



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
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

Date: October 22, 2024

Subject: Mercer County PSD
Preliminary Application: IJDC No. 2024W-2529
Camp Creek Extension Phase I Project

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1. This committee has reviewed the preliminary application and engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15A. It has been determined that the proposed project is:
 - a. Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective, environmentally sound alternative for solving the water needs in this area.
 - b. Not consistent with the Act and may not be the most cost effective, environmentally sound alternative for solving the wastewater needs in this area.
 - c. Same as (a) above except that certain issues need to be addressed prior to design and construction as the attached comments indicate.
 2. Our recommendation is that:
 - a. The Funding Committee needs to review the proposed sources of funding to determine the best mix of grant and/or loan funds in accordance with applicable guidelines.
 - b. The Funding Committee should recommend that the Council approve the proposed project and its funding plan.

- c. ___ The Funding Committee does not need to review the funding assumptions on this project because of deficiencies in the engineering report. The proposed project should be tabled for the consultant to address technical comments.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

This proposed project is phase 1 of a multiphase project and will provide potable water and fire protection service to 68 residential customers along Route 19 and the Camp Creek State Park area of Mercer County. The project will address inadequate individual water supplies in the area.

The proposed total cost for Phase I of this project is \$7,477,500.00 and the MCPDSD intends to pursue a \$3,977,500 Congressionally Directed Spending (CDS) Grant, a \$2,000,000 Appalachian Regional Commission (ARC) Grant, a \$1,000,000 DWTRF Principal Forgiveness Loan, and a \$500,000 IJDC District 3 Grant.

Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits: 5

Compliance with Standards: 0



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MEMORANDUM

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

FROM: Robert Moore, DWWM

DATE: October 11, 2024

SUBJECT: Mercer County PSD
Preliminary Application: IJDC No. 2024W-2529
Camp Creek Extension Phase I Project

RECOMMENDATION

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

PROJECT DESCRIPTION

The Mercer County Public Service District (MCPSD) was established in 2019 by the Mercer County Commission to develop water service in areas that are not currently part of an existing service area or not self-sustaining. Since MCPSD is a relatively new entity, they have no water customers and no water system facilities. They are in the process of taking over the Pinnacle Water Association (PWS) system which is located in the McComas area of Mercer County.

This project proposes connecting to Cool Ridge-Flat Top's existing system near the Raleigh and Mercer County Line. The proposed line will run near and along US Route 19 and portions of I-77. It will also include Farley Ridge to the Mercer and Summers County Line. The project proposes to add approximately 165 new customers to the system. Since this is a very large area and expensive project, it was decided to break the project into three phases.

This proposed project is phase 1 and will provide potable water and fire protection service to 68 residential customers along Route 19 and the Camp Creek State Park area of Mercer County. The project proposes to construct 11 miles of waterline, 20 fire hydrants, and necessary meters, valves and appurtenances.

The proposed total cost for Phase I of this project is \$7,477,500.00 and the MCPSD intends to pursue a \$3,977,500 Congressionally Directed Spending (CDS) Grant, a \$2,000,000 Appalachian

Regional Commission (ARC) Grant, a \$1,000,000 DWTRF Principal Forgiveness Loan, and a \$500,000 IJDC District 3 Grant.

NEED FOR PROJECT

The project is needed for the MCPSD to provide a safe and dependable potable water supply to the Route 19 area. The project will provide the necessary water infrastructure to construct water distribution system extensions to other areas in their water service boundary which have inadequate individual water supplies fulfilling their mission established by the Mercer County Commission.

DEFICIENCIES/COMMENTS

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

Preliminary Project Ratings:

Public Health Benefits: 5

Compliance with Standards: 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



October 18, 2024

Meredith J. Vance
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2024W-2529
Mercer County PSD – Water System Extension
Infrastructure Preliminary Application

Dear Ms. Vance:

As requested, the Technical Staff of the Public Service Commission of West Virginia has completed its review of the above-referenced Infrastructure application. In light of Technical Staff's comments enclosed herewith, we are recommending the application be:

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

Please advise if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.
Engineering Division

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: October 17, 2024

PROJECT SPONSOR: **MERCER COUNTY PUBLIC SERVICE DISTRICT
(WATER)**

PROJECT SUMMARY: To extend a waterline from the Cool Ridge Flat Top PSD to Eads Mill including Farley Ridge and Camp Creek State Park.

