



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services

Bill J. Crouch
Cabinet Secretary

Ayne Amjad, MD, MPH
Commissioner & State Health Officer

MEMORANDUM

TO: Marie Prezioso, Funding Committee
WV Infrastructure and Jobs Development Council

FROM: Meredith J. Vance
Water Technical Review Committee

DATE: November 22, 2022

RE: City of Mannington
IJDC Application - 2022W-2256
Burt Hill Tank Replacement
Marion County

1. The Committee has reviewed the pre-application and preliminary engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15-A. It has been determined that the project is:
 - a. Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
 - b. Consistent with the Act but may not be the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.
 - c. Consistent with the intent of the Act and most cost-effective and environmentally sound alternative for solving the drinking water needs in this area **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 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 application. The proposed project funding should be postponed until technical comments have been resolved.
- d. The project to be referred to the Consolidation Committee.

3. Other remarks:

Comment:

This preliminary application appears technically feasible.

This Preliminary Application proposes to install a new 234,000-gallon, glass-lined, bolted steel tank at Burt Hill. Telemetry, a flow meter, and the reconditioning of the Koen Hill tank is also proposed.

The proposed funding package includes a WDA Economic Enhancement Grant: **\$385,000**; Marion Co. Commission Grant: **\$350,000**; City of Mannington ARPA Grant: **\$150,000**.

The total project cost is **\$885,000**.

pc: To be distributed at the Funding Committee Meeting

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MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Christopher Thomas, EIT
Infrastructure & Capacity Development

Christopher W. Thomas

DATE: November 22, 2022

SUBJECT: City of Mannington
IJDC Application - **2022W-2256**
Burt Hill Tank Replacement
Marion County

Recommendation:

This preliminary application appears technically feasible and is recommended to be forwarded to the Funding Committee.

Project Scope:

This Preliminary Application proposes to install a new 234,000-gallon, glass-lined, bolted steel tank at Burt Hill. Telemetry, a flow meter, and the reconditioning of the Koen Hill tank is also proposed. The new 234,000-gallon tank is proposed to be constructed on a level area adjacent to the existing tank with the approximate dimensions of 31-foot diameter x 42-feet tall to match the existing overflow elevation. This 234,000-gallon tank will have approximately 2.8 days of storage including 30,000 gallons for fire-protection and will have a turnover rate of about 23%.

The cost per customer is **\$974** for the project. The total project cost is **\$885,000**. (WDA Economic Enhancement Grant: **\$385,000**; Marion Co. Commission: **\$350,000**; City of Mannington ARPA: **\$150,000**).

Need for the Project:

The City of Mannington has many customers and two Public Service Districts (PSD) that depend upon their potable water. The most critical area of Mannington's system is the 58-year-old, 300,000 – gallon Burt Hill tank. This tank has had noted deficiencies in many Sanitary Surveys and is in worsening condition. Recent site visits have shown visible rust and pitting of the steel and the concrete foundation has loose and exposed aggregate along with significant cracking. The Burt Hill tank is responsible for providing potable water and fire protection to the areas of

Burt Town Hill and many commercial customers in the Rainbow Plaza, and the Blackshere Elementary School. The water that the Downs PSD purchases from Fairmont through Mannington flows from the Burt Hill tank to the Downs water storage tanks. All these areas and customers are dependent on the Burt Hill Tank.

Concerns:

- No concerns noted.

Permits:

A permit will be required from the WV Bureau for Public Health prior to construction.

Engineering: 7.2% for design, 20.0% for total.

The Design Fees vs. Construction Cost for modifications is below both the average complexity curve and the very complex curve. The Total Fees vs. Construction Cost for modified construction is above the average complexity curve but below the very complex curve. A fee waiver will not be required for this project.

Asset Management Plan and Annual Maintenance Audit:

The system indicates in the application that they do not have an asset management plan.

Capacity Development:

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as “no.” A CDA was performed at the City of Mannington in October 2010.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system’s overall compliance. The City of Mannington has a score of four on the July 2022 quarter of the EPA’s Compliance Tracking Tool (ETT.) This is below the EPA action level of ≥ 11 .

Based upon information from the Municipal Bond Commission, as of September 2022, the City of Mannington is current on their water reserve funding requirements.

