intended Use Plans for State Fiscal Year 2026

Comment: Some of the figures in the IUP tables are several months outdated as of the date of draft publication. As a result, the tables are significantly misleading in showing a drastic lack of demand and allocation of EC funds. We request that the IUP draft and final IUP publication reflect updated numbers as of the date of publication. Alternatively, we request that the table include a note specifying the date on which the figures were last updated and referring readers to the TN Comptroller's website for updated figures.

Response: The Sources & Uses table required by the EPA is designed to provide a clear overview of the origins of SRF funds and their anticipated allocations. This promotes transparency and financial accountability, ensuring compliance with federal requirements by demonstrating a balanced budget where total funding sources align with total planned uses for the fiscal year.

The Sources and Uses tables in the Intended Use Plan (IUP) reflect the funds available for disbursement by the SRF as of the date specified in the table header, with the Sources section detailing the origins of available dollars and the Uses section outlining how those funds are intended be allocated. SRF has recently enhanced our reporting by including a detailed Sources and Uses table that captures executed loans, anticipated loans by SFY, and set-aside funds. These figures accurately represent the fund status at the beginning of the fiscal year and are not outdated. We encourage stakeholders to consult the Tennessee Local Development Authority's monthly meeting materials on the [Tennessee Comptroller of the Treasury's State and Government Finance calendar](#) for the latest updates on SRF fund balances, as these reports show obligated and available funds at the time of the meeting.

Comment: Based on the SFY26 EC IUP alone, it appears that no project-level EC funding from its EC grants have been drawn down (SFY24), obligated, or spent (SFY23 and SFY25) to date, despite demand being shown in years SFY23 and SFY25. Ensure that Tennessee is drawing down and obligating its EC federal capitalization grants and fully allocating available funds from the EC program.

Response: As of July 1, 2025, no EC project funds had been drawn down. To address this issue, we are actively working to ensure that Tennessee is fully committed to obligating its EC federal capitalization grants. Our team is implementing strategies to enhance the utilization of these grants, including outreach to potential borrowers and streamlining application processes to encourage participation.



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Comment: We encourage TDEC to utilize additional set-asides from its DWSRF programs in order to help ensure EC funds are drawn down and provided to communities in need, and to utilize its Technical Assistance set aside allowances to help support EC project applicants to meet readiness requirements and also ensure that all EC projects can be ranked so Tennessee can further develop its EC project pipeline. Make more strategic use of set-asides to strengthen the EC program.

Response: TDEC uses set-asides from the base and general supplemental capitalization grants to provide technical assistance to small communities, including those that are interested in EC funding. Our technical assistance also includes support for systems specifically seeking SRF loans. The Division also has internal technical support positions dedicated to addressing emerging contaminants and water infrastructure systems. We are currently at capacity for the level of technical support we can provide through the set asides based on existing DWR staffing allowances.

Comment: Support transparency in Tennessee's EC IUP by:

- Ensuring consistency across terms in the SFY26 EC IUP by labelling "FFY2024 IJJA Emerging Contaminants Capitalization Grant" as "Prior Year Project Carry Forward Funds";
- Ensuring that figures in the Sources and Uses Table are up-to-date.
- Ensuring consistency and accuracy across numbers and tables provided in the IUP and project list; and
- Providing additional clarity by consistently including information on project lists like Project IDs, disadvantaged community status, and funding amounts (separate from total project costs).

Response: Thank you for the recommendation. We will work to improve the clarity and transparency of our IUPs and Priority Ranking Lists. Prior to releasing the draft IUP for public comment, there were no executed loans with dedicated EC funds awarded. We have updated the tables for the final version of the IUP to include awarded loans through the end of the SFY25. These figures accurately represent the funds available to disburse at the start of the state fiscal year 2026. SRF has updated and expanded data reporting to include loans executed prior to the IUP public meeting date, anticipated loans by SFY, and set-aside funds. SRF has added information to the sources and uses table and the Priority Ranking Lists to expand clarity and transparency of the program and processes.