

**Exhibit Number:** 

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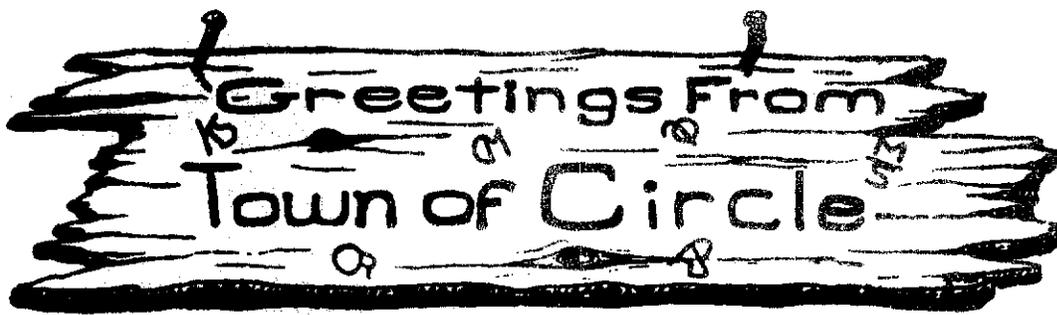
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EXHIBIT 1  
DATE 11/13/05  
HB 11, 6

The Town Council initiated a \$10.00 assessment fee in March 2000 to obtain additional money for well repairs. The assessment was to run two years at which time the budget and water situation would be reviewed. During the two years the Town experienced not only expensive well repairs but also water and sewer line repairs. After public discussion, the Council as of January 2003 extended and revised the assessment with \$2.00 for water well loan repayment, \$4.00 for sewer reserve and \$4.00 for water and sewer line repairs.

The Town now has two reliable wells, one drilled in 1972 and the other in 2003, and both are about 1,300 feet deep. The reverse osmosis treatment plant built 1977 is operating correctly. Our present problems include older concrete/asbestos water lines, Orangeberg pipe sewer lines, plus two sewer lifts and sewer lagoon built 1952-1956. In just the past two years, we have had four major water line breaks that have required about 300' of 6" line replacement per repair. As for the sewer system, concrete in the sewer lifts has deteriorated and the pumps and shafts show wear. However, the switches, floats and air sensing devices that turn the pumps on and off remain a significant problem. Replacement parts are no longer available, so all repairs are baling wire and duct tape. Based on equipment age and concrete condition, the only fix is new lifts, pumps and electrical equipment. As for the lagoon, DEQ has found fecal coliform in adjacent Redwater River. While the exact source has not been pinpointed, the highest readings in Redwater River are near the lagoon.

As for potential coal development, Circle and McCone County have not been designated as the definite site, but were called the "preferred site". Officials from Great Northern Power Development have been in Circle several times within the past 18 months. They said three hurdles lay before them, being; 1.) Acquiring a way to transmit electricity; 2.) Obtaining a water supply for the proposed plant and; and 3.) Obtaining customers. Great Northern has acquired or purchased some transmission capacity, so part of that problem is solved. How much water and where it will be obtained depends on the type of plant built, but completion of the Dry-Redwater Project could solve the water issue. Only after all permit applications have been filed and approved will Great Northern then be able to contract with customers. I can tell you the company has been compiling data in McCone County and Circle for some time and our community is the "preferred site" because Great Northern owns the land and all mineral rights at the proposed generating site.



P.O. Box 140

Circle, Montana 59215

Ph. 485-2524

RONALD E. McFARLAND, Mayor

CAROL MARKUSON, Town Clerk

Council

Paula Kuntz  
Larry Cornelia  
Angie Metzberg

Clint Haynie, Chairman  
Larry Wolf  
Joel Haynie

January 4, 2005

Montana House of Representatives  
Representative Carol Lambert  
P. O. Box 200400  
Helena, Mt 59620

Dear Carol:

The Town of Circle applied for a CDBG grant, TSEP grant, DNRC grant, and RD loan/grant combination for a sewer lagoon project. The CDBG grant was not approved and will be reapplied for in May. The TSEP and DNRC grants are coming before the legislature on January 13<sup>th</sup> at 8:00 a.m. in Room 350 at the Capital Building. Mayor McFarland and Brian Milne from Interstate Engineering will attend the hearing. We are asking you to support this project and be present at the hearing to testify and show support.

In the fall of 2002, the Town sewer system was inspected by DEQ and they cited problems due to the age of the system. At that time, we were in the middle of a project with the water system. In 2004, the Town applied to CDBG, TSEP, DNRC, and RD for funding to replace the two cell lagoon system with a three cell facultative lagoon system. The new lagoon will resolve erosion and leakage problems. The 2 lift stations also need to be replaced. The cost of the project is estimated at \$1,574,150.00. We applied for \$500,000 from CDBG, \$500,000 from TSEP, \$100,000 from DNRC, \$354,000 loan from RD, \$99,150.00 grant, and \$21,000 direct payment from the Town.

If you have questions or would like additional information, you can call this office at 406-485-2524 or Mayor McFarland at 406-485-2416.

Your support of this project will be appreciated.

Respectfully submitted,

*Carol Markuson*

Carol Markuson  
Town Clerk/Treasurer