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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

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

**Date:** June 21, 2024

**Subject:** City of Paden City  
Preliminary Application: IJDC No. 2024S-2520  
City of Paden City Sanitary Sewer Improvements Phase II B

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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 wastewater 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:

The project will replace/rehab the existing sanitary and storm sewer collection systems in the North Area and Stokes Area of Paden City. This is a phase of a multi phase project to address the excessive amounts of infiltration and inflow that was found in their 2013 study.

The proposed total cost for this project is \$1,771,000, and the City intends to pursue a \$1,000,000 CWSRF Principal Forgiveness Loan and a \$711,000 CWSRF Loan (with terms of 3%, 20 years). Under the current terms, the project would be eligible for \$885,500 in principal forgiveness and an \$885,500 loan. According to the alternative cash flow provided by the PSC, the additional borrowing would need a \$0.21 rate increase.

Using the Combined Application, the Engineering Fees and Total Engineering fee are within the curve.

Preliminary Project Ratings:

Public Health Benefits: 10

Compliance with Standards: 10

Sherri A. Young, DO, MBA, FAAFP  
Cabinet Secretary

Matthew Q. Christiansen, MD, MPH  
State Health Officer

## **MEMORANDUM**

**TO:** Jason Billups, P.E.  
DEP/Infrastructure Sewer Technical Review Committee

**FROM:** William S. Herold, Jr., P.E., Assistant Manager  
I/CD/Environmental Engineering Division

**DATE:** June 14, 2024

**SUBJECT:** Paden City  
Preliminary Application **Project No.: 2024S-2520**  
Sewer Line Upgrade/Replacement  
Wetzel County

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### **RECOMMENDATION:**

We have reviewed this preliminary application and recommend it be forwarded to the Funding Committee for review.

### **PROJECT SCOPE:**

This preliminary application is to remove and replace approximately 2,710 LF of existing sanitary sewers with PVC sewer lines, remove and replace 13-48" sanitary manholes, along Sturgeon Alley, Main Street & Broadway Street; install approximately 1,000 LF of HDPE stormwater sewer along Sturgeon Alley and approximately 590 LF of HDPE stormwater sewers along around the corner of Broadway & 6<sup>th</sup> street; install 2-96" stormwater manholes; and abandon approximately 175 LF of existing stormwater sewers.

The cost per customer is **\$1,560**. Total estimated project cost is **\$1,771,000** (CWSRF Debt Forgiveness: **\$1,000,000**; and CWSRF Loan: **\$771,000 @ 3.0%** for 20 years).

### **NEED FOR PROJECT:**

The Preliminary Engineering Report indicates the sanitary sewer in the northeast quadrant of Paden City in poor condition and has high I&I. This project is to replace the deteriorated sanitary sewers and provide additional stormwater sewers to reduce I&I.

### **CONCERNS:**

None.

### **PERMITS:**

A permit **will not be** required from the WV Bureau for Public Health prior to construction.





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

**MEMORANDUM**

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

**FROM:** Michael King, P.E., DWWM

**DATE:** June 3, 2024

**SUBJECT:** City of Paden City  
Preliminary Application: IJDC No. 2024S-2520  
City of Paden City Sanitary Sewer Improvements Phase II B

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**RECOMMENDATION**

The IJDC Application and Preliminary Engineering Report prepared by Thrasher Engineering has been reviewed and is technically feasible.

**PROJECT DESCRIPTION**

The City of Paden City is located in Wetzel County, West Virginia, along the Ohio River. The City provides wastewater collection and treatment services to approximately 1,145 customers. Paden City's wastewater collection system includes a 600,000 GPD wastewater treatment plant (WWTP), 20 miles of gravity sewer, one pump station, and 400 linear feet of force main. The City's WWTP is permitted under NPDES No. WV0020613 to discharge into the Ohio River.

The proposed project will perform the following in the North Area and Stokes Area of Paden City.

- Replacement of 2,710 LF of existing gravity sewer line
- Installation of 1,000 LF of storm line
- Installation of 590 LF of storm line
- Grouting and abandonment of approximately 175 LF of existing storm line
- Replacement of thirteen 48" sanitary manholes
- Installation of two 96" storm manholes

The proposed total cost for this project is \$1,771,000, and the City intends to pursue a \$1,000,000 CWSRF Principal Forgiveness Loan and a \$711,000 CWSRF Loan (with terms of 3%, 20 years). The proposed monthly rate for 3,400 gallons is \$52.85.

