

STATE OF WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR PUBLIC HEALTH OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin Governor Rocco Fucillo Cabinet Secretary

MEMORANDUM

10:	WV Infrastructure and Jobs Development Council
FROM:	Robert W. DeCrease, P. E. Water Technical Review Committee
DATE:	June 25, 2013
RE:	Town of Rowlesburg IJDC Preliminary Application Number: 2013W-1407 Water Line Extension to Etam and Macomber Preston County
for the	committee has reviewed the pre-application and preliminary engineering report submitted above referenced project in accordance with Chapter 31, Article 15-A. It has been sined that the project is: 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. 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. 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

Town of Rowlesburg Project No.: 2013W-1407

June 25, 2013 Page Two

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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:

The original application requested a \$4,500,000 IJDC grant as the only funding. This is not a realistic funding scenario so the funding indicated in the PER was used. The PSC cash flow analysis using the PER funding proposal indicates the user rate would have to be increased by an additional \$23.07 to cover the debt service. The user rate is estimated to be \$64.79 (2.76% MHI) and will provide an annual cash flow of \$2,221 and debt service coverage of 120% using the PSC scenario 1 case.

RWD:lch

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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

Earl Ray Tomblin Governor

Rocco Fucillo Cabinet Secretary

MEMORAND UM

TO:

Robert W. Decrease, P.E.

Manager, Infrastructure & Capacity Development

FROM:

Benjamin J. Savage, P.E. Denjamin J. Survey

Infrastructure & Capacity Development

DATE:

June 25, 2013

SUBJECT:

IJDC Application- 2013W-1407

Town of Rowlesburg - Water Line Extension to Etam and Macomber

Preston County

RECOMMENDATION:

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

PROJECT SCOPE:

This application is to extend water service to approximately 100 new customers in the Etam and Macomber areas of Preston County. The project will consist of the construction of approximately 9 miles (48,000 LF) of new 8" PVC waterline, 25 fire hydrants, 100 new water meters, one (1) 30 GPM water booster station, one (1) 100,000 gallon storage tank and all necessary valves and appurtenances.

The estimated total project cost is \$4,500,000 [IJDC District 1 Grant: \$4,500,000 (uncommitted)]. The cost per customer is \$11,658.

NEED FOR THE PROJECT:

The Preliminary Engineering Report (PER) claims that The Town of Rowlesburg has significantly improved their water system over the past few years giving them the capability to extend water service to the outlying areas of Rowlesburg, specifically the Etam and Macomber communities. The residents of these communities have petitioned the Town to extend its water services in an effort to give them a clean, reliable source of water that their private wells have not been able to do in the past. Additionally, this extension would also provide fire protection to some 400 residents of the Etam and Macomber communities.

Town of Rowlesburg Project No.: **2013W-1407** June 25, 2013 Page Two

CONCERNS:

None

PERMITS:

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

Construction activities with a disturbed area of one (1) acre or greater are required to register for the NPDES Storm Water Construction General Permit No. WV0115924.

A Certificate of Convenience and Necessity will be required from the PSC.

A permit for stream crossings may be required.

A permit from the WV Division of Highways will be required for the construction activities that will take place within WVDOH right-of-ways.

ENGINEERING FEES:

The engineering design fees for this project are "below the curve" for average complexity for both new construction and modified construction costs as referenced in the American Society of Civil Engineers manual of practice. The total fees for this project are "above the curve" for average complexity for both new construction and modified construction costs as referenced in the American Society of Civil Engineers manual of practice. The sponsor should make a written request for a waiver approval from the WVIJDC for the total fees.

ASSET MANAGEMENT PLAN AND ANNUAL MAINTANENCE AUDIT:

The IJDC application states that the Town of Rowlesburg Water Works does not have a formal asset management plan in place and has not completed an annual maintenance audit.