IJDC Ranking:

- Public Health Benefit: 5
- Compliance: 5



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Commissioner & State Health Officer

MEMORANDUM

TO: Meredith Vance, Division Director
Environmental Engineering Division

FROM: Valerie Plance, Manager *VP 11/1/22*
Capacity Development Program

DATE: October 26, 2022

RE: Mannington, City of (PWSID#3302513)
IJDC Application No.: 2022W-2256
Marion County

The City of Mannington preliminary infrastructure application indicates that they are not seeking DWTRF monies. The system indicates in the application that they do not have an asset management plan.

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as no. A CDA was performed at the City of Mannington in October 2010.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system's overall compliance. The City of Mannington has a score of four on the July 2022 quarter of the EPA's Compliance Tracking Tool (ETT.) This is below the EPA action level of ≥ 11 .

Based upon information from the Municipal Bond Commission, as of September 2022, City of Mannington is current on their water reserve funding requirements.

If you require further information from the capacity development program, please contact me.

VAP

OEHS District Review for Infrastructure Council Water Projects

Water System:	City of Mannington	IJDC Number:	2022W-2256
Project Description:	Mannington Burt Hill tank replacement	Review by:	Mike Hawranick
County:	Marion	Date:	10/21/2022

<u>No.</u>	<u>Review Criteria</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Comments (Especially if No is indicated or providing a DWTRF score)</u>
1.	Does the district agree that the project scope seems to be the most feasible solution?	X			
2.	Is this the most practical project to correct the problem stated in the application?	X			
3.	Does the project solve the major operation maintenance problems in the water system?	X			
4.	Does the project eliminate deficiencies noted in the sanitary survey?	X			
5.	Should these improvements be made to this system versus another system that could serve the same area?	X			
6.	The application has an alternative in it evaluating the most likely consolidation option?			X	
7.	Do you agree with the need statement for the project?	X			
8.	Has the engineer included all justification (that you are aware of) in the project application?	X			
9.	Is the management of the water system capable of completing this project?	X			
10.	Other comments				

<u>No.</u>	<u>Review Criteria</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Comments (Especially if No is indicated or providing a DWTRF score)</u>
11.	For new projects or projects with revised scope provide DWTRF Priority Ranking Public Health Score (Indicate score in the comments section with explanation)?				
12.	For new projects or projects with revised scope provide DWTRF Priority Ranking Compliance Score (Indicate score in the comments section with explanation)?				
13.					
14.					



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304-2345
Telephone: 304-926-0495
Fax: 304-926-0496

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

MEMORANDUM

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: John M. Perkins *JMP*
Supervisor
General Permits & Support Team

DATE: October 25, 2022

SUBJECT: Infrastructure Preliminary Application for the City of Mannington (2022W-2256):
Water Storage Tank Project in Marion County, WV.

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

If the City of Mannington 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 Mannington should contact Mr. Jeremy Bandy or a member of his staff at (304)-926-0499, extension 43894 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 Mannington should contact Yogesh Patel or a member of his staff at (304)-926-0499, extension 43877 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 March 9, 2019. 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.

JMP:mam



west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation
601 57th Street SE
Charleston, WV 25304

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

MEMORANDUM

To: Christopher Thomas, EIT
Infrastructure and Capacity Development

From: Roger A. Earle, P.E., Waterline Coordinator *RAE*
Office of Abandoned Mine Lands & Reclamation

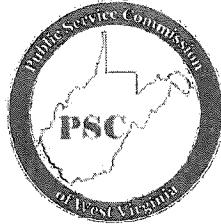
Date: November 10, 2022

Subject: City of Mannington – Burt Hill Tank Replacement
IJDC Preliminary Application: 2022W-2256

AML does not participate in routine improvements or replacement of existing systems.
Therefore, AML funds will not be available for this project.

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

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. 2022W-2256
City of Mannington - Water
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 black ink, appearing to read "Jonathan M. Fowler", is written over a horizontal line.

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: November 14, 2022

PROJECT SPONSOR: CITY OF MANNINGTON (WATER)

PROJECT SUMMARY: The City of Mannington owns and operates three water storage tanks; the oldest, the 300,000-Gallon Burt Hill tank will be replaced and a second tank will be rehabilitated.

