



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: December 12, 2024

Subject: Clay County Public Service District
IJDC Application - 2024W-2623
CMI2 Water Supply 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 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:

The proposed project will upgrade the electrical services at the Hartland, Holcomb, and Independence booster stations. The pumps in each of the booster stations will be upgraded and the construction of a new 75,000 gallon water storage tank adjacent to the existing Hartland water storage tank will be part of this project. The pumps are approximately 30 years old and the additional peak flows from the construction of the new CMI2 facilities would require the booster stations to be operating for nearly twice as long if not updated. These upgrades are necessary to provide adequate water to the new demand.

The proposed total cost for this project is \$1,500,000 and the CCPSD intends to pursue a \$1,500,000 WDA Economic Enhancement Grant.

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: 0



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Chantz Rankin, E.I., DWWM

DATE: December 3, 2024

SUBJECT: Clay County Public Service District
IJDC Application - 2024W-2623
CMI2 Water Supply Improvements

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER) prepared by Chapman Technical Group for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Clay County PSD (CCPSD) is located in Clay County, WV and operates an existing water system under Public Water System Identification Number (PWSID#) WV3300811. The CCPSD currently serves 750 customers. The CCPSD purchases its water from the Town of Clay's water treatment plant (WTP), which also provides treatment for Clay-Roane PSD. The Town's WTP produces 800 gallons per minute (gpm) and runs approximately 8-9 hours per day under normal circumstances. The Town has indicated that although the plant is in good physical condition; it may require improvements and renovations to continue to reliably provide water in the future.

The proposed project will upgrade the electrical services at the Hartland, Holcomb, and Independence booster stations. This project will also replace the pumps in each of the booster stations, as well as construct a new 75,000 gallon water storage tank adjacent to the existing Hartland water storage tank.

The proposed total cost for this project is \$1,500,000 and the CCPSD intends to pursue a \$1,500,000 WDA Economic Enhancement Grant. The proposed monthly rate will not change and is \$60.71 (2.07% MHI) for 3,400 gallons.

NEED FOR PROJECT

CMI2 is constructing a new facility in Lizemores, WV. The first phase of this facility will consist of 3 buildings and 15 RV spots, which will generate a demand of approximately 8,300 gallons per day (GPD). The second phase will raise the demand of the facility to as much as 21,000 GPD during peak flow events. The Town of Clay believes that they will be able to produce the water necessary for the facility.

The booster stations within the system are in good physical condition. However, the pumps are approximately 30 years old and with the additional peak flows the booster stations will be operating for nearly twice as long. The proposed upgrades to the booster stations and construction of the new water tank will provide CMI2 with an adequate water supply without disrupting service to other customers south of Clay. The proposed project will also reduce the risk of water outages due to mechanical failures.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Design, and Total Engineering Fees appear to be outside of the ASCE Curves.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 0

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



December 11, 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-2623
Clay County PSD – Water 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: December 10, 2024

PROJECT SPONSOR: CLAY COUNTY PUBLIC SERVICE DISTRICT -
WATER

PROJECT SUMMARY: To upgrade three pump stations and a new water Storage Tank in the Bickmore/Lizemore area of Clay County to better serve their customers.

PROPOSED FUNDING: WDA Economic Enhancement Grant \$1,500,000

CURRENT/PROPOSED

RATES:	\$60.71	3,400 gallons
	\$71.27	4,000 gallons

Application No. 2024W-2623

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

FINANCIAL: Bob Cadle

1. Current rates (\$60.71 for 3,400 gallons) are above the rates attributable to 1.25% (\$36.62), 1.5% (\$43.94), 1.75% (\$51.27), and 2% (\$58.59) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant of \$1,500,000, proposed rates (\$60.71 for 3,400 gallons) will provide a cash flow surplus of \$22,379 and debt service coverage of 192.88%.
3. Using the Scenario 2 alternate loan package of \$1,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$68.30 for 3,400 gallons) will provide a cash flow surplus of \$4,896 and debt service coverage of 147.12%.

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 Statement submitted with the application.
- C. Because proposed funding is based on all grant funding and no rate increase is needed for the project, the Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. Staff notes the Applicant filed for a non-project related rate increase (Case No. 22-0949-PWD-19A) with the Commission. The Case went final on May 31, 2023, and the Applicant included the rates in the going level adjustments made to the June 30, 2023, Annual Report per books. For purposes of this review, Staff accepted and used the going level adjustments to complete its analysis.
- E. 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.

ENGINEERING: Jim Spurlock

1. This project might not require a Certificate of Convenience and Necessity from the PSC. The project sponsor should consult with Staff pursuant to the requirements of General Order 246 for such 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 given the requirement of West Virginia Code 24-2-11 (c) and (e).

2. Scope: Clay County PSD proposes to construct a 75,000-gallon water storage tank and upgrade three pump stations in order to supply the new Civil-Military Innovation Institute (CMI2). Through an alternate main line extension agreement, CMI2 will construct, operate, and maintain the proposed main extension to its facilities, and purchase water through a master meter.

