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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:** July 16, 2024

**Subject:** Town of Harman  
IJDC Application - 2024W-2551  
Water 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 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 project will abandon the existing GW Well #1 and develop a new non-GWUDI well and upgrade the plant which was constructed in the 1980's and is in need of several upgrades to allow the Town to provide safe and reliable water. In addition, the project will replace 15 hydrants in the downtown area and install a constant run pump station on Pennington Road to address low pressure issues.

The proposed total cost for this project is \$2,500,000 and the Town intends to pursue a \$1,000,000 WVIJDC Grant and a \$1,500,000 DWTRF Principal Forgiveness Loan.

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: 30  
Compliance with Standards: 20



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## MEMORANDUM

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

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

**DATE:** July 7, 2024

**SUBJECT:** Town of Harman  
IJDC Application - 2024W-2551  
Water System Improvements

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### RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Civil & Environmental Consultants, Inc. for the above referenced project has been reviewed and is technically feasible.

### PROJECT DESCRIPTION

The Town of Harman (Town) operates a water treatment plant (WTP) and water distribution system as a Class I Community Groundwater System under (PWSID # 3304204) in Randolph County, West Virginia. The Town provides drinking water to 200 customers, including 195 residential and 5 commercial customers in the Town of Harman and the surrounding areas. The Town has two wells that it utilizes as raw water sources. Well #1 has been reported to have a capacity of 25 gallons per minute (GPM) and Well #2 has a reported capacity of 130 GPM.

This project proposes to abandon existing Well #1 and develop a new non-GWUDI well. The project also proposes the installation of a constant run pump station on Pennington Road, replace 15 fire hydrants in the downtown area of Harman, and perform several plant upgrades. The plant upgrades will include the installation of a new 20,000 gallon clearwell, a clearwell valve vault, a new chlorine analyzer unit, new diaphragm chemical feed pumps and solution tanks, the replacement of the existing green sand filter media, telemetry upgrades, the demolition of existing backwash basins, and several miscellaneous upgrades to the existing building.

The proposed total cost for this project is \$2,500,000 and the Town intends to pursue a \$1,000,000 WVIJDC Grant and a \$1,500,000 DWTRF Principal Forgiveness Loan. The proposed monthly rate for 3,400 gallons is \$87.94 ( 4.1% MHI).

**NEED FOR PROJECT**

Well #1 was constructed as part of the original WTP’s construction in the 1980’s and has been recently classified as Groundwater Under the Direct Influence of Surface Water (GWUDI). The plant is currently unable to treat water from a GWUDI well effectively. Several components within the WTP have reached the end of their useful lifespan and are in need of replacement to keep the plant operational. The Town is also experiencing low water pressures along Pennington Road and has 15 non-functioning fire hydrants in downtown Harman. This project will help the Town continue to provide safe and reliable water as well as adequate fire protection.

**DEFICIENCIES/COMMENTS**

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

**Preliminary Project Ratings:**

Public Health Benefits: 30  
Compliance with Standards: 20

# 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



July 16, 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-2551  
Town of Harman, Water 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,

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:** July 16, 2024

**PROJECT SPONSOR: TOWN OF HARMAN (WATER)**

**PROJECT SUMMARY:** This project includes improvements to the existing water treatment plant, the development of a secondary raw water source to replace an existing water well that has recently been determined to be GWUDI, the addition of a constant run pump station along Pennington Road to improve pressure for existing customers, and the replacement of fire hydrants that have reached the end of their useful life.

<b>PROPOSED FUNDING:</b> DWTRF Principal Forgiveness	\$1,500,000
IJDC District 2 Grant	<u>\$1,000,000</u>
Total	<u>\$2,500,000</u>

<b>CURRENT RATES:</b>	\$84.88	3,400 gallons
	\$99.38	4,000 gallons

<b>PROPOSED RATES:</b>	\$87.94	3,400 gallons
	\$102.96	4,000 gallons

Application No. 2024W-2551

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

**FINANCIAL: Stephen Edens**

1. Current rates (\$84.88 for 3,400 gallons) are above the rates attributable to 1.25% (\$23.74), 1.5% (\$28.49), 1.75% (\$33.23), and 2.0% (\$37.98) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Principal Forgiveness of \$1,500,000, and an \$1,000,000 IJDC District 2 Grant, proposed rates (\$87.94 for 3,400 gallons) will provide a cash flow surplus of \$2,531 and debt service coverage of 132.30%.

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 (\$173.42 for 3,400 gallons) will provide a cash flow surplus of \$9,089 and debt service coverage of 123.02%.

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 Statement submitted with the application.

D. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.

E. Staff notes the Administrator Preliminary Application shows the total project cost of \$2,499,500 which does not reflect the total funding request of \$2,500,000.

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. Based on the Town's Going-Level deficit it should consider pursuing an ordinance to adjust rates and resolve any deficiencies. 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 project sponsor should consult Commission 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 Harman proposes numerous additional improvements to its water treatment plant which were not included in a previous (2017) improvements project, installation of a small pump station to improve pressure to residents along Pennington Road, development of a new well to replace one of two existing wells, and replacement of 15 fire hydrants.

Customer Density: N/A

Cost per Customer: \$12,498

(taken from the total project cost estimate of \$2,499,500 spread over 200 existing customers).

