



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services

Bill J. Crouch
Cabinet Secretary

Ayne Amjad, MD, MPH
Commissioner & State Health Officer

MEMORANDUM

TO: Marie Prezioso, Technical and Funding Committee
WV Infrastructure and Jobs Development Council

FROM: Meredith Vance *MV*
Water Technical Review and Funding Committee

DATE: June 28, 2022

RE: Town of Elizabeth
IJDC Preliminary Application Number: **2022W-2129**
Route 14 Phase II Waterline Replacement Project
Wirt County

1. The Committee has reviewed the pre-application and preliminary engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15-A. It has been determined that the project is:
 - a. Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
 - b. Consistent with the Act but may not be the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
 - c. Consistent with the intent of the Act and most cost-effective and environmentally sound alternative for solving the drinking water needs in this area **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 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 application. The proposed project funding should be postponed until technical comments have been resolved.
- d. _____ The project to be referred to the Consolidation Committee.

3. Other remarks:

PSC Comments:

- A. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The project will replace deteriorating water lines which experience frequent failures and disruptions of service.
- B. Using Scenario 1, the preferred funding package consisting of DWTRF Principal Forgiveness of \$785,000 and an IJDC District 2 Grant of \$785,000, proposed rates (\$64.03 for 3,400 gallons) will provide a cash flow surplus of \$42,752 and debt service coverage of 167.21%.



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MEMORANDUM

TO: Meredith Vance
Infrastructure & Capacity Development

FROM: Christopher Thomas, EIT
Infrastructure & Capacity Development

DATE: June 28, 2022

SUBJECT: IJDC Application- **2022W-2129**
Town of Elizabeth
Route 14 Phase II Waterline Replacement Project
Wirt County

Recommendation:

This preliminary application appears technically feasible and is recommended to be forwarded to the Technical and Funding Committee.

Project Scope:

This project will continue the Town's replacement of the distribution system and will focus on the area from the Carwash Water Storage Tank to where the Phase I Distribution Improvement Project ended. It is proposed to replace/install approximately 0.9 miles of 8-inch waterline, 50 LF of 6-inch waterline, 30 LF of 4-inch waterline, 0.1 miles of 2-inch waterline, and 0.34 miles of 1.5-inch or less diameter waterline, 5 fire hydrants, and all other necessary valves and appurtenances.

The cost per customer is **\$1,826** for the project. The total project cost is **\$1,570,000**

DWTRF Principal Forgiveness: \$785,000; IJDC District 2 Grant: \$785,000.

Need for the Project:

The main 8-inch waterline connecting the Carwash water storage tank to Elizabeth's distribution system has reached the end of its useful life. Line failures are increasingly common. Half a dozen failures occurred on the line during a recent two-week period. These failures deprive residents of potable water, and their repair creates an ongoing drain on the time of its personnel. These failures also contribute to Elizabeth's lost water rate, which is over 20%. This project will help Elizabeth to lower its lost water rate below 15%, consistent with regulatory requirements.

Concerns:

None

Permits:

A permit **will be** required from the WV Bureau for Public Health prior to construction.

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

A permit for stream crossings may be required.

A Certificate of Convenience and Necessity will be required from the PSC.

A permit from the WV Division of Highways will be required for the construction activities that will take place within WVDOH right-of-way.

Engineering: 9.36% for design, 23.36% for total.

The Design Fees vs. Construction Cost for new construction is above both the average complexity curve and the very complex curve. The Design Fees vs. Construction Cost for modifications is above the average complexity curve and below the very complex curve.

The Total Fees vs. Construction Cost for new construction is above both the average complexity curve and the very complex curve. The Total Fees vs. Construction Cost for modified construction is above both the average complexity curve and the very complex curve.

A Total Fee waiver **will be required** for this project.

Asset Management Plan and Annual Maintenance Audit:

The Preliminary Application indicates that the PSD does have an asset management plan. Town of Elizabeth possesses an approved Asset Management Plan and is submitting the required updates. The application indicates that the PSD has completed the annual maintenance audit for the current year.

