



# WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III  
Chairman

April 6, 2009

Kenneth Lowe, Jr.  
Public Member

B. Lee Snyder  
Jefferson Co. PSD and Jefferson Utilities, Inc.  
270 Industrial Blvd.  
Kearneysville, WV 25430

Dwight Calhoun  
Public Member

David "Bones" McComas  
Public Member

Re: Jefferson Co. PSD and Jefferson Utilities, Inc.  
Water Project 2009W-1082

Ron Justice  
Public Member

Dear Mr. Snyder:

Angela K. Chestnut  
Executive Director

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Jefferson Co. PSD and Jefferson Utilities, Inc.'s (District) preliminary application extend a 16-inch main and replace the existing inadequate distribution systems serving the communities of Keyes Ferry Acres, Westridge Hills, Harpers Ferry Campsites and Millville (Project).

Barbara J. Pauley  
Administrative Secretary

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Council determined that the District should utilize a \$200,000 West Virginia Bureau of Public Health design grant and appears eligible for a \$7,500,000 Infrastructure Fund loan (0%, 40 years) and a \$2,550,000 Infrastructure Fund grant, pending final determination of the project's eligibility and readiness to proceed, to fund this \$10,250,000 project. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact the Angela Chestnut at (304) 558-4607 (Ext. 201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) (via e-mail)  
Region XI Brooke-Hancock Regional Planning & Development Council



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

Joe Manchin III  
Governor

Martha Yeager Walker  
Secretary

**MEMORANDUM**

**TO:** Chris Jarrett, Funding Committee  
WV Infrastructure and Jobs Development Council

**FROM:** Robert W. DeCrease, P.E. *Robert DeCrease*  
Water Technical Review Committee

**DATE:** March 2, 2009

**SUBJECT:** Preliminary Application **2009W-1082**  
Jefferson County PSD & Jefferson Utilities, Inc.  
Phase I - Keyes Ferry Acres, Westridge Hills & Harpers Ferry Campsites  
Jefferson 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.

Jefferson County PSD & - 2009W-1082

Jefferson Utilities, Inc

March 2, 2009

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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 engineering report. The proposed project funding should be denied until technical comments have been resolved.
- d.  The project be referred to the Consolidation Committee.

3. Other remarks:

Technical comments are attached. The PSC cash flow for the project at the proposed user rate of \$37.60 of Jefferson County PSD, supplemented with annual lease payment from Jefferson Utilities Incorporated of \$250,956 (from JUI customer proposed rate of \$53.63 for 4000 gallons), indicates debt service coverage of 133.82% and an annual cash flow surplus of \$39,440. This applicant has applied for funding through the DWTRF from the American Recovery and Reinvestment Act (ARRA). The applicant is currently on the DWTRF priority list and will need to demonstrate readiness to proceed if it wishes to secure ARRA funding.

RWD:bms

Attachments

pc: Infrastructure Council  
OEHS Kearneysville District Office  
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

Joe Manchin III  
Governor

Martha Yeager Walker  
Secretary

**MEMORANDUM**

**TO:** Robert W. Decrease, P.E.  
Manager, Infrastructure & Capacity Development

**FROM:** William Herold, P.E. <sup>WJH</sup>  
Assistant Manager, Infrastructure & Capacity Development

**DATE:** March 2, 2009

**SUBJECT:** Preliminary Application 2009W-1082  
Jefferson County PSD & Jefferson Utilities, Inc.  
Phase I - Keyes Ferry Acres, Westridge Hills & Harpers Ferry Campsites  
Jefferson County

**RECOMMENDATION:**

This project is technically feasible and we recommend it be forwarded to the Funding Committee.

**PROJECT SCOPE:**

This preliminary application is to replace some of the water distribution system serving 500 customers in the communities of Keyes Ferry Acres, Westridge Hills, and Harpers Ferry Campsites and to connect these systems to the Jefferson Utilities, Inc. Valley Systems. The project will consist of the installation of approximately 12,000 LF of 12" water line and approximately 45,000 LF of various sized water line; two (2) booster stations; one (1) hydro-pneumatic station; eight (8) pressure reducing stations; a 100,000 gallon and a 200,000 gallon water storage tanks; and all necessary valves, controls and appurtenances.

