



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304
Phone: 304-926-0495 / Fax: 304-926-0463

Harold D. Ward, Cabinet Secretary
dep.wv.gov

MEMORANDUM

To: Marie Prezioso, Chair

From: Katheryn Emery, P.E. Engineer Chief
Sewer Technical Review Committee

Date: October 22, 2024

Subject: Town of Ansted
Preliminary Application: IJDC No. 2024S-2593
Wastewater System Improvements

1. This committee has reviewed the preliminary application and engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15A. It has been determined that the proposed project is:
 - a. Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective, environmentally sound alternative for solving the wastewater needs in this area.
 - b. Not consistent with the Act and may not be the most cost effective, environmentally sound alternative for solving the wastewater needs in this area.
 - c. Same as (a) above except that certain issues need to be addressed prior to design and construction as the attached comments indicate.
2. Our recommendation is that:
 - a. The Funding Committee needs to review the proposed sources of funding to determine the best mix of grant and/or loan funds in accordance with applicable guidelines.
 - b. The Funding Committee should recommend that the Council approve the proposed project and its funding plan.

- c. ___ The Funding Committee does not need to review the funding assumptions on this project because of deficiencies in the engineering report. The proposed project should be tabled for the consultant to address technical comments.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

The proposed project is phase 4 of a multiphase project to address I/I in their system. The replacement of lines and manholes to their system that were identified with testing will be included in this phase. The Town of Ansted is currently under WVDEP Order 8839.

The proposed total cost for this project is \$2,500,000, and the Town intends to pursue a \$1,500,000 CWSRF Debt Forgiveness Loan and a \$1,000,000 IJDC District 3 Grant.

Using the Combined Application, the Total Engineering Fees appear to be above the ASCE curve. A variance will be needed.

Preliminary Project Ratings:

Public Health Benefits: 15
Compliance with Standards: 15



Sherrri A. Young, DO, MBA, FAAFP
Cabinet Secretary

Jason R. Frame
OEHS Director

MEMORANDUM

TO: Jason Billups, P.E.
DEP/Infrastructure Sewer Technical Review Committee

FROM: William S. Herold, Jr., P.E.
I/CD/Environmental Engineering Division

DATE: October 11, 2024

SUBJECT: Town of Anstead
Preliminary Application **Project No.: 2024S-2593**
Sewer Line Replacement
Fayette County

RECOMMENDATION:

We have reviewed this preliminary application and recommend it be forwarded to the Funding Committee for review.

PROJECT SCOPE:

This preliminary application is to upgrade and replace portions of the existing Town of Anstead's sewage collection system to reduce I&I. The project will consist of the replacement of approximately 7,900 LF of 8" sanitary sewer lines; replacement of approximately 2,520 LF of 4" service line, replacement of 53 manholes, replacement of 63 wye for sewer customers, and replacement of 700 LF of Type A, 940 LF of Type B and 500 LF of Type D trench.

The cost per customer is **\$3,805**. Total estimated project cost is **\$2,000,000** (CWSRF Debt Forgiveness: **\$1,500,000**; and IJDC District 3 Grant: **\$1,000,000**).

NEED FOR PROJECT:

The Preliminary Engineering Report indicates portions of the existing Town of Anstead's sewage collection system experiences high I&I and is out of compliance with its NPDES Permit.

CONCERNS:

None.

PERMITS:

A permit to construct will not be required from the WV Bureau for Public Health, prior to construction.





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MEMORANDUM

TO: Katheryn Emery, P.E., Engineer Chief

FROM: Michael King, P.E., DWWM

DATE: October 11, 2024

SUBJECT: Town of Ansted
Preliminary Application: IJDC No. 2024S-2593
Wastewater System Improvements

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Thrasher Engineering has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Town of Ansted located in Fayette County, West Virginia, operates a sewer collection and treatment system permitted under NPDES Permit No. WV0020672. The Ansted WWTP serves approximately 657 customers. The existing system consists of approximately 60,000 linear feet of gravity sewer line, 6,300 linear feet of force mains, 351 manholes, 8 pump stations, and other necessary appurtenances, as well as a 230,000 gpd WWTP.

The proposed project, which was preceded by three (3) previous projects (one (1) conclude and two (2) in design), will replace several gravity sewer pipes, service lines and connections, and manholes. These improvements will reduce I/I within the system, reducing the extraneous water in the system.

The proposed total cost for this project is \$2,500,000, and the Town intends to pursue a \$1,500,000 CWSRF Debt Forgiveness Loan and a \$1,000,000 IJDC District 3 Grant. The proposed monthly rate for 3,400 gallons is \$68.34.

