



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: Wilderness PSD
IJDC Preliminary Application Number: **2022W-2253**
Water System Improvements Phase I
Nicholas 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 replacing the main transmission line from the WTP to Mt. Nebo, upgrading a section of Ridgeview Drive in Mt. Lookout, and replacing all existing touch-read meters with radio read units.

The proposed funding package includes a USDA Loan \$ 2,790,000; Nicholas Co. ARRA Grant \$634,508; WDA EEGF Grant \$ 608,164.

The total project cost is **\$4,032,672**.

pc: To be distributed at the Funding Committee Meeting

STATE OF WEST VIRGINIA
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MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Christopher Thomas, EIT.
Infrastructure & Capacity Development

DATE: November 22, 2022

SUBJECT: Wilderness PSD
IJDC Application- **2022W-2253**
Water System Improvements Phase I
Nicholas County

Recommendation:

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

Project Scope:

This Preliminary Application proposes replacing the main transmission line from the WTP to Mt. Nebo, upgrading a section of Ridgeview Drive in Mt. Lookout, and replacing all existing touch-read meters with radio read units.

The cost per customer is **\$1,963** for the project. The total project cost is **\$4,032,672**.
USDA Loan \$ 2,790,000; Nicholas Co. ARRA Grant \$ 634,508; WDA EEGF Grant \$ 608,164.

Need for the Project:

The proposed project will eliminate/upgrade a section of line which has been prone to failure, correct a hydraulic problem on Ridgeview Drive, and upgrade existing lines and install new radio read meters.

Concerns:

None

Permits:

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

Engineering: 3.75% for design, 11.79% for total.

The Design Fees vs. Construction Cost for Modifications is well below both curves. The Total Fees vs. Construction Cost for Modifications is well below both curves. A fee waiver will not be required for either fee for this project.

Asset Management Plan and Annual Maintenance Audit:

The Wilderness PSD preliminary infrastructure application indicates that they are not seeking DWTRF monies. The system indicates in the application that they have an asset management plan. There is an approved asset management plan on file with the BPH and the system is currently working with RCAP to provide their second annual update.

Capacity Development:

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as no. A CDA was performed at the Wilderness PSD in January 2013

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 Wilderness PSD has a score of zero on the July 2022 quarter of the EPA's Compliance Tracking Tool (ETT.)

Based upon information from the Municipal Bond Commission, as of September 2022, Wilderness PSD is current on their water reserve funding requirements.

IJDC Ranking:

- Public Health Benefit: 5
- Compliance: 5



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MEMORANDUM

TO: Meredith Vance, Division Director
Environmental Engineering Division

FROM: Valerie Plance, Manager *VP 11/1/22*
Capacity Development Program

DATE: October 26, 2022

RE: Wilderness PSD (PWSID#3303405)
IJDC Application No.: 2022W-2253
Nicholas County

The Wilderness PSD preliminary infrastructure application indicates that they are not seeking DWTRF monies. The system indicates in the application that they have an asset management plan. There is an approved asset management plan on file with the BPH and the system is currently working with RCAP to provide their second annual update.

The question about having had a capacity development assessment (CDA) within the last 5 years was marked as no. A CDA was performed at the Wilderness PSD in January 2013.

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 Wilderness PSD has a score of zero on the July 2022 quarter of the EPA's Compliance Tracking Tool (ETT.)

Based upon information from the Municipal Bond Commission, as of September 2022, Wilderness PSD 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:	Wilderness PSD	IJDC Number:	2022W-2253
Project Description:	Upgrade – Phase I	Review by:	Patrick M. Murphy
County:	Nicholas	Date:	November 15, 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: 304-926-0495
Fax: 304-926-0496

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 *JMP*
Supervisor
General Permits & Support Team

DATE: October 25, 2022

SUBJECT: Infrastructure Preliminary Application for the Wilderness PSD (2022W-2253):
Water System Upgrade Phase 1 in Nicholas County, WV.

We have reviewed the above referenced project application information. The Wilderness PSD discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640071 and expires July 18, 2023.

If the Wilderness 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 Wilderness PSD 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 Wilderness PSD should contact Yogesh Patel or a member of his staff at (304)-926-0499, extension 43877 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.

Promoting a healthy environment.