Capacity Development:

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as “yes.” The last assessment of the system was in November 2018.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system’s overall compliance. The Town of Elizabeth has a score of 4 on the January 2022 quarter of the EPA’s Compliance Tracking Tool (ETT.) The score was attained through violations for:

Monitoring violation 2021

Town of Elizabeth
Project No.: **2022W-2129**
June 28, 2022
Page 3

All of the above referenced violations have been returned to compliance and it is anticipated that the ETT will continue to trend downward.

Based upon information from the Municipal Bond Commission, as of May 2022, the Town of Elizabeth is current on their water reserve funding requirements.

IJDC Ranking:

- Public Health Benefit: 5
- Compliance: 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



Stephanie D. Hickerson
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2022W-2129
Town of Elizabeth (Water)
Infrastructure Preliminary Application

Dear Ms. Hickerson:

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 blue ink that reads 'Jonathan M. Fowler'.

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: June 11, 2022

PROJECT SPONSOR: TOWN OF ELIZABETH - WATER

PROJECT SUMMARY: Continued waterline replacement along Rt. 14.

PROPOSED FUNDING: DWTRF Principal Forgiveness	\$ 785,000
IJDC District 2 Grant	<u>785,000</u>
Total	\$1,570,000

CURRENT RATES:	\$55.20	3,400 gallons
	\$64.50	4,000 gallons

PROPOSED RATES:	\$64.03	3,400 gallons
	\$74.82	4,000 gallons

Application No. 2022W-2129

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

FINANCIAL: Alex Kovarik

1. Current rates (\$55.20 for 3,400 gallons) are above the rates attributable to 1.25% (\$33.01), 1.5% (\$39.61), 1.75% (\$46.22), and 2.0% (\$52.82) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of DWTRF Principal Forgiveness of \$785,000 and an IJDC District 2 Grant of \$785,000, proposed rates (\$64.03 for 3,400 gallons) will provide a cash flow surplus of \$42,752 and debt service coverage of 167.21%.
3. Using the Scenario 2 alternate loan package of \$1,570,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$71.94 for 3,400 gallons) will provide a cash flow surplus of \$31,717 and debt service coverage of 145.67%.

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, 2021, and the applicant's Cash Flow Statements submitted with the application.
- C. The \$55.20 (3,400 gallons) rates became effective for service rendered on and after July 2, 2021.
- 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 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.
- 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: Jim Spurlock

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 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 Town of Elizabeth proposes the second phase of waterline replacement along US Route 14. The current phase will replace lines from the end of Phase I to the Carwash storage tank. Construction will include 4,750 feet of 8-inch, 50 feet of 6-inch, 30 feet of 4-inch, and 500 feet of 2-inch water lines, and

reconnection of approximately 60 customers.

Customer Density: N/A (Internal improvements, no change in density)

Cost per Customer: \$1,826 (taken from the total project cost estimate of \$1,570,000 spread over 860 existing customers).

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The project will replace deteriorating water lines which experience frequent failures and disruptions of service.
4. Project Alternatives: The nature of the project does not lend itself to alternatives other than “do nothing”.
5. Consolidation: There are no consolidation opportunities presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: O & M expenses are not projected to change as a result of the project, which is reasonable for planning purposes.
8. 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 \$274,500 which is equal to 23.36% of the construction cost of \$1,175,000 (including contingency).

