



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 *MV*
Water Technical Review Committee

DATE: June 28, 2022

RE: Mason County PSD
IJDC Preliminary Application Number: **2022W-2143**
Waterline Extensions
Mason 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:

PSC Comment:

- 1. Using Scenario 1, the preferred funding package consisting of a Mason County Commission Grant of **\$1,500,000**, the proposed rates of **\$43.95 for 3,4000 gallons** will provide a cash flow surplus of **\$176,674** and debt service coverage of **185.85%**.
- 2. The Scenario 2, alternate loan package has not been shown given the proposed funding for this project of a **\$1,500,000** Grant from the Mason County Commission is committed.

pc: To be distributed at the Funding Committee Meeting



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MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: William Herold, P.E.
Infrastructure & Capacity Development

DATE: June 28, 2022

SUBJECT: Mason County PSD
IJDC Application- 2022W-2143
Waterline Extensions
Mason County

Recommendation:

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

Project Scope:

This Preliminary Application is to extend water service to 28 new customers in the Kanawha Road, Flatfoot Road, and Duncan Creek areas of Mason County. The project will consist of the installation of approximately 16,625 LF of 8", 11,520 LF of 4" and 4,110 LF of 2" water line and all valves and appurtenances.

The cost per customer is **\$53,571** for the project. The total project cost is **\$1,500,000** (Mason County Commission-ARPA: **\$1,500,000**).

Need for the Project:

The PER indicates the Kanawha Road, Flatfoot Road and Duncan Creek areas are served by individual private water wells many of which have quantity & quality problems.

Concerns:

None.

Permits:

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

Construction activities with a disturbed area of one (1) acre or greater are required to register for the NPDES Storm Water Construction General Permit No. WV0115924.

A permit for stream crossings may be required.

A Certificate of Convenience and Necessity may not be required from the PSC.

A permit from the WV Division of Highways will be required for the construction activities that will take place within WVDOH right-of-way.

Engineering: 6.62% for design, 15.36% for total.

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

Asset Management Plan and Annual Maintenance Audit:

The system marked the question in the application concerning an asset management plan as “no”. The Mason County PSD does not currently have an approved Asset Management Plan on file with the BPH. The application indicates that the annual maintenance audit for the current year has been completed.

Capacity Development:

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as yes. A CDA was performed at Mason County PSD in September 2021.

Additional information that may be helpful to the IJDC in their decisions regarding approval of funding requests for the system relates to the systems’ overall compliance.

Mason Co PSD – Ashton (WV3302717,) Mason Co PSD- Foglesong (WV3302715,) Mason County PSD-Camp Conley (WV3302702,) Mason Co PSD-Crab Creek (WV3302714,) Mason Co PSD-Lakin Dist (WV3302712,) and Mason Co PSD- Letart (WV3302713) all have a score of zero on the ETT report for the January 2022 quarter. This score is below EPA’s action level of > 11.

Mason Co PSD - J2Y35 (WV3302705) has a score of two on the January 2022 ETT report. This score is below EPA’s action level of > 11

Based information from the Municipal Bond Commission, as of May 2022, Mason County PSD is current on their water reserve funding requirements.

Mason County PSD
Project No.: **2022W-2143**
June 28, 2022
Page 3

IJDC Ranking:

- Public Health Benefit: 5
- Compliance: 0

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
Fax: (304) 340-0325



Stephanie D. Hickerson
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-2143
Mason County PSD (Water)
Infrastructure Preliminary Application

Dear Ms. Hickerson:

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, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: June 10, 2022

PROJECT SPONSOR: MASON COUNTY PUBLIC SERVICE DISTRICT -
WATER

PROJECT SUMMARY: This project will extend public water service to 28 residences in the Kanawha Road (SR 817); Flatfoot Road (72/1), and Duncan Creek (CR/2) areas of Mason County, including fire protection on SR 817. Construction includes 32,000LF of 8" and smaller diameter pipe.