PROPOSED FUNDING: Congressionally Directed Grant	\$3,977,500
ARC Grant	\$2,000,000
DWTRF Debt Forgiveness	\$1,000,000
IJDC District 3 Grant	<u>\$ 500,000</u>
Total	<u>\$7,477,500</u>

CURRENT RATES: N/A (New Water Utility)

PROPOSED RATES: \$61.20 3,400 gallons
\$72.00 4,000 gallons

Application No. 2024W-2529

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

FINANCIAL: Stephen Edens

1. Proposed rates (\$61.20 for 3,400 gallons) are above the rates attributable to 1.25% (\$42.41), 1.5% (\$50.90) and 1.75% (\$59.38) of the Median Household Income (MHI), but below the rates attributable to 2.0% (\$67.86) of the MHI.
2. Using Scenario 1, the preferred funding package consisting of a Congressionally Directed Spending Grant of \$3,977,500, an ARC Grant of \$2,000,000, a DWTRF Debt Forgiveness Loan of \$1,000,000, and an IJDC District 3 Grant of \$500,000, proposed rates (\$61.20 for 3,400 gallons) will provide a cash flow surplus of \$8,445. The District has no current long-term debt.

3. Using the Scenario 2 alternate loan package of \$7,477,500 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$680.00 for 3,400 gallons) will provide a cash flow deficit of \$3,718 and debt service coverage of 114.01%. An additional .8% (for a total of \$685.44 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$669 and debt service coverage of 115.03%.
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 the applicant's Cash Flow Exhibit submitted with the application. Staff notes this is a new utility with no current operations (Per Books or Going Level data) to review. Therefore, there is no Annual Report on file to review.
 - D. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement.
 - E. Staff notes the Administrator's Preliminary Application listed 158 new customers to be served by project. However, this project will consist of three phases. This is Phase 1 of the project according to the Preliminary Engineer Report and will consist of 69 new customers. Thus, Staff reflected the 69 customers in its analyses.
 - F. Staff notes that the Proforma adjustments listed on the Cash Flow Statement submitted by the Project Accountant includes a pending project for the (McComas Area). Staff incorporated these adjustments in its proforma column and notes the proposed rates are to be applicable for both projects with no changes.
 - G. Senate Bill 234, effective June 12, 2015, required water and sewer utilities that are political subdivisions of the state to maintain a cash working capital reserve in an amount of no less than one-eighth (1/8) of actual

annual operation and maintenance expenses. It should be noted that the cash flows provided by the project sponsor include funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analyses. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.

ENGINEERING: 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 with the Commission.
2. Scope: The Mercer County PSD is proposing to pursue Phase I of the Route 19 water extension project, providing water service to approximately 68 customers along Route 19 and the Camp Creek State Park. The proposed project scope includes: 33,675 LF of 8-inch PVC waterline, 12,990 LF of 6-inch PVC waterline, 11,985 LF of 2-inch PE waterline, twelve (12) 8-inch gate valve and box, six (6) 6-inch gate valve and box, thirteen (13) 2-inch gate valve and box, six-hundred (600) 6-inch DIP fire hydrant waterline, 20 fire hydrant assemblies, 13 blow-off hydrants, 455 LF of 16-inch steel casing (bore & jack), 160 LF of 12-inch steel casing (bore & jack), 175 LF of 4-inch steel casing (bore & jack), an air release valve, 2 pressure reducing valve vaults, one (1) 6-inch stream crossing, one (1) 2-inch stream crossing, sixty-eight (68) 3/4-inch meter settings, one (1) 2-inch master meter and vault, 1,360 LF of 3/4-inch water service line, 60,010 LF of surface restoration, one connection to existing waterline, and all necessary appurtenances. The estimated construction cost is \$6,386,500 (includes a 10.0% contingency, and the estimated total project cost is \$7,477,500 (includes a 5.0% project contingency).

Need: The PER states that this waterline project proposes to extend potable water service along Route 19 to 68 potential customers, who currently rely on well water, and to Camp Creek State Park.

Customer Density: Based upon the provided water main pipe quantities (58,650 LF), the proposed water line extensions total approximately 11.12 miles. This is approximately equivalent to 6 customers per mile; this is low.

Cost per Customer: Based upon the estimated total project cost is \$7,477,500, and having approximately 68 customers, the cost per customer will be

approximately \$110,0000; this is high however, the proposed funding is 100% grant.

3. Project Feasibility: The project scope appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER evaluated three (3) alternates: #1 – Do Nothing, #2 – Connection to West Virginia American Water, and #3 – Connection to Cool Ridge-Flat Top PSD. The PER states Alternate #3 was recommended based on the project costs, O&M costs, and present worth analysis. It was proposed to pursue Phase I of Alternate #3 due to the costs involved.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER states that O&M costs are anticipated to be approximately \$42,550 annually. These costs are attributed to purchased water, purchased power, administrative, etc.
7. 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 \$759,000, which is equal to 11.88% of the construction cost of \$6,386,500 (includes 10.0% construction contingency). Engineering Design costs for the project are \$288,500, which is equal to 4.52% of the construction cost of \$6,386,500 (includes 10.0% construction contingency).
8. Deficiencies/Comments:
 - IJDC Application indicates 158 new customers; however, the PER states that Phase I of the Water Project is to serve 68-69 potential customers.
 - The PER does not include estimated future water consumption.