## **NEED FOR PROJECT**

The City of Paden City sanitary sewer system is aging and in deteriorating condition. The collection system experiences inflow and infiltration (I&I) which puts strain on the system, including pumps and treatment equipment. Flow studies and smoke testing conducted in 2013 identified sources of inflow from the storm drains and catchments tied into the collection system and large amounts of infiltration particularly in the older vitrified clay lines.

There is no comprehensive storm sewer in Paden City. There is severe stormwater runoff that collects along Sturgeon Alley during storm events that heavily impact the residents. Storm lines have been failing throughout the City, with one in particular being very close to the corner of an existing home.

## **DEFICIENCIES/COMMENTS**

- It is mentioned that a study was conducted in 2013 to determine sources of I/I, but it was not included in the PER.
- Testing to determine the extent of damage to the storm sewer lines has not yet been performed.
- A public meeting has not yet been held.
- Throughout the PER, 6th Avenue is mistakenly listed as 6th Street.
- The PER will need to be developed into a facilities plan that meets CWSRF requirements if CWSRF is used.
- Using the Combined Application, the Engineering Fees appear to be within the ASCE curve.

### **Preliminary Project Ratings:**

Public Health Benefits: 10  
Compliance with Standards: 10

# 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



June 10, 2024

Ms. Kathy Emery, P. E.  
Office of Water Resources  
Department of Environmental Protection  
601 57<sup>th</sup> St.  
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments  
Application No. 2024S-2520  
Town of Paden City, sewer system improvements  
Infrastructure Preliminary Application

Dear Ms. Emery:

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:

Forward the Application

Return the Application

Returned to the Applicant

Please advise if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** June 10, 2024

**PROJECT SPONSOR: TOWN OF PADEN CITY – SEWER**

**PROJECT SUMMARY:** This project provides for the replacement of aging and deteriorating sewer lines and manholes. The project will also install sections of storm sewer to divert I&I sources away from the sanitary sewer. Project could reduce I/I and lower O&M costs.

<b>PROPOSED FUNDING:</b> CWSRF Debt Forgiveness Loan	\$1,000,000
CWSRF Loan 2.75%, .25% AF, 20 years	<u>\$771,000</u>
Total	\$1,771,000

**CURRENT RATES:** \$44.90 Flat Rate (Residential)

**PROPOSED RATES:** \$52.85 Flat Rate (Residential)

Application No. 2024S-2520

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

**FINANCIAL: Dave Acord**

- 1) Current rates (\$44.90 Residential Flat Rate) are below the rates attributable to 1.25% (\$52.85), 1.5% (\$63.42), 1.75% (\$73.99) and 2.0% (\$84.57) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$112,421, \$261,841, \$411,262, and \$560,682 respectively.
- 2) Using Scenario 1, the preferred funding package consisting of a CWSRF Debt Forgiveness Loan of \$1,000,000 and a CWSRF Loan of \$771,000 at 2.75%, .25% Admin. Fee, for 20 years), proposed rates (\$52.85 Residential Flat Rate) will provide a cash flow surplus of \$5,736 and debt service coverage of 125.71%.

3) Using the Scenario 2 alternate loan package of \$1,771,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$52.85 Residential Flat Rate) will provide a cash flow deficit of \$53,042 and debt service coverage of 108.34%. An additional 7.3% (for a total of \$56.71 Residential Flat Rate) increase in proposed rates will be required in order to provide a cash flow surplus of \$96 and debt service coverage of 122.40%.

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 Rule 42 Exhibit submitted with the application.
- C. On May 8, 2024, the Town adopted an ordinance to increase its Residential Flat Rate to \$52.85. This ordinance has been filed with the Commission's Legal Division to determine if the Town substantially complied with the statutory notice provisions. It's currently under review.
- D. The Applicant provided the same cash flow analysis for its preferred funding package (Scenario 1) and its alternate funding package (Scenario 2). Staff calculated its Cash flow Analysis for Scenario 2 using the Applicant's proposed rate (\$52.85 Residential Flat Rate).
- 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 (CWCR) 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, however, the Town overstated its CWCR calculation by including operation and maintenance expenses and taxes other than income taxes in its 1/8 calculation. Staff adjusted the calculation to only reflect 1/8 of operation and maintenance expenses in its analysis. 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

