



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: December 12, 2024

Subject: Southern Jackson PSD
Preliminary Application: IJDC No. 2024WS-2633
Shinn Lane Water & Sanitary Sewer System 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.

- 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 water and wastewater service to approximately 120 future customers. This extension will enable the PSD to accommodate a potential 120 customers to be tied in from future development.

The proposed total cost for this project is \$390,000 and the PSD intends to pursue a \$390,000 EEG Grant.

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: 20
Compliance with Standards: 0



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Spencer Fultineer, DWWM

DATE: December 10, 2024

SUBJECT: Southern Jackson PSD
Preliminary Application: IJDC No. 2024WS-2633
Shinn Lane Water & Sanitary Sewer System Extension Project

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Boyles and Hildreth, Consulting Engineers for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

Southern Jackson PSD owns and operates an existing water distribution system and an existing sewer system operating under NPDES permit #WV0084468. The District's water system currently serves approximately 2,578 users, and the sanitary sewer facilities serves approximately 805 customers.

This project proposes to extend water and wastewater service to approximately 120 future customers. This will be accomplished by installing 6" waterline and 8" sewer line and necessary appurtenances primarily in WVDOH ROW.

The proposed total cost for this project is \$390,000 and the PSD intends to pursue a \$390,000 EEG Grant.

The proposed 3,400 gallon rate is \$49.95.

NEED FOR PROJECT

The project will extend public water and sewer service to property currently without access to such services. The landowner has requested an extension of water and sewer service to the property. This extension will enable the PSD to accommodate a potential 120 customers to be tied in for future development.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fee and the Design Fee appear to be within the ASCE curve.
- No documentation of environmental impacts or discussion of mitigation of unavoidable impacts.

Preliminary Project Ratings:

Public Health Benefits: 0

Compliance with Standards: 0

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



December 11, 2024

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

Re: Public Service Commission Staff Review Comments
Application No. 2024 S-2633
Southern Jackson PSD - Sewer System Extension
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,

Jonathan M Fowler
Jonathan M. Fowler, P.E.
Engineering Division

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: December 11, 2024

PROJECT SPONSOR: SOUTHERN JACKSON COUNTY PSD - SEWER

PROJECT SUMMARY: It is proposed to construct approximately 280 l.f. of 6-inch diameter waterline, 640 l.f. of 6-inch diameter variable-grade sanitary sewer line, and necessary appurtenances to enable service to approximately 120 customers with a potential of 250 customers adjacent to the planned service area.

PROPOSED FUNDING: WDA Economic Enhancement Grant \$273,000

CURRENT/PROPOSED

| | | |
|---------------|---------|------------------------------|
| RATES: | \$68.86 | 3,704 gallons (minimum bill) |
| | \$74.36 | 4,000 gallons |

Application No. 2024WS-2633

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

FINANCIAL: Alex Kovarik

1. Current rates (\$68.86 for 3,704 gallons, minimum bill) are above the rates attributable to 1.25% (\$51.16) and 1.5% (\$61.39) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$71.63) and 2.0% (\$81.86) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$34,993 and \$164,439 respectively.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant of \$273,000, proposed rates (\$68.86 for 3,704 gallons, minimum bill) will provide a cash flow surplus of \$63,470 and debt service coverage of 133.31%.
3. Using the Scenario 2 alternate loan package of \$273,000 at 5% for 40 years (paid back over 38 years), proposed rates (\$68.86 for 3,704 gallons,

minimum bill) will provide a cash flow surplus of \$45,667 and debt service coverage of 129.15%.

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 Statements submitted with the application.
- C. The \$68.86 (3,704 gallons, minimum bill) rates became effective for service rendered on and after May 31, 2024. The applicant has included this adjustment in its analysis.
- D. Staff notes the project sponsor has requested a Draft Rule 42 Exhibit waiver.
- E. A single application was filed for this project, which includes both water and sewer work. Therefore, Staff is processing this application by submitting separate reviews for water and sewer.
- F. The application lists a single Undefined Grant of \$390,000 for both the water and sewer work. Per discussion with the applicant, it is expected that 70% of the grant funds will be allocated to sewer service work and 30% will be allocated to water service related work. Staff has allocated the grant funds as well as the Max Rate debt service and reserve ($\$22,946 \times 70\%$) this way when processing its reviews.
- G. 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: Mansour Mashayekhi