<i>Preliminary Project Ranking</i>		
O & M Capabilities		
Performance Measures:	1	<i>Pt.</i>
Asset Management:	1	<i>Pt.</i>
Environmental Management:	1	<i>Pt.</i>
Readiness to Proceed:	0	<i>Pt.</i>
Cost Effectiveness:	0	<i>Pt.</i>
Compliance with PSC Orders:	0	<i>Pt.</i>

TOWN OF ELIZABETH - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022W-2129
June 11, 2022

PREFERRED FUNDING PACKAGE
SCENARIO 1

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	668,050	772,669	(57,162) (1)	715,507
Other Operating Revenue	19,030	19,030	-	19,030
SB 234 Annual Working Cash Collections			57,162 (2)	57,162
Interest Income & Other Misc.	247	247	-	247
Total Cash Available	687,327	791,946	-	791,946
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	457,297	457,297	-	457,297
Taxes	9,366	9,366	-	9,366
Total Cash Requirements Before Debt Service	466,663	466,663	-	466,663
Cash Available for Debt Service (A)	220,664	325,283	-	325,283
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	197,036	194,535	-	194,535
Other Debt	-	-	-	-
Reserve Account @ 10%	12,471	12,471	-	12,471
Renewal & Replacement Fund (2.5%)	17,183	19,799	(1,436) (3)	18,363
Total Debt Service Requirement	226,690	226,805	(1,436)	225,369
SB 234 Cash Working Capital	57,162	57,162	-	57,162
Remaining Cash	(63,188)	41,316	1,436	42,752
Percent Coverage (A) / (B)	111.99%	167.21%		167.21%
Average rate for 3,400 gallons	\$ 55.20	\$ 64.03	\$ -	\$ 64.03
Average rate for 4,000 gallons	\$ 64.50	\$ 74.82	\$ -	\$ 74.82

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	715,507	(57,162)
	Per Application with Project	772,669	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	57,162	57,162
	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	18,363	(1,436)
	Per Application with Project	19,799	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF ELIZABETH - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022W-2129
June 11, 2022

