



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: April 23, 2025

Subject: City of Pennsboro
IJDC Application - 2024W-2630
Bonds Creek - Highland Road Waterline Extension Project

-
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.

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- 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 will extend public water service to approximately 56 new residential customers that live in the Bonds Creek and Highland Road area of Ritchie County. The wells/cisterns currently serving the homes are problematic because of the unreliability of available water and lack of clean water. This project will receive water from the tanks that will be constructed in the 2025W-2665 project. As a result, these projects will need to proceed simultaneously.

Prior to closing, the PSD needs to demonstrate compliance with how the Lead and Copper Rule requirements will be met and how the applicant will ensure compliance with the regulatory agencies.

The proposed cost for this project is \$4,800,000 and Pennsboro intends to pursue a \$3,270,000 WDA Economic Enhancement Grant Fund, a \$1,000,000 IJDC Grant, a \$500,000 WVDEP DWSRF Debt Forgiveness Loan, and a \$30,000 Ritchie County Commission Grant.

Preliminary Project Ratings:

Public Health Benefits: 15
Compliance with Standards: 5



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MEMORANDUM

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

FROM: Jesse Rupe, P.E., DWWM

DATE: April 11, 2025

SUBJECT: City of Pennsboro
IJDC Application - 2024W-2630
Bonds Creek - Highland Road Waterline Extension Project

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by The Thrasher Group, Inc. for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The City of Pennsboro operates a water distribution system under (PWSID # 3304306) in Ritchie County, West Virginia. Pennsboro provides drinking water to approximately 616 total customers, including one resale customer. The distribution system includes 3 water storage tanks and has a total storage capacity of 960,000 gallons. The Hughes River Water Board water treatment plant (WTP) has a 2.5 million gallon per day (MGD) capacity.

This project proposes to extend public water service to approximately 56 new residential customers that live in the Bonds Creek and Highland Road area of Ritchie County. The proposed extension will provide water service and fire protection along Bonds Creek Road from its intersection with Pullman Drive (State Rt. 74) to the intersection with County Route 16/4, and interconnect with the end of the Town of Ellenboro's proposed extension. Construction would consist of the installation of new 6" and 8" water main lines, 2" service lines, a new master meter at the interconnection to the proposed Ellenboro system, and 15 new fire hydrants.

The proposed total cost for this project is \$4,800,000 and Pennsboro intends to pursue a \$3,270,000 WDA Economic Enhancement Grant Fund, a \$1,000,000 IJDC Grant, a \$500,000

WVDEP DWSRF Debt Forgiveness Loan, and a \$30,000 Ritchie County Commission Grant. The proposed monthly rate for 3,400 gallons is \$60.48 (1.74% MHI).

NEED FOR PROJECT

The proposed water line extension is proposed to provide residents along Highland Road and Bonds Creek Road with a reliable source of safe drinking water. All the residents that will be served by the proposed extension currently obtain potable water from private wells. The wells/cisterns serving the homes are problematic because of the unreliability of available water and lack of clean water.

DEFICIENCIES/COMMENTS

- It should be noted that this project contains work that is essential to the project scope of IJDC Project No. 2025W-2665. That project includes the construction of the water storage tanks that are necessary for this extension to be completed. These projects either need to be completed in one project with construction being completed in two separate contracts, or both need to move together so that new waterlines aren't installed with no tanks to provide water to them.
- It is recommended that further sampling be conducted via BPH sampling guidelines to confirm that the contamination is located in the private wells and there isn't further contamination being introduced through the plumbing of each house.
- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.

Preliminary Project Ratings:

Public Health Benefits: 15
Compliance with Standards: 5

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



April 22, 2025

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-2630
City of Pennsboro – Bonds Creek Water Line 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: April 22, 2025

PROJECT SPONSOR: CITY OF PENNSBORO – (WATER)

PROJECT SUMMARY: Water line extension due to poor quality and quantity. New booster station and tank. Project will serve approximately 75 residents in the Highland/Bonds Creek area.