The cost per customer is \$20,500. The estimated total project cost is \$10,250,000 (WV BPH Design Loan: \$200,000-committed; WVIJDC Loan: \$7,500,000; and WVIJDC Grant: \$2,550,000).

**NEED FOR THE PROJECT:**

The Preliminary Engineering Report indicates the existing "Mountain Systems" water distribution is obsolete, dilapidated and poorly designed; have low pressure problems; no fire protection; have under sized lines. The existing well systems experience problems with iron, manganese and radium.

Jefferson County PSD & - 2009W-1082  
Jefferson Utilities, Inc .  
March 2, 2009  
Page Two

**CONCERNS:**

None.

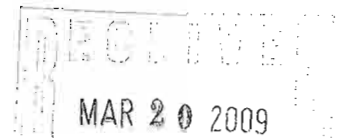
**PERMITS:**

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

Public Health: 15  
Compliance: 20

WSH:bms

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

March 13, 2009

Mr. Robert W. DeCrease, P.E.  
Office of Environmental Health Services  
Capitol and Washington Streets  
1 Davis Square, Suite 200  
Charleston, West Virginia 25301-1798  
FAX: 558-0691

Re: Public Service Commission Staff Review Comments  
Application No.: 2009W-1082  
Jefferson County Public Service District & Jefferson Utilities, Inc.  
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:

- forwarded to the Funding Committee
- forwarded to the Consolidation Committee
- returned to the Applicant

Please advise if you have any questions.

Sincerely,

  
Ingrid Ferrell  
Technical Analyst III  
[IFerrell@psc.state.wv.us](mailto:IFerrell@psc.state.wv.us)

Enclosures  
IF:nat

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** March 13, 2009

**PROJECT SPONSOR:** JEFFERSON COUNTY PUBLIC SERVICE DISTRICT &  
JEFFERSON UTILITIES INC.

**PROJECT SUMMARY:** Extension of a 16" main and replacement of the existing inadequate distribution systems serving the communities of Keyes Ferry Acres, Westridge Hills, Harpers Ferry Campsites and Millville.

<b>PROPOSED FUNDING:</b>	WVIJDC Loan	0%, 40 years	\$7,500,000
	WVIJDC Grant		2,400,000
	WVIJDC Grant		150,000
	WV BPH Design Grant		<u>200,000</u>
	Total		\$10,250,000

**CURRENT RATES:** \$37.60 4,000 gallons (District)

**PROPOSED RATES:** \$53.63 (\$41.63+\$12.00 surcharge)  
4,000 gallons (JUI)

Application Number: 2009W-1082

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

**FINANCIAL:** Conrad W. Bramlee

1. Current rates of Jefferson County Public Service District (District) (\$37.60 for 4,000 gallons) are above the rates attributable to 1% (\$35.85) of the Median Household Income (MHI), but below the rates attributable to 1.25% (\$44.82) and 1.5% (\$53.78) of the MHI. Current rates were not adjusted to 1.25% and 1.5% of the MHI due to the fact that proposed rates of Jefferson Utilities, Inc. (JUI) will not affect current water customers of the District.
2. Under Scenario 1 current District rates (\$37.60 for 4,000 gallons), supplemented with annual lease payments of \$250,956 from JUI will provide a cash flow surplus of \$39,440 and debt service coverage of 133.82%.
3. Staff Adjustments were made to include 2.5% of total operating revenues for the renewal and replacement reserve.

