



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 Vance  
Water Technical Review Committee

**DATE:** September 27, 2021

**RE:** Mercer County PSD  
McComas Waterline Project  
IJDC Preliminary Application Number: **2021W-1992 (Revised)**  
Mercer County

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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 Comments:**

This revised preliminary application appears technically feasible.

This revised application is to provide water service to 55 customers in the McComas Area (Pinnacle Water Association) with water to be provided by the Bluewell PSD by way of a master meter connection to the Windmill Gap distribution system instead of water being provided by an upgraded Pinnacle Water Association's Water Treatment Plant.

The proposed funding package includes a CDBG Grant: **\$1,600,000**; DWTRF Principal Forgiveness: **\$712,500**; IJDC District 3 Grant **\$500,000**

The total project cost is **\$2,812,500**.

pc: To be distributed at the Funding Committee Meeting



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**MEMORANDUM**

**TO:** Meredith Vance  
Infrastructure & Capacity Development

**FROM:** Christopher Thomas, EIT  
Infrastructure & Capacity Development

**DATE:** September 27, 2022

**SUBJECT:** IJDC Application- 2021W-1992  
Mercer County PSD  
McComas Waterline Project  
Mercer County

**Recommendation:**

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

**Project Scope:**

This revised application is to provide water service to 55 customers in the McComas Area (Pinnacle Water Association) with water to be provided by the Bluewell PSD by way of a master meter connection to the Windmill Gap distribution system instead of water being provided by an upgraded Pinnacle Water Association's Water Treatment Plant. The project will consist of the installation of approximately 31,000 LF of 6" and 470 LF of 3" water line, one (1) pressure reducing station, 12 fire hydrants, 55-meter settings, and a master meter.

The cost per customer is **\$51,136** for the project. The total project cost is **\$2,812,500**.

CDBG Grant: **\$1,600,000**; DWTRF Principal Forgiveness: **\$712,500**; IJDC District 3 Grant **\$500,000**

**Need for the Project:**

The Preliminary Engineering Report states that the proposed project is needed for the following reasons: "(1) to provide a safe and dependable potable water supply to the McComas area of Mercer County, and (2) 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, (3) provide the water infrastructure to retain existing businesses and expand business opportunities."

**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 will 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:** 5.81% for design, 16.4% 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 on the 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 Total Fee waiver **will not be required** for this project.

**Asset Management Plan and Annual Maintenance Audit:**

The Preliminary Application indicates that the Mercer County PSD does not have an asset management plan. There is no approved asset management plan on file with the BPH. The application indicates that the Mercer County PSD has not completed the annual maintenance audit for the current year.

**Capacity Development:**

At this time, there is no current PWSID associated with the Mercer County PSD. The referenced project would create a new system. There is no New Community Water System Capacity Development Questionnaire on file for this system. A Capacity and Development Questionnaire is needed for all new community and non-transient non-community water systems in the State of West Virginia. The Mercer County PSD would encompass the area currently served by the Pinnacle Water Association (PWSID 3302828.)

**IJDC Ranking:**

- Public Health Benefit: 5
- Compliance: 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



September 13, 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. 2021W-1992  
Mercer County PSD  
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,

Jonathan M. Fowler, P.E.  
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** September 9, 2022

**PROJECT SPONSOR:** MERCER COUNTY PUBLIC SERVICE DISTRICT

**PROJECT SUMMARY:** The Mercer County PSD, McComas Waterline Project would consist of providing potable water to approximately 55 potential customers in the McComas Area of Mercer County. Part of the area is currently served as part of a badly degraded community-operated system in need of an upgrade.

<b>PROPOSED FUNDING:</b> CDBG-MIT	\$1,600,000
DWTRF Principal Forgiveness	712,500
IJDC District 3 Grant	<u>500,000</u>
Total	\$ 2,812,500

<b>PROPOSED RATES:</b>	\$54.00	3,400 gallons
	\$63.53	4,000 gallons

Application No. 2021W-1992

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

**FINANCIAL: Nathan Nelson**

1. Proposed rates (\$54.00 for 3,400 gallons) are above the rates attributable to 1.25% (\$37.70), 1.50% (\$45.24), and 1.75% (\$52.78) of the Median Household Income (MHI), but below the rates attributable to 2% (\$60.33) of the MHI
2. Using Scenario 1, the preferred funding package consisting of a CDBG-MIT Grant of \$1,600,000, an IJDC District 3 grant of \$500,000, and DWTRF Principal Forgiveness of \$712,500, proposed rates (\$54.00 for 3,400 gallons) will provide a cash flow surplus of \$201.

3. 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 applicant's updated preliminary application.
- C. Staff used the District's proposed rate (\$54.00 for 3,400 gallons) for the MHI comparison, as the District does not have a current rate. This project represents the District's first operation as an active water system.
- D. Staff notes that the project description in the updated preliminary application states that it will serve approximately 30 new customers. However, the Administrator Preliminary Application Form lists 55 new customers (80%=44 customers). The revenue projections in the updated preliminary application appear to be based on 43 customers. Staff used 44 (55 customers x 80%) customers as the basis for its review.
- E. It should be noted that the 2015 Census information was used for this application, as requested.
- 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 financial information provided in the updated preliminary application includes 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:** Mansour Mashayekhi

- 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 General Order 246 for such determination. If a Certificate is required, 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:** The proposed project consists of the following: 31,470 feet of new 6" & 3" mains waterline, 37 main valves, 55 water meters, 12 fire hydrants, one new pressure control station, one new master meter station and other project related work. The estimated cost of the project is \$2,812,500.

