



A Resource Engineering Group Company

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January 22, 2010

Angela Chestnut, Executive Secretary
WV Infrastructure & Job Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

**Re: Jefferson County PSD / Jefferson Utilities, Inc.
Mountain Water Project
PI 10-0539
Water Project 2009W-1117**

Dear Ms. Chestnut:

On behalf of the Jefferson County Public Service District ("District") and Jefferson Utilities, Inc. ("JUI"), please find one unbound original copy and five electronic copies of the preliminary application for the Mountain Water Project.

The enclosed application has been reworked and revised as requested in the letter from the WV Infrastructure & Jobs Development Council (WVIJDC) to Mr. Joseph Hankins, chairman of the Jefferson County Public Service District, dated July 1, 2009 (for your convenience, copy is enclosed).

The IJDC Application is being sponsored by Jefferson County Public Service District and Jefferson Utilities, Inc. as a joint venture. All of the financial information in the application pertains to Jefferson Utilities, Inc. since JUI will be incurring the debt service repayment responsibility. The District's Annual Report has also been included in the Preliminary Engineering Report for informational purposes only.

The items which have been reworked or revised are as follows:

Cover Letter - the project costs shown in the application and the preliminary engineering report have been reconciled, the project is now considered to be a one phase project which combines the two phases previously submitted, the technical review comments have been addressed.

WVBPH - the project costs have been reconciled, the project cost per user is now \$40,590, the cash flow has been addressed by the accountant, the entire project is to be considered one phase.

WVPSC - a revised draft Rule 42 for JUI has been provided, since the District is the official applicant but does not incur debt services only an annual report has been provided to show the District is financially viable, the project is to be considered one phase, the rate adjustment for the project will only be for JUI, the District will have no rate increase due to this project, the current rate structure is shown on the revised Rule 42, the project provides the improved infrastructure for adequate service to existing customers, the proposed 450 future customers are based on undeveloped but platted subdivision lots, a Certificate of Convenience and Necessity from the PSC will be sought after funding is secured, the selection of the alternate chosen by the County

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Commission's independent evaluation performed by Dunn Engineers was further justified by the enclosed Preliminary Engineering Report (PER) and an independently conducted analysis by the geological consultant, Golders & Associates also enclosed, the engineering fees are provided in further detail, additional O&M information has been provided, the WV Code §§5G-1-1 documentation is provided in the PER.

WVDEP – the project is now considered to be a one phase project, all permits will be obtained prior to construction.

Further clarifications now being provided in addition to the information requested in the July 1, 2009 letter are:

1. This project has been previously called the "Blueridge Water Project" and referred in a number of ways to the Mountain Communities. We have now established it as the "Jefferson County Public Service District / Jefferson Utilities Inc. Mountain Water Project" and all further references shall be addressed accordingly.
2. The project is a joint venture combining the efforts of the District as the funding applicant only and JUI as the operations and debt service provider. An agreement between JCPSD and JUI has been established to accommodate the administration of the project.
3. A more detailed analysis has been conducted by Pentree, Incorporated, establishing a new well defined scope and quantities of work. Consequently the total project cost has been revised.
4. Note that a number of local stake holders have provided information, suggestions, concerns and input on the Mountain Water Project which have proved to be very helpful.

We realize the Mountain Water Project is an out of the ordinary arrangement for a WVIJDC project and appreciate the staff's assistance on preparation of the application. We look forward to successfully accomplishing the project with you.

Sincerely,
PENTREE, INCORPORATED

John W. Tuggle, P.E., P.S.
President

**West Virginia Infrastructure and Jobs Development Council
PRELIMINARY APPLICATION**

I. ADMINISTRATIVE AND IDENTIFYING INFORMATION AND DATA:

A. GENERAL PROJECT INFORMATION

1. Project Sponsor: Jefferson County Public Service District / Jefferson Utilities, Inc.
2. Application Prepared By: John W. Tuggle, P.E.; Pentree, Incorporated
3. Project Type: Water Wastewater Stormwater
 New System Extension Upgrade
4. Project Location - City: Millville County: Jefferson
5. Total customers served (existing): 356 New customers to be served by project: 0
6. Project Description:
Replacement of existing inadequate distribution systems serving the communities of Keyes Ferry Acres, Westridge Hills, and Harpers Ferry Campsites. Provide new source water for all systems.
7. Is the Sponsor requesting emergency status as defined by § 31-15A-2? Yes No
 If Yes, explain: (supporting documentation must be attached)

8. List utilities adjacent to the proposed project area (include approximate distance to nearest connection):
JUI currently serves the area. Harpers Ferry is nearest other water system, approx. 12,000 ft distant
9. Have the listed utilities been notified w/regard to this application? Yes No