CAPACITY DEVELOPMENT:

The IJDC preliminary application states that the WVBPH has completed a Capacity Development Assessment (CDA) within the last 5 years; however, our records indicate that the last CDA was done in 2003.

RANKING:

- Public Health Benefit: 5
- Compliance: 0

Public Service Commission Of West Virginia

201 Brooks Street, P. O. Box 812 Charleston, West Virginia 25323



June 14, 2013

Phone: (304) 340-0300 FAX: (304) 340-0325

Mr. Robert W. DeCrease, P.E. Office of Environmental Health Services 350 Capitol Street, Room 313 Charleston, West Virginia 25301-3713

Re:

Public Service Commission Staff Review Comments

Application No. 2013W-1407

Town of Rowlesburg

Infrastructure Preliminary Application

Dear Mr. DeCrease:

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:

X forwarded to the Funding Committee
forwarded to the Consolidation Committee
returned to the Applicant
Please advise if you have any questions.

Sincerely,

Angrid Ferrell
Ingrid Ferrell

Engineering Division
IFerrell@psc.state.wv.us

Enclosures IF:vt

PUBLIC SERVICE COMMISSION STAFF TECHNICAL REVIEW

DATE: June 14, 2013 PROJECT SPONSOR: TOWN OF ROWLESBURG **PROJECT SUMMARY:** Rowlesburg water line extension. PROPOSED FUNDING: WVIJDC Loan 1%, 40 Years \$2,000,000 WVIJDC Grant 1,000,000 SCBG 1,500,000 Total \$4,500,000 **CURRENT RATE:** 4,000 gallons \$41.72 4,000 gallons PROPOSED RATE: \$41.72 Application Number: 2013W-1407 **RECOMMENDATION:** X forward to the Funding Committee forward to the Consolidation Committee

FINANCIAL: Conrad W. Bramlee

1. Current rates (\$41.72 for 4,000 gallons) are above the rates attributable to 1.5% (\$35.16) and 1.75% (\$41.02) of the Median Household Income (MHI), but below the rates attributable to 2.0% (\$46.88) of the MHI. Increasing current rates to 2.0% of the MHI would provide additional revenues of \$14,710.

return to the Applicant

- 2. Using Scenario 1, the preferred funding package consisting of an IJDC Loan of \$2,000,000 at 1% interest for 40 years (paid back over 38 years), \$1,000,000 IJDC Grant, and a SCBG of \$1,500,000, proposed rates (\$41.72 for 4,000 gallons) will provide a cash flow deficit of \$83,579 and debt service coverage of 30.25%. An additional 55.3% (for a total of \$64.79 for 4,000 gallons) increase in proposed rates would be required to provide a cash flow surplus of \$2,221 and debt service coverage of 119.89%.
- 3. Using Scenario 2, alternate loan package of \$4,500,000 (in uncommitted funds) at 5% interest for 40 years (paid back over 38 years), proposed rates (\$41.72 for 4,000 gallons) will provide a cash flow deficit of \$307,160 and debt service coverage of 9.85%. An additional 199.2% (for a total of \$124.83 for 4,000

gallons) increase in proposed rates would be required to provide a cash flow surplus of \$1,915 and debt service coverage of 115.02%.

4. NOTES TO FINANCIAL 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 reviewed the Rule 42 Exhibit as presented with the application and requested a revised Cash Flow Analysis be submitted that reconciled to the Rule 42 Exhibit. Staff then prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2012, and the applicant's revised Cash Flow Analysis.
- C. The current application is requesting a \$4,500,000 IJDC Grant to cover total project costs which is supported by the Rule 42 Exhibit. State Law currently limits IJDC Grant funding of a project to 50% of total project costs. Staff used the funding scenario as presented in the Preliminary Engineering Report consisting of an IJDC Loan of \$2,000,000 at 1% interest for 40 years (paid back over 38 years), \$1,000,000 IJDC Grant, and a SCBG of \$1,500,000.
- D. The applicant did not provide a Cash Flow Analysis or other financial information to support its alternate proposed rate (\$41.72 for 4,000 gallons) for Scenario 2. However, Staff calculated its Cash Flow Analysis for Scenario 2 using the applicant's alternate proposed rate.
- E. A complete Rule 42 Exhibit, including a Bill Analysis based on the most current test year and detailed adjustments to support any changes will be required when filing the certificate case.
- F. The Town should carefully evaluate its revenue requirements before passing a rate ordinance in order to ensure that rates are sufficient to produce a reasonable surplus and meet coverage requirements.