**ENGINEERING:** Manny Mashayekhi

1. This project will require a Certificate of Convenience and Necessity from the PSC. The project 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.
2. **Scope:** The Phase II B project proposes improvements to both the sanitary sewer and storm sewer systems. Sanitary Sewer: The sanitary sewer work includes the removal and replacement of approximately 2,710 LF of the existing sanitary sewer pipe with PVC SDR-35 Sanitary Sewer Pipe, the removal and replacement of thirteen (13) 48" sanitary sewer manholes, and all necessary appurtenances. The project will take place within the City limits of Paden City and will primarily be along City streets and alleys. Storm Sewer: The project proposes to install a new HDPE storm sewer pipe along Sturgeon Alley. Rerouting a section of storm line that has collapsed underneath a home on the corner of Broadway Street and 6th Avenue. This will help manage stormwater in that area and prevent damage to the property on that corner. The storm sewer work includes the grouting and abandonment of approximately 175 LF of existing storm sewer line, installation of approximately 1,590 LF of HDPE storm sewer pipe, and the installation of two (2) 96" storm sewer

manholes. Estimated cost of construction is \$1,254,000 and the estimated total project cost is \$1,771,000. The project is proposed to be funded by a \$771,000 Clean Water State Revolving Fund loan at 3% for 20 years and \$1,000,000 of Clean Water State Revolving Fund Debt Forgiveness loan.

3. **Need for Project:** the collection system has been heavily impacted by I&I. There is severe stormwater runoff that collects along Sturgeon Alley during storm events that heavily impacts the residents. Storm lines have been collapsing and failing throughout the city. The sanitary sewer collection system primarily consists of vitrified clay pipe. This clay pipe is aging and is cracked an excess of inflow and infiltration (I&I) going through the collection system during large storm events. This extra flow causes the collection system to reach capacity and could potentially cause sewage backups.
4. **Customer Density:** This is an improvement and upgrade project; therefore, customer density will stay unchanged.
5. **Cost per Customer:** Based upon the estimated project budget of \$1,771,000 and having approximately 1,135 existing customers, cost-per-customer is approximately \$1,560. However, loan portion of cost/customer will be approximately \$28.30 per-month plus interest expenses.
6. **Project Feasibility:** The project appears to be technically feasible.
7. **Project Alternatives:** Three alternatives evaluated for the project: Alternative -1(Sanitary Sewer Line Replacement and Storm Line Replacement), Alternative-2 (Sanitary Sewer Line Bursting and Storm Line Replacement), and Alternative-3 (Do Nothing). The City has chosen to pursue Alternative-1, which consists of the removal and replacement of sanitary sewer line within the collection system along Sturgeon Alley, Main Street, and Broadway Street. Alternative-1 was selected is most effective solution for rehabilitating the sanitary sewer pipe system, reduce I&I, and because it was also cost effective.
8. **Consolidation:** There are no consolidation issues with the selected alternatives.
9. **Inconsistencies:** None was noticed for this project.

10. **Project Permits:** The following permits and certificates are anticipated to be required for this project and will be obtained prior to beginning construction of this project. WV Department of Environmental Protection (NPDES Construction Stormwater Permit), Wetzel County Flood Plain Permit. Additional permits needed may include but are not limited to WV Division of Highways and WV Division of Natural Resources.
11. **Operation and Maintenance (O&M) Expenses:** This project does not add to O&M expense and annual expense will remain at approximately \$340,465.
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 services are \$114,000 at the construction cost of \$1,254,000. This is approximately 9.09% of the construction costs as shown on the application.

TOWN OF PADEN CITY - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024S-2520  
 June 10, 2024

