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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57<sup>th</sup> 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:** March 18, 2025

**Subject:** Clay-Roane Public Service District  
IJDC Application - 2024W-2628  
Little Lefthand Water Line Extension Project.

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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 water 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 potable water service to 25 potential customers on Little Left Hand Road. Currently the unserved homes rely on private wells. The wells in this area are not dependable due fluctuation in the water table at their elevation. This project will provide a reliable and adequate water supply as well as fire protection.

The proposed total cost for this project is \$3,500,000 and the CRPSD intends to pursue a \$1,500,000 DWTRF Principal Forgiveness Loan, a \$1,000,000 IJDC Grant, a \$925,000 ARC Grant and a \$75,000 Grant from Roane County.

Prior to closing, the PSD needs to demonstrate compliance with how the Lead and Copper Rule requirements will be met and how the applicant will ensure compliance with the regulatory agencies. The applicant should be advised to notify the potential customers regarding the possibility that switching to a new water source could result in elevated levels of lead originating in their existing plumbing.

Note: Neither the application nor the PER include documentation of community support. Cost per customer is \$140,000.

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: 5  
Compliance with Standards: 0



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**MEMORANDUM**

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

**FROM:** Chantz Rankin, E.I., DWWM

**DATE:** March 7, 2025

**SUBJECT:** Clay-Roane Public Service District  
IJDC Application - 2024W-2628  
Little Lefthand Water Line Extension Project

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

The Clay-Roane PSD (CRPSD) is located in Roane and Clay County, WV and operates an existing water treatment and collection system under Public Water System Identification Number (PWSID#) WV3300806. The CRPSD currently serves 849 total customers, including 802 residential customers, 37 commercial customers, and 10 public authorities. The CRPSD's water treatment plant (WTP) is located in Prociuous, WV and draws its raw water from the Elk River. The WTP pumps for an average of 20 hours per day, and produces an average of 115,000 gallons per day (GPD). The CRPSD also purchases approximately 31,000 GPD of finished water from the Town of Clay. The CRPSD's collection system consists of approximately 28 miles of mains, 6 water storage tanks with a total capacity of approximately 475,000 gallons, and 4 booster pump stations. The areas served by the collection system include Cutoff Run, Laurel Creek, Lefthand, Amma, Pigeon Ru, and Hansford Fork.

The proposed project will extend water and fire protection to 25 unserved customers on Little Left Hand Road. The project will include approximately 19,500 linear feet (LF) of 6" PVC waterline, approximately 2,700 LF of service tubing, 7 6" valves, 7 fire hydrant assemblies, 25 radio-read water meters, and all necessary appurtenances.

The proposed total cost for this project is \$3,500,000 and the CRPSD intends to pursue a \$1,000,000 DWTRF Principal Forgiveness Loan, a \$1,000,000 IJDC Grant, a \$925,000 ARC Grant and a \$75,000 Grant from Roane County. The proposed monthly rate will be \$90.24 (2.39% MHI) for 3,400 gallons.

### **NEED FOR PROJECT**

Currently the unserved homes around Little Lefthand Road rely on private wells. The wells in this area can be undependable due fluctuation in the water table at their elevation. This project will provide a reliable and adequate water supply to 25 customers as well as fire protection.

### **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: 5  
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



March 13, 2025

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-2628  
Clay-Roane PSD – Water System Extension  
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,

A handwritten signature in cursive script that reads "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** March 13, 2025

**PROJECT SPONSOR:** CLAY-ROANE PUBLIC SERVICE DISTRICT - WATER

**PROJECT SUMMARY:** Extension of public water service to approximately 25 households along Little Lefthand Road in Roane County.

|  |                  |
|--|------------------|
| <b>PROPOSED FUNDING:</b> DWTRF Prin. Forgiveness | \$1,500,000      |
| ARC Grant  | 925,000          |
| Roane County Comm. Grant                         | 75,000           |
| IJDC Grant                                       | <u>1,000,000</u> |
| Total  | \$3,500,000      |

|                       |          |               |
|-----------------------|----------|---------------|
| <b>CURRENT RATES:</b> | \$ 85.54 | 3,400 gallons |
|                       | \$100.64 | 4,000 gallons |

|                        |          |               |
|------------------------|----------|---------------|
| <b>PROPOSED RATES:</b> | \$ 90.24 | 3,400 gallons |
|                        | \$106.16 | 4,000 gallons |