B. PROJECT FUNDING SCENARIOS

	Preferred Funding Package			Loan Package (5%, 40 yrs.)		
	Source	Amount (\$)	Terms	Source	Amount (\$)	Terms
1	IJDC Loan	4,650,000	0%,40 yrs.	Loan Source	\$14,450,000.00	5%, 40 yrs.
2	DWTRF Loan	\$1,750,000.00	1%, 30 yrs			
3	SCBG	\$1,500,000.00	---			
4	IJDC Grant	\$2,000,000.00	---			
5	DWTRF Neg. Int. Loan	\$750,000.00	---			
6	DWTRF Stimulus or SAP	\$3,600,000.00	---			
7	DWTRF Planning Grant	\$200,000.00	---			
Total		\$14,450,000				
	Resulting Rate \$ / 4000 gal	\$81.15		Resulting Rate \$ / 4000 gal	\$108.65	

Attach cash flows to substantiate the rates shown above. (If not, application will be returned.)

C. APPLICATION IDENTIFICATION

- New Application Revised Application
- Council Project Number: 2009W-1117
- If revised, explain:
Revised PER and funding information See Cover letter for more information.
- (Add extra sheets if necessary.)

Council Use Only

1. Project Name/Number: _____
2. Location: _____
3. Date Received: / /

II. APPLICATION CHECKLIST AND DATA:

- A. Engineering Report in accordance with IJDC Guidelines / Instructions (If not, application will be returned.)
- B. Documentation of Compliance with WV Code §5G-1-1 Enclosed (If not, application will be returned.)
- C. Draft Rule 42 (If not, application will be returned starting 6/1/08.) Test Year 2009
- D. Status of Engineering Agreement: Executed In Negotiation
 PSC Approval of Agreement Yes No N/A Case No. _____
- E. Status of Plans / Specs: Complete 50% Complete 25% Complete Not Started
- F. Median Household Income \$44374.00 County Municipal
 Source 2000 Census
- G. Most recent audit

III. BUDGET AND FINANCIAL INFORMATION

A. PROJECT COST SUMMARY

Budget Line Item	Cost
1. Construction Cost: Subtotal	\$1,1172,000.00
2. Engineering Cost:	
Planning	\$410000.00
Design	\$673400.00
Construction	\$168000.00
Subtotal	\$1251400.00
3. Legal Cost:	
Project Attorney	\$100000.00
Right-of-Ways (Legal)	\$50000.00
PSC Attorney	\$50000.00
Subtotal	\$200000.00
4. Administrative Cost:	
Project Coordinator	\$50000.00
CPA	\$75000.00
Other Administrative Costs	\$30000.00
Subtotal	\$155000.00
5. Financing Costs:	
Interim Financing	\$168000.00
Capitalized Interest	\$210000.00
Bond Counsel	\$55000.00
Subtotal	\$433000.00
6. Site, Easements and ROW Cost:	
Land Acquisition Costs	\$75000.00
Easement Costs	\$25000.00
Subtotal	\$100000.00
7. Project Contingency: Subtotal	\$1138600.00
8. TOTAL PROJECT COST	\$ 14,450,000.00

III. BUDGET AND FINANCIAL INFORMATION (Continued)

B. PROJECT FINANCING SUMMARY		Source (If Committed)
Federal Grants	<input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted <input type="checkbox"/> Committed <input type="checkbox"/> Uncommitted	\$ 3600000.00 \$ _____
State Grants	<input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted <input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted	\$ 1500000.00 \$ 2000000.00
Federal Loans @ _____ % for 38 years	<input type="checkbox"/> Committed <input type="checkbox"/> Uncommitted <input type="checkbox"/> Committed <input type="checkbox"/> Uncommitted	\$ _____ \$ _____
State Loans @ 0% for 40 years	<input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted <input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted	\$ 1750000.00 \$ 4650000.00
Other Funding	<input type="checkbox"/> Committed <input checked="" type="checkbox"/> Uncommitted <input checked="" type="checkbox"/> Committed <input type="checkbox"/> Uncommitted	\$ 750000.00 \$ 200000.00 DWTRF
TOTAL PROJECT		\$ 14450000.00