LOAN PACKAGE
SCENARIO 2

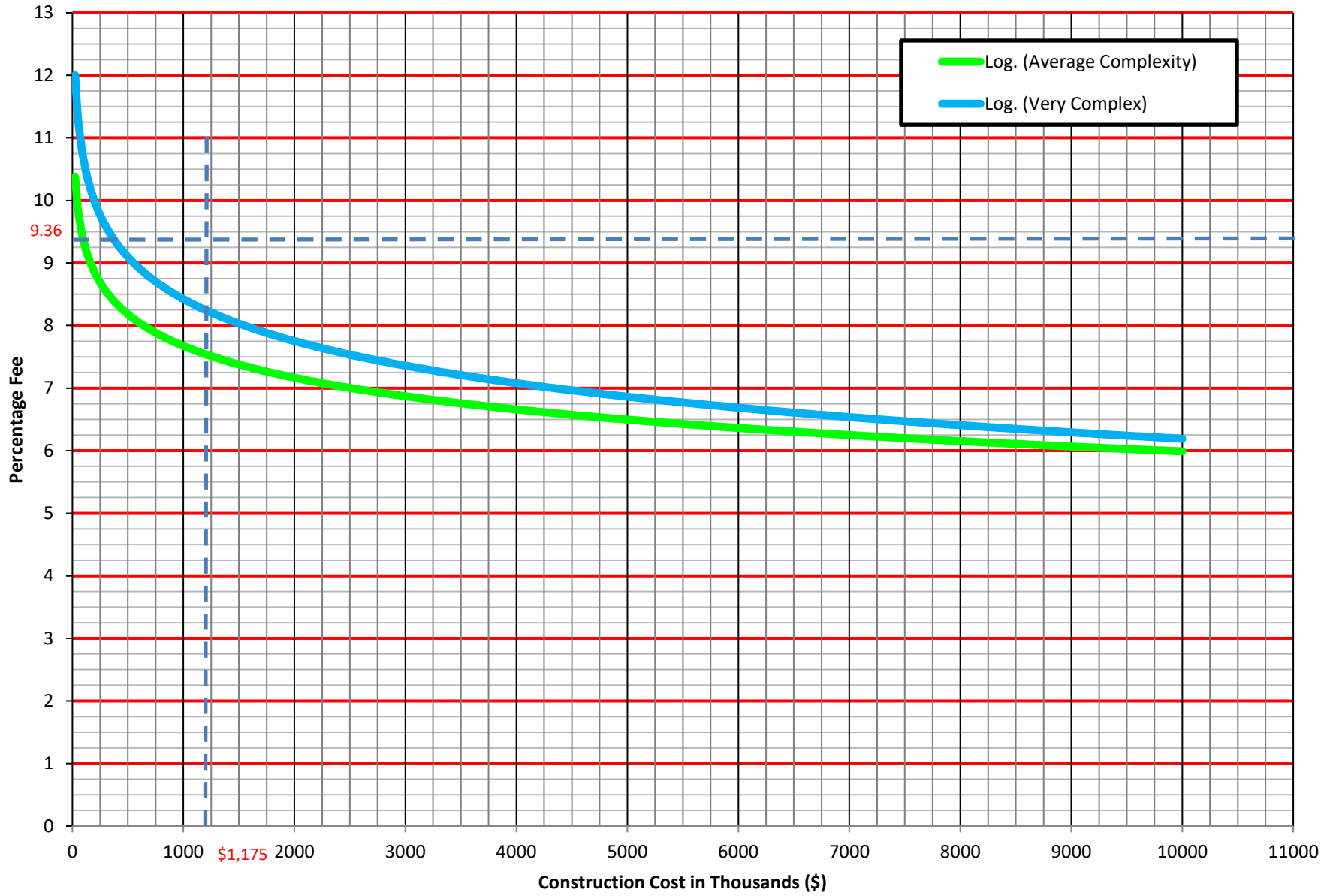
	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	668,050	866,360	(57,162) (1)	809,198
Other Operating Revenue	19,030	19,030	-	19,030
SB 234 Annual Working Cash Collections			57,162 (2)	57,162
Interest Income & Other Misc.	247	247	-	247
Total Cash Available	687,327	885,637	-	885,637
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	457,297	457,297	-	457,297
Taxes	9,366	9,366	-	9,366
Total Cash Requirements Before Debt Service	466,663	466,663	-	466,663
Cash Available for Debt Service (A)	220,664	418,974	-	418,974
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	197,036	285,381	2,230 (3)	287,611
Other Debt	-	-	-	-
Reserve Account @ 10%	12,471	12,471	9,308 (4)	21,779
Renewal & Replacement Fund (2.5%)	17,183	22,141	(1,435) (5)	20,706
Total Debt Service Requirement	226,690	319,993	10,103	330,096
SB 234 Cash Working Capital	57,162	57,162	-	57,162
Remaining Cash	(63,188)	41,819	(10,103)	31,717
Percent Coverage (A) / (B)	111.99%	146.81%		145.67%
Average rate for 3,400 gallons	\$ 55.20	\$ 71.94	\$ -	\$ 71.94
Average rate for 4,000 gallons	\$ 64.50	\$ 84.06	\$ -	\$ 84.06

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	809,198	(57,162)
	Per Application with Project	866,360	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	57,162	57,162
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Principal & Interest	Per Staff Analysis	287,611	2,230
	Per Application with Project	285,381	
The difference in P&I is related to Staff's calculation of a loan of \$1,570,000 for 40 years (paid back over 38 years) at 5%.			
(4) Reserve Account @ 10%	Per Staff Analysis	21,779	9,308
	Per Application with Project	12,471	
Staff assumed a 10% reserve on the new debt.			
(5) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	20,706	(1,435)
	Per Application with Project	22,141	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

