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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57<sup>th</sup> 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:** Town of Oceana  
IJDC Application - 2024W-2604  
Little Creek Water System Extension & Water System Upgrades

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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 project proposes to extend service to approximately 25 customers in the Little Creek area. This will include a 60,000 gallon water tank, water booster station, and telemetry units for the water tank and booster station. In addition, the project will make upgrades to the existing water system to address their 56.1% water loss and upgrade their telemetry. The project will address several deficiencies identified in the 2023 Sanitary Survey report.

The proposed total cost for this project is \$2,520,000 and the Town intends to pursue a \$500,000 WV IJDC Grant, a \$2,000,000 ARC Grant, and \$20,000 from Wyoming County Commission ARPA funds.

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: 15



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

**MEMORANDUM**

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

**FROM:** Chantz Rankin, E.I., DWWM

**DATE:** October 3, 2024

**SUBJECT:** Town of Oceana  
IJDC Application - 2024W-2604  
Little Creek Water System Extension & Water System Upgrades

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

The Town of Oceana (Town) owns and operates a water distribution and treatment system under Public Water System Identification Number (PWSID#) WV 3305516 in Wyoming County, West Virginia. The Town currently serves approximately 1579 customers, including 406 customers from the Kopperston Water System. The Town of Oceana took over the Kopperston Water System in the northwestern part of Wyoming County in 2023. The Town's water system consists of approximately 6,625 linear feet (LF) of 12" water main, 3,109 LF of 8" water mains, 22,564 LF of 6" water mains, 6,627 LF of 4" water mains, 20,246 LF of 2" water mains, 71,185 LF of 0.5"-1.5" water lines, six (6) water storage tanks, three (3) booster stations, ninety two (92) fire hydrants. The water treatment plant (WTP) operates an average of 12-14 hours a day; and is designed for 700 gallons per minute (gpm), with its raw water intake on Laurel Fork.

The proposed project will include a water system extension to the Little Creek area, which will provide service to 25 residents. The extension will be comprised of approximately 4,300 LF of 6" water mains, 1,100 LF of 2" water mains, 580 LF of water service lines, five (5) fire hydrants, two (2) blow off hydrants, twenty five (25) radio-read meter installations, a 60,000 gallon water tank, a 30 gpm water booster station, and telemetry units for the water tank and booster station.

The project also proposes upgrades to the existing water system. The upgrades consist of 2,000 LF of 6" water mains, 1,500 LF of 2" water mains, 580 LF of water service lines, three (3) blow off hydrants, five (5) fire hydrants, 24 radio-read meter installations, a 30 gpm water booster station, a portable emergency generator, spare plant and booster stations pumps, and four (4) Cellular telemetry units for existing water tanks and booster stations. The project will require an additional average flow of 2,850 gallons per day (gpd).

The proposed total cost for this project is \$2,520,000 and the Town intends to pursue a \$500,000 WV IJDC Grant, a \$2,000,000 ARC Grant, and \$20,000 from Wyoming County Commission ARPA funds. The proposed monthly rate for 3,400 gallons is \$53.25 (1.60% MHI).

### **NEED FOR PROJECT**

Portions of the water system are approximately 70 years old and have exceeded their useful life. The line replacements included in the project will address the 56.1% unaccounted for water loss in the Town's system. The proposed project will allow the Town to maintain proper operation of their water treatment system; and also provide dependable and potable water to approximately 25 residents that do not have access to adequate water supplies.

### **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.
- Cyber security measures should be investigated for the telemetry units for the proposed project.

#### **Preliminary Project Ratings:**

Public Health Benefits: 5  
Compliance with Standards: 15

# 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 22, 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-2604  
Town of Oceana – 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 22, 2024

**PROJECT SPONSOR: TOWN OF OCEANA - WATER**

**PROJECT SUMMARY:** The Town of Oceana is proposing a water system extension to provide public water service to 25 households on Little Creek Road in the western end of Wyoming County as well as perform additional water system upgrades to Oceana’s existing water system.