PROPOSED FUNDING: Marion County Commission ARPA Grant	\$ 350,000
Mannington ARPA Grant	\$ 150,000
WDA Economic Enhancement Grant	<u>\$ 385,000</u>
Total	<u>\$ 885,000</u>

CURRENT/ PROPOSED RATES:	\$41.97	3,400 gallons
	\$48.62	4,000 gallons

Application No. 2022W-2256

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

FINANCIAL: Stephen Edens

1. Current rates (\$41.97 for 3,400 gallons) are below the rate attributable to 1.25% (\$56.88), 1.5% (\$68.26), 1.75% (\$79.63) and 2.0% (\$91.01) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75% and 2% of the MHI would provide additional revenues of \$160,283, \$282,574, \$404,864 and \$527,155 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Marion County Commission ARPA Grant of \$350,000, a City of Mannington ARPA Grant of \$150,000, and a WDA Economic Enhancement Grant of \$385,000, proposed rates (\$41.97 for 3,400 gallons) will provide a cash flow surplus of \$1,603 and debt service coverage of 146.73%.

3. Using the Scenario 2 alternate loan package of \$385,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Marion County Commission ARPA Grant of \$350,000, and a City of Mannington ARPA Grant of \$150,000, proposed rates (\$45.26 for 3,400 gallons) will provide a cash flow surplus of \$32,329 and debt service coverage of 163.51%.

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, 2021, and applicants Cash Flow Analysis submitted with the application.
- D. Staff notes the applicant's Cash Flow Analysis reflects going level rates of \$41.97 for 3,400 gallons. Staff has utilized this rate in its analysis. An Ordinance was filed with the Public Service Commission on September 12, 2022 (ORDW Mannington 22A) to adopt the new rates. The new rates became effective on October 21, 2022.
- E. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.
- 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. 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.

H. The City of Mannington 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: Brandon Crace

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 City of Mannington (City) is proposing to replace existing 300,000-gallon welded steel Burt Hill Water Storage Tank with a new 234,000-gallon standpipe water storage tank. The proposed project also includes a new valve vault, demolition/removal of the existing water storage tank, access road improvements, radio telemetry, 3-inch meter, reconditioning of the existing 632,000-gallon Koen Hill Water Storage Tank, and all necessary valves and appurtenances. The estimated construction cost is \$695,000 (includes 10.54% construction contingency), and the estimated total project cost is \$885,000 (includes 1.17% project contingency).

Need: The PER states the Burt Hill Water Storage Tank has an approximate turnover rate of 18%, and the WVDHHR design standards require water storage tanks provide a turnover of at least 20% (total volume in a 24-hour period). The PER indicates the Burt Hill tank concrete foundation is deteriorating and the steel tank walls have visible rust and pitting. Additionally, the PER states that

there is not a flow meter or telemetry between the Burt Hill BPS and Burt Hill tank.

Customer Density: This project is an upgrade/improvement project; therefore, customer density will remain unchanged.

Cost per Customer: Based upon the estimated total project cost of \$885,000, and having approximately 909 customers (reference 2021 Annual Report), the cost per customer will be approximately \$974. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. **Project Feasibility:** The project scope appears to be technically feasible and poses little technical risk. Incorporating flow meter and telemetry devices will increase the accuracy of tank readings and water accountability data. Rehabilitation of the Koen Hill tank will extend the life of this tank.
4. **Project Alternatives:** The PER includes two (2) alternates: #1 – as described in section 2. (above), #2 – existing tank rehabilitation, and #3 – do nothing. The PER states Alternate #1 was selected, as the City concluded that restoration of the Burt Hill tank may not be as cost effective in the long term.
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 a decrease of \$112,018 annually. The anticipated decrease is attributed to the reduction of water loss, additional savings due to the reduction in labor and materials associated with leak and line break repairs, as well as savings in the quantity of treatment and pumping costs. The justification for the decrease appears reasonable.

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 \$139,000, which is equal to 20.00% of the construction cost of \$695,000 (includes 10.54% construction contingency).