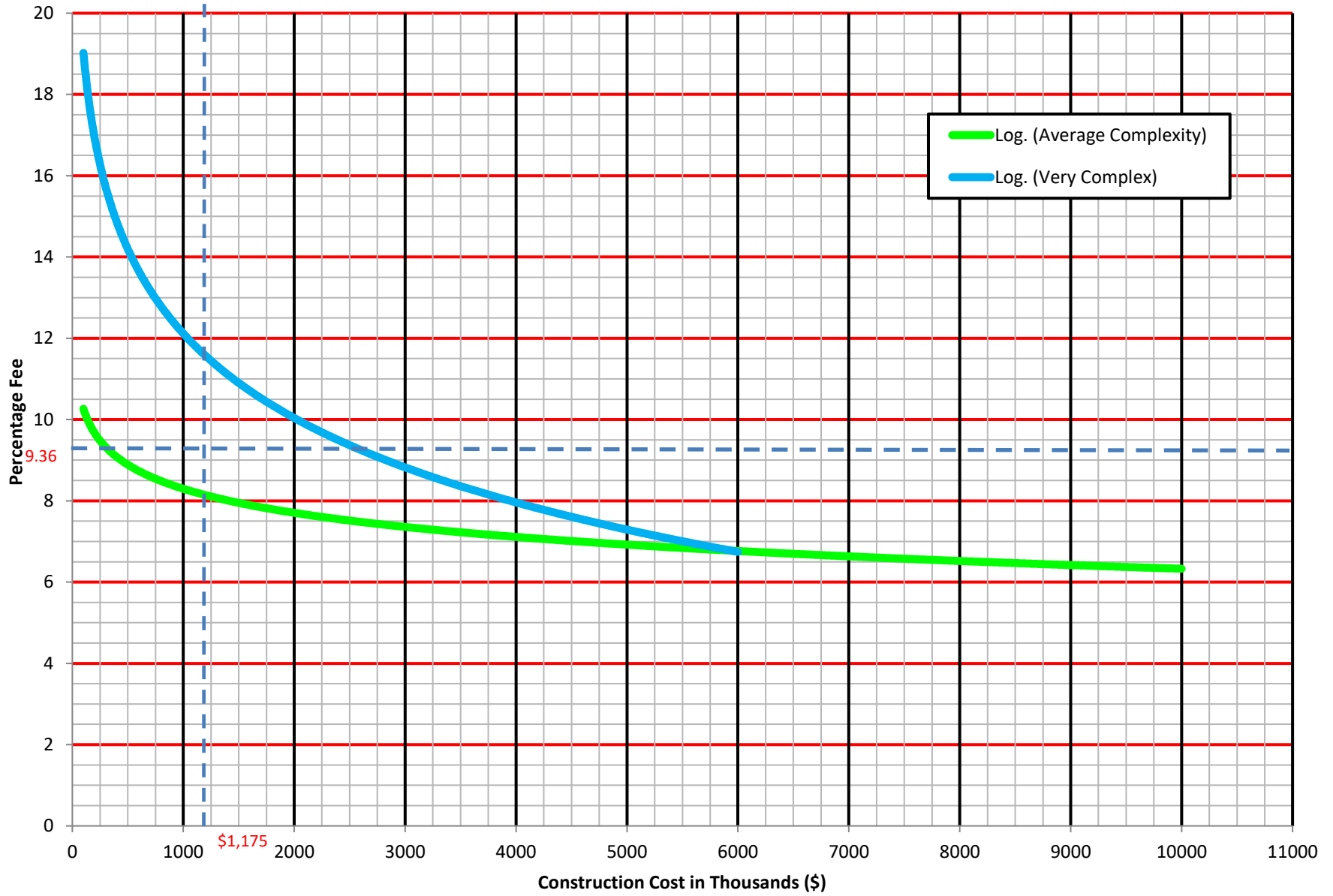
Graph 1. Design Fee vs. Construction Cost for New Construction

