



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 J. Vance
Water Technical Review Committee

DATE: November 22, 2022

RE: Preston County PSD #4
IJDC Preliminary Application Number: **2022W-2228**
Raw Water Upgrade Project
Preston County

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:

Comment:

This preliminary application appears technically feasible.

This Preliminary Application proposes to develop additional raw water supplies for the Preston County PSD #4 Water Treatment Plant (WTP) by drilling a new well, developing an existing well, connecting an existing well at Clifton Mills to the WTP and various source water upgrades.

The proposed funding package includes an EDA Grant: \$2,491,393; Preston County Commission ARPA Grant: \$155,712; IJDC District 1 Grant: \$467,136.

The total project cost is **\$3,114,241**.

pc: To be distributed at the Funding Committee Meeting



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: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Christopher Thomas, EIT
Infrastructure & Capacity Development

Christopher W. Thomas

DATE: November 22, 2022

SUBJECT: Preston County PSD #4
IJDC Application- **2022W-2228**
Raw Water Upgrade Project
Preston County

Recommendation:

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

Project Scope:

This Preliminary Application proposes to develop additional raw water supplies for the Preston County PSD #4 Water Treatment Plant (WTP) by drilling a new well, developing an existing well, connecting an existing well at Clifton Mills to the WTP and various source water upgrades. The project will consist of drilling and developing one (1) new well, develop one (1) existing well, installing approximately 3.3 miles of 6-inch to 8-inch raw watermain, well pump upgrades, electrical system upgrade, eight (8) gate valves, and all necessary appurtenances.

The cost per customer is **\$1,509** for the project. The total project cost is **\$3,114,241** (EDA Grant: **\$2,491,393**; Preston County Commission ARPA Grant: **\$155,712**; IJDC District 1 Grant: **\$467,136**).

Need for the Project:

The system monitors water levels in each well and have noticed a downward trend in the recovery levels in most of the wells. They are currently providing some rest time by rotation using only 3 of the 5 wells at a time. Project will add additional wells to boost capacity to allow a longer recovery period of the existing wells.

Concerns:

None

Permits:

A permit will be required from the WV Bureau for Public Health prior to construction.

Engineering: 7.09% for design, 20.83% for total.

The Design Fees vs. Construction Cost for new construction is above the average complexity curve and below the very complex curve. The Design Fees vs. Construction Cost for modifications is below the average complexity curve and the very complex curve. The Total Fees vs. Construction Cost for new construction is above both the average complexity curve and the very complex curve. The Total Fees vs. Construction Cost for modified construction is on the very complex curve. A fee waiver **will not be** required for this project.

Asset Management Plan and Annual Maintenance Audit:

The system marked the question in the application concerning an asset management plan as “No”.

Capacity Development:

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as “N/A.” An assessment was done on Preston County PSD #4 (3303923) in February 2016.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system’s overall compliance. The Preston County PSD #4 has a score of 3 on the July 2022 quarter of the EPA’s Compliance Tracking Tool (ETT). The current score is at the EPA’s action level of 11.

Based upon information from the Municipal Bond Commission, as of July 2022, the Preston County PSD #4 is current on their water reserve funding requirements.

IJDC Ranking:

- Public Health Benefit: 10
- Compliance: 20



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: Meredith Vance, Division Director
Environmental Engineering Division

FROM: Valerie Plance., Manager
Capacity Development Program

DATE: September 26, 2022

RE: Preston County PSD #4 (PWSID# 3303923)
IJDC Application No.: 2022W-2228
Preston County

The Preston County PSD #4 preliminary infrastructure application indicates that they are not seeking DWTRF monies. The system indicates in the application that they do not have an asset management plan.

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as N/A. An assessment was done on Preston County PSD #4 (3303923) in February 2016.

Additional information that may be helpful to the IJDC in their decisions regarding approval of this project relates to the system's overall compliance. The Preston County PSD #4 has a score of 3 on the July 2022 quarter of the EPA's Compliance Tracking Tool (ETT.) This score is below the EPA's action level of > 11.

Based upon information from the Municipal Bond Commission, as of June 2022, the Preston County PSD #4 is current on their water reserve funding requirements.