PROPOSED FUNDING: Mason County Commission Grant \$ 1,500,000
Total \$ 1,500,000

CURRENT/PROPOSED

RATES:	\$43.95	3,400 gallons
	\$49.80	4,000 gallons

Application No. 2022W-2143

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

FINANCIAL: Alex Kovarik

1. Current rates (\$43.95 for 3,400 gallons) are above the rate attributable to 1.25% (\$37.97) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$45.56), 1.75% (\$53.15) and 2.0% (\$60.75) of the MHI. Increasing current rates to 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of \$142,645, \$815,407 and \$1,488,169 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Mason County Commission Grant of \$1,500,000, proposed rates (\$43.95 for 3,400 gallons) will provide a cash flow surplus of \$176,674 and debt service coverage of 185.85%.
3. The Scenario 2, alternate loan package has not been shown given the proposed funding for this project of a \$1,500,000 Grant from the Mason County Commission is committed.

4. NOTES TO COMMENTS

- A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding 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 Cash Flow Statements submitted with the application.
- C. The Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. 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.
- E. 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 may not require a Certificate of Convenience and Necessity from the PSC. The utility should consult with Staff per General Order 246 for such determination. If a Certificate is required then the utility 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:** This extension will consist of approximately 11,500 L.F. of 4-inch pipe that will terminate about 4,000 feet north of the intersection of Flatfoot Road and Millstone Road (County Route 72). The Duncan Creek Road neighborhood will be serviced by approximately 4,000 L.F. of 2-inch pipe extending north from the end of the existing system. A local landowner will surrender a privately installed two-inch waterline to the District as part of the extension. The private waterline was installed with some oversight by the District. The extension will terminate along Potts Road (County Route 27/8) just past its intersection with Duncan Creek Road. The construction will also include fire protection of those areas. The estimated cost of the project is \$1,500,000. The proposed project will be funded solely by the Mason County commission through the American Rescue Plan Act (ARPA).
3. **Need for Project:** This project extends water to previously unserved areas in the county and may help accommodate some of the much-needed expansion of housing stock in Mason County.
4. **Customer Density:** The PSD currently serving approximately 6,000 existing customers. The project will extend water service to approximately 28 new customers. The project density for new customers will be approximately 9.5 new customers-per-mile which is acceptable.
5. **Cost per Customer:** The project is both an improvement and a new extension task. Based upon the estimated project cost of \$1,500,000, and having approximately 6,000 existing customers plus an additional 28 new customers (total = 6,028), the cost per customer is approximately \$250 which is certainly acceptable. However, the project is entirely grant funded, therefore, existing and new customers bear no capital project cost expenses.
6. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.
7. **Project Alternatives:** Alternative-1 (Extending the Current Waterline System). No other alternatives are deemed technically feasible. This includes a “No Action” alternative which does not address the core issues of the PSD. Other possible alternatives, including creating small separate systems to supply these small communities, are needlessly cost prohibitive. The selected alternative is clearly Alternative-1. Staff has no objection to the proposed scope.
8. **Permits Required:** The project will require the following permits and approvals: WV Bureau for Public Health permit, WV Division of Highways occupation permit, NPDES Notice of Intent, and US Army Corps of Engineers permit.

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 is expected to increase by approximately \$5,425 to a total annual expense of \$2,763,890 (Rule 42 pro-forma adjustments).
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 are \$82,000 at estimated construction cost of \$1,239,537. This is approximately 6.62% of the construction costs as shown on the application.

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

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2143
 June 10, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	4,018,662	4,029,235	(345,486) (1)	3,683,749
Other Operating Revenue	126,562	126,562	-	126,562
SB 234 Annual Working Cash Collections			345,486 (2)	345,486
Interest Income & Other Misc.	16,342	16,342	-	16,342
Total Cash Available	4,161,566	4,172,139	-	4,172,139
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	2,758,465	2,763,890	-	2,763,890
Taxes	71,621	71,621	-	71,621
Total Cash Requirements Before Debt Service	2,830,086	2,835,511	-	2,835,511
Cash Available for Debt Service (A)	1,331,480	1,336,628	-	1,336,628
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	719,210	719,210	-	719,210
Other Debt	-	-	-	-
Reserve Account @ 10%	-	-	-	-
Renewal & Replacement Fund (2.5%)	104,039	104,303	(9,045) (3)	95,258
Total Debt Service Requirement	823,249	823,513	(9,045)	814,468
SB 234 Cash Working Capital	344,808	345,486	-	345,486
Remaining Cash	163,423	167,629	9,045	176,674
Percent Coverage (A) / (B)	185.13%	185.85%		185.85%
Average rate for 3,400 gallons	\$ 43.95	\$ 43.95	\$ -	\$ 43.95
Average rate for 4,000 gallons	\$ 49.80	\$ 49.80	\$ -	\$ 49.80