3. **Need for Project:** The community of McComas has operated a private system for years, but the system is aging and the community does not have resources to upgrade and repair it. MCPSD selected the McComas area for this project based on the economic growth potential due to emerging ATV trailheads and influx of tourists coming to the area.

**Customer Density:** The Mercer County PSD proposes to add approximately 55 potential customers with this project. The customer density will be approximately 9 customers per mile which is low.

**Cost per Customer:** Based upon the estimated project cost of \$2,812,500, and having approximately 55 potential new customers, the cost per new customer will be approximately \$51,140 which is moderately high. However, this project is entirely grant funded; therefore, new customers bear no capital costs expenses.

4. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.

5. **Project Alternatives:** A reasonable analysis of several practical alternatives were evaluated for this project: **Alternative-3a** (Connection to Bluewell PSD Windmill Gap system) - was selected. Staff has no objections to this approach.

6. **Permits Required:** WV department of Health, WV PSC, WVDOH, WV public land corporation, WV DEP, and WVIJDC.

7. **Consolidation:** There are no consolidation issues with the selected alternative.

8. **Inconsistencies:** None was noticed for this project.

9. **Operation and Maintenance (O&M) Expenses:** The annual O&M costs for the proposed project are expected to be approximately \$28,850.



10. **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 fees for engineering services of \$367,000 are approximately 16.4% of the construction cost of \$2,238,000 as shown on the application.

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

MERCER COUNTY PUBLIC SERVICE DISTRICT  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2021  
 APPLICATION NO: 2021W-1992  
 September 12, 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	-	27,942	(2,505) (1)	25,437
Other Operating Revenue	-	-	-	-
SB 234 Annual Working Cash Collections	-	-	3,075 (2)	3,075
Interest Income & Other Misc.	-	-	-	-
<b>Total Cash Available</b>	<b>-</b>	<b>27,942</b>	<b>570</b>	<b>28,512</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	-	24,600	-	24,600
Taxes	-	-	-	-
<b>Total Cash Requirements Before Debt Service</b>	<b>-</b>	<b>24,600</b>	<b>-</b>	<b>24,600</b>
Cash Available for Debt Service (A)	-	3,342	570	3,912
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	-	-	-	-
Other Debt	-	-	-	-
Reserve Account @ 10%	-	-	-	-
Renewal & Replacement Fund (2.5%)	-	-	636 (3)	636
<b>Total Debt Service Requirement</b>	<b>-</b>	<b>-</b>	<b>636</b>	<b>636</b>
SB 234 Cash Working Capital	-	3,075	-	3,075
<b>Remaining Cash</b>	<b>-</b>	<b>267</b>	<b>(66)</b>	<b>201</b>
<b>Percent Coverage (A) / (B)</b>				
Average rate for 3,400 gallons	\$ 54.00	\$ 54.00	\$ -	\$ 54.00
Average rate for 4,000 gallons	\$ 63.53	\$ 63.53	\$ -	\$ 63.53

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	25,437	(2,505)
		<b>Per Application with Project</b>	27,942	
	Adjust revenues in accordance with PSC General Order 183.11. Also, adjusted to reflect revenues associated with 44 new customers (55 potential customers x 80%).			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	3,075	3,075
		<b>Per Application with Project</b>	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	636	636
		<b>Per Application with Project</b>	-	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57th Street SE  
Charleston, WV 25304-2345  
Telephone Number: (304) 926-0495  
Fax Number: (304) 926-0497

Harold D. Ward, Cabinet Secretary  
[www.dep.wv.gov](http://www.dep.wv.gov)

**M E M O R A N D U M**

**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:** August 17, 2022

**SUBJECT:** Infrastructure Preliminary Application for the Mercer Co PSD (2021W-1992):  
McComas System Replacement in Mercer County, WV.

We have reviewed the above referenced project application information. The Mercer County PSD appears to be proposing to construct a new water treatment plant for this phase of the project. If so, then the Mercer Co PSD must obtain coverage under the WV/NPDES General Permit, for Water Treatment Plants.

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. 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 Mercer County 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



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west virginia department of environmental protection

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Office of Abandoned Mine Lands & Reclamation  
601 57<sup>th</sup> 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:** September 14, 2022

**Subject:** Mercer County PSD – McComas System Extension  
IJDC Preliminary Application: 2021W-1992

This application would most likely not be eligible for AML funds because there are no known AML sites in this project area. Additionally, there is a predominance of post-law mining in the project area.

## OEHS District Review for Infrastructure Council Water Projects

Water System:	Mercer County PSD – McComas	IJDC Number:	2022W-1992
Project Description:	McComas Line Extension	Review by:	Patrick M. Murphy
County:	Mercer	Date:	September 12, 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.					





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**MEMORANDUM**

**TO:** Meredith Vance, Division Director  
Environmental Engineering Division

**FROM:** Valerie Plance, Manager  
Capacity Development Program

**DATE:** August 30, 2022

**RE:** Mercer County PSD  
IJDC Application No.: 2021W-1992  
Mercer County

At this time, there is no current PWSID associated with the Mercer County PSD. The referenced project would update the system that is currently serving the residents of the McComas area of Mercer County. A Capacity and Development Questionnaire is needed for all new community and non-transient non-community water systems in the State of West Virginia. A questionnaire was submitted for this system.

The system indicates in their preliminary application that they are seeking DWTRF funds. The system stated in their application that they do not have an asset management program. They also indicated that they have not participated in a Capacity and Development Assessment (CDA) in the last five years.

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

VAP