Application No. 2024W-2628

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

**FINANCIAL: Bob Cadle**

1. Current rates (\$85.54 for 3,400 gallons) are above the rates attributable to 1.25% (\$40.52), 1.5% (\$48.62), 1.75% (\$56.72), and 2% (\$64.83) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Principal Forgiveness of \$1,500,000, an ARC Grant of \$925,000, a Roane County Commission ARPA Grant of \$75,000, and an IJDC District 2 Grant of \$1,000,000, proposed rates (\$90.24 for 3,400 gallons) will provide a cash flow surplus of \$2,173 and debt service coverage of 215.30%.

3. Using the Scenario 2 alternate loan package of \$3,425,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and committed funds consisting of a Roane County Commission ARPA Grant of \$75,000, proposed rates (\$114.07 for 3,400 gallons) will provide a cash flow surplus of \$5,630 and debt service coverage of 146.67%.

#### 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, 2024, 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 there was a "Revised Funding Scenario" (dated February 10, 2025) which updated and showed the DWTRF Principal Forgiveness of \$1,500,000. The preliminary application originally, "*Section V. Preferred Funding*", listed the amount as \$1,000,000. Scenario 2 alternate loan package cash flow provided by the Applicant used the revised \$1,500,000 amount.

E. Staff notes the Applicant's Preliminary Application Form shows 35 new customers, however Staff confirmed the 25 new customers as shown under the "*II. General Administrative 2. Customers Served – New: 25*" section. The Applicant used 25 customers in its cash flow calculations.

F. Staff notes the Applicant's cash flow analyses include going level rates of \$90.24 (3,400 gallons). On February 3, 2025, the Applicant filed Form 19A (Case No. 25-0074-PWD-19A) with the Commission for a rate increase and proposed the rate of \$90.24 for 3,400 gallons. Staff included these rates in its analyses.

G. 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:** Brandon Crace

1. This project may not require a Certificate of Convenience and Necessity from the PSC. The project sponsor should consult with Commission Staff pursuant to the requirements of General Order No. 246 for such determination. Should a Certificate be required, the sponsor 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) et seq. Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The Clay-Roane Public Service District (CRPSD) is proposing to extend water service to approximately 25 potential water customers along Little Lefthand Road. The proposed project scope includes: 19500 LF of 6-inch waterline, seven (7) 6-inch gate valves, 7 fire hydrant assemblies, 25 water meters and settings, a 2-inch post flushing hydrant assembly, eight (8) 3/4-inch air release valves, 45 LF of 12-inch steel casing (open cut), 35 LF of 1-1/2-inch service line (bore and jack), 445 LF of 1-1/2-inch service line (open cut), 285 LF of 1-inch service line (bore and jack), 1300 LF of 1-inch service line (open cut), 250 LF of 3/4-inch service line (bore and jack), 350 LF of 3/4-inch service line (open cut), 500 LF of WVDOH Type B trench repair, 325 LF of gravel driveway/road repair, 120 LF of asphalt driveway/road repair, 450 LF of 1-1/2-inch asphalt overlay (with roto-milling), 15 LF of concrete sidewalk repair, 21000 LF of restoration of disturbed areas, and all necessary appurtenances. The estimated construction cost is \$2,600,000 (includes 14.84% construction contingency), and the estimated total project cost is \$3,500,000.

Need: The PER indicates that extending public drinking water will eliminate the dependence on private water wells, and will provide access to safe, reliable potable water service and fire protection.

Customer Density: Based upon the provided quantities, the proposed water line extensions total approximately 3.69 mile. This is approximately equivalent to 6



customers per mile. This is low.

Cost per Customer: Based upon the estimated total project cost of \$3,500,000, and proposing to have 25 new customers, the cost to serve each new customer is \$140,000; this is high. However, the proposed project is 100% grant and contribution funded; therefore, the proposed borrowing is \$0.

