



west virginia department of environmental protection

Division of Water and Waste Management
601 57th 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

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

Date: December 12, 2024

Subject: Lubeck PSD
IJDC Application - 2024S-2606
Sanitary Sewer Extension Project

-
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 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 extend sewer service to the new Lubeck Elementary School and approximately 6 new residential customers. Lubeck already has water service in this area but a sanitary sewer is not available for the school and residents.

The proposed total cost for this project is \$600,000 and Lubeck PSD intends to pursue a \$300,000 IJDC Grant and the additional \$300,000 will be matched by the Wood County Board of Education (WCBOE).

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

Preliminary Project Ratings:

Public Health Benefits: 5
Compliance with Standards: 5



Sherrri A. Young, DO, MBA, FAAFP
Cabinet Secretary

Jason R. Frame
OEHS Director

MEMORANDUM

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

FROM: Patrick Murphy, P.E.
Environmental Engineering Division

DATE: December 13, 2024

SUBJECT: Lubeck Public Service District
IJDC Application- **2024S-2606**
Sewer Line Extension Project
Wood County

Recommendation:

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

Project Scope:

This project proposed to install approximately 2,000 linear feet of 8” gravity sewer near Harris Highway between New England Ridge Road and Oakland Gardens Road. This sanitary sewer extension will serve the new Lubeck Elementary School and potentially 6 residential customers.

The total project cost is **\$600,000**. (Local Contribution (Wood County Board of Education): **\$300,000** and IJDC Grant: **\$300,000**)

Need for the Project:

This project will provide sanitary sewer collection service to the new Lubeck Elementary School and other residential customers in the area. The residents in this area currently utilize septic systems for sewage disposal.

Concerns:

No concerns noted.



Lubeck PSD
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December 13, 2024
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Permits:

A permit may be required from the WV Bureau for Public Health prior to construction.
NPDES Stormwater Construction Permit
WV Department of Highways Permits



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Justin Moffitt, P.E., DWWM

DATE: December 6, 2024

SUBJECT: Lubeck PSD
IJDC Application - 2024S-2606
Sanitary Sewer Extension Project

RECOMMENDATION

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

PROJECT DESCRIPTION

The Lubeck Public Service District (Lubeck PSD) owns and operates a sanitary sewer collection system of approximately 50 miles of gravity sewer mains, 4 miles of force mains, 15 lift stations, and the flow is treated at their 1.5 million gallon per day (MGD) wastewater treatment plant (WWTP). Lubeck provides sanitary sewer service to 2,405 residential customers, 39 commercial customers, and 8 public authorities. Lubeck PSD operates under the National Pollution Discharge Elimination System (NPDES) permit WV0032590.

This project proposes to extend the existing 8” gravity sewer line approximately 2,000 linear feet to the property line of the new elementary school. This mainline extension will not only serve the new Lubeck Elementary School but will give the opportunity for approximately 6 residential customers to be served as well.

The proposed total cost for this project is \$600,000 and Lubeck PSD intends to pursue a \$300,000 IJDC Grant and the additional \$300,000 will be matched by the Wood County Board of Education (WCBOE). The current monthly rate for 3,400 gallons is \$66.69 (1.64% MHI). No rate increase is proposed.

NEED FOR PROJECT

This project will provide sanitary sewer collection service for approximately 6 residential customers and the new Lubeck Elementary School. Lubeck already has water service in this area but a sanitary sewer extension is required for service of the new elementary school. This extension will also give residential customers in the area the opportunity to connect to a sanitary collection system. Additionally, residents in this area currently utilize septic systems for sewage disposal, and the opportunity of a public sanitary sewer system will allow the residents to transition from septic systems to reliable gravity sewer. This is likely to improve soil conditions and water quality conditions of the area.