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2143

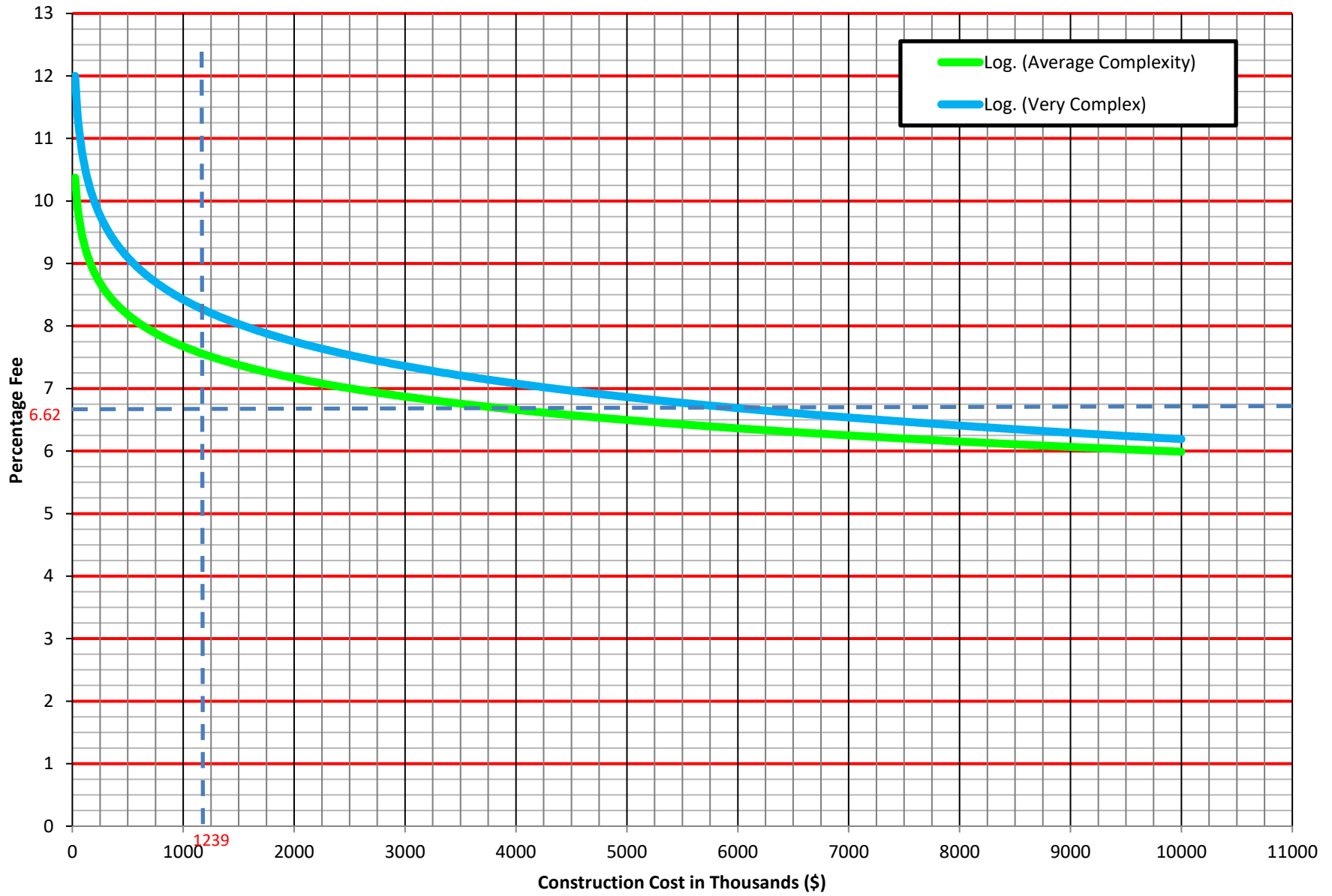
Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	3,683,749	(345,486)
	Per Application with Project	4,029,235	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	345,486	345,486
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	95,258	(9,045)
	Per Application with Project	104,303	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

