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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:** February 19, 2025

**Subject:** Ice's Run Route 250 Public Service District  
IJDC Application - 2024W-2638  
Phase II - Water System Improvements

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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 replace water lines from the Fairmont master meter to the Goose Run booster station and Monumental PSD Tie-in to the Pine Grove Road Slip. New water lines will be installed from Big Mill Fall Road to White Rock Road. Upgrades to the Goose Run booster station and the Chatham Hill Tank site access road will also be included. Telemetry upgrades to the Mill Falls booster station and the installation of 480 radio read water meters are also included in the project.

The replacement will address the 55 year old line that was part of a slip and had many spot repairs. The new water line will be an interconnection with the Town of Monongah. By implementing this project, the PSD can ensure that its existing customers keep reliable access to potable water.

The total cost for this project is \$2,762,000 and the PSD intends to pursue a \$500,000 IJDC Grant, a \$1,000,000 DWSRF Principal Forgiveness Loan; and a 1,262,000 DWSRF 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: 5  
Compliance with Standards: 5



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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:** January 31, 2024

**SUBJECT:** Ice's Run Route 250 Public Service District  
IJDC Application - 2024W-2638  
Phase II - Water System Improvements

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### RECOMMENDATION

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

### PROJECT DESCRIPTION

The Ice's Run Route 250 Public Service District (PSD) is located in Marion County, WV and operates an existing water distribution system under Public Water System Identification Number (PWSID#) WV3304709. The PSD currently serves 471 residential customers. The PSD's system consists of approximately 154,000 linear feet (LF) of water distribution lines ranging from 2" to 8" in nominal inside diameter; one 104,000 gallon water storage tank; and one 103,000 gallon water storage tank. The PSD currently purchases treated water from the City of Fairmont's water treatment plant (WTP).

The proposed project will consist of replacing the water line from the Fairmont master meter to the Goose Run booster station; replacing the water line from the Monumental PSD Tie-in to the Pine Grove Road Slip; installation of new water line from Big Mill Fall Road to White Rock Road; the installation of a new booster station along Big Mill Fall Road; the installation of a new control valve station on Route 250; installation of new pressure reducing valve vault near the Katy mobile home park; upgrades to the Goose Run booster station; and upgrades to the Chatham Hill Tank site access road. The project will also include telemetry upgrades to the Mill Falls booster station and the installation of 480 radio read water meters.

The proposed total cost for this project is \$2,762,000; and the Ice's Run Route 250 PSD intends to pursue a \$500,000 IJDC Grant, a \$1,000,000 DWSRF Principal Forgiveness Loan; and a 1,262,000 DWSRF Loan (0.25% admin, 1.75%, 30 years). The proposed monthly rate will be \$70.13 (1.59% MHI) for 3,400 gallons.

### **NEED FOR PROJECT**

The existing distribution system, although in working condition, contains multiple areas where improvements are necessary to continue to provide adequate water service. Several components of the existing distribution system have aged past their useful life; including the Goose Run booster station's equipment and the line that runs from Goose Run booster station to the Fairmont meter. Additionally, a pressure reducing vault is necessary in Katy to match the pressure of the Chatham Hill Tank elevation; and the control valve on Route 250 will need to be replaced because it is inside the Route 250 right of way. The new line to be installed between Big Mill Fall Road and White Rock road will allow for a back up water connection with the town of Monongah. By implementing this project, the PSD can ensure that its existing customers keep reliable access to potable water.

### **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.
- Cyber security measures should be investigated as part of the implementation of the new telemetry system.

#### **Preliminary Project Ratings:**

Public Health Benefits: 5  
Compliance with Standards: 5

# 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



February 11, 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-2638  
Ice's Run 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:** February 11, 2025

**PROJECT SPONSOR:** ICE'S RUN ROUTE 250 PUBLIC SERVICE DISTRICT  
- WATER

**PROJECT SUMMARY:** The Phase II project consists of various improvements, upgrades and replacements to water lines, pressure control; equipment, pumping facilities and related appurtenances.

**PROPOSED FUNDING:** DWTRF Loan  
(1.75%, .25% Admin. Fee, 30 yrs.) \$ 1,262,000  
DWTRF Principal Forgiveness 1,000,000  
IJDC District 1 Grant 500,000  
Total \$ 2,762,000

**CURRENT RATES:** \$45.31 3,400 gallons  
\$51.68 4,000 gallons

**PROPOSED RATES:** \$70.13 3,400 gallons  
\$79.98 4,000 gallons

Application No. 2024W-2638

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

**FINANCIAL: William Nelson**

1. Current rates (\$45.31 for 3,400 gallons) are below the rates attributable to 1.25% (\$55.06), 1.5% (\$66.07), 1.75% (\$77.08), and 2% (\$88.09) 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 \$72,648, \$154,712, \$236,775, and \$318,838 respectively.
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Loan of \$1,262,000 at 1.75%, .25% Admin. Fee, for 30 years,

a DWTRF Principal Forgiveness of \$1,000,000, and an IJDC District 1 Grant of \$500,000, proposed rates (\$70.13 for 3,400 gallons) will provide a cash flow surplus of \$3,904 and debt service coverage of 214.35%.

