



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
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

Date: May 17, 2024

Subject: Town of Athens
IJDC Application - 2024W-2550
Critical Needs Extension Mt Jackson Heights and Old Oxley Road

-
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 water 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:

This project will extend water service to 25 new customers in the Mt. Jackson Heights area. The residents in the project area currently utilize wells, and they cannot consistently provide an adequate supply of quality water necessary for consumption and everyday use. High amounts of sediments and rust have been found in the water supply.

The proposed total cost for this project is \$1,800,000 and the Town intends to pursue a \$1,800,000 IJDC Critical Needs Grant. The applicant only provided nine executed user agreements which is a participation rate of less than 40%. It is recommended that additional user agreements be secured and provided to the Council.

Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 10



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

FROM: Michael King, P.E., DWWM

DATE: May 10, 2024

SUBJECT: Town of Athens
IJDC Application - 2024W-2550
Critical Needs Extension Mt Jackson Heights and Old Oxley Road

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Ghosh Engineers for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Town of Athens (Town) in Mercer County, West Virginia owns, operates, and maintains a water treatment facility, storage tanks, and water distribution system that serves approximately 1,809 customers in the Town and the surrounding communities.

The proposed project is to connect to the existing distribution system in the Old Oxley Road area and extend service to the Mt. Jackson Heights area. This will provide water service to 25 new customers just outside of the Town.

The proposed total cost for this project is \$1,800,000 and the Town intends to pursue a \$1,800,000 IJDC Critical Needs Grant. The proposed monthly rate for 3,400 gallons is \$28.45 (0.65% MHI).

NEED FOR PROJECT

The residents in the project area currently utilize wells, and they cannot consistently provide an adequate supply of quality water necessary for consumption and everyday use. High amounts of sediments and rust have been found in the water supply. It results in high operation and maintenance costs. This project would provide consistent and healthy water for residents in the project area.

DEFICIENCIES/COMMENTS

- There was no mention of a future population analysis or assumption.
- Using the Combined Application, the Engineering Fees appear to be within the ASCE curves.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 10

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



May 3, 2024

Meredith J. Vance
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2024W-2550
Athens, System Improvements
Infrastructure Preliminary Application

Dear Ms. Vance:

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:

forwarded to the Funding Committee

forwarded to the Consolidation Committee

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: May 2, 2024

PROJECT SPONSOR: TOWN OF ATHENS - WATER

PROJECT SUMMARY: This project will extend water services to the Mt. Jackson Heights and Old Oxley Road. There are around 25 residents currently without access to adequate safe drinking water.

PROPOSED FUNDING: IJDC Critical Needs Grant \$ 1,800,000

CURRENT/PROPOSED

RATES:	\$28.45	3,400 gallons
	\$33.16	4,000 gallons

Application No. 2024W-2550

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

FINANCIAL: Alex Kovarik

1. Current rates (\$28.45 for 3,400 gallons) are below the rates attributable to 1.25% (\$54.96), 1.5% (\$65.95), 1.75% (\$76.94), and 2.0% (\$87.93) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$762,286, \$1,078,368, \$1,394,450, and \$1,710,532 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC Critical Needs Grant of \$1,800,000, current rates (\$28.45 for 3,400 gallons) will provide a cash flow surplus of \$126,754. There is no debt service coverage as the Town has no debt.
3. Using the Scenario 2 alternate loan package of \$1,800,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$30.67 for 3,400 gallons) will provide a cash flow surplus of \$50,869 and debt service coverage of 179.08%.

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. 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 statements submitted with the application.
- C. Staff notes the project sponsor has requested a Draft Rule 42 Exhibit waiver.
- D. 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 note that the 1/8 cash working capital reserve is fully funded. This 1/8 requirement, along with any steps taken to fund this reserve, may be evaluated by the Commission in future filings in accordance with Public Service Commission General Order 183.11.
- E. 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.
- F. The Town 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. The utility should consult with Staff pursuant to General Order 246 for such determination. If a Certificate is required, the utility should reference this IJDC application number on the PSC's Form No. 4 when its application is filed at the Commission given the requirement of West Virginia Code 24-2-11 (c) and (e). Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The proposed project includes; the installation of approximately 10,000 feet of 6" and 2" water line and appurtenances, one small booster station, one new storage tank, various items of surface restoration and, all other necessary items and appurtenances. This project is estimated to cost \$1,800,000 and the construction cost is \$1,467,000 (rounded with contingency) and will provide safe drinking water to a potential of twenty-five new customers (currently there are only nine signed user agreements).

Customer Density: Using twenty-five (potential) new customers and 1.89 miles of new main, the customer density is 13.2 customers per mile of new line which is acceptable for a critical-need extension.

Cost per New Customer: Based on a project cost of \$1,800,000 and twenty-five customers, the cost per customer is about \$72,000 which is acceptable for a critical needs line extension project.

Customer participation: The applicant provided nine signed user agreements out of a total of twenty-five potential users. This is a participation rate of less than 40% and we recommend that additional user agreements should be secured and provided to the Council.

3. Need: The current water supplies in the area consists of wells, cisterns, and the hauling of water. The groundwater is generally unacceptable in quality and is often contaminated either chemically or bacteriologically. A public water supply will alleviate the public health and aesthetic concerns and enhance public safety by providing fire flow to the area.
4. Project Feasibility: The project is technically feasible and poses little implementation risk.