PROPOSED FUNDING: Ritchie County Commission Grant	\$ 30,000
DWTRF Debt Forgiveness	\$ 500,000
IJDC District 2 Grant	\$1,000,000
WDA Economic Enhancement Grant	<u>\$3,270,000</u>
Total	\$4,800,000

**CURRENT/PROPOSED
RATES:**

Schedule I	\$60.48	3,400 gallons
	\$70.72	4,000 gallons

Schedule II	\$74.34	3,400 gallons
	\$86.95	4,000 gallons

Application No. 2024W-2630

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

FINANCIAL: William Nelson

1. Current average rates (\$67.41 for 3,400 gallons) are above the rates attributable to 1.25% (\$43.41), 1.5% (\$52.09), and 1.75% (\$60.77) of the Median Household Income (MHI), but below the rates attributable to 2% (\$69.46) of the MHI. Increasing current rates to 2% of the MHI would provide additional revenues of \$16,043.

2. Using Scenario 1, the preferred funding package consisting of a Ritchie County Commission Grant of \$30,000, a DWTRF Debt Forgiveness Loan of \$500,000, an IJDC District 2 Grant of \$1,000,000, and a WDA Economic Enhancement Grant of \$3,270,000, proposed average rates (\$67.41 for 3,400 gallons) will provide a cash flow surplus of \$25,909 and debt service coverage of 176.36%
3. Using Scenario 2, the alternate loan package of \$4,800,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed average rates (\$103.81 for 3,400 gallons) will provide a cash flow surplus of \$6,348 and debt service coverage of 127.98%.
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, 2024, 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 used the MHI for the City of Pennsboro of \$41,673 from the 2020 U.S. Census versus the MHI of \$44,328 that was listed in the application.
 - 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 City 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: Jim Spurlock

1. Pursuant to House Bill 2742 passed in the 2025 Legislative Session this project will not require a Certificate of Convenience and Necessity from the PSC.
2. Scope: The City of Pennsboro proposes to install 43,250 feet of 6-inch and 2-inch water lines to extend water service to 56 customers along Bonds Creek Road. The project will include an interconnection with the Town of Ellenboro's Highland Road Project to provide enhanced flow and redundancy.

Customer Density: 6.8 customers/mile; this is marginally low.

Cost per Customer: \$85,714 (taken from the total project cost estimate of \$4,800,000 spread over 56 new customers); this is moderately high.

3. Project Feasibility: The project is technically feasible. The cost per customer is moderately high. Public water service will be provided to residents who currently rely upon private wells which are inadequate in quality and quantity of water. Thirty-nine user agreements have been obtained per the amended PER.
4. Project Alternatives: No alternatives to the proposed project were

presented; we have no objection to the proposed scope.

5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: The scope of the project has been reduced. The corresponding amended PER does not address O & M. The WVIJDC application lists an anticipated project-related increase of \$11,589 annually (down from an original \$16,226, which included supporting calculations). Supporting calculations for the revised O & M projection were not provided.
8. Engineering Agreement: It appears from the filings that WVIJDC is awaiting further correspondence from the applicant regarding compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$723,000 which is equal to 18.95% of the construction cost of \$3,815,000 (including contingency).

CITY OF PENNSBORO - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2024
 APPLICATION NO: 2024W-2630
 April 22, 2025

