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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:** Kingwood Water Works  
IJDC Application - 2025W-2654  
Water Advancement Project Seemont and East Main St Line Repl.

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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 the waterline on East Main Street, Seemont Drive and construct a small loop on Kimberly Lane to provide redundant service. Due to the age and design of the line, it experiences frequent leaks and failures. When this line is out of service, major industrial facilities are affected along with service as a whole. This project would address these issues.

The total project cost is \$3,261,779 and the City intends to pursue a \$2,506,500 USEDA Grant and a \$755,279 WDA Economic Enhancement Grant.

Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits: 15  
Compliance with Standards: 0



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

**MEMORANDUM**

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

**FROM:** Michael King, P.E., DWWM

**DATE:** March 11, 2025

**SUBJECT:** Kingwood Water Works  
IJDC Application - 2025W-2654  
Water Advancement Project Seemont and East Main St Line Repl.

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

Kingwood Water Works (KWW) operates a community public water supply under PWSID #3303908 in central Preston County, West Virginia. KWW provides drinking water to over 8,000 customers to the City of Kingwood and surrounding areas. KWW also supplies water to the Town of Albright (resale customer), Camp Dawson (a WVANG training facility), and many commercial locations. Additionally, KWW took over the distribution system previously operated by Preston County Public Service District (PSD) #2 in 2018.

The KWW water system includes a Water Treatment Plant (WTP) averaging approximately 600,000 GPD of water production sourced from Cheat River mainstem, a distribution system with approximately 160 miles of main line, 10 storage tanks, and 6 booster stations, with a total staff of 12 personnel.

The project proposes to replace the water line along East Main Street with a new 8" line and along Seemont Drive with new 8" and 6" line. Also, a new line will be installed along Kimberly Lane, creating a loop with Kimberly Lane and Seemont Drive that connects with East Main Street.

The proposed total cost for this project is \$3,261,779 and the City intends to pursue a \$2,506,500 USEDA Grant and a \$755,279 WDA Economic Enhancement Grant. The proposed monthly rate for 3,400 gallons for KWW's two (2) separate service areas would be \$47.43 (1.25%) and \$52.39 (1.42%).

### **NEED FOR PROJECT**

The existing lines on East Main Street (Route 7) and Seemont Drive consist of 10" asbestos cement pipe, as well as 6" and 8" PVC. Due to the age and poor construction of the PVC sections, the line experiences frequent leaks, tap failures, and main breaks. This project's purpose is to better serve and retain the many commercial businesses served in this area of KWW's system, which currently experience excessively frequent water outages and interruption due to the poor condition of the main line.

### **DEFICIENCIES/COMMENTS**

- The PER mentions constant outages for a commercial area, but this information is not given or backed up by any sort of report.
- Compliance with 5G was not in Appendix C as stated in PER, but was on IJDC website.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE Curves.

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

Public Health Benefits: 15  
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. 2025W-2654  
City of Kingwood – 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,

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:** CITY OF KINGWOOD (WATER)

**PROJECT SUMMARY:** This project consists of waterline replacement on East Main Street, Seemont Drive and a construction of a small loop on Kimberly Lane to provide redundant service.

<b>PROPOSED FUNDING:</b> USEDA Grant	\$2,506,500
WDA Economic Enhancement Grant Fund	<u>\$ 755,279</u>
Total	<u>\$3,261,779</u>

**CURRENT RATES:**

Schedule 1	\$43.93	3,400 gallons
	\$51.68	4,000 gallons
Schedule 2	\$48.49	3,400 gallons
	\$56.79	4,000 gallons

**PROPOSED RATES:**

Schedule 1	\$47.43	3,400 gallons
	\$55.80	4,000 gallons
Schedule 2	\$52.39	3,400 gallons
	\$61.35	4,000 gallons

Application No. 2025W-2654

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

**FINANCIAL: Stephen Edens**

1. Current average rates (\$46.21 for 3,400 gallons) are below the rates attributable to 1.25% (\$56.45), 1.5% (\$67.74), 1.75% (\$79.03), and 2.0% (\$90.32) 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 \$449,411, \$944,987, \$1,440,563 and \$1,936,139 respectively.

2. Using Scenario 1, the preferred funding package consisting of a USEDA Grant of \$2,506,500, and a WDA Economic Enhancement Grant of \$755,279, proposed average rates (\$49.91 for 3,400 gallons) will provide a cash flow surplus of \$22,374 and debt service coverage of 170.59%.
3. Using the Scenario 2 alternate loan package of \$755,279 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of an USEDA Grant of \$2,506,500, proposed average rates (\$55.13 for 3,400 gallons) will provide a cash flow surplus of \$181,267 and debt service coverage of 207.91%.