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

VAP

OEHS District Review for Infrastructure Council Water Projects

Water System:	Preston PSD #4	IJDC Number:	2022W-2228
Project Description:	Raw Water Impr	Review by:	Mike Hawranick
County:	Preston	Date:	9/22/2022

<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.					




west virginia department of environmental protection

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

MEMORANDUM

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

FROM: John M. Perkins 
Supervisor
General Permits & Support Team

DATE: September 27, 2022

SUBJECT: Infrastructure Preliminary Application for the Preston County PSD #4: Source of Supply in Preston County, WV. (2022W-2228)

We have reviewed the above referenced project application information. The Preston County PSD #4, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640080, and expires July 18, 2023.

If the Preston County PSD #4 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 Preston County PSD #4 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 Preston County PSD #4 should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43821 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



west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation
601 57th 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: October 17, 2022

Subject: Preston County PSD#4 – Source of Supply
IJDC Preliminary Application: 2022W-2228

AML does not participate in routine improvements or replacement of existing systems.
Therefore, AML funds will not be available for this project.

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



November 15, 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. 2022W-2228
Preston County PSD No. 4 - Water
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, appearing to read "Jonathan M. Fowler".

Jonathan M. Fowler, P.E.
Engineering Division

JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: November 14, 2022

**PROJECT SPONSOR: PRESTON COUNTY PUBLIC SERVICE DISTRICT
NO. 4 – WATER**

PROJECT SUMMARY: The project will expand the available raw water capacity for the current treatment plant and thus increase redundancy and reliability of the water system.

PROPOSED FUNDING: USEDA Grant	\$2,491,393
Preston County ARPA Grant	\$ 155,712
WDA Economic Enhancement Grant	<u>\$ 467,136</u>
Total	<u>\$3,114,241</u>

CURRENT RATES/ PROPOSED RATES:	\$29.24	3,400 gallons
	\$34.40	4,000 gallons

Application No. 2022W-2228

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

FINANCIAL: Stephen Edens

1. Current rates (\$29.24 for 3,400 gallons) are below the rates attributable to 1.25% (\$54.16), 1.5% (\$64.99), 1.75% (\$75.82) and 2.0% (\$86.65) 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 \$1,578,034, \$2,263,985, \$2,949,935, and \$3,635,886 respectively.
2. Using Scenario 1, the preferred funding package consisting of a USEDA Grant of \$2,491,393, a \$155,712 Preston County Commission ARPA Grant, and a WDA Economic Enhancement Grant of \$467,136, current/proposed rates (\$29.24 for 3,400 gallons) will provide a cash flow surplus of \$44,309 and debt service coverage of 159.09%.

3. Using the Scenario 2 alternate loan package of \$2,958,529 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Preston County ARPA Grant of \$155,712, proposed rates (\$32.40 for 3,400 gallons) will provide a cash flow surplus of \$49,300 and debt service coverage of 147.01%.

NOTES TO COMMENTS:

- A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
- B. The Going Level and Proforma adjustments included in the Applicant's Cash Flow Analyses for Scenarios 1 and 2 were used in Staff's Cash Flow Analyses, except as noted on Attachments A and B.
- C. The Applicant did include a Maximum Rate Cash Flow Analysis with the application, using proposed rates of \$32.40 for 3,400 gallons. Staff used this data as its basis of analysis for Scenario 2.
- D. Staff notes the Applicant is requesting a waiver of Rule 42 Exhibit requirement. Staff has no objection.
- 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.

ENGINEERING: Jim Spurlock

1. This project may not require a Certificate of Convenience and Necessity from the PSC. Applicant should consult with 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). Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.

2. **Scope:** Preston County PSD #4 proposes to expand available raw water capacity by drilling and developing a new well, increasing the capacity of the existing Bruceon Mills Well #4 from 400 gpm to 600 gpm, and by developing the previously-drilled Clifton Mills Well #1. Raw water lines will be constructed for each of the two newly developed wells.

Customer Density: N/A

Cost per Customer: \$1,609 (taken from the total project cost estimate of \$3,114,241 spread over 1,935 customers).