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: November 10, 2022

Subject: Wilderness PSD – System Improvements
IJDC Preliminary Application: 2022W-2253

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-2253
Wilderness PSD - 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 15, 2022

PROJECT SPONSOR: WILDERNESS PUBLIC SERVICE DISTRICT (WATER)

PROJECT SUMMARY: Upgrading old water lines along Rt 41 between WTP and Mt Nebo, replacing old undersized line in Mt Lookout, and replacing all meters.

PROPOSED FUNDING: USDA Loan 1.875% for 40 yrs.	\$2,790,000
Nicholas County Commission ARPA Grant	\$ 634,508
WDA Economic Enhancement Grant	<u>\$ 608,164</u>
Total	<u>\$4,032,672</u>

CURRENT RATES:	\$47.16	3,400 gallons
	\$54.89	4,000 gallons

PROPOSED RATES:	\$51.06	3,400 gallons
	\$59.43	4,000 gallons

Application No. 2022W-2253

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

FINANCIAL: Stephen Edens

1. Current rates (\$47.16 for 3,400 gallons) are above the rate attributable to 1.25% (\$42.00) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$50.40), 1.75% (\$58.80) and 2.0% (\$67.20) of the MHI. Increasing current rates to 1.5%, 1.75% and 2% of the MHI would provide additional revenues of \$87,910, \$315,990 and \$544,071 respectively.
2. Using Scenario 1, the preferred funding package consisting of a USDA Loan of \$2,790,000 at 1.875% for 40 years (paid back over 38 years), a \$634,508 Nicholas County Commission ARPA Grant, and a WDA Economic Enhancement Grant of \$608,164, proposed rates (\$51.06 for

3,400 gallons) will provide a cash flow surplus of \$18,895 and debt service coverage of 164.59%.

3. Using the Scenario 2 alternate loan package of \$608,164 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a USDA Loan of \$2,790,000 at 1.875% for 40 years (paid back over 38 years) and a Nicholas County Commission ARPA Grant of \$634,508, proposed rates (\$56.21 for 3,400 gallons) will provide a cash flow surplus of \$122,747 and debt service coverage of 190.46%.

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. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2021, and the cash flow statement submitted with the application.
- D. The Applicant is requesting a waiver of Rule 42 Exhibit requirement since the filing is being made to address a bid over-run in the amount of \$608,164. The proposed project initially had an original project cost of \$3,424,508 and received a Certificate of Convenience and Necessity from the PSC in Case No. 22-0362-PWD-CN (Final Order August 9, 2022). The proposed rates in this application are the rates approved in the aforementioned certificate case.
- 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: Mansour 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 project will include the following: Phase-I of a multi-phased project includes the main transmission line running from the water treatment plant along WV Route 41 to Mt. Nebo, upgrading a section of Ridgeview Drive in Mt. Lookout and replacing all existing touch-read meters with radio read units. The estimated cost of the project is \$4,032,672. The proposed funding includes the following: a USDA loan of \$2,790,000 (1.87% interest, 40 years), a Nicholas County grant of \$634,508, and a WDA Economic Enhancement grant of \$608,164.
3. **Need for Project:** the proposed project will eliminate a section of line which has been prone to failure and correct a hydraulic problem in Ridgeview drive. The project will also upgrade existing lines and install new radio read meters.
4. **Customer Density:** this is an upgrade and improvement project; therefore, customer density will not be affected.
5. **Cost per Customer:** Based upon the estimated project cost of \$4,032,672, and having approximately 2,072 existing customers, the cost-per-new-customer is approximately \$1,946. However, loan portion of the cost will be approximately \$2.81/customer-per- month plus interest expenses.
6. **Project Feasibility:** This project appears to be technically feasible and poses little technical risk.
7. **Project Alternatives:** the only alternative to upgrading the current wilderness PSD system is the so called "do nothing" alternative. This would lead to increased losses of water through leaks and even less dependable service.
8. **Permits Required:** The following permits and certificates are anticipated to be required for this project: Bureau of Public Health, NPDES permit during construction, WVDOH (install lines within rights-of-way), the DNR, and Corps of Engineers permits.

9. **Consolidation:** There are no consolidation opportunities with the proposed upgrade and replacement project alternative. However, prior to any future projects, the District must consider all reasonable options for consolidation; including but, not limited to consolidation opportunities with the Summersville Municipal Water system.
10. **Inconsistencies:** None was noticed for this project.
11. **Operation and Maintenance (O&M) Expenses:** the PSD's annual O&M expenses are expected remain unchanged and stay at approximately \$932,893.
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 \$126,500 at construction cost of \$3,372,164. This is approximately 3.75% of the construction costs as shown on the application.