5. Project Alternatives: Small extensions of water service in rural areas offer little opportunity for practical, cost-effective alternatives beyond the extension of existing mains. Staff has no objection to the proposed scope of work.
6. Consolidation: There are no consolidation opportunities presented by this small line extension project.
7. Inconsistencies: No fatal issues were noted.
8. Operation and Maintenance (O & M) Expenses: O & M expenses will be carried by the entire customer base and the very small increase due to this project would likely be negligible and offset by revenues from the new customers. However, no calculations were provided.
9. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$260,000 which is equal to 17.7% of the construction cost.

TOWN OF ATHENS - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2550
 May 3, 2024

**PREFERRED 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	818,122	818,122	6,828 (1)	824,950
Other Operating Revenue	24,674	24,674	-	24,674
SB 234 Annual Working Cash Collections			-	-
Interest Income & Other Misc.	24,811	24,811	-	24,811
Total Cash Available	867,607	867,607	6,828	874,435
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	720,935	720,935	-	720,935
Taxes	26,746	26,746	-	26,746
Total Cash Requirements Before Debt Service	747,681	747,681	-	747,681
Cash Available for Debt Servi (A)	119,926	119,926	6,828	126,754
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)			-	-
Other Debt			-	-
Reserve Account @ 10%			-	-
Renewal & Replacement Fund (2.5%)	21,070	21,070	(21,070) (2)	-
Total Debt Service Requirement	21,070	21,070	(21,070)	-
SB 234 Cash Working Capital			-	-
Remaining Cash	98,856	98,856	27,898	126,754
Percent Coverage (A) / (B)				
Average rate for 3,400 gallons	\$ 28.45	\$ 28.45	\$ -	\$ 28.45
Average rate for 4,000 gallons	\$ 33.16	\$ 33.16	\$ -	\$ 33.16

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	824,950	6,828
		Per Application with Project	818,122	
To adjustment revenues for addition of 20 (25 potential customers x 80%) new customers.				
(2)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	-	(21,070)
		Per Application with Project	21,070	
Staff adjusted renewal & replacement reserve, to show as surplus funds, given there is no debt.				

TOWN OF ATHENS - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2550
 May 3, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	818,122	881,936	7,361 (1)	889,297
Other Operating Revenue	24,674	24,674	-	24,674
SB 234 Annual Working Cash Collections			-	-
Interest Income & Other Misc.	24,811	24,811	-	24,811
Total Cash Available	867,607	931,421	7,361	938,782
OPERATING DEDUCTIONS				
Operating Expenses	720,935	720,935	-	720,935
Taxes	26,746	26,746	-	26,746
Total Cash Requirements Before Debt Service	747,681	747,681	-	747,681
Cash Available for Debt Servi (A)	119,926	183,740	7,361	191,101
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)		142,551	(35,839) (2)	106,712
Other Debt			-	-
Reserve Account @ 10%		14,255	(3,584) (3)	10,671
Renewal & Replacement Fund (2.5%)	21,070	22,665	184 (4)	22,849
Total Debt Service Requirement	21,070	179,471	(39,239)	140,232
SB 234 Cash Working Capital			-	-
Remaining Cash	98,856	4,269	46,600	50,869
Percent Coverage (A) / (B)		128.89%		179.08%
Average rate for 3,400 gallons	\$ 28.45	\$ 30.67	\$ -	\$ 30.67
Average rate for 4,000 gallons	\$ 33.16	\$ 35.75	\$ -	\$ 35.75

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	889,297	7,361
	Per Application with Project	881,936	
To adjustment revenues for addition of 20 (25 potential customers x 80%) new customers.			
(2) Principal & Interest	Per Staff Analysis	106,712	(35,839)
	Per Application with Project	142,551	
The difference in P&I is related to Staff's calculation of a loan of \$1,800,000 for 40 years (paid back over 38 years) at 5%.			
(3) Reserve Account @ 10%	Per Staff Analysis	10,671	(3,584)
	Per Application with Project	14,255	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	22,849	184
	Per Application with Project	22,665	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304-2345
Telephone Number: (304) 926-0495
Fax Number: (304) 926-0463

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

MEMORANDUM

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey *BB*
Technical Analyst
General Permits & Support Team

DATE: April 17, 2024

SUBJECT: Infrastructure Preliminary Application for the Town of Athens: Mt. and Oxley Road Jackson Water Ext. in Mercer County, WV. (2024W-2550)

We have reviewed the above referenced project application information. The Town of Athens, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640170, and expires July 18, 2028.

If the Town of Athens is considering repairing and painting an existing water treatment plant or storage tanks, then the scope of this project requires precautions to prevent contamination of the waters of the state. Prior to beginning any removal of old paint, the Town of Athens should contact Mr. Brad Wright or a member of his staff at (304)-926-0499, extension 49746 for guidance in determining whether the paint to be removed is considered a hazardous waste. If so, proper containment and disposal procedures must be followed for the paint and any material associated with the sandblasting. If it is determined that the paint is not hazardous, the Town of Athens should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43821 for proper disposal options.

Construction activities with a disturbed area of one (1) acre or greater are now required to register for the NPDES Storm Water Construction General Permit No. WV0115924 that became

effective on April 6, 2024. Projects registered under the previous General Permit No. WV0115100 were automatically provided coverage under WV/NPDES General Permit No. WV0115924. For more information, they may contact Larry Board at (304)-926-0499, extension 43883.

In light of the above, we have no objection to this project as long as the appropriate provisions are taken to assure compliance with Chapter 22, Article 11, of the Code of West Virginia and any associated regulations. The responsible party may contact Mylinda Maddox (304) 926-0499 ext. 43825, should additional information be required.

BDB:mam

cc: Katheryn Emery