3. **Project Feasibility:** The project is technically feasible. The cost per customer is reasonable. The project will provide additional raw water capacity to accommodate increasing demand, allow growth, and provide redundancy to help insure uninterrupted supply.
4. **Project Alternatives:** Two locations for the new well were evaluated. Alternative No. 2 (Rudville Rd.), which is approximately \$40,000 more expensive, was chosen due to landowner cooperation issues, a preferred route for the raw water line along State roads, and its location being furthest away from existing wells.
5. **Consolidation:** No consolidation opportunities are presented by the project.
6. **Inconsistencies:** None were noted.
7. **Operation and Maintenance (O & M) Expenses:** O & M expenses are projected to increase by \$1,548 annually as a result of the project. Supporting calculations were provided.

8. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$475,351 which is equal to 20.83% of the construction cost of \$2,281,840 (including contingency).

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

PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 4 - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2228
 November 14, 2022

PREFERRED FUNDING PACKAGE
 SCENARIO 1

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,887,113	1,887,113	(145,128) (1)	1,741,985
Other Operating Revenue	31,346	31,346	-	31,346
SB 234 Annual Working Cash Collections			145,128 (2)	145,128
Interest Income & Other Misc.	904	904	-	904
Total Cash Available	1,919,363	1,919,363	-	1,919,363
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,162,710	1,162,710	-	1,162,710
Taxes	34,627	34,627	-	34,627
Total Cash Requirements Before Debt Service	1,197,337	1,197,337	-	1,197,337
Cash Available for Debt Service (A)	722,026	722,026	-	722,026
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	453,843	453,843	-	453,843
Other Debt			-	-
Reserve Account @ 10%	34,413	34,413	-	34,413
Renewal & Replacement Fund (2.5%)	47,984	47,984	(3,651) (3)	44,333
Total Debt Service Requirement	536,240	536,240	(3,651)	532,589
SB 234 Cash Working Capital	145,128	145,128	-	145,128
Remaining Cash	40,658	40,658	3,651	44,309
Percent Coverage (A) / (B)	159.09%	159.09%		159.09%
Average rate for 3,400 gallons	\$ 29.24	\$ 29.24	\$ -	\$ 29.24
Average rate for 4,000 gallons	\$ 34.40	\$ 34.40	\$ -	\$ 34.40

**PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 4 - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2228**

**Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	1,741,985	(145,128)
	Per Application with Project	1,887,113	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	145,128	145,128
	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	44,333	(3,651)
	Per Application with Project	47,984	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 4 - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2228
 November 14, 2022

**LOAN PACKAGE
 SCENARIO 2**

	Max Rate Going Level Per Application Before Project	Max Rate Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,887,113	2,090,113	(145,128) (1)	1,944,985
Other Operating Revenue	31,346	31,346	-	31,346
SB 234 Annual Working Cash Collections			145,128 (2)	145,128
Interest Income & Other Misc.	904	904	-	904
Total Cash Available	1,919,363	2,122,363	-	2,122,363
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,162,710	1,162,710	-	1,162,710
Taxes	34,627	34,627	-	34,627
Total Cash Requirements Before Debt Service	1,197,337	1,197,337	-	1,197,337
Cash Available for Debt Service (A)	722,026	925,026	-	925,026
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	453,843	634,044	(4,807) (3)	629,237
Other Debt			-	-
Reserve Account @ 10%	34,413	52,433	(481) (4)	51,952
Renewal & Replacement Fund (2.5%)	47,984	53,059	(3,651) (5)	49,408
Total Debt Service Requirement	536,240	739,536	(8,938)	730,598
SB 234 Cash Working Capital	145,128	145,128	-	145,128
Remaining Cash	40,658	40,362	8,938	49,300
Percent Coverage (A) / (B)	159.09%	145.89%		147.01%
Average rate for 3,400 gallons	\$ 29.24	\$ 32.40	\$ -	\$ 32.40
Average rate for 4,000 gallons	\$ 34.40	\$ 38.12	\$ -	\$ 38.12

**PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 4 - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2021
APPLICATION NO: 2022W-2228**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	1,944,985	(145,128)
	Per Application with Project	2,090,113	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	145,128	145,128
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Principal & Interest	Per Staff Analysis	629,237	(4,807)
	Per Application with Project	634,044	
The difference in P&I is related to Staff's calculation of a loan of \$2,958,529 for 40 years (paid back over 38 years) at 5%.			
(4) Reserve Account @ 10%	Per Staff Analysis	51,952	(481)
	Per Application with Project	52,433	
Staff assumed a 10% reserve on the new debt.			
(5) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	49,408	(3,651)
	Per Application with Project	53,059	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			