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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  
Funding Committee  
Infrastructure and Jobs Development Council

**From:** Katheryn Emery, P. E.  
Sewer Technical Review Committee

**Date:** November 16, 2022

**Subject:** Logan Co. PSD Sanitary Board  
Preliminary Application: IJDC No. 2022S-2174  
Holden Sewer 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 wastewater 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 funding should be tabled until technical comments have been resolved.
- d. \_\_\_ This project should be referred to the Consolidation Committee.

3. Other remarks:

The proposed project will provide service to approximately 257 potential customers in the community of Holden and surrounding areas. The Logan County Health Department stated that approximately 90 percent of the homes discharge directly into area streams with no treatment. The proposed funding sources are a \$6,000,000 AML Economic & Community Development Pilot Program Grant, \$500,000 from the Logan County Commission, a \$2,435,000 WVDEP SRF Debt Forgiveness Loan, and a \$2,435,000 WVDEP SRF Loan (2.5%) for a total project cost of \$11,370,000.

The proposed CWSRF funding scenario would need to be revised. The loan terms need to be changed to 0.75% interest, 0.25% admin fee, with a term up to 30 years. The project is only eligible for \$2,000,000 in principal forgiveness. With this change the loan amount would have to be increased to \$2,870,000.

Attachments: Technical Comments

**Engineering Fees:**

Estimated construction cost =	\$ 11,370,000.00
Consultant's design fee =	\$ 500,000.00
Consultant's total fee =	\$ 950,000.00
Design fee percentage =	5.0 %
Design fee per ASCE curve =	8.5 %
Total fee percentage =	8.4 %
Total fee per ASCE curve =	19.0 %

**Preliminary Project Ratings:**

1. Public Health Benefits	20
3. Compliance with Standards	20
5. O & M Capabilities	0
6. Readiness to Proceed	0
8. Cost Effectiveness	0
10. Compliance with PSC Orders	0



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:** Jason Billups, P.E.  
DEP/Infrastructure Sewer Technical Review Committee

**FROM:** William S. Herold, Jr., P.E., Assistant Manager  
I/CD/Environmental Engineering Division

**DATE:** November 14, 2022

**SUBJECT:** Logan County PSD  
Preliminary Application **Project No.: 2022S-2174**  
Holden Sewer Extension  
Logan County

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**RECOMMENDATION:**

We have reviewed this preliminary application and recommend it be forwarded to the Funding Committee for review.

**PROJECT SCOPE:**

This preliminary application is to extend sewer service to approximately 257 customers in the Community of Holden. The project will consist of the installation of approximately 9,200 LF of 6", 15,300 LF of 8", and 4,100 LF of 12"; approximately 189 manholes & 39 cleanouts; one (1) new sewage pump station; and approximately 1,650 LF of force main; with connection to the Logan County PSD's sewage system.

The cost per customer is **\$44,241**. Total estimated project cost is **\$11,370,000** (Local/County/Council): **\$500,000**; AML Grant: **\$6,000,000**; CWSRF Principal Forgiveness: **\$2,435,000**; and CWSRF Loan: **\$2,435,000**).

**NEED FOR PROJECT:**

The Preliminary Engineering Report indicates the Community of Holden is currently served by individual septic tank soil absorption systems (approximately 10%) or by direct stream discharge (approximately 90%).

**CONCERNS:**

None.

**PERMITS:**

A permit **will not be** required from the WV Bureau for Public Health.



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

### MEMORANDUM

**TO:** Kathy Emery, P.E., Director, DWWM

**FROM:** Dominique Madison E.I., DWWM

**DATE:** November 9, 2022

**SUBJECT:** Logan Co. PSD Sanitary Board  
Preliminary Application: IJDC No. 2022S-2174  
Holden Sewer Extension Project

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### RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by E.L Robinson for the above referenced project has been reviewed and it is recommended for approval.

### PROJECT DESCRIPTION

The proposed Holden Sanitary Sewer Extension Project will provide service to approximately 257 potential customers (580 persons) in the Logan County community of Holden and surrounding areas of Logan County. The proposed project will also consist of the construction of wastewater collection system consisting of 12-inch and smaller diameter gravity collection system, 4-inch diameter force main, 165 manholes, one pumping station, cleanouts, service laterals, and all other related appurtenances. Treatment will be provided by the District's existing Wastewater Treatment Plant.