DEFICIENCIES/COMMENTS

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

Preliminary Project Ratings:

Public Health Benefits: 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



December 12, 2024

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

Re: Public Service Commission Staff Review Comments
Application No. 2024S-2606
Lubeck PSD - Sewer System Extension
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 Technical Staff's comments enclosed herewith, we are recommending the application be:

- Forward the Application
 Return the Application
 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: December 10, 2024

PROJECT SPONSOR: LUBECK PUBLIC SERVICE DISTRICT - SEWER

PROJECT SUMMARY: Installation of approximately 2,000 linear feet of 8" gravity sewer to extend service to the New Lubeck Elementary School along with other residential customers in the area.

PROPOSED FUNDING: Wood County BOE Grant	\$ 300,000
IJDC District 1 Grant	<u>\$ 300,000</u>
Total	<u>\$ 600,000</u>

CURRENT/

PROPOSED RATES:	\$66.69	3,400 gallons
	\$75.84	4,000 gallons\

Application No. 2024S-2606

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

FINANCIAL: Stephen Edens

1. Current rates (\$66.69 for 3,400 gallons) are above the rates attributable to 1.25% (\$50.74), 1.5% (\$60.89) and of the Median Household Income (MHI), but below the rates attributable 1.75% (\$71.04), and 2.0% (\$81.19) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$115,661 and \$385,680 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Wood County BOE Grant of \$300,000, and a \$300,000 IJDC District 1 Grant, proposed rates (\$66.69 for 3,400 gallons) will provide a cash flow surplus of \$69,618 and debt service coverage of 123.74%.
3. Using the Scenario 2 alternate loan package of \$600,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$68.35 for 3,400 gallons) will provide a cash flow surplus of \$73,499 and debt service coverage of 124.00%.

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. 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.
- F. The Public Service District should carefully evaluate its revenue requirements before pursuing 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 24-2-4a and WV Code 16-13A-9. 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: Mansour Mashayekhi

1. This project will not require a Certificate of Convenience and Necessity from the PSC.
2. *Scope:* The Lubeck PSD has been approached by the Wood County Board of Education (WCBOE) for a water and sewer extension project to a New Elementary School. This project proposes to install approximately 2,000 linear feet of 8" gravity sewer near Harris Highway (State Route 68) between New England Ridge Road (State Route 892) and Oakland Gardens Road (County Route 2/6). The sanitary sewer extension will serve the new Lubeck Elementary School and 6 potential nearby customers. The proposed project is estimated to cost approximately \$467,500 in construction cost with an estimated total project cost of \$600,000. The proposed project to be funded through an IJDC District-1 Grant of \$300,000 and a Local/City/Council funding of \$300,000.
3. *Need for Project:* The proposed project will provide sanitary sewer collection service for approximately 6 residential customers and the new Lubeck Elementary School. Lubeck already has water service but a sanitary sewer extension is required for service of the new elementary school. This extension will also give residential customers in the area the opportunity to connect to a sanitary collection system.
4. *Customer Density:* this project is mainly an extension project; therefore, customer density will be approximately 7 users/0.38 mile or, about 18.4 users pre mile, this is acceptable.
5. *Cost per Customer:* based upon the estimated project budget of \$600,000 proposing to have an elementary school and approximately 7 potential new customers; the cost per user is about \$85,700. This is acceptable. The project is entirely grant funded, therefore, existing and new customers are not responsible for capital project related expenses.
6. *Project Feasibility:* the project appears to be technically feasible.
7. *Project Alternatives:* Due to the scope and location of the project, there is only one feasible alternative to provide sanitary sewer service to the New Elementary School. There are no other neighboring utilities that could provide such a service, and a decentralized wastewater treatment plant is not a recommended option for this service. Therefore, Alternative is to install approximately 2,000 LF of 8" PVC Gravity Sewer pipe to New

Lubeck Elementary school and 6 potential new residential customers.