4. Using the Scenario 2 alternate loan package provided by the applicant of \$10,250,000 (minus \$200,000 in committed grant funding) at 5% for 40 years (paid back over 38 years), alternate propose rates of (\$67.61 for 4,000 gallons) would provide a cash flow deficit of (\$334,886) and debt service coverage of 55.34%. An additional 112.56% increase in alternate proposed rates from JUI customers (\$114.00 for 4,000 gallons) would be required to provide an additional \$422,306 in lease payments in order to provide 115.21% debt service coverage for the District.
5. Notes to Comments:
  - A. Staff utilized the applicant's Rule 42 exhibit that is attached to the application which did not include a bill analysis. The applicant's Rule 42 exhibit is based on the Staff Report in Case No. 08-0544-W-42A, which is currently before the Commission, and current and projected information. Staff prepared its attached Cash Flow using the District's annual report for the Fiscal Year Ending June 30, 2008. This is a combined application of Jefferson County Public Service District and Jefferson Utilities Inc.
  - B. Although the application shows proposed rates of \$53.63, Staff notes that this applies only to JUI customers. The District's current customers should not experience an increase in rates due to this project.
  - C. The current tariff for JUI's customers contains multiple schedules covering several different water systems. The Staff Report in Case No. 08-0544-W-42a recommended a single tariff..
  - D. Based on the application, the District would be the recipient of the loan and grants for this project. The lease payments from JUI customers appear to cover the costs of the proposed debt service.
  - E. The application states that 500 new customers are to be served by this project. However, the application does not provide any supporting data for the additional customers. The application also states that JUI has 357 existing customers in Keyes Ferry Acres, Westridge, and Harpers Ferry Campsites. Staff is aware that there are vacant lots in each of these areas that could be developed if the project proceeded and the moratorium was lifted.

**ENGINEERING:** Jonathan M. Fowler, P.E.

1. This project will require a Certificate of Convenience and Necessity from the PSC. The project sponsors 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. Project: The proposed project will construct the first phase of multi-phase series of projects designed to completely replace the existing, inadequate water systems serving three communities in eastern Jefferson County. The existing water systems were poorly designed and badly constructed (by developers) and have inadequate and low-quality sources of water. Collectively, these three systems, which are known as the “Mountain Systems”, have been the subject of numerous and long-standing problems with water quality and quantity issues. All three of these systems have been under a moratorium prohibiting the addition of any new customers for up to twenty-three (23) years. The proposed project will supply high-quality water from an existing system (located on the opposite side of the Shenandoah River) and will construct the core of the new distribution system.

Customer Density: Using the existing customer count (357) and the feet of line proposed in the first phase of the project (45,000 feet), the resulting density is about 41.9 customers per mile which is very good for a project in today’s setting.

Cost per Customer: Based upon the estimated project cost (\$10,250,000) and the number of customers (357) the cost is approximately \$28,711 per customer.

3. Project Feasibility:

Based upon a detailed engineering analysis prepared by a third-party firm (Dunn Engineers), the proposed project represents the most cost-effective means of rebuilding these systems. Staff believes the project to be feasible and we strongly support the overall project and the goal of rebuilding the deteriorated Mountain Systems.

4. Project Alternatives:

A detailed engineering study, completed by Dunn Engineers at the direction of the Jefferson County Commission, developed and evaluated several reasonable alternatives. This study identified the selected alternative as the most feasible and cost-effective means of replacing the Mountain Systems.

5. Consolidation:

There are no consolidation issues with this project however; Staff notes that this project represents a somewhat unique, cooperative method of project delivery. In this case, a private corporation (Jefferson Utilities, Inc.) is teaming with a public utility (JCPSD) in order to most effectively pursue a project which will benefit the private utilities customers in a most cost effective fashion.

6. Inconsistencies:

No significant inconsistencies were noted.

7. Operation and Maintenance Expenses:

Estimated O&M expenses were provided in the draft Rule 42 accompanying the application. Sufficient detail was provided to determine that the level of O&M estimated is reasonable however; owing to the unique nature of this proposal further analysis will need to be completed during our review of the future Certificate of Need application.

8. Engineering Agreement:

The selection process for an engineer is presently underway. Information available to Staff indicates the compliance with West Virginia Code §5G-1-1 is probable. We note that the applicant (JUI) has received a \$200,000 grant from the WV Bureau for Public Health to initiate engineering for this project.

9. Staff recommends this application be sent to the Funding Committee with a recommendation for approval.

**Preliminary Project Ranking:**

5. O & M Capabilities:

Performance Measures = 1 pt.