Elizabeth, Town of 2022W-2129



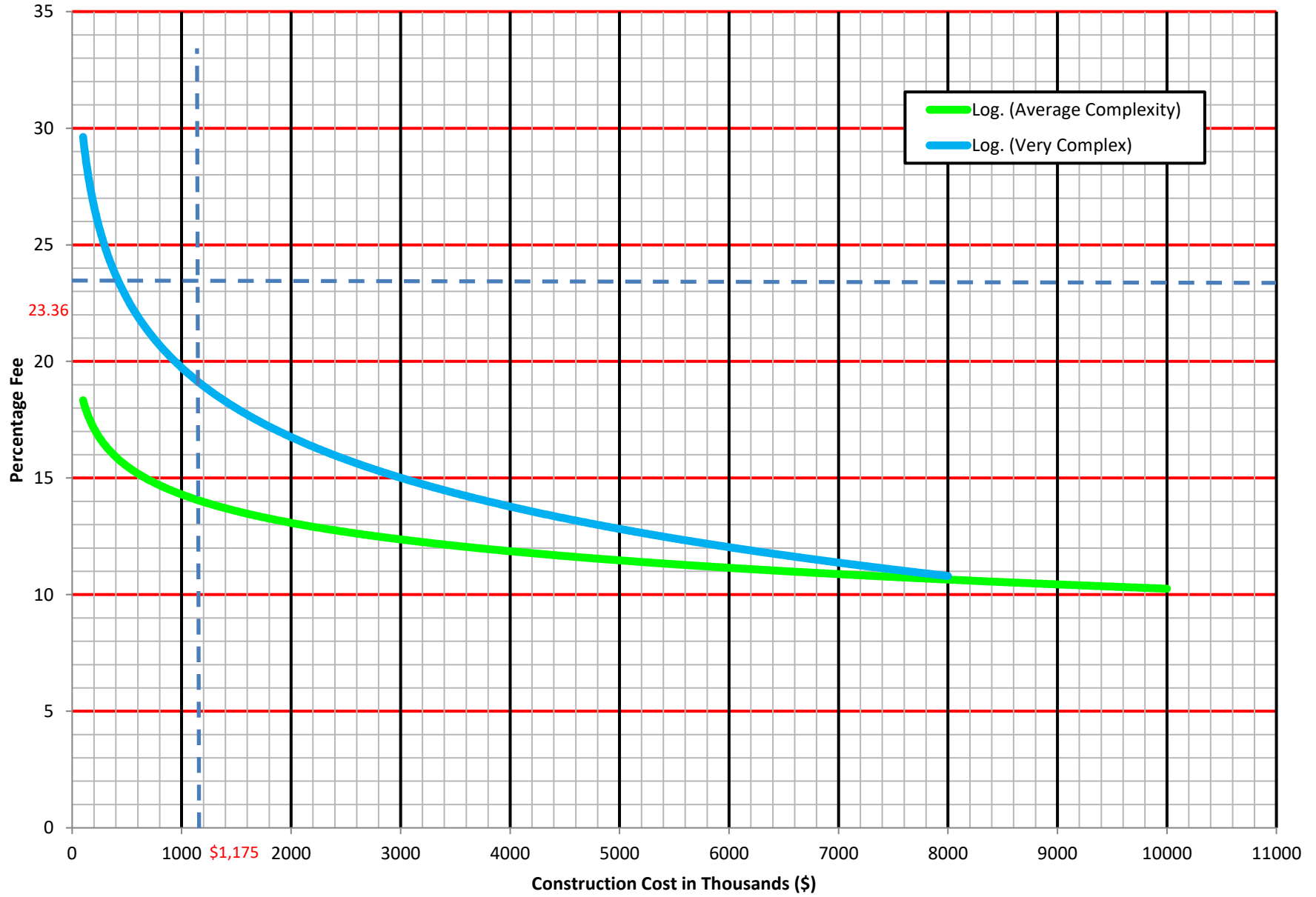
Graph 2. Design Fee vs. Construction Costs for Modifications