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The project will provide needed treatment plant improvements, replace aged fire hydrants, resolve a low-pressure situation on Pennington Road, and replace a well has been found to be under the influence of surface water.
4. Project Alternatives: The proposed water well replacement was determined to be more feasible than constructing an emergency interconnection with the Whitmer Water Association system. The remaining improvements do not lend themselves to alternatives.



5. Consolidation: No consolidation opportunities are 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.
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 \$454,500 which is equal to 25.97% of the construction cost of \$1,750,000 (including contingency).

TOWN OF HARMAN - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2551  
 July 16, 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
	\$	\$	\$	\$
<b><u>AVAILABLE CASH</u></b>				
Operating Revenues	198,877	204,954	-	204,954
Other Operating Revenue	3,341	3,431	-	3,431
SB 234 Annual Working Cash Collections	12,368	12,419	-	12,419
Interest Income & Other Misc.	1,997	1,997	-	1,997
<b>Total Cash Available</b>	<b>216,583</b>	<b>222,801</b>	<b>-</b>	<b>222,801</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	99,352	99,352	-	99,352
Taxes	3,853	3,853	-	3,853
<b>Total Cash Requirements Before Debt Service</b>	<b>103,205</b>	<b>103,205</b>	<b>-</b>	<b>103,205</b>
Cash Available for Debt Service (A)	113,378	119,596	-	119,596
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	90,396	90,396	-	90,396
Other Debt			-	-
Reserve Account @ 10%	9,040	9,040	-	9,040
Renewal & Replacement Fund (2.5%)	6,841	6,841	(1,631) (1)	5,210
<b>Total Debt Service Requirement</b>	<b>106,277</b>	<b>106,277</b>	<b>(1,631)</b>	<b>104,646</b>
SB 234 Cash Working Capital	12,368	12,419	-	12,419
<b>Remaining Cash</b>	<b>(5,267)</b>	<b>900</b>	<b>1,631</b>	<b>2,531</b>
Percent Coverage (A) / (B)	125.42%	132.30%		132.30%
Average rate for 3,400 gallons	\$ 84.88	\$ 87.94	\$ -	\$ 87.94
Average rate for 4,000 gallons	\$ 99.38	\$ 102.96	\$ -	\$ 102.96

TOWN OF HARMAN - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2551

Attachment A  
 PREFERRED FUNDING PACKAGE  
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	5,210	(1,631)
		Per Application with Project	6,841	

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

TOWN OF HARMAN - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2551  
 July 16, 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
	\$	\$	\$	\$
<b><u>AVAILABLE CASH</u></b>				
Operating Revenues	198,877	376,376	-	376,376
Other Operating Revenue	3,341	5,947	-	5,947
SB 234 Annual Working Cash Collections	12,368	12,419	-	12,419
Interest Income & Other Misc.	1,997	1,997	-	1,997
<b>Total Cash Available</b>	<b>216,583</b>	<b>396,739</b>	<b>-</b>	<b>396,739</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	99,352	99,352	-	99,352
Taxes	3,853	3,853	-	3,853
<b>Total Cash Requirements Before Debt Service</b>	<b>103,205</b>	<b>103,205</b>	<b>-</b>	<b>103,205</b>
<b>Cash Available for Debt Service (A)</b>	<b>113,378</b>	<b>293,534</b>	<b>-</b>	<b>293,534</b>
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	90,396	237,483	1,124 (1)	238,607
Other Debt			-	-
Reserve Account @ 10%	9,040	32,789	(8,928) (2)	23,861
Renewal & Replacement Fund (2.5%)	6,841	9,869	(311) (3)	9,558
<b>Total Debt Service Requirement</b>	<b>106,277</b>	<b>280,141</b>	<b>(8,115)</b>	<b>272,026</b>
SB 234 Cash Working Capital	12,368	12,419	-	12,419
<b>Remaining Cash</b>	<b>(5,267)</b>	<b>974</b>	<b>8,115</b>	<b>9,089</b>
<b>Percent Coverage (A) / (B)</b>	<b>125.42%</b>	<b>123.60%</b>		<b>123.02%</b>
Average rate for 3,400 gallons	\$ 84.88	\$ 173.42	\$ -	\$ 173.42
Average rate for 4,000 gallons	\$ 99.38	\$ 203.05	\$ -	\$ 203.05

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>238,607</b>	<b>1,124</b>
		<b>Per Application with Project</b>	<b>237,483</b>	
The difference in P&I is related to Staff's calculation of a loan of \$2,500,000 for 40 years (paid back over 38 years) at 5%.				
(2)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>23,861</b>	<b>(8,928)</b>
		<b>Per Application with Project</b>	<b>32,789</b>	
Staff assumed a 10% reserve on the new debt.				
(3)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>9,558</b>	<b>(311)</b>
		<b>Per Application with Project</b>	<b>9,869</b>	
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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Harold D. Ward, Cabinet Secretary  
[www.dep.wv.gov](http://www.dep.wv.gov)

**MEMORANDUM**

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

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

DATE: June 26, 2024

SUBJECT: Infrastructure Preliminary Application for the Town of Harman: Water System Improvement Project in Randolph County, WV. (2024W-2551)

We have reviewed the above referenced project application information. The Town of Harman, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640020, and expires July 18, 2028.

If the Town of Harman 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 Harman 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 Harman 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