**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><u>AVAILABLE CASH</u></b>				
Operating Revenues	634,681	702,899	1,562 (1)	704,461
Other Operating Revenue	17,094	17,094	-	17,094
SB 234 Annual Working Cash Collections		44,120	(1,562) (2)	42,558
Interest Income & Other Misc.	8,770	8,770	-	8,770
<b>Total Cash Available</b>	<b>660,545</b>	<b>772,883</b>	<b>0</b>	<b>772,883</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	340,465	340,465	1,018 (3)	341,483
Taxes	12,496	12,496	-	12,496
<b>Total Cash Requirements Before Debt Service</b>	<b>352,961</b>	<b>352,961</b>	<b>1,018</b>	<b>353,979</b>
<b>Cash Available for Debt Serv (A)</b>	<b>307,584</b>	<b>419,922</b>	<b>(1,018)</b>	<b>418,904</b>
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	282,606	334,429	(1,190) (4)	333,239
Other Debt	-	-	-	-
Reserve Account @ 10%	14,269	19,451	(119) (5)	19,332
Renewal & Replacement Fund (2.5%)	16,294	18,000	39 (6)	18,039
<b>Total Debt Service Requirement</b>	<b>313,169</b>	<b>371,880</b>	<b>(1,270)</b>	<b>370,610</b>
SB 234 Cash Working Capital	-	44,120	(1,562) (7)	42,558
<b>Remaining Cash</b>	<b>(5,585)</b>	<b>3,922</b>	<b>1,814</b>	<b>5,736</b>
<b>Percent Coverage (A) / (B)</b>	<b>108.84%</b>	<b>125.56%</b>		<b>125.71%</b>
<b>Flat Rate (Residential)</b>	<b>\$ 44.90</b>	<b>\$ 52.85</b>	<b>\$ -</b>	<b>\$ 52.85</b>
			<b>\$ -</b>	

Staff Adjustments

<u>Adjustment Description</u>			Increase <Decrease>
		\$	
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	704,461
		<b>Per Application with Project</b>	702,899
Adjust revenues in accordance with PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its calculation.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	42,558
		<b>Per Application with Project</b>	44,120
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its calculation.			
(3)	<b>Operating Expenses</b>	<b>Per Staff Analysis</b>	341,483
		<b>Per Application with Project</b>	340,465
The difference in Operating Expenses is due to Staff's calculation of the administrative fee of 0.25% associated with the CWSRF Loan in the amount of \$771,000 over 20 years.			
(4)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	333,239
		<b>Per Application with Project</b>	334,429
The difference in P&I is related to Staff's calculation of a CWSRF loan of \$771,000 for 20 years at 2.75%.			
(5)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	19,332
		<b>Per Application with Project</b>	19,451
Staff assumed a 10% reserve on the new debt.			
(6)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	18,039
		<b>Per Application with Project</b>	18,000
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			
(7)	<b>SB 234 Cash Working Capital</b>	<b>Per Staff Analysis</b>	42,558
		<b>Per Application with Project</b>	44,120
The Town included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its CWCR calculation. Staff adjusted the amount to reflect 1/8 of Operation and Maintenance Expenses.			

TOWN OF PADEN CITY - SEWER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2023  
APPLICATION NO: 2024S-2520  
June 10, 2024

LOAN PACKAGE  
SCENARIO 2

	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	634,681	702,899	56,062 (1)	758,961
Other Operating Revenue	17,094	17,094	-	17,094
SB 234 Annual Working Cash Collections		44,120	(1,562) (2)	42,558
Interest Income & Other Misc.	8,770	8,770	-	8,770
Total Cash Available	660,545	772,883	54,500	827,383
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	340,465	340,465	-	340,465
Taxes	12,496	12,496	-	12,496
Total Cash Requirements Before Debt Service	352,961	352,961	-	352,961
Cash Available for Debt Serv (A)	307,584	419,922	54,500	474,422
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	282,606	334,429	53,169 (3)	387,598
Other Debt	-	-	-	-
Reserve Account @ 10%	14,269	19,451	5,317 (4)	24,768
Renewal & Replacement Fund (2.5%)	16,294	18,000	1,401 (5)	19,401
Total Debt Service Requirement	313,169	371,880	59,888	431,768
SB 234 Cash Working Capital	-	44,120	(1,562) (6)	42,558
Remaining Cash	(5,585)	3,922	(3,825)	96
Percent Coverage (A) / (B)	108.84%	125.56%		122.40%
Flat Rate (Residential)	\$ 44.90	\$ 52.85	\$ 3.86	\$ 56.71