**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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	540,469	581,112	(49,098) (1)	532,014
Other Operating Revenue	50,991	50,991	-	50,991
SB 234 Annual Working Cash Collections			49,098 (2)	49,098
Interest Income & Other Misc.	541	541	-	541
Total Cash Available	592,001	632,644	-	632,644
OPERATING DEDUCTIONS				
Operating Expenses	381,188	392,777	-	392,777
Taxes	9,476	9,476	-	9,476
Total Cash Requirements Before Debt Service	390,664	402,253	-	402,253
Cash Available for Debt Servi (A)	201,337	230,391	-	230,391
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	130,634	130,634	-	130,634
Other Debt	-	-	-	-
Reserve Account @ 10%	10,175	10,175	-	10,175
Renewal & Replacement Fund (2.5%)	14,787	15,803	(1,228) (3)	14,575
Total Debt Service Requirement	155,596	156,612	(1,228)	155,384
SB 234 Cash Working Capital	47,649	49,098	-	49,098
Remaining Cash	(1,908)	24,681	1,228	25,909
Percent Coverage (A) / (B)	154.12%	176.36%		176.36%
Average rate for 3,400 gallons	\$ 67.41	\$ 67.41	\$ -	\$ 67.41
Average rate for 4,000 gallons	\$ 78.84	\$ 78.84	\$ -	\$ 78.84
Schedule 1				
Rate for 3,400 gallons	\$ 60.48	\$ 60.48	\$ -	\$ 60.48
Rate for 4,000 gallons	\$ 70.72	\$ 70.72	\$ -	\$ 70.72
Schedule 2				
Rate for 3,400 gallons	\$ 74.34	\$ 74.34	\$ -	\$ 74.34
Rate for 4,000 gallons	\$ 86.95	\$ 86.95	\$ -	\$ 86.95

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	532,014	(49,098)
		Per Application with Project	581,112	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	49,098	49,098
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	14,575	(1,228)
		Per Application with Project	15,803	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

CITY OF PENNSBORO - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2024
 APPLICATION NO: 2024W-2630
 April 22, 2025

**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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	540,469	882,097	(49,098) (1)	832,999
Other Operating Revenue	50,991	50,991	-	50,991
SB 234 Annual Working Cash Collections			49,098 (2)	49,098
Interest Income & Other Misc.	541	541	-	541
Total Cash Available	592,001	933,629	-	933,629
OPERATING DEDUCTIONS				
Operating Expenses	381,188	392,777	-	392,777
Taxes	9,476	9,476	-	9,476
Total Cash Requirements Before Debt Service	390,664	402,253	-	402,253
Cash Available for Debt Servi (A)	201,337	531,376	-	531,376
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	130,634	413,280	1,918 (3)	415,198
Other Debt	-	-	-	-
Reserve Account @ 10%	10,175	38,440	191 (4)	38,631
Renewal & Replacement Fund (2.5%)	14,787	23,327	(1,227) (5)	22,100
Total Debt Service Requirement	155,596	475,047	883	475,929
SB 234 Cash Working Capital	47,649	49,098	-	49,098
Remaining Cash	(1,908)	7,231	(883)	6,348
Percent Coverage (A) / (B)	154.12%	128.58%		127.98%
Average rate for 3,400 gallons	\$ 67.41	\$ 103.81	\$ -	\$ 103.81
Average rate for 4,000 gallons	\$ 78.84	\$ 121.41	\$ -	\$ 121.41
Schedule 1				
Rate for 3,400 gallons	\$ 60.48	\$ 93.14	\$ -	\$ 93.14
Rate for 4,000 gallons	\$ 70.72	\$ 108.91	\$ -	\$ 108.91
Schedule 2				
Rate for 3,400 gallons	\$ 74.34	\$ 114.48	\$ -	\$ 114.48
Rate for 4,000 gallons	\$ 86.95	\$ 133.90	\$ -	\$ 133.90

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	832,999	(49,098)
		Per Application with Project	882,097	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	49,098	49,098
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	415,198	1,918
		Per Application with Project	413,280	
	The difference in P&I is related to Staff's calculation of a loan of \$4,800,000 for 40 years (paid back over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	38,631	191
		Per Application with Project	38,440	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	22,100	(1,227)
		Per Application with Project	23,327	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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: November 21, 2024

SUBJECT: Infrastructure Preliminary Application for the City of Pennsboro: Bonds
Creek/Highland Waterline Extension Project in Ritchie County, WV.
(2024W-2630)

We have reviewed the above referenced project application information. The City of Pennsboro purchases water from Hughes River Board. No NPDES permit modifications are necessary.

If the City of Pennsboro 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 City of Pennsboro 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 City of Pennsboro 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

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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