 Calculations to support the revenue projections should also be provided.

ENGINEERING: Jim Spurlock

The Town is proposing to construct 48,000 feet of water line, a 100,000 gallon water storage tank, and a booster station to extend service to 100 new customers in the areas of Etam and Macomber.

- 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).
- 2. Customer Density: 11 per mile

Cost per Customer: \$45,000

(taken from the total project cost estimate of \$4,500,000 spread over 100 new

customers).

3. Project Feasibility:

The engineering report describes a strong need for public water service, as existing wells are not providing adequate quantities, outages occur, and residents have petitioned for service. The cost per customer, however, is high. The proposed funding is 100% grants.

4. Project Alternatives:

No alternatives to the project are presented other than "do nothing". The engineering report does state in the introduction that Rowlesburg is the closest public water source to the area.

5. Consolidation:

There are no consolidation issues with this project.

6. Inconsistencies:

None were noted.

7. Operation and Maintenance Expenses:

Operation and maintenance expenses are expected to increase by \$16,319 per year. Supporting calculations were provided.

8. Engineering Agreement:

The application includes information that shows compliance with <u>West Virginia Code</u> §§5G-1-1, <u>et seq.</u> Engineering costs for the project are \$530,000 which is equal to 14.4% of the construction cost of \$3,671,360.

Staff recommends this application be submitted to the funding committee. 9.

Preliminary Project Ranking:

O & M Capabilities: 5.

Performance Measures = 0 pts. Asset Management Plan = $\hat{0}$ pts. Environmental Management = 1 pt.

- Readiness To Proceed: = 0 pts. 6.
- 8.
- Cost effectiveness: = 0 pts.
 Compliance with PSC Orders: = 0 pts. 10.

TOWN OF ROWLESBURG CASH FLOW ANALYSIS YEAR ENDED: June 30, 2012 APPLICATION NO: 2013W-1407

PREFERRED FUNDING PACKAGE SCENARIO 1

June 14, 2013		Goi Per A	tule 42 ng Level Application ore Project 1 \$	Per	Rule 42 Proforma Application ith Project 2 \$	Adj	Staff ustments 3 \$	**************************************	Per Staff Analysis 4 \$
AVAILABLE CASH									
Operating Revenues			119,050		172,642		52,658	(1)	225,300
Resale Revenues			52,396		52,396		21,801	(2)	74,197
Other Operating Revenue			-		-		-		-
Interest Income & Other Misc.			5		5		-		5
Total Cash Available			171,451		225,043		74,459		 299,502
OPERATING DEDUCTIONS									
Operating Expenses	•		157,931		174,250		-		174,250
Taxes			7,553		7,553		-		7,553
Total Cash Requirements Before Debt Service	,		165,484	-	181,803		-		 181,803
Cash Available for Debt Service	(A)	· · · · · · · · · · · · · · · · · · ·	5,967		43,240		74,459		 117,699
DEBT SERVICE REQUIREMENTS									
Principal & Interest	(B)		30,995		30,995		67,178	(3)	98,173
Reserve Account @ 10%			1,016		1,016		8,801	(4)	9,817
Renewal & Replacement Fund (2.59)	%)		4,286		4,286		3,201	(5)	 7,487
Total Debt Service Requirement			36,297		36,297		79,180		115,478
Remaining Cash	,		(30,330)		6,943		(4,721)		 2,221
Percent Coverage (A	(B)		19.25%		139.51%		/// = ====== // / / / /		119.89%
Average rate for 4,000 gallons		\$	41.72	\$	41.72	\$	23.07		\$ 64.79