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>758,961</b>	<b>56,062</b>
		<b>Per Application with Project</b>	<b>702,899</b>	
	Adjust revenues in accordance with PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its calculation.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	<b>42,558</b>	<b>(1,562)</b>
		<b>Per Application with Project</b>	<b>44,120</b>	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its calculation.			
(3)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>387,598</b>	<b>53,169</b>
		<b>Per Application with Project</b>	<b>334,429</b>	
	The difference in P&I is related to Staff's calculation of a loan of \$1,771,000 for 40 years (paid back over 38 years) at 5%.			
(4)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>24,768</b>	<b>5,317</b>
		<b>Per Application with Project</b>	<b>19,451</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>19,401</b>	<b>1,401</b>
		<b>Per Application with Project</b>	<b>18,000</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			
(6)	<b>SB 234 Cash Working Capital</b>	<b>Per Staff Analysis</b>	<b>42,558</b>	<b>(1,562)</b>
		<b>Per Application with Project</b>	<b>44,120</b>	
	The Town included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its CWCR calculation. Staff adjusted the amount to reflect 1/8 of Operation and Maintenance Expenses.			

TOWN OF PADEN CITY - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2024S-2520  
 June 21, 2024

**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	634,681	702,899	4,562 (1)	707,461
Other Operating Revenue	17,094	17,094	-	17,094
SB 234 Annual Working Cash Collections		44,120	(1,562) (2)	42,558
Interest Income & Other Misc.	8,770	8,770	-	8,770
<b>Total Cash Available</b>	<b>660,545</b>	<b>772,883</b>	<b>3,000</b>	<b>775,883</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	340,465	340,465	1,169 (3)	341,634
Taxes	12,496	12,496	-	12,496
<b>Total Cash Requirements Before Debt Service</b>	<b>352,961</b>	<b>352,961</b>	<b>1,169</b>	<b>354,130</b>
Cash Available for Debt Serv (A)	307,584	419,922	1,831	421,753
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	282,606	334,429	6,329 (4)	340,758
Other Debt	-	-	-	-
Reserve Account @ 10%	14,269	19,451	633 (5)	20,084
Renewal & Replacement Fund (2.5%)	16,294	18,000	114 (6)	18,114
<b>Total Debt Service Requirement</b>	<b>313,169</b>	<b>371,880</b>	<b>7,077</b>	<b>378,956</b>
SB 234 Cash Working Capital	-	44,120	(1,562) (7)	42,558
<b>Remaining Cash</b>	<b>(5,585)</b>	<b>3,922</b>	<b>(3,683)</b>	<b>238</b>
Percent Coverage (A) / (B)	108.84%	125.56%		123.77%
Flat Rate (Residential)	\$ 44.90	\$ 52.85	\$ 0.21 \$ -	\$ 53.06



Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>707,461</b>	<b>4,562</b>
	<b>Per Application with Project</b>	<b>702,899</b>	
<p>Adjust revenues in accordance with PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income taxes in its calculation. Staff also projected that an additional \$3,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus.</p>			
(2) <b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	<b>42,558</b>	<b>(1,562)</b>
	<b>Per Application with Project</b>	<b>44,120</b>	
<p>Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. Town overstated CWCR calculation since it included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its calculation.</p>			
(3) <b>Operating Expenses</b>	<b>Per Staff Analysis</b>	<b>341,634</b>	<b>1,169</b>
	<b>Per Application with Project</b>	<b>340,465</b>	
<p>The difference in Operating Expenses is due to Staff's calculation of the administrative fee of 0.25% associated with the CWSRF Loan in the amount of \$885,500 over 20 years.</p>			
(4) <b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>340,758</b>	<b>6,329</b>
	<b>Per Application with Project</b>	<b>334,429</b>	
<p>The difference in P&amp;I is related to Staff's calculation of a CWSRF loan of \$885,500 for 20 years at 2.75%.</p>			
(5) <b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>20,084</b>	<b>633</b>
	<b>Per Application with Project</b>	<b>19,451</b>	
<p>Staff assumed a 10% reserve on the new debt.</p>			
(6) <b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>18,114</b>	<b>114</b>
	<b>Per Application with Project</b>	<b>18,000</b>	
<p>Staff used 2.5% of the projection of "Operating &amp; Other Revenues" as the basis of the renewal &amp; replacement fund.</p>			
(7) <b>SB 234 Cash Working Capital</b>	<b>Per Staff Analysis</b>	<b>42,558</b>	<b>(1,562)</b>
	<b>Per Application with Project</b>	<b>44,120</b>	
<p>The Town included Operation and Maintenance Expenses and Taxes Other Than Income Taxes in its CWCR calculation. Staff adjusted the amount to reflect 1/8 of Operation and Maintenance Expenses.</p>			