1. This project may not require a Certificate of Convenience and Necessity from the PSC. The project sponsor should consult with Staff pursuant to General Order 246 for such determination. If a Certificate is required, utility should reference this application number on the PSC's Form No. 4 when its application is filed at the Commission given the requirement of West Virginia Code §24-2-11 (c) and (e) et seq.
2. *Scope:* The project proposes to construct approximately 280 L.F. of 6-inch diameter waterline, 640 L.F. of 6-inch diameter variable-grade sanitary sewer line, and necessary appurtenances to enable service to approximately 120 customers with a potential of 250 customers adjacent to the planned service area. It appears that the City of Ripley's water treatment facility is capable of providing the desired quantity of finished water to the proposed service area. The estimated budget of the project is \$390,000. Project is expected to be funded by an undefined grant in the amount of \$390,000.
3. *Need for Project:* A property owner in the Shinn Lane area of the District's service area has requested public water and sanitary sewer service from the District due to lack of suitable private facilities. This area is believed to lack sufficient quantities of groundwater to supply the proposed development of housing that currently is planned.
4. *Customer Density:* this project is an extension of potable water and sanitary sewer service to serve approximately 120 new customers. The customer density, due to lack of data, can't be calculated at this time.
5. *Cost per Customer:* Based upon the estimated project budget of \$390,000 and proposing to add approximately 120 new customers, the cost- per-new-customer is approximately \$3,250. This project appears to be entirely grant funded, therefore, new and existing customers bear no capital project related expenses.
6. *Project Feasibility:* The proposed extension of public water and sanitary sewer service to the area of Shinn Lane appears economically feasible based on currently available governmental programs to provide financing for public infrastructure projects.

7. *Project Alternatives*: One technically-feasible project alternative consists of extending the existing physical plant owned and operated by the District along Shinn Lane to provide residents public water and sanitary sewer service. This alternative would utilize finished water produced at the City of Ripley existing treatment facility which possesses sufficient capacity to meet this additional demand. Due to the topography of the planning area and surrounding regions, no other practicable technically feasible alternative has been identified. Given that only one technically-feasible project alternative can be identified, the extension of the current water distribution and sanitary sewer system to serve the Shinn Lane area is the recommended alternative to extend service to 120 new customers.
8. *Permits Required*: The following permits and/or certificates may be required for this project: Bureau for Public Health (Construction & Operation), Division of Highways (Utility Encroachment), and Public Service Commission (Convenience and Necessity).
9. *Consolidation*: There is no consolidation issue regarding this project.
10. *Inconsistencies*: None was noticed for this project.
11. *Operation and Maintenance (O&M) Expenses*: the project's O&M expenses are expected to increase by approximately \$26,700 to an annual expense of \$1,086,2825.
12. *Engineering Agreement*: The applicant has provided documentation relative to compliance with West Virginia Code §5G-1-1, et seq. Based on filing, the total design fees for engineering services are \$23,000 at the construction cost of \$285,000. This is approximately 8.07% of the construction costs as shown on the application.

SOUTHERN JACKSON COUNTY PSD - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024WS-2633
 December 11, 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 |
| | \$ | \$ | \$ | \$ |
| AVAILABLE CASH | | | | |
| Operating Revenues | 937,117 | 986,711 | (40,234) (1) | 946,477 |
| Other Operating Revenue | 9,332 | 9,332 | - | 9,332 |
| SB 234 Annual Working Cash Collections | | | 40,234 (2) | 40,234 |
| Interest Income & Other Misc. | 5,038 | 5,038 | - | 5,038 |
| Total Cash Available | 951,487 | 1,001,081 | - | 1,001,081 |
| OPERATING DEDUCTIONS | | | | |
| Operating Expenses | 314,070 | 321,870 | - | 321,870 |
| Taxes | 10,291 | 10,291 | - | 10,291 |
| Total Cash Requirements Before Debt Service | 324,361 | 332,161 | - | 332,161 |
| Cash Available for Debt Service (A) | 627,126 | 668,920 | - | 668,920 |
| DEBT SERVICE REQUIREMENTS | | | | |
| Principal & Interest (B) | 501,767 | 501,767 | - | 501,767 |
| Other Debt | - | - | - | - |
| Reserve Account @ 10% | 39,554 | 39,554 | - | 39,554 |
| Renewal & Replacement Fund (2.5%) | 23,787 | 25,027 | (1,132) (3) | 23,895 |
| Total Debt Service Requirement | 565,108 | 566,348 | (1,132) | 565,216 |
| SB 234 Cash Working Capital | 39,259 | 40,234 | - | 40,234 |
| Remaining Cash | 22,759 | 62,338 | 1,132 | 63,470 |
| Percent Coverage (A) / (B) | 124.98% | 133.31% | | 133.31% |
| Average rate for 3,704 gallons | \$ 68.86 | \$ 68.86 | \$ - | \$ 68.86 |
| Average rate for 4,000 gallons | \$ 74.36 | \$ 74.36 | \$ - | \$ 74.36 |