3. Project Feasibility: The project appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER did not include an evaluation of alternatives. However, a do-nothing option would continue to require residents to utilize their private wells.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER states that O&M costs are anticipated to increase by approximately \$16,200 annually. These costs are attributed to purchased water, purchased power, labor, administrative, etc.
7. 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 \$605,000, which is equal to 23.27% of the construction cost of \$2,600,000 (includes 14.84% construction contingency).
8. Deficiencies/Comments:
  - Neither the Application or PER includes documentation of community support (written requests for water service, user sign-ups, etc.).
  - The applicant should be advised to notify the potential customers regarding the possibility that switching to a water new source could result in elevated levels of lead originating with their existing plumbing. This notice should occur before the project is placed into service and should be made only after consultation with the Bureau for Public Health.

CLAY ROANE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2628  
 March 13, 2025

**PREFERRED FUNDING PACKAGE  
 SCENARIO 1**

|  | Cash Flow<br>Going Level<br>Per Application<br>Before Project | Cash Flow<br>Proforma<br>Per Application<br>with Project | Staff<br>Adjustments | Per Staff<br>Analysis |
|--|---|--|----------------------|-----------------------|
|  | 1   | 2  | 3                    | 4                     |
|  | \$  | \$   | \$                   | \$                    |
| <b>AVAILABLE CASH</b>                                  |   |  |                      |                       |
| Operating Revenues                                     | 764,132   | 778,829  | -                    | 778,829               |
| Other Operating Revenue                                | 22,876  | 23,288   | -                    | 23,288                |
| SB 234 Annual Working Cash Collections                 | 80,633  | 82,184   | -                    | 82,184                |
| Interest Income & Other Misc.                          | 4,300   | 4,300  | -                    | 4,300                 |
| <b>Total Cash Available</b>                            | <b>871,941</b>  | <b>888,601</b>   | <b>-</b>             | <b>888,601</b>        |
| <b>OPERATING DEDUCTIONS</b>                            |   |  |                      |                       |
| Operating Expenses                                     | 646,939   | 662,839  | -                    | 662,839               |
| Taxes  | 22,656  | 22,656   | -                    | 22,656                |
| <b>Total Cash Requirements Before<br/>Debt Service</b> | <b>669,595</b>  | <b>685,495</b>   | <b>-</b>             | <b>685,495</b>        |
| Cash Available for Debt Service (A)                    | 202,346   | 203,106  | -                    | 203,106               |
| <b>DEBT SERVICE REQUIREMENTS</b>                       |   |  |                      |                       |
| Principal & Interest (B)                               | 94,337  | 94,337   | -                    | 94,337                |
| Other Debt   | -   | -  | -                    | -                     |
| Reserve Account @ 10%                                  | 4,359   | 4,359  | -                    | 4,359                 |
| Renewal & Replacement Fund (2.5%)                      | 21,691  | 22,108   | (2,055) (1)          | 20,053                |
| <b>Total Debt Service Requirement</b>                  | <b>120,387</b>  | <b>120,804</b>   | <b>(2,055)</b>       | <b>118,749</b>        |
| SB 234 Cash Working Capital                            | 80,633  | 82,184   | -                    | 82,184                |
| <b>Remaining Cash</b>                                  | <b>1,326</b>  | <b>118</b>   | <b>2,055</b>         | <b>2,173</b>          |
| Percent Coverage (A) / (B)                             | 214.49%   | 215.30%  |                      | 215.30%               |
| Average rate for 3,400 gallons                         | \$ 90.24  | \$ 90.24   | \$ -                 | \$ 90.24              |
| Average rate for 4,000 gallons                         | \$ 106.16   | \$ 106.16  | \$ -                 | \$ 106.16             |

CLAY ROANE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2628

Attachment A  
 PREFERRED FUNDING PACKAGE  
 SCENARIO 1

Staff Adjustments

| <u>Adjustment Description</u> |                                   |                              | \$     | Increase<br><Decrease> |
|-------------------------------|-----------------------------------|------------------------------|--------|------------------------|
| (1)                           | Renewal & Replacement Fund (2.5%) | Per Staff Analysis           | 20,053 | (2,055)                |
|                               |                                   | Per Application with Project | 22,108 |                        |

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

CLAY ROANE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2628  
 March 13, 2025