The proposed total cost for this project is \$11,370,000 and the Sanitary Board intends to pursue a \$6,000,000 AML Economic & Community Development Pilot Program Grant, \$500,000 Logan County Commission, \$2,435,000 WVDEP SRF Debt Forgiveness Loan, and a \$2,435,000 WVDEP SRF Loan (2.5%). The proposed monthly rate will be \$55.28 per 3,400 gallons.

## **NEED FOR PROJECT**

According to the Logan County Health Department, approximately 10 percent of the residents to be served by the project utilize private on-site septic systems and approximately 90 percent discharge directly into area streams. In certain areas, sewage is discharged into "community sewer lines", which then discharge into the Guyandotte River and its tributaries. The current sewerage disposal methods in the area are a potential health threat and negatively contribute to the water quality of the Guyandotte River and its tributaries. Clearly, these unsanitary conditions pose a significant health risk to the residents of Logan County as stated by the Logan County health department. A significant portion of these untreated flows will be eliminated by the Holden Wastewater Project.

## **DEFICIENCIES/COMMENTS**

- The PER will need to be developed into a facility plan that meets CWSRF requirements if CWSRF is used.
- If SRF funding is requested the purchase of land would not be considered eligible since we cannot purchase land.
- Number of Lands and ROWs required weren't stated.
- No discussion of total EDUs to be added.
- PSD should hold a public meeting discussing the approval of this project.

### Engineering Fees:

Estimated construction cost =	\$ 11,370,000.00
Consultant's design fee =	\$ 500,000.00
Consultant's total fee =	\$ 950,000.00
Design fee percentage =	5.0 %
Design fee per ASCE curve =	8.5 %
Total fee percentage =	8.4 %
Total fee per ASCE curve =	19.0 %

### Preliminary Project Ratings:

Public Health Benefits:	20
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



November 15, 2022

Ms. Kathy Emery, P. E.  
Office of Water Resources  
Department of Environmental Protection  
601 57<sup>th</sup> St.  
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments  
Application No. 2022S-2174  
Logan County PSD - Sewer  
Infrastructure Preliminary Application

Dear Ms. Emery:

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 the District's current financial condition, we are recommending the application be:

- forwarded to the Funding Committee
- forwarded to the Consolidation Committee
- return to the Applicant

Please advise if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan M. Fowler", is written over a blue horizontal line.

Jonathan M. Fowler, P.E.  
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** November 15, 2022

**PROJECT SPONSOR:** LOGAN COUNTY PUBLIC SERVICE DISTRICT -  
SEWER

**PROJECT SUMMARY:** The proposed Holden Sanitary Sewer Extension Project will provide service to approximately 257 potential customers (580 persons) in the Logan County community of Holden and surrounding areas of Logan County.

<b>PROPOSED FUNDING:</b> AML Grant	\$ 6,000,000
CWSRF Loan (2.5%, 40 yrs.)	2,435,000
CWSRF Principal Forgiveness	2,435,000
Local Contribution	<u>500,000</u>
Total	\$11,370,000

**CURRENT RATES:** \$39.54 3,400 gallons  
\$46.52 4,000 gallons

**PROPOSED RATES:** \$55.28 3,400 gallons  
\$65.04 4,000 gallons

Application No. 2022S-2174

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

**FINANCIAL: Nathan Nelson**

1. Current rates (\$39.54 for 3,400 gallons) are above the rate attributable to 1.25% (\$37.76) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$45.31), 1.75% (\$52.86) and 2.0% (\$60.42) of the MHI. Increasing current rates to 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of \$129,143, \$298,098 and \$467,053 respectively.

2. Using Scenario 1, the preferred funding package consisting of an AML Grant of \$6,000,000, a CWSRF Loan of \$2,435,000 at 2.5% for 40 years (paid back over 38 years), CWSRF Principal Forgiveness of \$2,435,000 and a local contribution of \$500,000, proposed rates (\$55.28 for 3,400 gallons) will provide a cash flow surplus of \$27,858 and debt service coverage of 132.33%.
3. Using the Scenario 2 alternate loan package of \$11,370,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$81.40 for 3,400 gallons) will provide a cash flow surplus of \$14,189 and debt service coverage of 121.06%.