3. Using the Scenario 2 alternate loan package of \$2,762,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$90.24 for 3,400 gallons) will provide a cash flow surplus of \$1,333 and debt service coverage of 144.93%.

#### 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 Rule 42 Exhibit submitted with the application.
- C. It should be noted that the District's Cash Flow Analysis reflects per books rates (\$42.73 for 3,400 gallons) and going level rates (\$58.60 for 3,400 gallons), however as of this date neither of these rates are in effect. The District previously filed (July 5, 2022) Case No. 22-0613-PWD-30B, which became final on November 4, 2022, and approved a three (3) step rate increase with the final or Step 3 rates (\$45.31 for 3,400 gallons) becoming effective July 1, 2024 (current rates). The District just recently filed (still pending) Case No. 25-0010-PWD-19A, and requested interim or emergency rates which are the rates reflected as the going level rates (\$58.60 for 3,400 gallons) in this application. However, on January 28, 2025, the staff in this case filed its Initial Memorandum and recommended interim rates (\$50.45 for 3,400 gallons). While Staff's analysis reflects the District's going level rates (\$58.60 for 3,400 gallons), these rates may never come to fruition which could result in the District's cash flow being impacted.
- 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.

**ENGINEERING:** Mansour Mashayekhi

1. This project will require a Certificate of Convenience and Necessity from the PSC. The project 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.
2. **Scope:** The Phase II water system upgrade project is a significant step towards modernizing the water distribution infrastructure. By transitioning to radio-read meters, operational and maintenance costs are expected to decrease. The Phase II project consists of installing 1,800 LF of 6" HDPE water line from the Fairmont master meter to the Goose Run Booster pump station, 4,700 LF of 6" HDPE water line in the Dunkard Mill area, 2,400 LF of 6" HDPE water line from Mill Fall Road to White Rock Road, a new booster pump station along Mill Fall Road. A new pressure reducing valve station along Katy Road, a new control valve station along Route 250, and upgrades to the existing access road to the Chatham Hill water tank. The estimated budget of the project is \$2,762,000. The Project is expected to be funded by an IJDC District-1 grant of \$500,000, a DWTRF principal forgiveness contribution of \$1,000,000, and a DWTRF loan of \$1,262,000 .
3. **Need for Project:** The existing water line from the Fairmont meter to the Goose Run Booster Station is approximately 55 years old and needs to be replaced. Existing water lines in the Pine Grove Road area must also be replaced. A roadway slip occurred in 2023 that damaged a section of the water line, a temporary water line has been installed to restore the service. The Goose Run Booster Station needs the following upgrades: New Pumps, New Controls, New Valves, and miscellaneous improvements to the building. A pressure-reducing valve vault is needed in Katy to reduce pressure to match that of the Chatham Hill Tank elevation. Lastly, the existing Control Valve Station along Route 250 needs to be replaced because it is in a below-ground vault inside Route 250 right of way.
4. **Customer Density:** this project is an improvement of the existing distribution system. Therefore, customer density will remain unchanged.



5. **Cost per Customer:** Based upon the estimated project budget of \$2,762,000 and having approximately 467 existing customers, the cost-per-customer is approximately \$5,914. This is acceptable.
6. **Project Feasibility:** The proposed project appears technically feasible.
7. **Project Alternatives:** Alternative #1 would primarily provide service utilizing HDPE piping. Alternative #2 would provide service utilizing PVC Piping. Alternative #1 was selected. Staff has no objection to the selected alternative.
8. **Permits Required:** The following permits and/or certificates may be required for this project: WV Bureau of Public Health (Construction Permit), WV Department of Environmental Protection State Revolving Fund (Facility Plan Approval), binding commitment of funding from Funding Agencies, WV Department of Environmental Protection (Construction Stormwater Permit), WV Department of Transportation Division of Highways (Right-of-Way Encroachment Permit), the United States Army Corps of Engineers (Non-Reporting and/or Reporting Nationwide Permits), and WV Public Service Commission (Certificate of Convenience and Necessity).
9. **Consolidation:** There are no consolidation issues regarding this internal improvements project.
10. **Inconsistencies:** None was noticed for this project.
11. **Operation and Maintenance (O&M) Expenses:** the project's O&M expenses are expected to increase by approximately \$4,122 to an annual O&M expense of \$297,459.
12. **Engineering Agreement:** The applicant has provided documentation relative to compliance with West Virginia Code §5G-1-1, et seq. Based on filing, the total design fees for engineering services are \$160,000 at the construction cost of \$2,109,350. This is approximately 7.59% of the construction costs as shown on the application.