<b>PROPOSED FUNDING:</b> IJDC District 3 Grant	\$ 500,000
ARC Grant	2,000,000
Wyoming County Comm. ARPA Grant	<u>20,000</u>
Total	\$2,520,000

<b>CURRENT/ PROPOSED RATES:</b>	\$48.59	3,400 gallons
	\$56.10	4,000 gallons

Application No. 2024W-2604

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

**FINANCIAL: William Nelson**

1. Current rates (\$48.59 for 3,400 gallons) are above the rate attributable to 1.25% (\$41.67) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$50.00), 1.75% (\$58.33), and 2% (\$66.67) of the MHI. Increasing current rates to 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$34,949, \$241,500, and \$448,052 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC District 3 Grant of \$500,000, an ARC Grant of \$2,000,000 and a Wyoming County Commission ARPA Grant of \$20,000, proposed rates (\$48.59 for 3,400 gallons) will provide a cash flow surplus of \$15,260 and debt service coverage of 141.71%.

3. Using the Scenario 2 alternate loan package of \$2,520,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$59.42 for 3,400 gallons) will provide a cash flow deficit of \$3,980 and debt service coverage of 129.94%. An additional .30% (for a total of \$59.60 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$354 and debt service coverage of 130.77%.

#### 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. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2023, and the applicant's Cash Flow Statement submitted with the application.
- C. Because proposed funding is based on all grant funding and no rate increase is needed for the project, the Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. Staff notes the Applicant's cash flow analysis reflects Proforma rates of \$53.24 for 3,400 gallons. However, as of this date these rates have not been adopted nor submitted to the Commission's Legal Division for review. Staff accepted these rates and reflected them in its analysis.
- E. Senate Bill 234, effective June 12, 2015, required water and sewer utilities that are political subdivisions of the state to maintain a cash working capital reserve in an amount of no less than one-eighth (1/8) of actual annual operation and maintenance expenses. It should be noted that the cash flows provided by the project sponsor include funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analyses. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.
- F. 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.

- G. The Town 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:** Jonathan M. Fowler, P.E.

1. This project may not require a Certificate of Convenience and Necessity from the PSC. The utility should consult with Staff pursuant to General Order 246 for such determination.
2. Scope: This project proposes to extend water service to about twenty-five new customers on Little Creek Road and to make limited line replacements within the existing distribution system as well as some ancillary work. The scope includes about 8,900 feet of new or replaced water mains of various sizes, one new booster station (30 gpm), one new water storage tank (60,000 gallons), associated telemetry systems, one portable emergency generator, hydrants, valves & other distribution system appurtenances and provides for some spare plant and booster station pumps within the existing system.

The total estimated project cost is \$2,520,000 with an estimated construction cost of \$1,980,000. The proposed funding is 100% grant.

Customer Density: The project scope includes twenty-five new customers and also includes considerable work within the existing system. The project benefits the entire customer base and this metric alone would not be useful and was not calculated.

Cost per Customer: Based on a project cost of \$2,520,000 and about 1,604 customers, the cost is about \$1,571 per customer; this is acceptable.



3. Need: The area to be served needs a reliable and safe water supply. The portions of the system and other components to be replaced are aged and the existing system is experiencing a high level of water losses. The proposed project will serve to extend service to those in need and will marginally reduce system losses. The project will address several deficiencies identified by the BuPH in their 2023 Sanitary Survey report.
4. Project Feasibility: The project is technically feasible and poses little implementation risk.
5. Project Alternatives: The extension of water into the rural areas of southern West Virginia offer little in the way of practical and cost-effective alternatives other than extensions from existing systems. Staff has no objection to the proposed scope of work.
6. Consolidation: There are no consolidation opportunities presented by this small project.
7. Inconsistencies: No fatal issues were noted.
8. Operation and Maintenance (O & M) Expenses: O & M expenses are projected to increase by about \$10,908/year. Limited detail was provided.
9. Engineering Agreement: The application includes information to determine apparent compliance with West Virginia Code §§5G-1-1, et seq. Total technical services cost for the project are \$404,000 which is equal to 20.4% of the construction cost.