#### 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 Rule 42 Exhibit submitted with the application.
- C. Staff used the MHI for Logan County of \$36,250 from the 2020 U.S. Census versus the MHI of \$36,763 that was listed in the application.
- D. The applicant's cash flow analysis that was uploaded to the project dashboard included an adjustment of -\$29,433 in Other Operating Revenues, carried through to Proforma. The Rule 42 removed the adjustment as non-recurring. Staff's analysis also removes the adjustment.
- E. Staff has included a Scenario 3 analysis. Staff notes that the project sponsor is proposing a CWSRF Loan at 2.5% for 38 years. Since proposed target rates of \$55.28 (3,400 gallons) are between 1.75% (\$52.86) - 2.0% (\$60.42) of MHI, the terms of this proposed CWSRF loan would typically be .75%, .25% Admin. Fee, for 30 years, for the preferred funding package. If the preferred funding package is adjusted for this change, proposed target rates (\$55.28 for 3,400 gallons) would provide a cash flow surplus of \$37,821 and debt service coverage of 134.57%.



- 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. The Logan County Public Service District should carefully evaluate its revenue requirements before passing a rate increase in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Staff notes that the District is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015, the Commission has no jurisdiction regarding the District's rates pursuant to WV Code 24-2-4b. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

**ENGINEERING:** Brandon Crace

1. This project will not require a Certificate of Convenience and Necessity from the PSC. (See financial comment "G", above.)
2. Scope: Logan County PSD (District) is proposing to extend sewer service to approximately 257 potential customers in the community of Holden and surrounding areas. The proposed project scope includes 1500 LF of 4-inch PVC, 3300 LF of 6-inch PVC, 2700 LF of 8-inch PVC, 4100 LF of 12-inch PVC, 6400 LF of 4-inch DIP, 5900 LF of 6-inch DIP, 12500 LF of 8-inch, 7000 LF of 12-inch DIP, 1650 LF of 4-inch DIP forcemain, 165 manholes, a pump station, 4 forcemain cleanouts, 35 gravity sewer cleanouts, and all necessary fittings, valves and appurtenances. The estimated construction cost is \$9,900,000 (includes 10.0% construction contingency), and the estimated total project cost is \$11,370,000 (includes 0.6% project contingency). Wastewater will be treated at the existing District-owned WWTP.

Need: The PER states that approximately 90 percent of the potential customers discharge sewage directly into the area streams.

Customer Density: Based upon the provided pipe quantities (45,050 LF), the proposed line extension is approximately 8.53 miles. This is approximately equivalent to 30 customers per mile.

Cost per Customer: Based upon the estimated total project cost of \$11,370,000, and having approximately (1624 + 257[new]) 1881 customers, the cost per customer will be approximately \$6,045. However, the cost per customer in terms of proposed borrowing is \$1,295, as the proposed funding is 78.58% grant.

3. Project Feasibility: This project will significantly lessen potential health risks and improve the quality of surface water in the area. The project scope appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER indicates that several alternatives were considered including: individual septic tanks, community package plant systems, and an extension including a new treatment plant. However due to the lack of available land and maintenance requirements, these alternates were not considered feasible. Additionally, the PER states that a transporting the proposed extension's sewage flow to City of Logan WWTP is not feasible due to existing compliance and capacity issues at that City-owned facility.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Deficiencies/Inconsistencies: No significant issues noted.
7. Operation and Maintenance (O&M) Expenses: The PER states that O&M costs are estimated to result in an increase of \$31,100 annually. The anticipated increase is attributed to the increase in collection, pumping, treatment, billing, and administrative expenses associated with providing sewer service to additional customers.
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 \$950,000, which is equal to 9.60% of the construction cost of \$9,900,000 (includes 10.00% construction contingency)