NEED FOR PROJECT

The Town of Ansted has been dealing with an aging wastewater collection and treatment system that is failing mechanically, and is in need of repairs and replacements. There was an initial project completed in 2023 that upgraded existing pump stations. There are two (2) additional projects currently in the design phase that will upgrade and expand the WWTP and repair a portion of the collection system.

The purpose of this project is to solve a significant problem of infiltration and inflow (I/I) entering the collection system. A smoke test was completed to identify the severity of the I/I in the collection system, and 56 defects were found within the part of the system that is the responsibility of the Town. Also, closed circuit television (CCTV) cameras were used to inspect portions of the collection system, and a significant number of additional sewer lines defects were found.

The existing I/I issues have caused frequent Sanitary Sewer Overflows (SSOs), which has resulted in the Town of Ansted currently being under Order 8839, as well receiving several Notices of Violation (NOVs) due to influent flows washing sewer solids into Mill Creek and other effluent violations.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be above the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits:	15
Compliance with Standards:	15

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
Fax: (304) 340-0325



October 18, 2024

Ms. Kathy Emery, P. E.
Office of Water Resources
Department of Environmental Protection
601 57th St.
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments
Application No. 2024S-2593
Town of Ansted - Sewer System Improvements
Infrastructure Preliminary Application

Dear Ms. Emery:

As requested, the Technical Staff of the Public Service Commission of West Virginia has completed its review of the above-referenced Infrastructure application. In light of Technical Staff's comments enclosed herewith, we are recommending the application be:

- Forward the Application
 Return the Application
 Returned to the Applicant

Please advise if you have any questions.

Sincerely,

Jonathan M Fowler
Jonathan M. Fowler, P.E.
Engineering Division

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: October 17, 2024

PROJECT SPONSOR: TOWN OF ANSTED (SEWER)

PROJECT SUMMARY: Replacement of several gravity lines, services, connections, and manholes. These upgrades will reduce the I/I.

PROPOSED FUNDING: IJDC District 3 Grant	\$1,000,000
CWSRF Debt Forgiveness Loan	<u>\$1,500,000</u>
Total	<u>\$2,500,000</u>

CURRENT

PROPOSED RATES: \$68.34	3,400 gallons
\$80.40	4,000 gallons

Application No. 2024S-2593

RECOMMENDATION: forward to the Funding Committee.
 forward to the Consolidation Committee.
 return to the Applicant.

FINANCIAL: Stephen Edens

1. Current rates (\$68.34 for 3,400 gallons) are above the rates attributable to 1.25% (\$39.86), 1.5% (\$47.83), 1.75% (\$55.80), and 2.0% (\$63.77) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of an IJDC District 3 Grant of \$1,000,000, and a CWSRF Debt Forgiveness Loan of \$1,500,000, proposed rates (\$68.34 for 3,400 gallons) will provide a cash flow surplus of \$138,448 and debt service coverage of 236.71%.
3. Using the Scenario 2 alternate loan package of \$2,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$91.44 for 3,400 gallons) will provide a cash flow surplus of \$121,667 and debt service coverage of 173.09%.

4. NOTES TO COMMENTS:

- A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
- B. The Going Level and Proforma adjustments included in the Applicant's Cash Flow Analyses for Scenarios 1 and 2 were used in Staff's Cash Flow Analyses, except as noted on Attachments A and B.
- C. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2023, and the applicant's Cash Flow Analysis submitted with the application.
- D. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.
- E. Staff notes the Project Accountant's Cash Flow Exhibit reflects Proforma Adjustments based on a previous project, Case No. 20-0710-S-CN, which was certificated substantially complete in April 2023. This project included non-project rates as well as project rates, which were approximately 11% over the non-project rates. Staff reflected these adjustments as Going Level and Proforma Adjustments in its analysis.
- F. Senate Bill 234, effective June 12, 2015, required water and sewer utilities that are political subdivisions of the state to maintain a cash working capital reserve in an amount of no less than one-eighth (1/8) of actual annual operation and maintenance expenses. It should be noted that the cash flows provided by the project sponsor include funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analyses. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.
- G. Senate Bill 234 (2015) required, pursuant to WV Code 24-2-4b (b), that municipally operated utilities shall consider a reasonable plant-in-service depreciation expense for rates and charges. The project sponsor should take this into consideration when preparing its Rule 42. Municipals that do not provide for a reasonable depreciation expense risk delays in Certificate

of Convenience and Necessity filings if rates are determined to not be sufficient.

- H. The Town of Ansted should carefully evaluate its revenue requirements before passing a rate ordinance in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Calculations to support the revenue projections should also be provided.

ENGINEERING: Jonathan M. Fowler, P.E.