8. *Consolidation*: There are no consolidation issues with the selected alternative.
9. *Inconsistencies*: None was noticed for this project.
10. *Project Permits*: the following permits and certificates are anticipated to be required for the project and will be obtained prior to beginning construction of this project: WV Division of Highways, WV Division of Natural Resources (Office of Land and Streams), the United States Fish and Wildlife Service, WV Division of Culture and History, WV Division of Environmental Protection (NPDES Permit), WV Public Service Commission (Waiver from Certificate of Convenience and Necessity), and any additional permits required will be applied for with final plans and specifications.
11. *Operation and Maintenance (O&M) Expenses*: the project's O&M expenses are expected to increase by approximately \$2,197 to an annual expense of \$736,923.
12. *Engineering Agreement*: the applicant has provided documentation relative to compliance with West Virginia Code §5G-1-1, et seq. Based on the filing, the total design fees for engineering services are \$25,000 at the construction cost of \$467,500. This is approximately 5.35% of the construction cost as shown on the application.

LUBECK PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2606
 December 11, 2024

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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	1,743,888	1,746,994	-	1,746,994
Other Operating Revenue	22,127	22,164	-	22,164
SB 234 Annual Working Cash Collections	88,988	89,146	-	89,146
Interest Income & Other Misc.	3,400	3,400	-	3,400
Total Cash Available	1,858,403	1,861,704	-	1,861,704
OPERATING DEDUCTIONS				
Operating Expenses	729,521	731,718	-	731,718
Taxes	25,805	25,805	-	25,805
Total Cash Requirements Before Debt Service	755,326	757,523	-	757,523
Cash Available for Debt Service (A)	1,103,077	1,104,181	-	1,104,181
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	892,354	892,354	-	892,354
Other Debt	-	-	-	-
Reserve Account @ 10%	8,834	8,834	-	8,834
Renewal & Replacement Fund (2.5%)	77,751	77,751	(33,522) (1)	44,229
Total Debt Service Requirement	978,939	978,939	(33,522)	945,417
SB 234 Cash Working Capital	88,988	89,146	-	89,146
Remaining Cash	35,150	36,096	33,522	69,618
Percent Coverage (A) / (B)	123.61%	123.74%		123.74%
Average rate for 3,400 gallons	\$ 66.69	\$ 66.69	\$ -	\$ 66.69
Average rate for 4,000 gallons	\$ 75.84	\$ 75.84	\$ -	\$ 75.84

LUBECK PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2606

Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	44,229 77,751	(33,522)

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

LUBECK PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2606
 December 11, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	1,743,888	1,790,579	-	1,790,579
Other Operating Revenue	22,127	22,691	-	22,691
SB 234 Annual Working Cash Collections	88,988	91,465	-	91,465
Interest Income & Other Misc.	3,400	3,400	-	3,400
Total Cash Available	1,858,403	1,908,135	-	1,908,135
OPERATING DEDUCTIONS				
Operating Expenses	729,521	731,718	-	731,718
Taxes	25,805	25,805	-	25,805
Total Cash Requirements Before Debt Service	755,326	757,523	-	757,523
Cash Available for Debt Service (A)	1,103,077	1,150,612	-	1,150,612
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	892,354	937,655	(9,730) (1)	927,925
Other Debt	-	-	-	-
Reserve Account @ 10%	8,834	8,834	3,557 (2)	12,391
Renewal & Replacement Fund (2.5%)	77,751	77,751	(32,419) (3)	45,332
Total Debt Service Requirement	978,939	1,024,240	(38,592)	985,647
SB 234 Cash Working Capital	88,988	91,465	-	91,465
Remaining Cash	35,150	34,907	38,592	73,499
Percent Coverage (A) / (B)	123.61%	122.71%		124.00%
Average rate for 3,400 gallons	\$ 66.69	\$ 68.35	\$ -	\$ 68.35
Average rate for 4,000 gallons	\$ 75.84	\$ 77.73	\$ -	\$ 77.73

LUBECK PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024S-2606

Attachment B
 LOAN PACKAGE
 SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Principal & Interest	Per Staff Analysis	927,925	(9,730)
		Per Application with Project	937,655	
The difference in P&I is related to Staff's calculation of a loan of \$600,000 for 40 years (paid back over 38 years) at 5%.				
(2)	Reserve Account @ 10%	Per Staff Analysis	12,391	3,557
		Per Application with Project	8,834	
Staff assumed a 10% reserve on the new debt.				
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	45,332	(32,419)
		Per Application with Project	77,751	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				