MERCER COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2529
 October 18, 2024

**PREFERRED FUNDING PACKAGE
 SCENARIO 1**

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues		76,346	(7,545) (1)	68,801
Other Operating Revenue			-	-
SB 234 Annual Working Cash Collections			7,545 (2)	7,545
Interest Income & Other Misc.			-	-
Total Cash Available	-	76,346	-	76,346
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses		60,356	-	60,356
Taxes			-	-
Total Cash Requirements Before Debt Service	-	60,356	-	60,356
Cash Available for Debt Service (A)	-	15,990	-	15,990
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)			-	-
Other Debt			-	-
Reserve Account @ 10%			-	-
Renewal & Replacement Fund (2.5%)			-	-
Total Debt Service Requirement	-	-	-	-
SB 234 Cash Working Capital		7,545	-	7,545
Remaining Cash	-	8,445	-	8,445
Percent Coverage (A) / (B)				
Average rate for 3,400 gallons	\$ 61.20	\$ 61.20	\$ -	\$ 61.20
Average rate for 4,000 gallons	\$ 72.00	\$ 72.00	\$ -	\$ 72.00

MERCER COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2529

Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	68,801	(7,545)
		Per Application with Project	76,346	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	7,545	7,545
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				

MERCER COUNTY PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024W-2529
 October 18, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues		565,766	(3,045) (1)	562,721
Other Operating Revenue			-	-
SB 234 Annual Working Cash Collections			7,545 (2)	7,545
Interest Income & Other Misc.			-	-
Total Cash Available	-	565,766	4,500	570,266
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses		60,356	-	60,356
Taxes			-	-
Total Cash Requirements Before Debt Service	-	60,356	-	60,356
Cash Available for Debt Service (A)	-	505,410	4,500	509,910
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)		432,675	10,623 (3)	443,298
Other Debt			-	-
Reserve Account @ 10%		43,268	1,062 (4)	44,330
Renewal & Replacement Fund (2.5%)		14,144	(76) (5)	14,068
Total Debt Service Requirement	-	490,087	11,609	501,696
SB 234 Cash Working Capital		7,545	-	7,545
Remaining Cash	-	7,778	(7,109)	669
Percent Coverage (A) / (B)		116.81%		115.03%
Average rate for 3,400 gallons	\$ 61.20	\$ 680.00	\$ 5.44	\$ 685.44
Average rate for 4,000 gallons	\$ 72.00	\$ 800.00	\$ 6.40	\$ 806.40

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	562,721	(3,045)
		Per Application with Project	565,766	
	Adjust revenues in accordance with PSC General Order 183.11. Staff projected an additional \$4,500 in revenues would be needed to achieve 115% debt coverage and a positive cash balance.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	7,545	7,545
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	443,298	10,623
		Per Application with Project	432,675	
	The difference in P&I is related to Staff's calculation of a loan of \$7,477,500 for 40 years (paid back over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	44,330	1,062
		Per Application with Project	43,268	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	14,068	(76)
		Per Application with Project	14,144	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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MEMORANDUM

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

FROM: Brian D. Bailey *BS*
Technical Analyst
General Permits & Support Team

DATE: September 25, 2024

SUBJECT: Infrastructure Preliminary Application for the Mercer County PSD: Rt. 19 Water Project in Mercer County, WV. (2024W-2529)

We have reviewed the above referenced project application information. The Mercer County PSD will purchase water from the Cool Ridge-Flat Top PSD. No NPDES permit modifications are necessary.

If the Mercer County 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 Mercer County PSD should contact Mr. Brad Wright or a member of his staff at (304)-926-0499, extension 49746 for guidance in determining whether the paint to be removed is considered a hazardous waste. If so, proper containment and disposal procedures must be followed for the paint and any material associated with the sandblasting. If it is determined that the paint is not hazardous, the Mercer County PSD should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43889 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

Promoting a healthy environment.

effective on April 6, 2024. Projects registered under the previous General Permit No. WV0115100 were automatically provided coverage under WV/NPDES General Permit No. WV0115924. For more information, they may contact Larry Board at (304)-926-0499, extension 43883.

In light of the above, we have no objection to this project as long as the appropriate provisions are taken to assure compliance with Chapter 22, Article 11, of the Code of West Virginia and any associated regulations. The responsible party may contact Mylinda Maddox (304) 926-0499 ext. 43825, should additional information be required.

BDB:mam

cc: Katheryn Emery