1. This project may not require a Certificate of Convenience and Necessity from the PSC. Utility should consult with Staff pursuant to General Order 246 for such a determination. If a Certificate is required, the utility should reference this application number on the PSC's Form No. 4 when its application is filed at the Commission.
2. Scope: The Town of Ansted proposed to replace portions of their existing sanitary sewer system in an effort to reduce I/I. The Town has been pursuing a series of projects for several years to make improvements to the sanitary sewer infrastructure. The scope of this modest project (denoted as Phase 4) includes about 7,900 feet of 8" sewer mains, 2,520 feet of 4" sewer laterals, 63 customer connections (wyes), 53 manholes, associated appurtenances and surface restoration.

Customer Density: No new customers are to be added thus, this metric is not useful.

Cost per Customer: Based upon a total project cost of \$2.5 million and 657 existing customers, the cost per customer is about \$3,800; this is acceptable.

3. Project Feasibility: The project is technically feasible, the cost per customer is reasonable. The project will address known I/I issues within the existing sanitary sewer system.
4. Project Alternatives: Two alternatives were considered, Staff has no objection to the selected alternative.

5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: No significant issues were noted.
7. Operation and Maintenance (O & M) Expenses: O & M expenses are not projected to increase as a result of the project; we concur with this projection.
8. Engineering Agreement: The application includes information to determine apparent compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$455,000, which equals 25.1% of the construction cost of \$1,815,000 (including contingency).

TOWN OF ANSTED - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2593
 October 18, 2024

**PREFERED FUNDING PACKAGE
 SCENARIO 1**

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	644,199	644,199	(60,748) (1)	583,451
Other Operating Revenue	13,109	13,109	-	13,109
SB 234 Annual Working Cash Collections			60,748 (2)	60,748
Interest Income & Other Misc.	1,031	1,031	-	1,031
Total Cash Available	658,339	658,339	-	658,339
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	251,941	251,941	-	251,941
Taxes	10,030	10,030	-	10,030
Total Cash Requirements Before Debt Service	261,971	261,971	-	261,971
Cash Available for Debt Service (A)	396,368	396,368	-	396,368
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	167,449	167,449	-	167,449
Other Debt			-	-
Reserve Account @ 10%	14,809	14,809	-	14,809
Renewal & Replacement Fund (2.5%)	16,458	16,458	(1,544) (3)	14,914
Total Debt Service Requirement	198,716	198,716	(1,544)	197,172
SB 234 Cash Working Capital	60,748	60,748	-	60,748
Remaining Cash	136,904	136,904	1,544	138,448
Percent Coverage (A) / (B)	236.71%	236.71%		236.71%
Average rate for 3,400 gallons	\$ 68.34	\$ 68.34	\$ -	\$ 68.34
Average rate for 4,000 gallons	\$ 80.40	\$ 80.40	\$ -	\$ 80.40

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	583,451	(60,748)
		Per Application with Project	644,199	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	60,748	60,748
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	14,914	(1,544)
		Per Application with Project	16,458	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF ANSTED - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2593
 October 18, 2024

**LOAN PACKAGE
 SCENARIO 2**

	Max Rate Going Level Per Application Before Project	Max Rate Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	644,199	794,199	(60,748) (1)	733,451
Other Operating Revenue	13,109	13,109	-	13,109
SB 234 Annual Working Cash Collections			60,748 (2)	60,748
Interest Income & Other Misc.	1,031	1,031	-	1,031
Total Cash Available	658,339	808,339	-	808,339
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	251,941	251,941	-	251,941
Taxes	10,030	10,030	-	10,030
Total Cash Requirements Before Debt Service	261,971	261,971	-	261,971
Cash Available for Debt Service (A)	396,368	546,368	-	546,368
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	167,449	312,108	3,552 (3)	315,660
Other Debt			-	-
Reserve Account @ 10%	14,809	14,809	14,821 (4)	29,630
Renewal & Replacement Fund (2.5%)	16,458	20,208	(1,544) (5)	18,664
Total Debt Service Requirement	198,716	347,125	16,829	363,954
SB 234 Cash Working Capital	60,748	60,748	-	60,748
Remaining Cash	136,904	138,495	(16,829)	121,667
Percent Coverage (A) / (B)	236.71%	175.06%		173.09%
Average rate for 3,400 gallons	\$ 68.34	\$ 91.44	\$ -	\$ 91.44
Average rate for 4,000 gallons	\$ 80.40	\$ 107.58	\$ -	\$ 107.58

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	733,451	(60,748)
		Per Application with Project	794,199	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	60,748	60,748
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	315,660	3,552
		Per Application with Project	312,108	
	The difference in P&I is related to Staff's calculation of a loan of \$2,500,00 for 40 years (paid back over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	29,630	14,821
		Per Application with Project	14,809	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	18,664	(1,544)
		Per Application with Project	20,208	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			