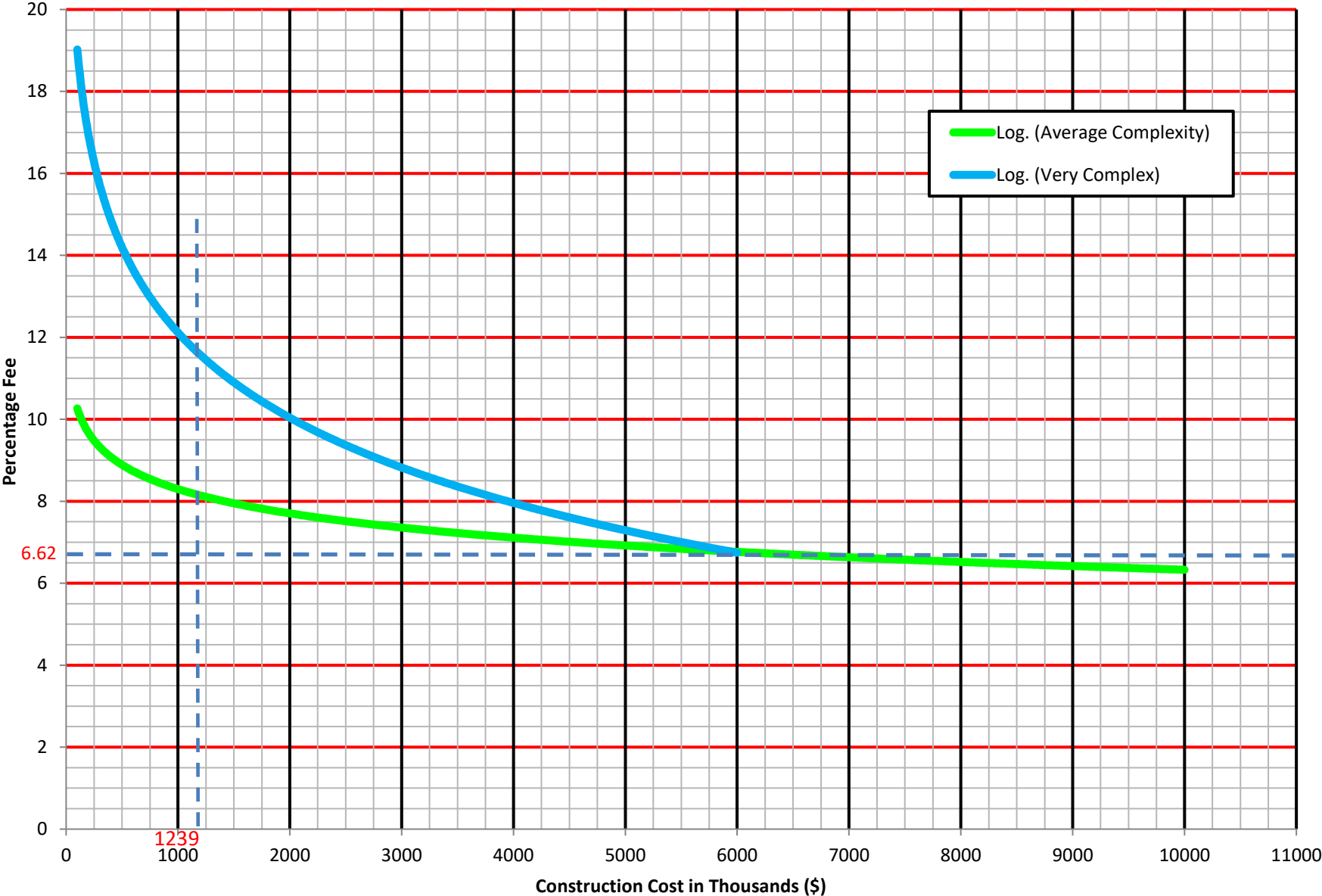
Graph 1. Design Fee vs. Construction Cost for New Construction