**LOAN PACKAGE  
 SCENARIO 2**

|  | Max Rate<br>Going Level<br>Per Application<br>Before Project | Max Rate<br>Proforma<br>Per Application<br>with Project | Staff<br>Adjustments | Per Staff<br>Analysis |
|--|--|---|----------------------|-----------------------|
|  | 1  | 2   | 3                    | 4                     |
|  | \$   | \$  | \$                   | \$                    |
| <b>AVAILABLE CASH</b>                                  |  |   |                      |                       |
| Operating Revenues                                     | 764,132  | 1,005,694   | -                    | 1,005,694             |
| Other Operating Revenue                                | 22,876   | 29,049  | -                    | 29,049                |
| SB 234 Annual Working Cash Collections                 | 80,633   | 82,621  | -                    | 82,621                |
| Interest Income & Other Misc.                          | 4,300  | 4,300   | -                    | 4,300                 |
| <b>Total Cash Available</b>                            | <b>871,941</b>   | <b>1,121,664</b>  | <b>-</b>             | <b>1,121,664</b>      |
| <b>OPERATING DEDUCTIONS</b>                            |  |   |                      |                       |
| Operating Expenses                                     | 646,939  | 662,839   | -                    | 662,839               |
| Taxes  | 22,656   | 22,656  | -                    | 22,656                |
| <b>Total Cash Requirements Before<br/>Debt Service</b> | <b>669,595</b>   | <b>685,495</b>  | <b>-</b>             | <b>685,495</b>        |
| Cash Available for Debt Service (A)                    | 202,346  | 436,169   | -                    | 436,169               |
| <b>DEBT SERVICE REQUIREMENTS</b>                       |  |   |                      |                       |
| Principal & Interest (B)                               | 94,337   | 300,258   | (2,873) (1)          | 297,385               |
| Other Debt   | -  | -   | -                    | -                     |
| Reserve Account @ 10%                                  | 4,359  | 24,951  | (287) (2)            | 24,664                |
| Renewal & Replacement Fund (2.5%)                      | 21,691   | 27,934  | (2,065) (3)          | 25,869                |
| <b>Total Debt Service Requirement</b>                  | <b>120,387</b>   | <b>353,143</b>  | <b>(5,225)</b>       | <b>347,918</b>        |
| SB 234 Cash Working Capital                            | 80,633   | 82,621  | -                    | 82,621                |
| <b>Remaining Cash</b>                                  | <b>1,326</b>   | <b>405</b>  | <b>5,225</b>         | <b>5,630</b>          |
| Percent Coverage (A) / (B)                             | 214.49%  | 145.26%   |                      | 146.67%               |
| Average rate for 3,400 gallons                         | \$ 90.24   | \$ 114.07   | \$ -                 | \$ 114.07             |
| Average rate for 4,000 gallons                         | \$ 106.16  | \$ 134.20   | \$ -                 | \$ 134.20             |

**Staff Adjustments**

| <u>Adjustment Description</u>  |  |                                     | \$      | Increase<br><Decrease> |
|--|--|-------------------------------------|---------|------------------------|
| (1)  | <b>Principal &amp; Interest</b>              | <b>Per Staff Analysis</b>           | 297,385 | (2,873)                |
|  |  | <b>Per Application with Project</b> | 300,258 |                        |
| The difference in P&I is related to Staff's calculation of a loan of \$3,425,000 for 40 years (paid back over 38 years) at 5%. |  |                                     |         |                        |
| (2)  | <b>Reserve Account @ 10%</b>                 | <b>Per Staff Analysis</b>           | 24,664  | (287)                  |
|  |  | <b>Per Application with Project</b> | 24,951  |                        |
| Staff assumed a 10% reserve on the new debt.   |  |                                     |         |                        |
| (3)  | <b>Renewal &amp; Replacement Fund (2.5%)</b> | <b>Per Staff Analysis</b>           | 25,869  | (2,065)                |
|  |  | <b>Per Application with Project</b> | 27,934  |                        |
| Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.              |  |                                     |         |                        |



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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57th Street SE  
Charleston, WV 25304-2345  
Telephone Number: (304) 926-0495  
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Harold D. Ward, Cabinet Secretary  
[www.dep.wv.gov](http://www.dep.wv.gov)

**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: February 19, 2025

SUBJECT: Infrastructure Preliminary Application for the Clay-Roane PSD (2024W-2628):  
Little Lefthand Waterline Ext. in Roane County, WV.

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

If the Clay-Roane 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-Roane 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-Roane 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.

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