Preliminary Project Ranking		
O & M Capabilities		
Performance Measures:	1	<i>Pt.</i>
Asset Management:	1	<i>Pt.</i>
Environmental Management:	1	<i>Pt.</i>
Readiness to Proceed:	0	<i>Pt.</i>
Cost Effectiveness:	1	<i>Pt.</i>
Compliance with PSC Orders:	0	<i>Pt.</i>

CITY OF MANNINGTON - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2256
 November 14, 2022

**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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	681,964	681,964	-	681,964
Other Operating Revenue	44,019	44,019	-	44,019
SB 234 Annual Working Cash Collections	35,789	35,789	-	35,789
Interest Income & Other Misc.	303	303	-	303
Total Cash Available	762,075	762,075	-	762,075
OPERATING DEDUCTIONS				
Operating Expenses	572,619	572,619	-	572,619
Taxes	15,056	15,056	-	15,056
Total Cash Requirements Before Debt Service	587,675	587,675	-	587,675
Cash Available for Debt Service (A)	174,400	174,400	-	174,400
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	118,858	118,858	-	118,858
Other Debt	-	-	-	-
Reserve Account @ 10%	-	-	-	-
Renewal & Replacement Fund (2.5%)	19,044	19,044	(894) (1)	18,150
Total Debt Service Requirement	137,902	137,902	(894)	137,008
SB 234 Cash Working Capital	35,789	35,789	-	35,789
Remaining Cash	709	709	894	1,603
Percent Coverage (A) / (B)	146.73%	146.73%		146.73%
Average rate for 3,400 gallons	\$ 41.97	\$ 41.97	\$ -	\$ 41.97
Average rate for 4,000 gallons	\$ 48.62	\$ 48.62	\$ -	\$ 48.62

**CITY OF MANNINGTON - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022W-2256**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

(1) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	18,150	(894)
	Per Application with Project	19,044	

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

CITY OF MANNINGTON - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2256
 November 14, 2022

**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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	681,964	738,308	-	738,308
Other Operating Revenue	44,019	44,939	-	44,939
SB 234 Annual Working Cash Collections	35,789	35,789	-	35,789
Interest Income & Other Misc.	303	303	-	303
	<u>762,075</u>	<u>819,339</u>	<u>-</u>	<u>819,339</u>
Total Cash Available				
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	572,619	572,619	-	572,619
Taxes	15,056	15,056	-	15,056
	<u>587,675</u>	<u>587,675</u>	<u>-</u>	<u>587,675</u>
Total Cash Requirements Before Debt Service				
Cash Available for Debt Service (A)	<u>174,400</u>	<u>231,664</u>	<u>-</u>	<u>231,664</u>
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	118,858	170,926	(29,244) (1)	141,682
Other Debt	-	-	-	-
Reserve Account @ 10%	-	5,207	(2,925) (2)	2,282
Renewal & Replacement Fund (2.5%)	19,044	19,044	537 (3)	19,581
	<u>137,902</u>	<u>195,177</u>	<u>(31,631)</u>	<u>163,546</u>
Total Debt Service Requirement				
SB 234 Cash Working Capital	35,789	35,789	-	35,789
Remaining Cash	<u>709</u>	<u>698</u>	<u>31,631</u>	<u>32,329</u>
Percent Coverage (A) / (B)	146.73%	135.53%		163.51%
Average rate for 3,400 gallons	\$ 41.97	\$ 45.26	\$ -	\$ 45.26
Average rate for 4,000 gallons	\$ 48.62	\$ 52.43	\$ -	\$ 52.43

**CITY OF MANNINGTON - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2256**

**Attachment B
 LOAN PACKAGE
 SCENARIO 2**

Staff Adjustments

			Increase <Decrease>
		\$	
<u>Adjustment Description</u>			
(1) Principal & Interest	Per Staff Analysis	141,682	(29,244)
	Per Application with Project	170,926	
<p>The difference in P&I is related to Staff's calculation of a loan of \$385,000 for 40 years (paid back over 38 years) at 5%.</p>			
(2) Reserve Account @ 10%	Per Staff Analysis	2,282	(2,925)
	Per Application with Project	5,207	
<p>Staff assumed a 10% reserve on the new debt.</p>			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	19,581	537
	Per Application with Project	19,044	
<p>Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.</p>			