Cost Estimates Prepared By: John W. Tuggle, P.E., Pentree, Incorporated

Date: 12/29/2009

C. GENERAL FINANCIAL AND MANAGEMENT INFORMATION SUMMARY				
1. Sponsor's most recent fiscal year's Public Service Commission (PSC) annual report, as applicable - date - <u>06/30/2009</u> Is a copy attached, or is the annual report available on PSC website? (If No, application will be returned) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>				
2. Have Sponsor's financial audits been completed for the last three fiscal years? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
3. Has Sponsor completed and filed its most recent Performance Measures as required by PSC? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>				
4. Does Sponsor have a formal Asset Management Plan in place? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
5. Has the Applicant implemented an Environmental Management System? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> (*N/A is only applicable to new utilities)				
6. List holder of outstanding bonds or other long term debt and the status (current, delinquent or defaulted):				
Lender	Terms	Balance (\$)	Date of Maturity	Current Status
1) See Draft Rule 42			/ /	
2)			/ /	
3)			/ /	
4)			/ /	
7. Are debt service reserve accounts funded at the required level? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>				
8. Debt service coverage FY 2008, <u>147%</u>				
9. Has the sponsor ever been delinquent on any long term debt issued? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, list lender, dates of delinquency and current status of listed delinquencies:				
Lender	Date of Delinquency	Current Status		
1)	/ /			
2)	/ /			

III. BUDGET AND FINANCIAL INFORMATION (Continued)

C. GENERAL FINANCIAL AND MANAGEMENT INFORMATION SUMMARY (Continued)

10. Status Report - Provide the following data:

Item	Current Amount (\$)	Proposed Project Amount (\$)	Total (\$)
Estimated Operating Revenues – Annual	50372	232478	282850.00
Interest Income & Other Miscellaneous Revenues (unmetered & metered sales)	826.00	0.00	826.00
Other Revenues			
TOTAL	51198.00	232478.00	283676.00
Operation and Maintenance Budget – Annual* + Administrative Fee	41686.00	16241.00	57927.00
Debt Service – Annual (P&I only excluding administrative fees)	0.00	216237.00	216237.00
Purchased Water Cost – Annual	0.00	0.00	0.00
Taxes other than income	0.00	0.00	0.00
Average monthly rate cost per customer (per 4000 gallons/month)	81.15		81.15
Are the rates reflective of the listed annual report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

*Itemized Costs for Labor, Power, Chemicals, Maintenance, Administration, etc., must be itemized on either Attachment 1A, 1B, 1C, or 1D

11. Date of Last Rate Increase? -- (08/29/2001): PSC Case No.: 00-0563-PWD-19A or Ordinance Effective Date 08/29/2001
 Percentage Increase: 20%

12. Median Household Income \$44374.00 How was this figure obtained?
 Jefferson County 2000 Census

IV. JOB CREATION

A. ECONOMIC CONSIDERATIONS

- Describe the area's economic conditions and needs for the project:
The Eastern Panhandle has seen substantial growth and development. This project will reinvigorate three communities which provide affordable housing opportunities through lifting the long standing moratorium on new customers. See Pentree PER..
- Describe the economic impact of the project:
The economic impact will be to foster the construction of affordable homes for working class homeowners. This market is underserved in Jefferson County.

B. JOB CREATION

- Describe the nature and number of permanent full time and part time jobs created or retained by the project:
The project will foster jobs in the home building industry. The long term benefit will be due to increased opportunity for affordable housing for the employees of existing and future businesses located nearby.
- Number of jobs created by project during construction: 16

C. BUSINESS COMMITMENTS

1. Provide a list of businesses that are committed to the project and dollar amount of commitment:

Name of Business	Commitment Amount	Jobs Retained	Jobs Created
1) N/A	\$		
2)	\$		
3)	\$		
4)	\$		

A. ECONOMIC CONSIDERATIONS

5) _____ \$ _____

2. Describe nature of business:

V. GENERAL ISSUES:

A. NON DOMESTIC WASTEWATER DISCHARGE INFORMATION

1. Itemize and describe each specific non domestic discharge:

Discharge	Flow (MGD)		Pollutants Expected To Be Present
	Average	Maximum	
N/A			

Describe:

2. Is the discharge direct or indirect? Direct Indirect

If this is an indirect discharge, name the publicly owned treatment works providing treatment:

Has the wastewater treatment plant agreed to treat the non domestic wastewater? Yes No

3. Do Clean Water Act Section 307 effluent guidelines or pretreatment standards apply? Yes No

If Yes, specify effluent guidelines that apply: _____

Calculate guideline based effluent limitations: _____

B. ENVIRONMENTAL HEALTH SERVICES

Has the Office of Environmental Health Services (OEHS) completed a capacity development analysis of the Sponsor's operation / system within the last five years? Yes No

VI. TRAINING INFORMATION

If the project sponsor is a Public Service District, or the project in any way involves service by a public service district, identify the district board members, along with the date and location of the most recent PSC training seminar attended.