TOWN OF OCEANA - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2604  
 October 22, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	1,154,998	1,188,691	-	1,188,691
Other Operating Revenue	45,019	45,443	-	45,443
SB 234 Annual Working Cash Collections		95,032	-	95,032
Interest Income & Other Misc.	11,107	11,107	-	11,107
<b>Total Cash Available</b>	<b>1,211,124</b>	<b>1,340,273</b>	<b>-</b>	<b>1,340,273</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	757,905	763,508	-	763,508
Taxes	31,214	31,214	-	31,214
<b>Total Cash Requirements Before Debt Service</b>	<b>789,119</b>	<b>794,722</b>	<b>-</b>	<b>794,722</b>
Cash Available for Debt Service (A)	422,005	545,551	-	545,551
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	315,170	384,968	-	384,968
Other Debt	-	-	-	-
Reserve Account @ 10%	12,434	19,438	-	19,438
Renewal & Replacement Fund (2.5%)	30,000	33,229	(2,376) (1)	30,853
<b>Total Debt Service Requirement</b>	<b>357,604</b>	<b>437,635</b>	<b>(2,376)</b>	<b>435,259</b>
SB 234 Cash Working Capital	64,401	95,032	-	95,032
Remaining Cash	-	12,884	2,376	15,260
Percent Coverage (A) / (B)	133.90%	141.71%		141.71%
Average rate for 3,400 gallons	\$ 48.59	\$ 53.24	\$ -	\$ 53.24
Average rate for 4,000 gallons	\$ 56.10	\$ 61.47	\$ -	\$ 61.47

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	30,853 33,229	(2,376)

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

TOWN OF OCEANA - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024W-2604  
 October 22, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	1,154,998	1,432,540	(90,587) (1)	1,341,953
Other Operating Revenue	45,019	45,443	-	45,443
SB 234 Annual Working Cash Collections			95,032 (2)	95,032
Interest Income & Other Misc.	11,107	11,107	-	11,107
<b>Total Cash Available</b>	<b>1,211,124</b>	<b>1,489,090</b>	<b>4,445</b>	<b>1,493,535</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	757,905	763,508	-	763,508
Taxes	31,214	31,214	-	31,214
<b>Total Cash Requirements Before Debt Service</b>	<b>789,119</b>	<b>794,722</b>	<b>-</b>	<b>794,722</b>
Cash Available for Debt Service (A)	422,005	694,368	4,445	698,813
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	315,170	542,249	(7,885) (3)	534,364
Other Debt	-	-	-	-
Reserve Account @ 10%	12,434	19,438	14,940 (4)	34,378
Renewal & Replacement Fund (2.5%)	30,000	36,950	(2,265) (5)	34,685
<b>Total Debt Service Requirement</b>	<b>357,604</b>	<b>598,637</b>	<b>4,790</b>	<b>603,427</b>
SB 234 Cash Working Capital	64,401	95,032	-	95,032
<b>Remaining Cash</b>	<b>-</b>	<b>699</b>	<b>(345)</b>	<b>354</b>
Percent Coverage (A) / (B)	133.90%	128.05%		130.77%
Average rate for 3,400 gallons	\$ 48.59	\$ 59.42	\$ 0.18	\$ 59.60
Average rate for 4,000 gallons	\$ 56.10	\$ 68.60	\$ 0.21	\$ 68.81

**Staff Adjustments**

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>1,341,953</b>	<b>(90,587)</b>
	<b>Per Application with Project</b>	<b>1,432,540</b>	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. In addition, Staff projected that an additional \$4,445 in revenues would be need to achieve a positive cash balance and a 115% debt service coverage.			
(2) <b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	<b>95,032</b>	<b>95,032</b>
	<b>Per Application with Project</b>	<b>-</b>	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) <b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>534,364</b>	<b>(7,885)</b>
	<b>Per Application with Project</b>	<b>542,249</b>	
The difference in P&I is related to Staff's calculation of a loan of \$2,520,000 for 40 years (paid over 38 years) at 5%.			
(4) <b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>34,378</b>	<b>14,940</b>
	<b>Per Application with Project</b>	<b>19,438</b>	
Staff assumed a 10% reserve on the new debt.			
(5) <b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>34,685</b>	<b>(2,265)</b>
	<b>Per Application with Project</b>	<b>36,950</b>	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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Fax Number: (304) 926-0463

Austin Caperton, 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: Brian D. Bailey *BB*  
Technical Analyst  
General Permits & Support Team

DATE: September 25, 2024

SUBJECT: Infrastructure Preliminary Application for the Town of Oceana (2024W-2604):  
Little Creek Rd Water System Extension & Water System Upgrades in Wyoming  
County, WV.

We have reviewed the above referenced project application information. The Town of Oceana Water Treatment Plant discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640084 and expires July 18, 2028.

If the Town of Oceana 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 Town of Oceana 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 Town of Oceana 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: Kathryn Emery