Mason County PSD
2022W-2143



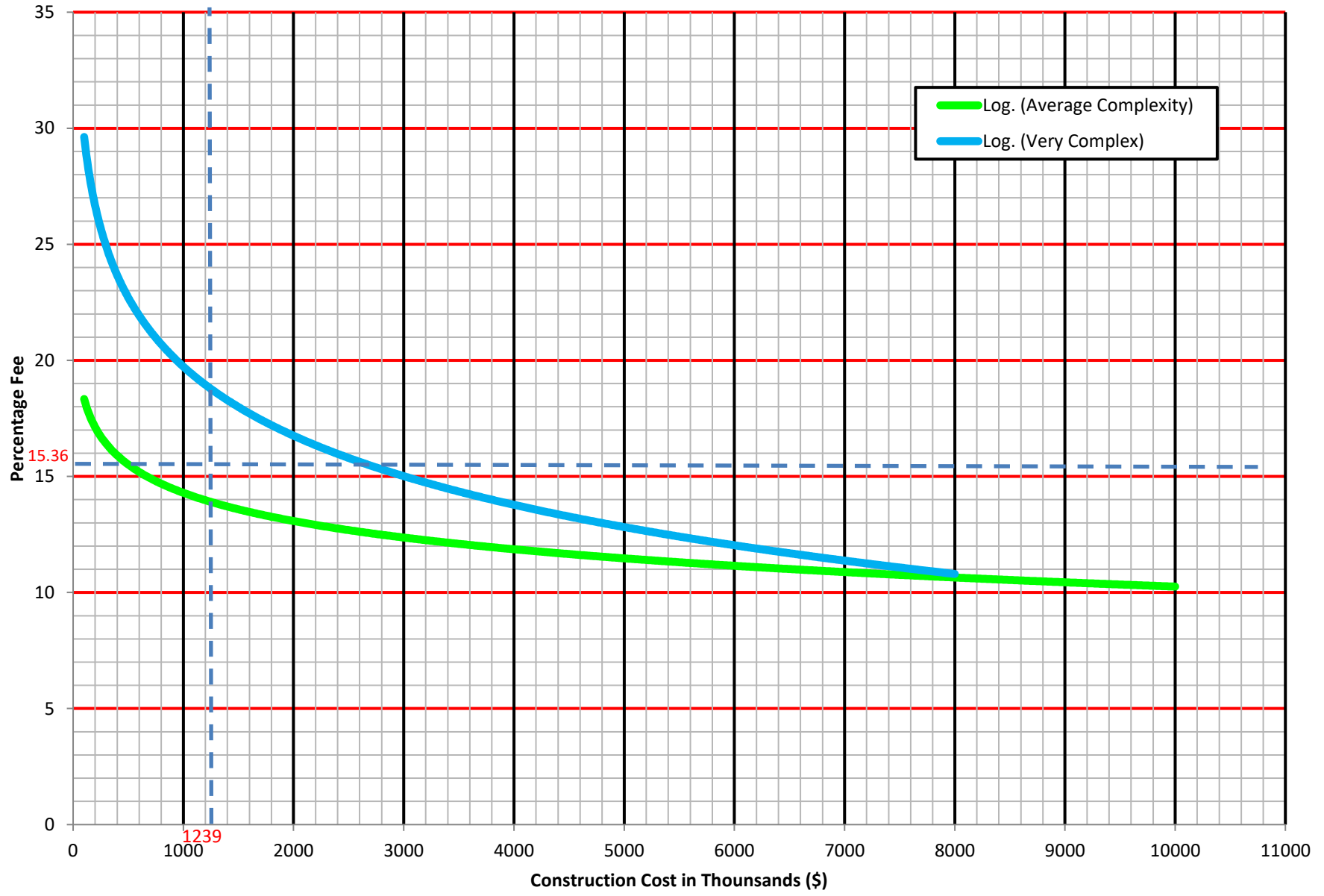
Graph 2. Design Fee vs. Construction Costs for Modifications