WILDERNESS PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2253
 November 15, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	1,318,813	1,429,424	(116,612) (1)	1,312,812
Other Operating Revenue	30,377	35,104	-	35,104
SB 234 Annual Working Cash Collections			116,612 (2)	116,612
Interest Income & Other Misc.	6,200	6,200	-	6,200
Total Cash Available	1,355,390	1,470,728	-	1,470,728
OPERATING DEDUCTIONS				
Operating Expenses	932,893	932,893	-	932,893
Taxes	38,290	38,290	-	38,290
Total Cash Requirements Before Debt Service	971,183	971,183	-	971,183
Cash Available for Debt Service (A)	384,207	499,545	-	499,545
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	200,192	302,984	524 (3)	303,508
Other Debt	9,632	9,632	-	9,632
Reserve Account @ 10%	6,869	17,148	53 (4)	17,201
Renewal & Replacement Fund (2.5%)	33,885	36,768	(3,070) (5)	33,698
Total Debt Service Requirement	250,578	366,532	(2,494)	364,038
SB 234 Cash Working Capital	116,612	116,612	-	116,612
Remaining Cash	17,017	16,401	2,494	18,895
Percent Coverage (A) / (B)	191.92%	164.88%		164.59%
Average rate for 3,400 gallons	\$ 47.16	\$ 51.06	\$ -	\$ 51.06
Average rate for 4,000 gallons	\$ 54.89	\$ 59.43	\$ -	\$ 59.43

WILDERNESS PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2253

Attachment A
 PREFERRED FUNDING PACKAGE
 SCENARIO 1

		Staff Adjustments	
<u>Adjustment Description</u>		\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,312,812
		Per Application with Project	1,429,424
Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	116,612
		Per Application with Project	-
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	303,508
		Per Application with Project	302,984
The difference in P&I is related to Staff's calculation of a loan of \$2,790,000 for 40 years (paid back over 38 years) at 1.875%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	17,201
		Per Application with Project	17,148
Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	33,698
		Per Application with Project	36,768
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

WILDERNESS PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2253
 November 15, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	1,318,813	1,573,611	(116,612) (1)	1,456,999
Other Operating Revenue	30,377	38,108	-	38,108
SB 234 Annual Working Cash Collections			116,612 (2)	116,612
Interest Income & Other Misc.	6,200	6,200	-	6,200
Total Cash Available	1,355,390	1,617,919	-	1,617,919
OPERATING DEDUCTIONS				
Operating Expenses	932,893	932,893	-	932,893
Taxes	38,290	38,290	-	38,290
Total Cash Requirements Before Debt Service	971,183	971,183	-	971,183
Cash Available for Debt Service (A)	384,207	646,736	-	646,736
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	200,192	433,537	(93,975) (3)	339,562
Other Debt	9,632	9,632	-	9,632
Reserve Account @ 10%	6,869	30,204	(9,398) (4)	20,806
Renewal & Replacement Fund (2.5%)	33,885	40,448	(3,070) (5)	37,378
Total Debt Service Requirement	250,578	513,821	(106,443)	407,378
SB 234 Cash Working Capital	116,612	116,612	-	116,612
Remaining Cash	17,017	16,303	106,443	122,747
Percent Coverage (A) / (B)	191.92%	149.18%		190.46%
Average rate for 3,400 gallons	\$ 47.16	\$ 56.21	\$ -	\$ 56.21
Average rate for 4,000 gallons	\$ 54.89	\$ 65.42	\$ -	\$ 65.42

WILDERNESS PUBLIC SERVICE DISTRICT - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2021
 APPLICATION NO: 2022W-2253

Attachment B
 LOAN PACKAGE
 SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	1,456,999	(116,612)
	Per Application with Project	1,573,611	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	116,612	116,612
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Principal & Interest	Per Staff Analysis	339,562	(93,975)
	Per Application with Project	433,537	
The difference in P&I is related to Staff's calculation of a loan of \$2,790,000 for 40 years (paid back over 38 years) at 1.875%, and a loan of \$608,164 for 40 years (paid back over 38 years) at 5%.			
(4) Reserve Account @ 10%	Per Staff Analysis	20,806	(9,398)
	Per Application with Project	30,204	
Staff assumed a 10% reserve on the new debt.			
(5) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	37,378	(3,070)
	Per Application with Project	40,448	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			