ICE'S RUN ROUTE 250 PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2638  
 February 11, 2025

**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
	\$	\$	\$	\$
<b><u>AVAILABLE CASH</u></b>				
Operating Revenues	302,539	369,135	-	369,135
Other Operating Revenue	6,590	7,715	-	7,715
SB 234 Annual Working Cash Collections	36,607	37,122	-	37,122
Interest Income & Other Misc.	85	85	-	85
<b>Total Cash Available</b>	<b>345,821</b>	<b>414,057</b>	<b>-</b>	<b>414,057</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	292,852	296,974	(73) (1)	296,901
Taxes	485	485	-	485
<b>Total Cash Requirements Before Debt Service</b>	<b>293,337</b>	<b>297,459</b>	<b>(73)</b>	<b>297,386</b>
Cash Available for Debt Service (A)	52,484	116,598	73	116,671
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	-	56,333	(1,903) (2)	54,430
Other Debt	6,351	6,351	-	6,351
Reserve Account @ 10%	-	5,633	(190) (3)	5,443
Renewal & Replacement Fund (2.5%)	8,643	10,349	(928) (4)	9,421
<b>Total Debt Service Requirement</b>	<b>14,994</b>	<b>78,666</b>	<b>(3,021)</b>	<b>75,645</b>
SB 234 Cash Working Capital	36,607	37,122	-	37,122
<b>Remaining Cash</b>	<b>883</b>	<b>810</b>	<b>3,094</b>	<b>3,904</b>
Percent Coverage (A) / (B)		206.98%		214.35%
Average rate for 3,400 gallons	\$ 58.60	\$ 70.13	\$ -	\$ 70.13
Average rate for 4,000 gallons	\$ 66.83	\$ 79.98	\$ -	\$ 79.98

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Expenses</b>	<b>Per Staff Analysis</b>	296,901	(73)
		<b>Per Application with Project</b>	296,974	
Staff's calculation reflects the difference in amount of administrative fee for DWTRF loan.				
(2)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	54,430	(1,903)
		<b>Per Application with Project</b>	56,333	
The difference in P&i is related to Staff's calculation of a loan of \$1,262,000 for 30 years at 1.75%.				
(3)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	5,443	(190)
		<b>Per Application with Project</b>	5,633	
Staff assumed a 10% reserve on the new debt.				
(4)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	9,421	(928)
		<b>Per Application with Project</b>	10,349	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

ICE'S RUN ROUTE 250 PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2638  
 February 11, 2025

**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>AVAILABLE CASH</b>				
Operating Revenues	302,539	486,172	-	486,172
Other Operating Revenue	6,590	9,678	-	9,678
SB 234 Annual Working Cash Collections	36,607	37,122	-	37,122
Interest Income & Other Misc.	85	85	-	85
<b>Total Cash Available</b>	<b>345,821</b>	<b>533,057</b>	<b>-</b>	<b>533,057</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	292,852	296,974	(1,722) (1)	295,252
Taxes	485	485	-	485
<b>Total Cash Requirements Before Debt Service</b>	<b>293,337</b>	<b>297,459</b>	<b>(1,722)</b>	<b>295,737</b>
Cash Available for Debt Servi (A)	52,484	235,598	1,722	237,320
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	-	162,501	1,242 (2)	163,743
Other Debt	6,351	6,351	-	6,351
Reserve Account @ 10%	-	16,250	124 (3)	16,374
Renewal & Replacement Fund (2.5%)	8,643	13,324	(928) (4)	12,396
<b>Total Debt Service Requirement</b>	<b>14,994</b>	<b>198,426</b>	<b>438</b>	<b>198,865</b>
SB 234 Cash Working Capital	36,607	37,122	-	37,122
<b>Remaining Cash</b>	<b>883</b>	<b>50</b>	<b>1,284</b>	<b>1,333</b>
Percent Coverage (A) / (B)		144.98%		144.93%
Average rate for 3,400 gallons	\$ 58.60	\$ 90.24	\$ -	\$ 90.24
Average rate for 4,000 gallons	\$ 66.83	\$ 102.91	\$ -	\$ 102.91

ICE'S RUN ROUTE 250 PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024W-2638

Attachment B  
 LOAN PACKAGE  
 SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>			Increase <Decrease>
		\$	
(1) Operating Expenses	Per Staff Analysis	295,252	(1,722)
	Per Application with Project	296,974	
Staff's calculation removes \$1,722 administrative fee for DWTRF project loan.			
(2) Principal & Interest	Per Staff Analysis	163,743	1,242
	Per Application with Project	162,501	
The difference in P&I is related to Staff's calculation of a loan of \$2,762,000 for 40 years (paid back over 38 years) at 5%.			
(3) Reserve Account @ 10%	Per Staff Analysis	16,374	124
	Per Application with Project	16,250	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	12,396	(928)
	Per Application with Project	13,324	
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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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)

**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: January 22, 2025

SUBJECT: Infrastructure Preliminary Application for the Ices Run PSD (2024W-2638):  
Water System Improvement Phase II Project in Marion County, WV.

We have reviewed the above referenced project application information. The Ices Run PSD purchases water from the City of Fairmont. No NPDES permit modifications are necessary.

If the Ices Run 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 Ices Run 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 sand blasting. If it is determined that the paint is not hazardous, the Ices Run 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

Promoting a healthy environment.

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