Joseph Hankins	10/14/2004	Canaan Valley Resort, Davis, WV
Peter L. Appignani	/ /	New Board Member
James Cummins	02/07/2008	Summit Center, Charleston, WV
Board Members	Date	Location

VII. PROJECT TEAM INFORMATION:

1. Sponsor: Jefferson Utilities, Inc Jefferson County Public Service District
Contact: B. Lee Snyder Joseph Hankins, Chairman
Address: 270 Industrial Drive 340 Edmond Road, Ste A, Kearneysville, WV
City: Kearneysville State: WV Zip Code: 25430-

Telephone: (304) 725-9140
Fax: (304) 728-7326
E-mail: leesnyder@seswater.net joseph.hankins@gmail.com
2. Consulting Engineer: Pentree, Incorporated
Contact: John W. Tuggle, P.E.
Address: P.O. Box 1309
City: Princeton State: WV Zip Code: 24740-

Telephone (304) 431-7800
Fax: (304) 425-0445
E-mail: jtuggle@pentree.com
3. Administrator: Region 9 Planning and Development Council
Contact: Carol Crabtree
Address: 400 West Stephen Street, Suite 301
City: Martinsburg State: WV Zip Code: 25401-

Telephone (304) 263-1743
Fax: (304) 263-7156
E-mail: ccrabtree@region9wv.org
4. Bond Counsel: Steptoe and Johnson
Contact: John Stump
Address: P.O. Box 1588
City: Charleston State: WV Zip Code: 25326-1588

Telephone (304) 353-8196
Fax: (304) 353-8180
E-mail: john.stump@steptoe-johnson.com
5. Local Counsel: To Be Determined
Contact: _____
Address: _____
City: _____ State: _____ Zip Code: _____ - _____

Telephone () -
Fax: () -
E-mail: _____
6. Certified Public Accountant: Griffith and Associates
Contact: Michael Griffith
Address: 950 Little Coal River Road
City: Alum Creek State: WV Zip Code: 25003-

Telephone (304) 756-3600
Fax: (304) 756-2911
E-mail: michaelgriffithcpa@verizon.net
7. PSC Counsel: Kelsh Law Office
Contact: James V. Kelsh
Address: P.O. Box 3713
City: Charleston State: WV Zip Code: 25337-3713

Telephone (304) 343-1654
Fax: (304) 343-1657
E-mail: kelshlaw@yahoo.com

VIII. CERTIFICATION

I certify, under penalty of law, that this document and all the attachments submitted are, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for known violations.

Joseph Hankins, Chairman
Name and Official Title (type or print)

Sponsor's Signature

Date

Acknowledged before the Subscriber by _____

(SPONSOR)

This Day of _____ 20____

(NOTARY PUBLIC)

My Commission Expires _____ 20____

SEAL

VIII. CERTIFICATION

I certify, under penalty of law, that this document and all the attachments submitted are, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for known violations.

B. Lee Snyder, President
Name and Official Title (type or print)

Sponsor's Signature _____ Date

Acknowledged before the Subscriber by _____
(SPONSOR)

This Day of _____ 20__

(NOTARY PUBLIC)

My Commission Expires _____ 20__

SEAL

Attachment 1

**ACKNOWLEDGMENT OF UNIFORM BIDDING PROCEDURES FOR PROJECTS
RECOMMENDED BY THE WV INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL**

The following bidding procedures, effective June 5, 2003, must be followed on all public water and wastewater projects reviewed by the West Virginia Infrastructure and Jobs Development Council, regardless of the specific funding sources recommended:

1. The date, time and place that the bids will be received shall be included in the Advertisement for Bid.
2. The bids shall be read aloud at the time and place specified in the advertisement.
3. The Pre-Bid Meeting, when deemed necessary, is to be held at least 10 calendar days before the bid date.
4. The last addendum issued shall be received by contractors no fewer than five calendar days prior to the bid date.
5. Bid date will be extended if items 3 and 4 cannot be met.
6. Bid date will not follow a weekend or holiday unless absolutely necessary
7. Bid openings should be in the afternoon, when possible.
8. Equipment should be pre-qualified by the Engineer, where feasible.
9. The following items must be submitted with the bid:
 - a. EEO Certification: Only one is required for all agencies.
 - b. Acknowledgment of Receipt of Addenda.
 - c. Bid Bond.
 - d. Signed Bid.
 - e. Federal Requirements when they are involved.
10. Bidding Documents must include a Bid Form and a Measurement and Payment section. Each bid item must be adequately described including how it is to be paid and what is to be included.

We hereby certify that the above procedures will be followed to the best of our ability.

Utility: _____ Date: _____

Utility's Agent/Engineer: _____ Date: _____