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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:** June 17, 2024

**Subject:** Lavalette Public Service District  
Preliminary Application: IJDC No. 2024W-2543  
Big Lynn Waterline 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 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:

This project proposes to extend service to 43 new customers along the Camp Creek Road, East Lynn Road, Left Fork Big Lynn Creek Road and Napier Bridge Road. This project will give the residents a reliable drinking water source.

The proposed total cost for this project is \$5,951,974.00 and the town intends to pursue \$4,761,579 in Congressionally Directed Funds and \$1,190,395 from a Wayne County Commission ARPA 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: 5



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Phone: 304-926-0495 / Fax: 304-926-0496

Austin Caperton, Cabinet Secretary  
dep.wv.gov

## MEMORANDUM

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

**FROM:** Spencer Fultineer, DWWM

**DATE:** June 11, 2024

**SUBJECT:** Lavalette Public Service District  
Preliminary Application: IJDC No. 2024W-2543  
Big Lynn Waterline Extension Project

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### RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by E.L. Robinson Engineering Company for the above referenced project has been reviewed and is technically feasible.

### PROJECT DESCRIPTION

The Lavalette PSD owns and operates an existing water distribution system operating under Public Water System Identification number (PWSID#s) WV3305006, WV3305012, and WV3305011 that serves 3,825 customers in Wayne County, WV.

This project proposes to extend service to 43 new customers from the Lavalette service area. This extension will connect residents along Camp Creek Road, East Lynn Road, Left Fork Big Lynn Creek Road and Napier Bridge Road. This extension is completed through the construction of 8" and smaller water mains, service lines, stream crossings, and road crossings. This project also proposes to construct a 100,000 gallon water storage tank, a booster pump station, as well as hydrants, meters, valves, and other related appurtenances.

The proposed total cost for this project is \$5,951,974.00 and the town intends to pursue \$4,761,579 in Congressionally Directed Funds and \$1,190,395 from Local, City, and Council Funding. The proposed monthly rate for 3,400 gallons is \$54.20.

## **NEED FOR PROJECT**

The project will address the lack of potable water service along Camp Creek Road, East Lynn Road, Left Fork Big Lynn Creek Road, and Napier Road. This will remove the need for individuals to own and maintain water wells and risks associated with well water usage.

## **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.
- A permit will be required from the WV Bureau for Public Health prior to construction.

### **Preliminary Project Ratings:**

Public Health Benefits: 15

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



June 10, 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. 2023W-2543  
Lavalette 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,

*Jonathan M. Fowler*  
Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** June 7, 2024

**PROJECT SPONSOR:** LAVALETTE PUBLIC SERVICE DISTRICT (WATER)

**PROJECT SUMMARY:** The proposed Lavalette Public Service District (LPSD) Big Lynn Creek Waterline Extension Project is necessary to extend reliable and quality water services to the proposed 43 new customers of the extension who are currently on well water.

<b>PROPOSED FUNDING:</b> Congressionally Directed Grant	\$4,761,579
Wayne County Commission ARPA Grant	<u>\$1,190,395</u>
Total	<u>\$5,951,974</u>

<b>CURRENT RATES:</b>	\$47.29	3,400 gallons
	\$54.54	4,000 gallons

<b>PROPOSED RATES:</b>	\$54.20	3,400 gallons
	\$62.51	4,000 gallons

Application No. 2024W-2543

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

**FINANCIAL: Stephen Edens**

1. Current rates (\$47.29 for 3,400 gallons) are above the rates attributable to 1.25% (\$45.53) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$54.64), 1.75% (\$63.74), and 2.0% (\$72.85) of the MHI. Increasing current rates to 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$390,468, \$874,402, and \$1,358,336 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Congressionally Directed Grant of \$4,761,579, and a Wayne County Commission ARPA Grant of \$1,190,395, proposed rates (\$54.20 for 3,400 gallons) will provide a cash flow surplus of \$128,583 and debt service coverage of 154.11%.