TOWN OF ROWLESBURG CASH FLOW ANALYSIS YEAR ENDED: June 30, 2012 APPLICATION NO: 2013W-1407

Attachment A PREFERRED FUNDING PACKAGE SCENARIO 1

Staff Adjustments

	Adjustment Description		\$	Increase <decrease></decrease>
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	225,300 172,642	52,658
	The applicant's Cash Flow Analysis used 100% of the poter needed for the project based on 4,500 gallons of water usag 100 new water customers utilizing 4,000 gallons of water u Staff then adjusted operating revenues to provide a positive	e. Staff calculated revenue from 80% of the potential sage resulting in a decrease in revenue of \$13,541.		
(2)	Resale Revenues	Per Staff Analysis Per Application with Project	74,197 52,396	21,801
	Staff adjusted resale revenues to provide a positive cash flo	w and debt service coverage of at least 115%		
(3)	Principal & Interest	Per Staff Analysis Per Application with Project	98,173 30,995	67,178
	The difference in P&I is related to Staff's calculation of an I over 38 years) at 1% interest.	JDC Loan of \$2,000,000 for 40 years (paid back		
(4)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	9,817 1,016	8,801
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	7,487 4,286	3,201
	Chafferend 0.50/ action materials at CHO and the Court D			

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

LOAN PACKAGE SCENARIO 2

TOWN OF ROWLESBURG CASH FLOW ANALYSIS YEAR ENDED: June 30, 2012 APPLICATION NO: 2013W-1407

June 14, 2013	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>-</u> \$	\$		\$
· · · · · · · · · · · · · · · · · · ·		•	-		*
AVAILABLE CASH					
Operating Revenues	119,050	172,642	224,926	(1)	397,568
Resale Revenues	52,396	52,396	78,533	(2)	130,929
Other Operating Revenue		· -	-		´-
Interest Income & Other Misc.	5	5	_		5
Total Cash Available	171,451	225,043	303,459		528,502
			·		•
OPERATING DEDUCTIONS					
Operating Expenses	157,931	174,250	-		174,250
Taxes	7,553	7,553	-		7,553
Total Cash Requirements Before					
Debt Service	165,484	181,803	-		181,803
			-		
Cash Available for Debt Service (A)	5,967	43,240	303,459		346,699
DEBT SERVICE REQUIREMENTS					
Principal & Interest (B)	30,995	30,995	270,434	(3)	301,429
D					
Reserve Account @ 10%	1,016	1,016	29,127	(4)	30,143
Renewal & Replacement Fund (2.5%)	4,286	4,286	8,926	(5)	13,212
Total Debt Service Requirement	36,297	36,297	308,487		344,784
Denville of t	(20.540)		`		
Remaining Cash	(30,330)	6,943	(5,028)		1,915
Parama Co.	10.8.53				
Percent Coverage (A) / (B)	19.25%	139.51%			115.02%
Average rate for 4,000 gallons	\$ 41.72	\$ 41.72	\$ 83.11	\$	124.83