Customer Density: N/A

Cost per Customer: \$1,997

(taken from the total project cost estimate of \$1,500,000 spread over 750 existing and 1 new customer).

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable when spread across the customer base. The project will accommodate the Civil-Military Institute, provide additional storage, and upgrade aging pumping facilities.
4. Project Alternatives: The nature of the project does not lend itself to alternatives.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: The WVJDC application indicates that no increase is projected due to the project. The PER explains that O & M is not expected to increase significantly due to intermittent usage by CMI2 and due to CMI's operation of the main extension. Peak demand by CMI2 is expected to be 21,000 gallons per day, with no estimated annual usage provided. This indicates that the District's purchased water cost will increase by an unquantified amount.
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 \$357,000 which is equal to 34.3% of the construction cost of \$1,040,750 (including contingency).

CLAY COUNTY PUBLIC SERVICE DISTRICT -WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2623
 December 11, 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	659,160	659,160	(58,157) (1)	601,003
Other Operating Revenue	15,824	15,824	-	15,824
SB 234 Annual Working Cash Collections		-	58,157 (2)	58,157
Interest Income & Other Misc.	3,610	3,610	-	3,610
Total Cash Available	<u>678,594</u>	<u>678,594</u>	<u>-</u>	<u>678,594</u>
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	465,257	465,257	-	465,257
Taxes	9,244	9,244	-	9,244
Total Cash Requirements Before Debt Service	<u>474,501</u>	<u>474,501</u>	<u>-</u>	<u>474,501</u>
Cash Available for Debt Service (A)	<u>204,093</u>	<u>204,093</u>	<u>-</u>	<u>204,093</u>
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	105,811	105,811	-	105,811
Other Debt		-	-	-
Reserve Account @ 10%	2,325	2,325	-	2,325
Renewal & Replacement Fund (2.5%)	16,875	16,875	(1,454) (3)	15,421
Total Debt Service Requirement	<u>125,011</u>	<u>125,011</u>	<u>(1,454)</u>	<u>123,557</u>
SB 234 Cash Working Capital	58,157	58,157	-	58,157
Remaining Cash	<u><u>20,925</u></u>	<u><u>20,925</u></u>	<u><u>1,454</u></u>	<u><u>22,379</u></u>
Percent Coverage (A) / (B)	192.88%	192.88%		192.88%
Average rate for 3,400 gallons	\$ 60.71	\$ 60.71	\$ -	\$ 60.71
Average rate for 4,000 gallons	\$ 71.27	\$ 71.27	\$ -	\$ 71.27

Staff Adjustments

			Increase <Decrease>
		\$	
<u>Adjustment Description</u>			
(1)	Operating Revenues	Per Staff Analysis	601,003
		Per Application with Project	(58,157)
	Adjust revenues in accordance with PSC General Order 183.11.		
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	58,157
		Per Application with Project	58,157
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.		
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	15,421
		Per Application with Project	(1,454)
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.		

CLAY COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2623
 December 11, 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	659,160	741,555	(58,157) (1)	683,398
Other Operating Revenue	15,824	15,824	-	15,824
SB 234 Annual Working Cash Collections		-	58,157 (2)	58,157
Interest Income & Other Misc.	3,610	3,610	-	3,610
Total Cash Available	678,594	760,989	-	760,989
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	465,257	465,257	-	465,257
Taxes	9,244	9,244	-	9,244
Total Cash Requirements Before Debt Service	474,501	474,501	-	474,501
Cash Available for Debt Service (A)	204,093	286,488	-	286,488
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	105,811	193,607	1,130 (3)	194,737
Other Debt		-	-	-
Reserve Account @ 10%	2,325	11,105	113 (4)	11,218
Renewal & Replacement Fund (2.5%)	16,875	18,934	(1,453) (5)	17,481
Total Debt Service Requirement	125,011	223,646	(210)	223,436
SB 234 Cash Working Capital	58,157	58,157	-	58,157
Remaining Cash	20,925	4,685	210	4,896
Percent Coverage (A) / (B)	192.88%	147.97%		147.12%
Average rate for 3,400 gallons	\$ 60.71	\$ 68.30	\$ -	\$ 68.30
Average rate for 4,000 gallons	\$ 71.27	\$ 80.18	\$ -	\$ 80.18

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	683,398	(58,157)
		Per Application with Project	741,555	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	58,157	58,157
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	194,737	1,130
		Per Application with Project	193,607	
	The difference in P&I is related to Staff's calculation of a loan of \$1,500,000 for 40 years (paid back over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	11,218	113
		Per Application with Project	11,105	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	17,481	(1,453)
		Per Application with Project	18,934	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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M E M O R A N D U M

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: November 21, 2024

SUBJECT: Infrastructure Preliminary Application for the Clay County PSD (2024W-2623):
Water System Improvements in Clay County, WV.

We have reviewed the above referenced project application information. The Clay County PSD purchases water from the Town of Clay. No NPDES permit modifications are necessary.

If the Clay County PSD 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 Clay County PSD 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 Clay County PSD should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43889 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.

Promoting a healthy environment.

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