#### 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, 2024, and the applicant's Cash Flow Exhibit submitted with the application.
- D. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.
- E. Staff notes the applicant's Rule 42 Exhibit reflects going level average rates of \$49.91 for 3,400 gallons, which Staff has utilized in its analysis. An ordinance adopting these rates (ORDW Kingwood 24A) has been finalized and submitted to the Public Service Commission for Legal review. These rates will become effective upon substantial completion of construction of the water project or 90 days prior to the monthly debt payment obligation commences, whichever occurs sooner.

- F. Staff notes the Project Accountant listed Meter Replacement of \$120,000 under Debt Service Requirements on the Rule 42 Cash Flow Exhibit. Staff reflected this as other debt in its analysis.
- G. It should be noted that the preliminary application and the preliminary engineering report list the total project cost at \$3,261,163 and total project funding of \$3,261,779. This discrepancy should be resolved.
- H. 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.
- I. 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.
- J. The City of Kingwood 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:** Mansour Mashayekhi

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 construction consists of approximately 3,000 LF and 2400 LF of water line replacement. The project will replace the current cement and thin-wall PVC water lines along East Main Street and Seemont Drive with new 8-inch PVC C900 along East Main Street, and new 8-inch PVC C900 and new 6-inch PVC C900 along Seemont Drive beginning at Main Street and creating a loop on Kimberly Lane. The estimated budget of the project is \$3,261,163. The Project is expected to be funded by a USEDA grant of \$2,506,500 and a WDA Economic Enhancement contribution of \$755,279.
3. **Need for Project:** The aim of this project is to enhance service and lower O&M costs. Improvements are necessary in replacing very old and problematic sections of the water line that have reached the end of their useful service life and the source of significant water loss and maintenance demands. The project would replace existing water line which would reduce the number of leaks, lost water, and time/material spent on repairs of the line.
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 \$3,261,163 and having approximately 2,987 existing customers, the cost-per-customer is approximately \$1,092. However, this project is entirely grant funded, therefore, the existing customers are not responsible for capital project related cost.
6. **Project Feasibility:** The proposed project appears technically feasible.
7. **Project Alternatives:** No alternatives were studied or evaluated as part of this effort. Due to age of the system and problems described in the PER, engineering believes that the line replacements are necessary to maintain water quality for existing customers and allow for potential growth in the area. Without such work, existing lines will continue to deteriorate and service to customers will be disrupted with increasing frequency. The proposed work would reduce current operating expenses of the system by reducing maintenance, leaks, and water loss expenses associated with current system.

8. **Permits Required:** The following permits and/or certificates may be required for this project: West Virginia Division of Highways (WVDOH) – Permit for Construction and Crossings within WVDOH Right-of-way and is anticipated to be obtained in May/June of 2025
9. **Consolidation:** There are no consolidation opportunities for this small internal replacement 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 stay unchanged and remain at an annual O&M expense of \$1,534,434.
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 \$149,000 at the construction cost of \$2,726,560. This is approximately 5.46% of the construction costs as shown on the application.

CITY OF KINGWOOD - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2025W-2654  
 March 13, 2025