LOGAN COUNTY PUBLIC SERVICE DISTRICT - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2022S-2174  
 November 15, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	947,498	1,436,709	(92,191) (1)	1,344,518
Other Operating Revenue	12,466	12,466	29,433 (2)	41,899
SB 234 Annual Working Cash Collections			92,191 (3)	92,191
Interest Income & Other Misc.	407	407	-	407
<b>Total Cash Available</b>	<b>960,371</b>	<b>1,449,582</b>	<b>29,433</b>	<b>1,479,015</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	706,819	737,919	3,176 (4)	741,095
Taxes	16,996	16,996	-	16,996
<b>Total Cash Requirements Before Debt Service</b>	<b>723,815</b>	<b>754,915</b>	<b>3,176</b>	<b>758,091</b>
Cash Available for Debt Service (A)	236,556	694,667	26,257	720,924
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	444,775	544,102	679 (5)	544,781
Other Debt	-	-	-	-
Reserve Account @ 10%	11,434	21,367	68 (6)	21,435
Renewal & Replacement Fund (2.5%)	24,009	36,240	(1,580) (7)	34,660
<b>Total Debt Service Requirement</b>	<b>480,218</b>	<b>601,709</b>	<b>(834)</b>	<b>600,876</b>
SB 234 Cash Working Capital	88,304	92,191	-	92,191
<b>Remaining Cash</b>	<b>(331,966)</b>	<b>767</b>	<b>27,091</b>	<b>27,858</b>
Percent Coverage (A) / (B)	53.19%	127.67%		132.33%
Average rate for 3,400 gallons	\$ 39.54	\$ 55.28	\$ -	\$ 55.28
Average rate for 4,000 gallons	\$ 46.52	\$ 65.04	\$ -	\$ 65.04

LOGAN COUNTY PUBLIC SERVICE DISTRICT - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2022S-2174

Attachment A  
 PREFERRED FUNDING PACKAGE  
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Operating Revenues</b>	Per Staff Analysis	1,344,518	(92,191)
	Per Application with Project	1,436,709	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) <b>Other Operating Revenue</b>	Per Staff Analysis	41,899	29,433
	Per Application with Project	12,466	
To record an adjustment for Other Revenue from the Applicant's Rule 42 that was not reflected in the corresponding cash flow statement uploaded to the project dashboard.			
(3) <b>SB 234 Annual Working Cash Collections</b>	Per Staff Analysis	92,191	92,191
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(4) <b>Operating Expenses</b>	Per Staff Analysis	741,095	3,176
	Per Application with Project	737,919	
To record Staff's calculation of a 0.25% CWSRF administrative fee.			
(5) <b>Principal &amp; Interest</b>	Per Staff Analysis	544,781	679
	Per Application with Project	544,102	
The difference in P&I is related to Staff's calculation of a loan of \$2,435,000 for 40 years (paid back over 38 years) at 2.5%.			
(6) <b>Reserve Account @ 10%</b>	Per Staff Analysis	21,435	68
	Per Application with Project	21,367	
Staff assumed a 10% reserve on the new debt.			
(7) <b>Renewal &amp; Replacement Fund (2.5%)</b>	Per Staff Analysis	34,660	(1,580)
	Per Application with Project	36,240	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

LOGAN COUNTY PUBLIC SERVICE DISTRICT - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2022S-2174  
 November 15, 2022

LOAN FUNDING 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	947,498	2,067,086	(92,191) (1)	1,974,895
Other Operating Revenue	12,466	12,466	29,433 (2)	41,899
SB 234 Annual Working Cash Collections			92,191 (3)	92,191
Interest Income & Other Misc.	407	407	-	407
<b>Total Cash Available</b>	<b>960,371</b>	<b>2,079,959</b>	<b>29,433</b>	<b>2,109,392</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	706,819	737,919	-	737,919
Taxes	16,996	16,996	-	16,996
<b>Total Cash Requirements Before Debt Service</b>	<b>723,815</b>	<b>754,915</b>	<b>-</b>	<b>754,915</b>
Cash Available for Debt Service (A)	236,556	1,325,044	29,433	1,354,477
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	444,775	1,102,684	16,153 (4)	1,118,837
Other Debt	-	-	-	-
Reserve Account @ 10%	11,434	77,225	1,615 (5)	78,840
Renewal & Replacement Fund (2.5%)	24,009	51,999	(1,579) (6)	50,420
<b>Total Debt Service Requirement</b>	<b>480,218</b>	<b>1,231,908</b>	<b>16,189</b>	<b>1,248,097</b>
SB 234 Cash Working Capital	88,304	92,191	-	92,191
<b>Remaining Cash</b>	<b>(331,966)</b>	<b>945</b>	<b>13,244</b>	<b>14,189</b>
Percent Coverage (A) / (B)	53.19%	120.17%		121.06%
Average rate for 3,400 gallons	\$ 39.54	\$ 81.40	\$ -	\$ 81.40
Average rate for 4,000 gallons	\$ 46.52	\$ 95.77	\$ -	\$ 95.77

LOGAN COUNTY PUBLIC SERVICE DISTRICT - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2022S-2174