3. Using the Scenario 2 alternate loan package of \$4,761,579 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Wayne County Commission ARPA Grant of \$1,190,395, proposed rates (\$61.79 for 3,400 gallons) will provide a cash flow surplus of \$194,118 and debt service coverage of 149.44%.

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. It should be noted that the current rates (\$47.29 for 3,400 gallons) were approved in Case No. 22-0595-PWD-CN-42A and effective for service rendered on and after November 7, 2022. The aforementioned case also approved rates (\$48.66 for 3,400 gallons) for the project associated with that case to become effective upon certification of substantial completion of the project. The project sponsor's cash flow includes this in its analysis. The project sponsor should continue to monitor its financial position and seek rate adjustments, if needed.

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.

## **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 Lavalette PSD is proposing to extend its water service to 43 new customers in the Big Lynn Road area. This extension would require the approximately 26,000 linear feet of 8" and smaller diameter water mains, service lines, stream crossings, and road crossings. Additionally, the project will involve the new water storage tank at the high point of Roscoe Davis Cemetery Road, 1 booster pump station, hydrants, meters, blow off hydrants, valves, and other related appurtenances. The estimated budget of the project is \$5,951,974.00. Funding is proposed as 100% grant.
3. **Need for Project:** The area currently utilizes individually owned and maintained wells which are a burden for the potential customers to maintain, and they are also a risk for public health and safety as the potential for contamination of well water is much higher than that of a public water district.
4. **Customer Density:** this is both an extension and a mainline replacement project. The technical staff is unable to determine customer density for new customers at this time.
5. **Cost per Customer:** Based upon the estimated project budget of \$5,951,974 and having approximately 3,825 existing and proposing to add 43 new customers, the cost- per-customer is approximately \$1,539. However, the project is entirely contribution funded. Therefore, existing and new customers bear no capital project related expenses.
6. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.
7. **Project Alternatives:** Three Alternatives were considered for the project: Alternative-1 (No Action), Alternative-2 (Big Lynn Waterline Extension Project), and Alternative-3 (Other Waterline Connections). It was determined that alternative No. 2 was the most economical alternative that addresses the health and safety concerns of the Big Lynn project area.



8. **Permits Required:** The following environmental regulatory agencies will be contacted: WV State Historic Preservation Office, WV Department of Natural Resources, US Fish and Wildlife Services, US Department of Agriculture, WV Department of Environmental Protection (EPA), Army Corps of Engineers, and the WV Public Lands Corporation.
9. **Consolidation:** There are no consolidation issues with the selected alternative.
10. **Inconsistencies:** None was noticed for this project.
11. **Operation and Maintenance (O&M) Expenses:** the project's O&M expenses are expected to be approximately \$54,963 to an annual expense of \$1,764,091.
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 \$364,000 at construction cost of \$4,676,474. This is approximately 7.7% of the construction costs as shown on the application.

LAVALETTE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2543  
 June 10, 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>AVAILABLE CASH</b>				
Operating Revenues	2,514,128	2,953,667	(220,511) (1)	2,733,156
Other Operating Revenue	65,203	65,203	-	65,203
SB 234 Annual Working Cash Collections			220,511 (2)	220,511
Interest Income & Other Misc.	24,144	24,144	-	24,144
<b>Total Cash Available</b>	<b>2,603,475</b>	<b>3,043,014</b>	<b>-</b>	<b>3,043,014</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	1,707,428	1,764,091	-	1,764,091
Taxes	85,477	85,477	-	85,477
<b>Total Cash Requirements Before Debt Service</b>	<b>1,792,905</b>	<b>1,849,568</b>	<b>-</b>	<b>1,849,568</b>
Cash Available for Debt Service (A)	810,570	1,193,446	-	1,193,446
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	702,299	774,393	-	774,393
Other Debt			-	-
Reserve Account @ 10%			-	-
Renewal & Replacement Fund (2.5%)	65,087	76,075	(6,116) (3)	69,959
<b>Total Debt Service Requirement</b>	<b>767,386</b>	<b>850,468</b>	<b>(6,116)</b>	<b>844,352</b>
SB 234 Cash Working Capital	213,429	220,511	-	220,511
<b>Remaining Cash</b>	<b>(170,245)</b>	<b>122,467</b>	<b>6,116</b>	<b>128,583</b>
Percent Coverage (A) / (B)	115.42%	154.11%		154.11%
Average rate for 3,400 gallons	\$ 47.29	\$ 54.20	\$ -	\$ 54.20
Average rate for 4,000 gallons	\$ 54.54	\$ 62.51	\$ -	\$ 62.51