TOWN OF ROWLESBURG CASH FLOW ANALYSIS YEAR ENDED: June 30, 2012 APPLICATION NO: 2013W-1407

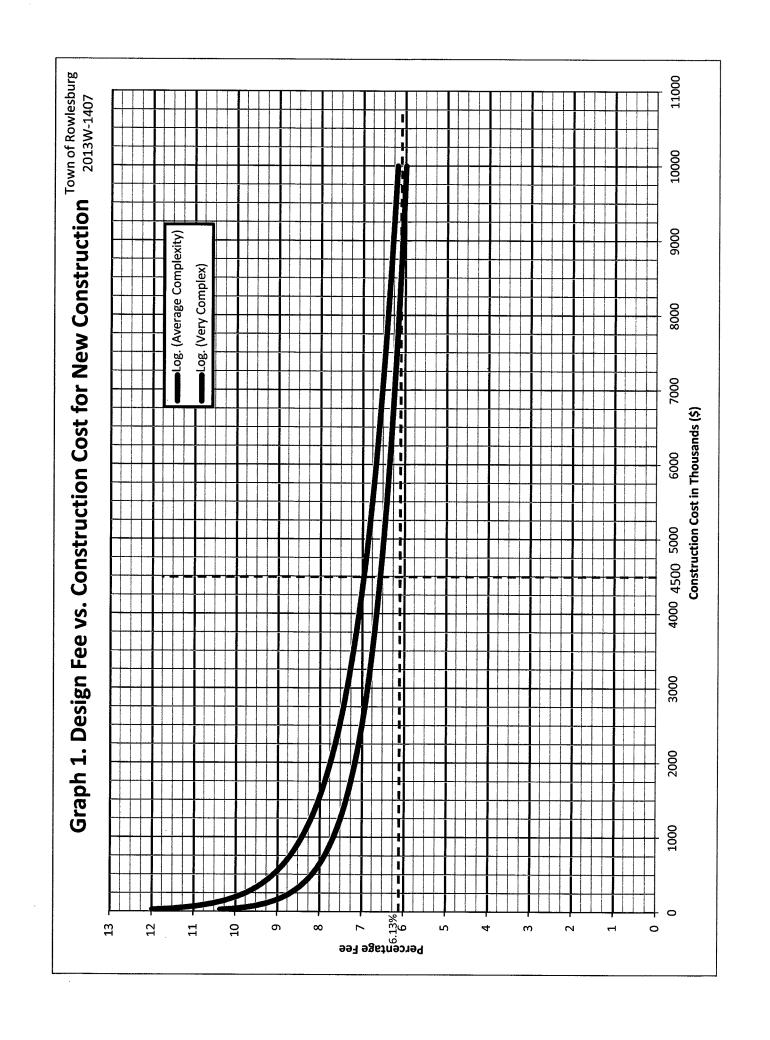
replacement fund.