Attachment B  
 LOAN FUNDING PACKAGE  
 SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Operating Revenues</b>	<b>Per Staff Analysis</b>	1,974,895	(92,191)
	<b>Per Application with Project</b>	2,067,086	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) <b>Other Operating Revenue</b>	<b>Per Staff Analysis</b>	41,899	29,433
	<b>Per Application with Project</b>	12,466	
To record an adjustment for Other Revenue from the Applicant's Rule 42 that was not reflected in the corresponding cash flow statement uploaded to the project dashboard.			
(3) <b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	92,191	92,191
	<b>Per Application with Project</b>	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(4) <b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	1,118,837	16,153
	<b>Per Application with Project</b>	1,102,684	
The difference in P&I is related to Staff's calculation of a loan of \$11,370,000 for 40 years (paid back over 38 years) at 5%.			
(5) <b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	78,840	1,615
	<b>Per Application with Project</b>	77,225	
Staff assumed a 10% reserve on the new debt.			
(6) <b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	50,420	(1,579)
	<b>Per Application with Project</b>	51,999	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

LOGAN COUNTY PUBLIC SERVICE DISTRICT - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2022S-2174  
 November 15, 2022

**PREFERRED FUNDING PACKAGE  
 SCENARIO 3**

	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	947,498	1,436,709	(92,191) (1)	1,344,518
Other Operating Revenue	12,466	12,466	29,433 (2)	41,899
SB 234 Annual Working Cash Collections			92,191 (3)	92,191
Interest Income & Other Misc.	407	407	-	407
<b>Total Cash Available</b>	<b>960,371</b>	<b>1,449,582</b>	<b>29,433</b>	<b>1,479,015</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	706,819	737,919	3,182 (4)	741,101
Taxes	16,996	16,996	-	16,996
<b>Total Cash Requirements Before Debt Service</b>	<b>723,815</b>	<b>754,915</b>	<b>3,182</b>	<b>758,097</b>
<b>Cash Available for Debt Service (A)</b>	<b>236,556</b>	<b>694,667</b>	<b>26,251</b>	<b>720,918</b>
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	444,775	544,102	(8,384) (5)	535,718
Other Debt	-	-	-	-
Reserve Account @ 10%	11,434	21,367	(839) (6)	20,528
Renewal & Replacement Fund (2.5%)	24,009	36,240	(1,580) (7)	34,660
<b>Total Debt Service Requirement</b>	<b>480,218</b>	<b>601,709</b>	<b>(10,803)</b>	<b>590,906</b>
<b>SB 234 Cash Working Capital</b>	<b>88,304</b>	<b>92,191</b>	<b>-</b>	<b>92,191</b>
<b>Remaining Cash</b>	<b>(331,966)</b>	<b>767</b>	<b>37,054</b>	<b>37,821</b>
<b>Percent Coverage (A) / (B)</b>	<b>53.19%</b>	<b>127.67%</b>		<b>134.57%</b>
Average rate for 3,400 gallons	\$ 39.54	\$ 55.28	\$ -	\$ 55.28
Average rate for 4,000 gallons	\$ 46.52	\$ 65.04	\$ -	\$ 65.04

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	Per Staff Analysis	1,344,518	(92,191)
		Per Application with Project	1,436,709	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>Other Operating Revenue</b>	Per Staff Analysis	41,899	29,433
		Per Application with Project	12,466	
	To record an adjustment for Other Revenue from the Applicant's Rule 42 that was not reflected in the corresponding cash flow statement uploaded to the project dashboard.			
(3)	<b>SB 234 Annual Working Cash Collections</b>	Per Staff Analysis	92,191	92,191
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(4)	<b>Operating Expenses</b>	Per Staff Analysis	741,101	3,182
		Per Application with Project	737,919	
	To record the difference in Staff's calculation of a 0.25% CWSRF administrative fee.			
(5)	<b>Principal &amp; Interest</b>	Per Staff Analysis	535,718	(8,384)
		Per Application with Project	544,102	
	The difference in P&I is related to Staff's calculation of a loan of \$2,435,000 for 30 years at 0.75%.			
(6)	<b>Reserve Account @ 10%</b>	Per Staff Analysis	20,528	(839)
		Per Application with Project	21,367	
	Staff assumed a 10% reserve on the new debt.			
(7)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	Per Staff Analysis	34,660	(1,580)
		Per Application with Project	36,240	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			