Staff Adjustments

| | | | Increase |
|---|-------------------------------------|---------|------------|
| | | \$ | <Decrease> |
| <u>Adjustment Description</u> | | | |
| (1) Operating Revenues | Per Staff Analysis | 946,477 | (40,234) |
| | Per Application with Project | 986,711 | |
| Adjust revenues in accordance with PSC General Order 183.11. | | | |
| (2) SB 234 Annual Working Cash Collections | Per Staff Analysis | 40,234 | 40,234 |
| | 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 | 23,895 | (1,132) |
| | Per Application with Project | 25,027 | |
| Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund. | | | |

SOUTHERN JACKSON COUNTY PSD - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2023
 APPLICATION NO: 2024WS-2633
 December 11, 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 |
| | \$ | \$ | \$ | \$ |
| <u>AVAILABLE CASH</u> | | | | |
| Operating Revenues | 937,117 | 986,711 | (40,234) (1) | 946,477 |
| Other Operating Revenue | 9,332 | 9,332 | - | 9,332 |
| SB 234 Annual Working Cash Collections | | | 40,234 (2) | 40,234 |
| Interest Income & Other Misc. | 5,038 | 5,038 | - | 5,038 |
| Total Cash Available | 951,487 | 1,001,081 | - | 1,001,081 |
| <u>OPERATING DEDUCTIONS</u> | | | | |
| Operating Expenses | 314,070 | 321,870 | - | 321,870 |
| Taxes | 10,291 | 10,291 | - | 10,291 |
| Total Cash Requirements Before Debt Service | 324,361 | 332,161 | - | 332,161 |
| Cash Available for Debt Service (A) | 627,126 | 668,920 | - | 668,920 |
| <u>DEBT SERVICE REQUIREMENTS</u> | | | | |
| Principal & Interest (B) | 501,767 | 517,829 | 123 (3) | 517,952 |
| Other Debt | - | - | - | - |
| Reserve Account @ 10% | 39,554 | 41,161 | 11 (4) | 41,172 |
| Renewal & Replacement Fund (2.5%) | 23,787 | 25,027 | (1,132) (5) | 23,895 |
| Total Debt Service Requirement | 565,108 | 584,017 | (998) | 583,019 |
| SB 234 Cash Working Capital | 39,259 | 40,234 | - | 40,234 |
| Remaining Cash | 22,759 | 44,669 | 998 | 45,667 |
| Percent Coverage (A) / (B) | 124.98% | 129.18% | | 129.15% |
| Average rate for 3,704 gallons | \$ 68.86 | \$ 68.86 | \$ - | \$ 68.86 |
| Average rate for 4,000 gallons | \$ 74.36 | \$ 74.36 | \$ - | \$ 74.36 |

**SOUTHERN JACKSON COUNTY PSD - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2023
APPLICATION NO: 2024WS-2633**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

| <u>Adjustment Description</u> | | | \$ | Increase <Decrease> |
|-------------------------------|--|-------------------------------------|---------|------------------------|
| (1) | Operating Revenues | Per Staff Analysis | 946,477 | (40,234) |
| | | Per Application with Project | 986,711 | |
| | Adjust revenues in accordance with PSC General Order 183.11. | | | |
| (2) | SB 234 Annual Working Cash Collections | Per Staff Analysis | 40,234 | 40,234 |
| | | Per Application with Project | - | |
| | Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. | | | |
| (3) | Principal & Interest | Per Staff Analysis | 517,952 | 123 |
| | | Per Application with Project | 517,829 | |
| | i.e. The difference in P&I is related to Staff's calculation of a loan of \$273,000 for 40 years (paid over 38 years) at 5%. | | | |
| (4) | Reserve Account @ 10% | Per Staff Analysis | 41,172 | 11 |
| | | Per Application with Project | 41,161 | |
| | Staff assumed a 10% reserve on the new debt. | | | |
| (5) | Renewal & Replacement Fund (2.5%) | Per Staff Analysis | 23,895 | (1,132) |
| | | Per Application with Project | 25,027 | |
| | 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
www.dep.wv.gov

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 Southern Jackson County PSD:
Shinn Lane Water and Sanitary Sewer Extension in Jackson County, WV.
(2024WS-2633)

We have reviewed the above referenced project application information. The Southern Jackson County PSD purchases water from the City of Ripley. No NPDES permit modifications are necessary.

If the Southern Jackson County PSD is considering repairing and painting an existing water treatment plant or storage tanks, then the scope of this project requires precautions to prevent contamination of the waters of the state. Prior to beginning any removal of old paint, the Southern Jackson County PSD 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 Southern Jackson County PSD 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: Katheryn Emery