**PREFERED 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>AVAILABLE CASH</b>				
Operating Revenues	1,998,606	1,998,606	-	1,998,606
Other Operating Revenue	44,373	44,373	-	44,373
SB 234 Annual Working Cash Collections	6,732	6,732	-	6,732
Interest Income & Other Misc.	83,314	83,314	-	83,314
<b>Total Cash Available</b>	<b>2,133,025</b>	<b>2,133,025</b>	<b>-</b>	<b>2,133,025</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	1,530,923	1,530,923	-	1,530,923
Taxes	48,615	48,615	-	48,615
<b>Total Cash Requirements Before Debt Service</b>	<b>1,579,538</b>	<b>1,579,538</b>	<b>-</b>	<b>1,579,538</b>
Cash Available for Debt Service (A)	553,487	553,487	-	553,487
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	324,455	324,455	-	324,455
Other Debt	120,000	120,000	-	120,000
Reserve Account @ 10%	28,851	28,851	-	28,851
Renewal & Replacement Fund (2.5%)	51,243	51,243	(169) (1)	51,074
<b>Total Debt Service Requirement</b>	<b>524,549</b>	<b>524,549</b>	<b>(169)</b>	<b>524,380</b>
SB 234 Cash Working Capital	6,732	6,732	-	6,732
<b>Remaining Cash</b>	<b>22,206</b>	<b>22,206</b>	<b>169</b>	<b>22,374</b>
Percent Coverage (A) / (B)	170.59%	170.59%		170.59%
Average rate for 3,400 gallons	\$ 49.91	\$ 49.91	\$ -	\$ 49.91
Average rate for 4,000 gallons	\$ 58.58	\$ 58.58	\$ -	\$ 58.58
<b>Schedule 1</b>				
Rate for 3,400 gallons	\$ 47.43	\$ 47.43	\$ -	\$ 47.43
Rate for 4,000 gallons	\$ 55.80	\$ 55.80	\$ -	\$ 55.80
<b>Schedule 2</b>				
Rate for 3,400 gallons	\$ 52.39	\$ 52.39	\$ -	\$ 52.39
Rate for 4,000 gallons	\$ 61.35	\$ 61.35	\$ -	\$ 61.35

**Staff Adjustments**

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>51,074</b>	<b>(169)</b>
		<b>Per Application with Project</b>	<b>51,243</b>	

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

CITY OF KINGWOOD -WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2025W-2654  
 March 13, 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	1,998,606	2,208,459	-	2,208,459
Other Operating Revenue	44,373	48,003	-	48,003
SB 234 Annual Working Cash Collections	6,732	7,439	-	7,439
Interest Income & Other Misc.	83,314	83,314	-	83,314
<b>Total Cash Available</b>	<b>2,133,025</b>	<b>2,347,215</b>	<b>-</b>	<b>2,347,215</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	1,530,923	1,530,923	-	1,530,923
Taxes	48,615	48,615	-	48,615
<b>Total Cash Requirements Before Debt Service</b>	<b>1,579,538</b>	<b>1,579,538</b>	<b>-</b>	<b>1,579,538</b>
Cash Available for Debt Service (A)	553,487	767,677	-	767,677
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	324,455	534,797	(165,566) (1)	369,231
Other Debt	120,000	120,000	-	120,000
Reserve Account @ 10%	28,851	48,042	(14,713) (2)	33,329
Renewal & Replacement Fund (2.5%)	51,243	56,598	(186) (3)	56,412
<b>Total Debt Service Requirement</b>	<b>524,549</b>	<b>759,437</b>	<b>(180,465)</b>	<b>578,971</b>
SB 234 Cash Working Capital	6,732	7,439	-	7,439
<b>Remaining Cash</b>	<b>22,206</b>	<b>801</b>	<b>180,465</b>	<b>181,267</b>
Percent Coverage (A) / (B)	170.59%	143.55%		207.91%
Average rate for 3,400 gallons	\$ 49.91	\$ 55.13	\$ -	\$ 55.13
Average rate for 4,000 gallons	\$ 58.58	\$ 64.70	\$ -	\$ 64.70
<b>Schedule 1</b>				
Rate for 3,400 gallons	\$ 47.43	\$ 52.39	\$ -	\$ 52.39
Rate for 4,000 gallons	\$ 55.80	\$ 61.64	\$ -	\$ 61.64
<b>Schedule 2</b>				
Rate for 3,400 gallons	\$ 52.39	\$ 57.87	\$ -	\$ 57.87
Rate for 4,000 gallons	\$ 61.35	\$ 67.77	\$ -	\$ 67.77

Staff Adjustments

<u>Adjustment Description</u>			Increase <Decrease>
		\$	
(1)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>369,231</b>
		<b>Per Application with Project</b>	<b>534,797</b>
The difference in P&I is related to Staff's calculation of a loan of \$755,279 for 40 years (paid back over 38 years) at 5%.			
(2)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>33,329</b>
		<b>Per Application with Project</b>	<b>48,042</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>56,412</b>
		<b>Per Application with Project</b>	<b>56,598</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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Charleston, WV 25304-2345  
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Fax Number: (304) 926-0463

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:** February 19, 2025

**SUBJECT:** Infrastructure Preliminary Application for the City of Kingwood: Water Works  
Water Advancement Project in Preston County, WV. (2025W-2654)

We have reviewed the above referenced project application information. The City of Kingwood, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640043, and expires July 18, 2028.

If the City of Kingwood 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 City of Kingwood 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 City of Kingwood 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