Mason County PSD
2022W-2143



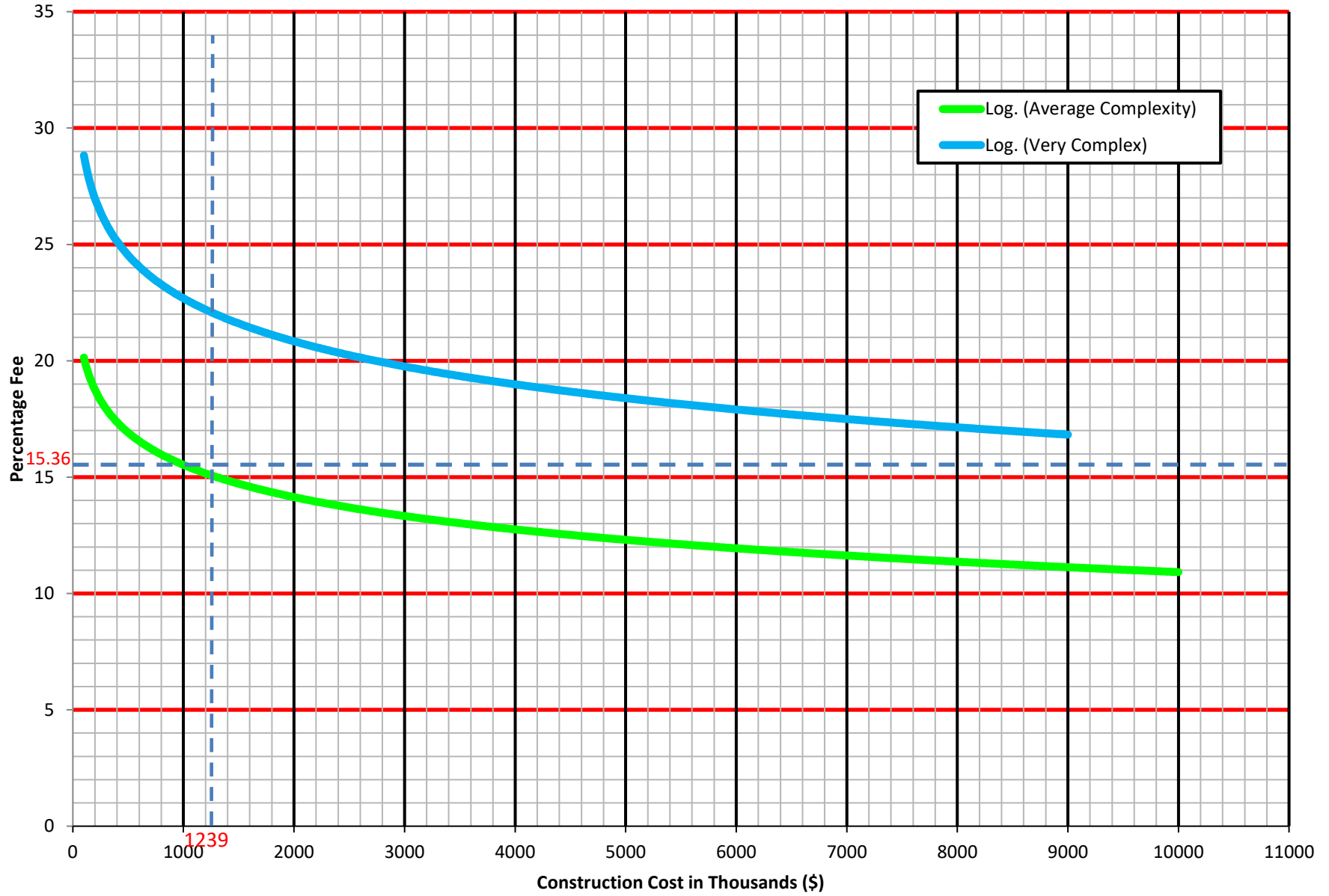
Graph 3. Total Fee vs. Construction Cost for New Construction