**LAVALETTE PUBLIC SERVICE DISTRICT - WATER**  
**CASH FLOW ANALYSIS**  
**YEAR ENDED: June 30, 2023**  
**APPLICATION NO: 2024W-2543**

**Attachment A**  
**PREFERRED FUNDING PACKAGE**  
**SCENARIO 1**

**Staff Adjustments**

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	2,733,156	(220,511)
		<b>Per Application with Project</b>	2,953,667	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	220,511	220,511
		<b>Per Application with Project</b>	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	69,959	(6,116)
		<b>Per Application with Project</b>	76,075	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

LAVALETTE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2543  
 June 10, 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>AVAILABLE CASH</b>				
Operating Revenues	2,514,128	3,339,360	(220,511) (1)	3,118,849
Other Operating Revenue	65,203	65,203	-	65,203
SB 234 Annual Working Cash Collections			220,511 (2)	220,511
Interest Income & Other Misc.	24,144	24,144	-	24,144
<b>Total Cash Available</b>	<b>2,603,475</b>	<b>3,428,707</b>	<b>-</b>	<b>3,428,707</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	1,707,428	1,764,091	-	1,764,091
Taxes	85,477	85,477	-	85,477
<b>Total Cash Requirements Before Debt Service</b>	<b>1,792,905</b>	<b>1,849,568</b>	<b>-</b>	<b>1,849,568</b>
Cash Available for Debt Service (A)	810,570	1,579,139	-	1,579,139
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	702,299	1,118,796	(62,116) (3)	1,056,680
Other Debt			-	-
Reserve Account @ 10%		34,440	(6,211) (4)	28,229
Renewal & Replacement Fund (2.5%)	65,087	85,718	(6,117) (5)	79,601
<b>Total Debt Service Requirement</b>	<b>767,386</b>	<b>1,238,954</b>	<b>(74,445)</b>	<b>1,164,509</b>
SB 234 Cash Working Capital	213,429	220,511	-	220,511
<b>Remaining Cash</b>	<b>(170,245)</b>	<b>119,674</b>	<b>74,445</b>	<b>194,118</b>
Percent Coverage (A) / (B)	115.42%	141.15%		149.44%
Average rate for 3,400 gallons	\$ 47.29	\$ 61.79	\$ -	\$ 61.79
Average rate for 4,000 gallons	\$ 54.54	\$ 71.26	\$ -	\$ 71.26

LAVALETTE PUBLIC SERVICE DISTRICT - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2543

Attachment B  
 LOAN PACKAGE  
 SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	Per Staff Analysis	3,118,849	(220,511)
		Per Application with Project	3,339,360	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	<b>SB 234 Annual Working Cash Collections</b>	Per Staff Analysis	220,511	220,511
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	<b>Principal &amp; Interest</b>	Per Staff Analysis	1,056,680	(62,116)
		Per Application with Project	1,118,796	
The difference in P&I is related to Staff's calculation of a loan of \$4,761,579 for 40 years (paid back over 38 years) at 5%.				
(4)	<b>Reserve Account @ 10%</b>	Per Staff Analysis	28,229	(6,211)
		Per Application with Project	34,440	
Staff assumed a 10% reserve on the new debt.				
(5)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	Per Staff Analysis	79,601	(6,117)
		Per Application with Project	85,718	
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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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 *BB*  
Technical Analyst  
General Permits & Support Team

**DATE:** May 22, 2024

**SUBJECT:** Infrastructure Preliminary Application for the Lavalette PSD: Big Lynn Creek Waterline Ext. Project in Wayne County, WV. (2024W-2543)

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

If the Lavalette 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 Lavalette 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 Lavalette PSD should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43821 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