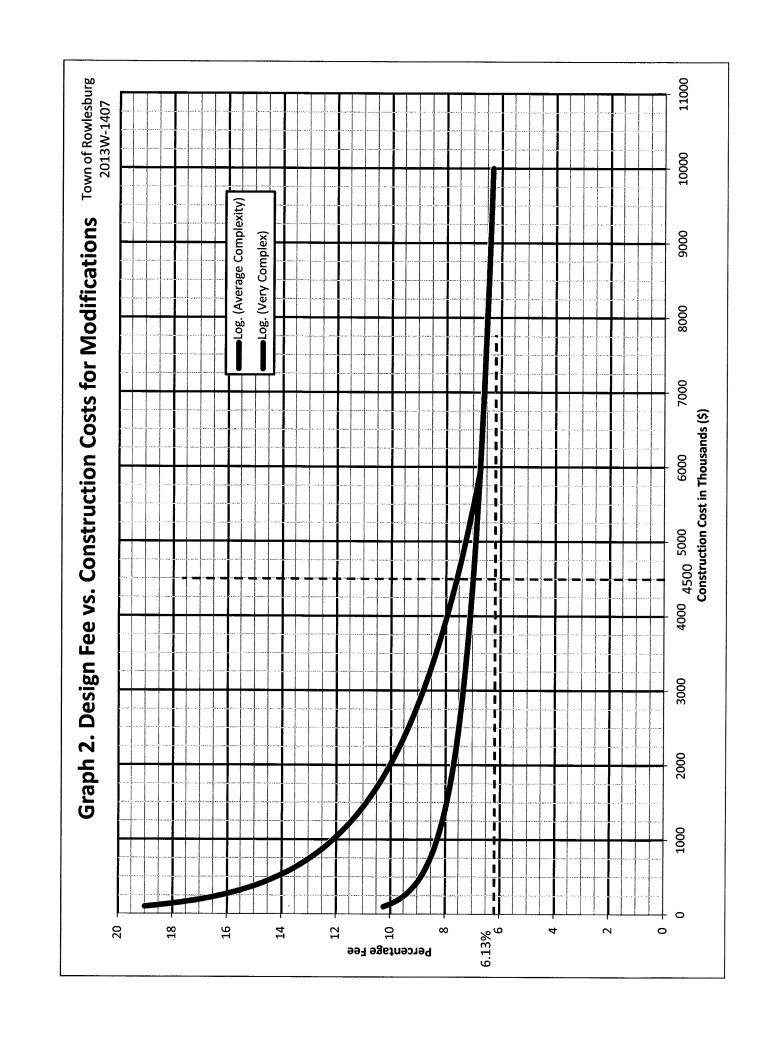
Attachment B LOAN PACKAGE SCENARIO 2

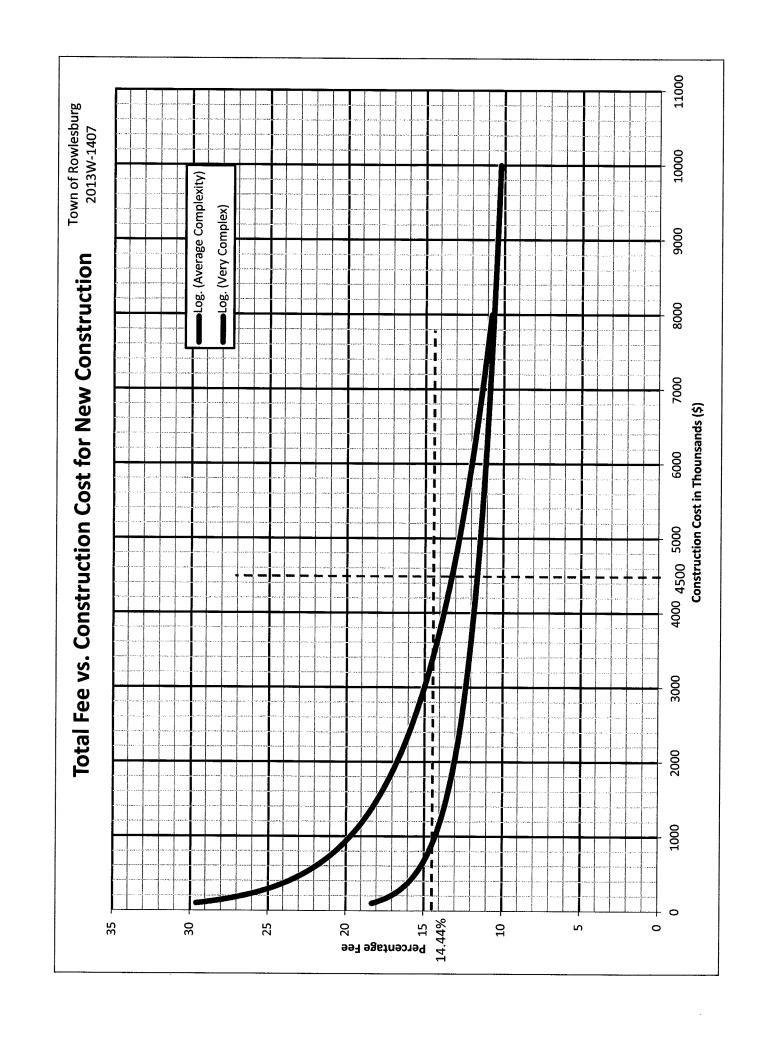
Staff Adjustments

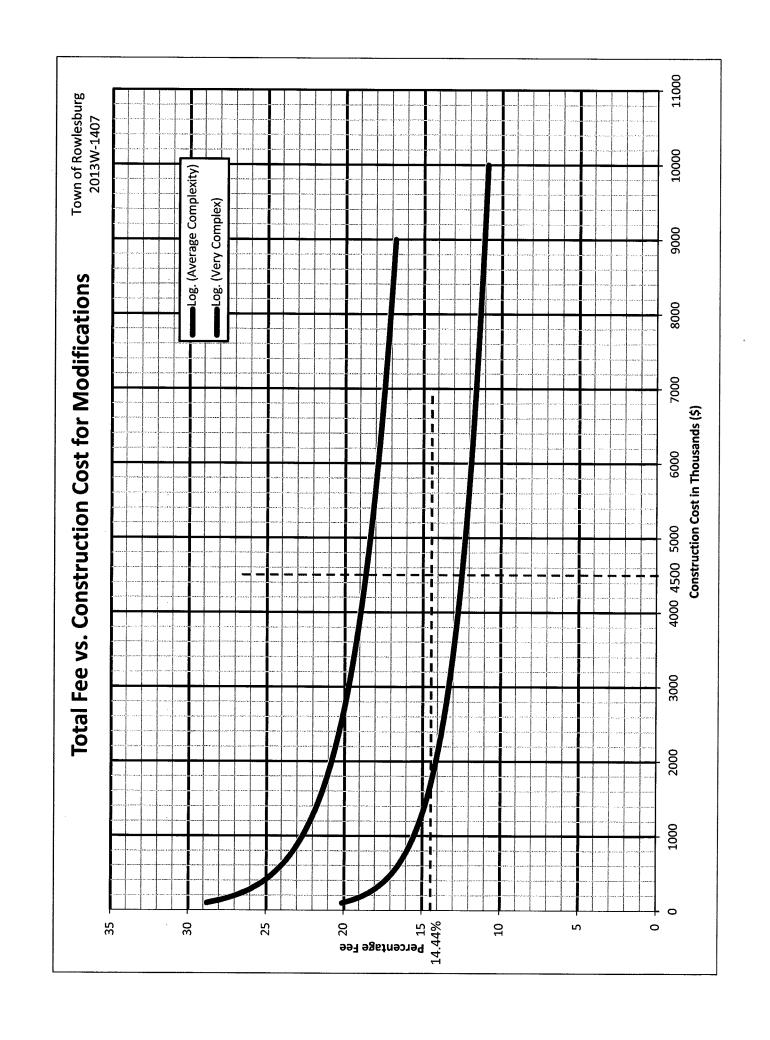
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal &

	~			
			\$	Increase <decrease></decrease>
	Adjustment Description		3	<decrease></decrease>
-				
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	397,568 172,642	224,926
	The applicant's Cash Flow Analysis used 100% of the potential 100 new was needed for the project based on 4,500 gallons of water usage. Staff calculate 100 new water customers utilizing 4,000 gallons of water usage resulting in Staff then adjusted operating revenues to provide a positive cash flow and determine the staff that the staf	ed revenue from 80% of the potential a decrease in revenue of \$13,541.		
(2)	Resale Revenues	Per Staff Analysis Per Application with Project	130,929 52,39 6	78,533
	Staff adjusted resale revenues to provide a positive cash flow and debt service	ee coverage of at least 115%.		
(3)	Principal & Interest	Per Staff Analysis Per Application with Project	301,429 30,995	270,434
	The difference in P&I is related to Staff's calculation of a loan of \$4,500,000 over 38 years) at 5% interest.) for 40-years (paid back		
(4)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	30,143 1,016	29,127
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	13,212 4,286	8,926









OEHS District Review for Infrastructure Council Water Projects

IJDC Number: 2013W-1407	Review by: Mark Dickey	Date: 5-15-2013
IJDC Num	Review	
Water System: Town of Rowlesburg	Waterline extension to Etam and Macomber	County: Preston
Water System:	Project Description:	County:

	Review Criteria	Yes	No	N/A	Comments (Fsnecially if No is indicated or
					providing a DWTRF score)
Doe to b	Does the district agree that the project scope seems to be the most feasible solution?	×			
Is t pro	Is this the most practical project to correct the problem stated in the application?	×			
ma Do	Does the project solve the major operation maintenance problems in the water system?			×	
Do	Does the project eliminate deficiencies noted in the sanitary survey?		×		
Sh ver	Should these improvements be made to this system versus another system that could serve the same area?			×	
Th the	The application has an alternative in it evaluating the most likely consolidation option?	×			
Dc	Do you agree with the need statement for the project?	×			
Haare	Has the engineer included all justification (that you are aware of) in the project application?	×			
Is a	Is the management of the water system capable of completing this project?	×			
Of]	Other comments		And the second s		



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) 926-0496

Earl Ray Tomblin, Governor Randy C. Huffman, Cabinet Secretary www.dep.wv.gov

MEMORANDUM

MEMO TO: Paul E Daniels

Office of Environmental Health Services

Bureau for Public Health

FROM:

John M. Perkins My

Supervisor

General Permits & Support Team

DATE:

May 30, 2013

SUBJECT:

Infrastructure Preliminary Application for the Town of Rowlesburg Water Works

(2013W-1407): Water Line Extension to Etam and Macomber Project in

Randolph County, WV.

We have reviewed the above referenced project application information. The preliminary application indicates that the proposed project will include a water line extension to Etam and Macomber in Randolph County, WV. Customers in the extension area are experiencing wells going dry. The Town of Rowlesburg Water Works recycles its backwash. Therefore, a NPDES permit is not needed.

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 January 5, 2013. Projects registered under the previous General Permit WV0115100 were automatically provided coverage under WV/NPDES General Permit WV0115924. For more information, they may contact Yogesh Patel at (304)-926-0499, extension 1014.

Further, the preliminary application indicates the need for stream crossings. As such, it is assumed that the appropriate organizations will be contacted, as necessary.

Paul E Daniels May 30, 2013 Page 2

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 Doug Casto at Relay 711, extension TTY (304) 926-0489, should additional information be required.

JMP:dac

cc: Katheryn Emery



STATE OF WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR PUBLIC HEALTH OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin Governor Rocco S. Fucillo Cabinet Secretary

MEMORANDUM

TO:

Robert DeCrease, PE

Infrastructure and Capacity Development Unit

FROM:

Michelle Cochran, R.S.

Capacity Development Program

DATE:

May 21, 2013

RE:

Rowlesburg, WV3303914

IJDC project #: 2013W-1407

The above referenced system stated on their application that they have had a Capacity Development Assessment within the last 5 years. This is not correct; the system last participated in a capacity development assessment in June 2003. The system indicates in their application that they do not have an asset management plan in place. The system is not seeking DWTRF monies.

This system has an ETT score of 7 which is below the EPA's action level of 11. This score was incurred as a result of violations for failure to submit a CCR, failure to provide public notification and failure to monitor.

If you have any other questions or need additional information, please call me at 304-356-4299.

MLC



west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation 601 57th Street SE
Charleston, WV 25304
Telephone: (304) 926-0485

Fax: (304) 926-0458

Earl Ray Tomblin, Governor Randy C. Huffman, Cabinet Secretary dep.wv.gov

MEMORANDUM

To:

Mr. Robert W. DeCrease, P.E., Manager

Infrastructure and Capacity Development

From:

Jonathan Holbert, P.E., Waterline Coordinator

Office of Abandoned Mine Lands & Reclamation

Date:

June 11, 2013

Subject:

Town of Rowlesburg Water Works

IJDC Preliminary Application: 2013W-1407

This application would most likely not be eligible for AML funds because there are no known AML sites in this project area.