Mason County PSD
2022W-2143



Graph 4. Total Fee vs. Construction Cost for Modifications

Mason County PSD
2022W-2143






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: Stephanie D Hickerson, P. E.
Office of Environmental Health Services
Bureau for Public Health

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

DATE: May 17, 2022

SUBJECT: Infrastructure Preliminary Application for the Mason Co. PSD (2022W-2143):
Apple Grove Extension in Mason County, WV.

We have reviewed the above referenced project application information. The Mason Co. PSD purchases water from the City of Pt. Pleasant. No NPDES permit modifications are necessary.

If the Mason Co. 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 Mason Co. PSD 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 sand blasting. If it is determined that the paint is not hazardous, the Mason Co. PSD 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

cc: Katheryn Emery



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: Stephanie Hickerson, P.E., Manager
Infrastructure and Capacity Development

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

Date: June 14, 2022

Subject: Mason County PSD – Apple Grove Extension
IJDC Preliminary Application: 2022W-2143

This application would most likely not be eligible for AML funds because there are no known AML sites in this project area.

OEHS District Review for Infrastructure Council Water Projects

Water System:	Mason Co PSD – Crab Creek	IJDC Number:	2022W-2143
Project Description:	Apple Grove area Ext	Review by:	J.D. Douglas
County:	Mason	Date:	06/06/2022

<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		Project is an extension to a small number of homes.
4.	Does the project eliminate deficiencies noted in the sanitary survey?		X		Project is an extension to a small number of homes.
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		No other alternatives presented other than do nothing.
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.					

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
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Bill J. Crouch
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Ayne Amjad, MD, MPH
Commissioner & State Health Officer

MEMORANDUM

TO: Stephanie Hickerson, P.E., Manager
Infrastructure and Capacity Development Unit

FROM: Valerie Plance., Manager
Capacity Development Program

DATE: June 15, 2022

RE: Mason Co. PSD, PWSIDs#: WV3302717/Mason Co PSD – Ashton,
WV3302714/Mason Co PSD-Crab Creek, WV3302715/Mason Co PSD- Foglesong Dist,
WV3302712/ Mason Co PSD-Lakin Dist, WV3302713 Mason Co PSD- Letart,
WV3302702/Mason County PSD-Camp Conley, WV3302705/Mason Co PSD - J2Y35

IJDC Application No.: 2022W-2143
Mason County

The Mason County PSD preliminary infrastructure application indicates that they are not seeking DWTRF monies. Mason County PSD is a conglomeration of multiple PWSID numbers. The system marked the question regarding having an asset management plan as no. The Mason County PSD system does not have an approved Asset Management Plan on file with the BPH. The question about having had a capacity development assessment (CDA) within the last 5 years was marked as yes. A CDA was performed at Mason County PSD in September 2021.

Additional information that may be helpful to the IJDC in their decisions regarding approval of funding requests for the system relates to the systems' overall compliance.

Mason Co PSD – Ashton (WV3302717,) Mason Co PSD- Foglesong (WV3302715,) Mason County PSD-Camp Conley (WV3302702,) Mason Co PSD-Crab Creek(WV3302714,) Mason Co PSD-Lakin Dist (WV3302712,) and Mason Co PSD- Letart (WV3302713) all have a score of zero on the ETT report for the January 2022 quarter. This score is below EPA's action level of > 11.

Mason Co PSD - J2Y35 (WV3302705) has a score of two on the January 2022 ETT report. This score is below EPA's action level of > 11

Based information from the Municipal Bond Commission, as of May 2022, Mason County PSD is current on their water reserve funding requirements.

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