Elizabeth, Town of 2022W-2129



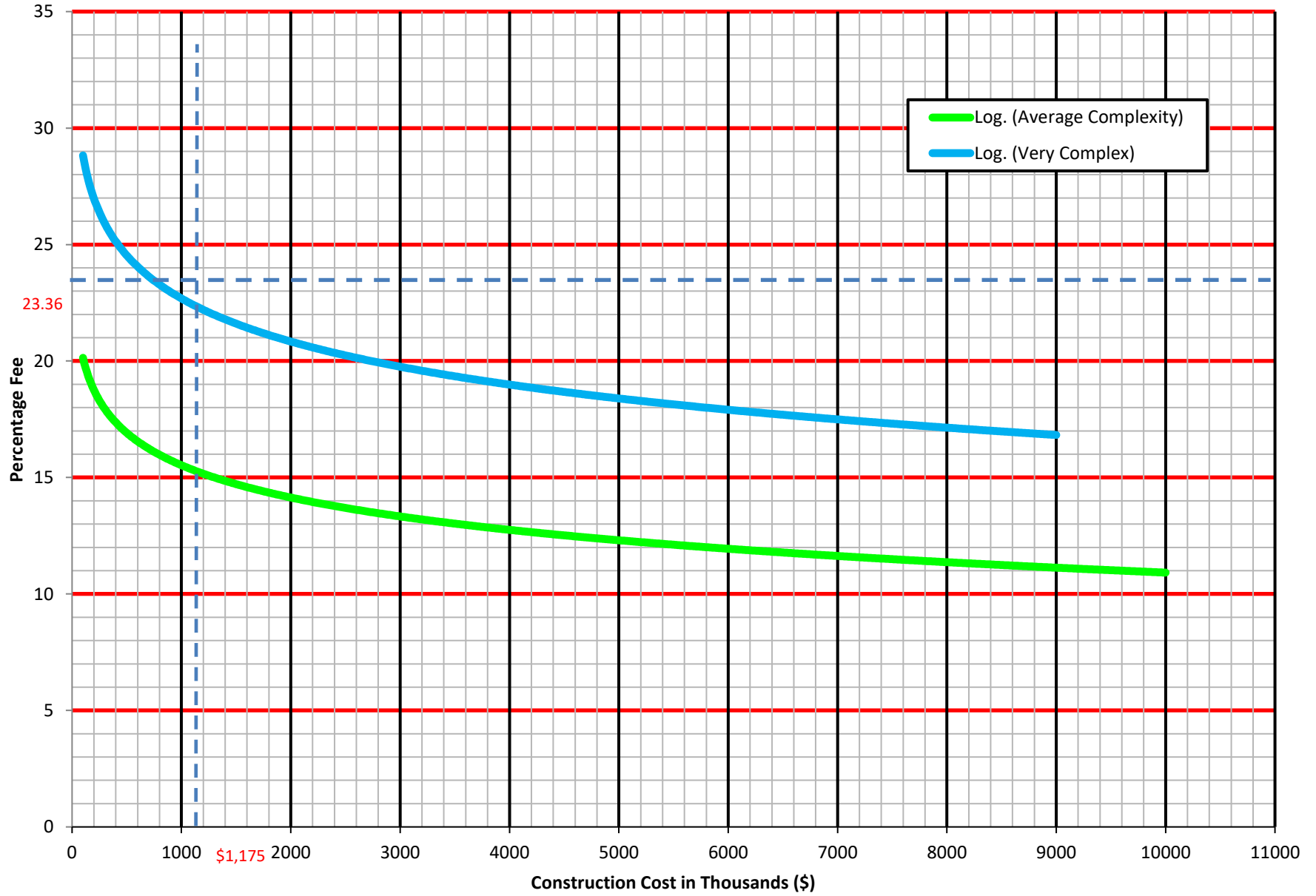
Graph 3 Total Fee vs. Construction Cost for New Construction

Elizabeth, Town of 2022W-2129



Graph 4 Total Fee vs. Construction Cost for Modifications

Elizabeth, Town of 2022W-2129






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) 926-0497

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

MEMORANDUM

MEMO TO: Stephanie D. Hickerson, P. E.
Office of Environmental Health Services
Bureau for Public Health

FROM: John M. Perkins 
Supervisor
General Permits & Support Team

DATE: May 17, 2022

SUBJECT: Infrastructure Preliminary Application for the Town of Elizabeth (2022W-2129):
Rt. 14 Main Replacement Project in Wirt County, WV.

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

If the Town of Elizabeth 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 Elizabeth should contact Mr. Jeremy Bandy or a member of his staff at (304)-926-0499, extension 43894 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 sand blasting. If it is determined that the paint is not hazardous, the Town of Elizabeth should contact Yogesh Patel or a member of his staff at (304)-926-0499, extension 43877 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 March 9, 2019. 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.

JMP:mam

cc: Kathryn Emery

Promoting a healthy environment.



west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation
601 57th Street SE
Charleston, WV 25304

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

MEMORANDUM

To: Stephanie Hickerson, P.E., Manager
Infrastructure and Capacity Development

From: Roger A. Earle, P.E., Waterline Coordinator *RAE*
Office of Abandoned Mine Lands & Reclamation

Date: June 14, 2022

Subject: Town of Elizabeth – Route 14 Main Replacement
IJDC Preliminary Application: 2022W-2129

AML does not participate in routine improvements or replacement of existing systems. Therefore, AML funds will not be available for this project.

OEHS District Review for Infrastructure Council Water Projects

Water System:	Town of Elizabeth	IJDC Number:	2022W-2129
Project Description:	Rt. 14 Upgrade Main Replacement	Review by:	J.D. Douglas
County:	Wirt	Date:	06/06/22

<u>No.</u>	<u>Review Criteria</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Comments (Especially if No is indicated or providing a DWTRF score)</u>
1.	Does the district agree that the project scope seems to be the most feasible solution?	X			
2.	Is this the most practical project to correct the problem stated in the application?	X			
3.	Does the project solve the major operation maintenance problems in the water system?	X			Replace old line
4.	Does the project eliminate deficiencies noted in the sanitary survey?	X			Water loss
5.	Should these improvements be made to this system versus another system that could serve the same area?	X			
6.	The application has an alternative in it evaluating the most likely consolidation option?	X			
7.	Do you agree with the need statement for the project?	X			
8.	Has the engineer included all justification (that you are aware of) in the project application?	X			
9.	Is the management of the water system capable of completing this project?	X			
10.	Other comments				

<u>No.</u>	<u>Review Criteria</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Comments (Especially if No is indicated or providing a DWTRF score)</u>
11.	For new projects or projects with revised scope provide DWTRF Priority Ranking Public Health Score (Indicate score in the comments section with explanation)?				
12.	For new projects or projects with revised scope provide DWTRF Priority Ranking Compliance Score (Indicate score in the comments section with explanation)?				
13.					
14.					



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Service

Bill J. Crouch
Cabinet Secretary

Ayne Amjad, MD, MPH
Commissioner & State Health Officer

MEMORANDUM

TO: Meredith Vance, Director
Environmental Engineering Division

FROM: Valerie A. Plance, ERS III
Capacity Development Program

DATE: June 15, 2022

RE: Town of Elizabeth (PWSID# 3305302)
IJDC Application No.: 2022W-2129
Wirt County

The Town of Elizabeth preliminary infrastructure application indicates that they are seeking DWTRF monies. The system marked the question in the application concerning an asset management plan as “yes.” Town of Elizabeth possesses an approved Asset Management Plan and is submitting the required updates.

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as “yes.” The last assessment of the system was in November 2018.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system’s overall compliance. The Town of Elizabeth has a score of 4 on the January 2022 quarter of the EPA’s Compliance Tracking Tool (ETT.) The score was attained through violations for:

- Monitoring violation 2021

All of the above referenced violations have been returned to compliance and it is anticipated that the ETT will continue to trend downward.

Based upon information from the Municipal Bond Commission, as of May 2022, the Town of Elizabeth is current on their water reserve funding requirements.

If you require further information from the capacity development program, please contact me.

VAP