6. Readiness to Proceed: = 0 pts.

8. Cost effectiveness: = 0 pts.

10. Compliance with PSC Orders: = 10

ASB  
na EFM

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2008  
 2009W-1082  
 March 13, 2009

SCENARIO 1  
 PREFERRED FUNDING PACKAGE

	Per Application Before Project	Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	52,301	52,301	(1,617)	50,684
Other Operating Revenue	-	-	1,617	1,617
Lease Payment Revenues	-	250,956	-	250,956
Interest Income	4,235	4,235	-	4,235
Total Cash Available	56,536	307,492	-	307,492
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	43,365	43,365	-	43,365
Taxes	-	-	-	-
Total Cash Requirements Before Debt Service	43,365	43,365	-	43,365
Cash Available for Debt Service (A)	13,171	264,127	-	264,127
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	-	197,368	0	197,368
Reserve Account @ 10%	-	19,737	(0)	19,737
Renewal & Replacement Fund (2.5%)	-	6,274	1,307	7,581
Total Debt Service Requirement	-	223,379	1,308	224,687
Remaining Cash	13,171	40,748	(1,308)	39,440
Percent Coverage (A) / (B)	0.00%	133.82%		133.82%
Average rate for 4,000 gallons District	\$ 37.60	\$ 37.60	\$ -	\$ 37.60
Average rate for 4,000 gallons JUI		\$ 53.63		\$ 53.63

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2008  
 2009W-1082  
 March 13, 2009

SCENARIO 2  
 LOAN PACKAGE

	Per Application Before Project	Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	52,301	52,301	(1,617)	50,684
Other Operating Revenue	-	-	1,617	1,617
Lease Payment Revenues	-	250,956	422,306	673,262
Interest Income	4,235	4,235	-	4,235
<b>Total Cash Available</b>	<b>56,536</b>	<b>307,492</b>	<b>422,306</b>	<b>729,798</b>
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	43,365	43,365	-	43,365
Taxes	-	-	-	-
<b>Total Cash Requirements Before Debt Service</b>	<b>43,365</b>	<b>43,365</b>	<b>-</b>	<b>43,365</b>
Cash Available for Debt Service (A)	13,171	264,127	422,306	686,433
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	-	197,368	398,438	595,806
Reserve Account @ 10%	-	19,737	39,844	59,581
Renewal & Replacement Fund (2.5%)	-	6,274	11,865	18,139
<b>Total Debt Service Requirement</b>	<b>-</b>	<b>223,379</b>	<b>450,147</b>	<b>673,526</b>
<b>Remaining Cash</b>	<b>13,171</b>	<b>40,748</b>	<b>(27,842)</b>	<b>12,906</b>
<b>Percent Coverage (A) / (B)</b>	<b>0.00%</b>	<b>133.82%</b>		<b>115.21%</b>
Average rate for 4,000 gallons District	\$ 37.60	\$ 37.60	\$ -	\$ 37.60
Average rate for 4,000 gallons JUI		\$ 53.63	\$ 60.37	\$ 114.00

## OEHS District Review for Infrastructure Council Water Projects

Water System:	Jefferson County PSD & Jefferson Utilities	IJDC Number:	2009W-1082
Project Description:	Extend water service from JUI Valley Water System to serve Mountain Systems and line replacement in the Mountain Systems	Review by:	Brad Reed Alan Marchun
County:	Jefferson	Date:	3/17/2009

<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?	√			
2.	Is this the most practical project to correct the problem stated in the application?				Cost of alternative #1 (extending water mains from Valley Systems) and alternative #4 (develop well field in Westridge Hills to yield ≈ 200 GPM) were estimated to be approximately the same. Alternative #1 was chosen because of the ability not only to meet demand of existing customers but to allow for future growth. Alternative #1 could also provide fire protection to the Millville area and allow the residents the option of connecting to the system. The cost estimate for alternative #4 showed the estimated cost of developing a well field to yield 200 GPM would be ≈ 1 million dollars.
3.	Does the project solve the major operation maintenance problems in the water system?	√			Upon completion of both phases
4.	Does the project eliminate deficiencies noted in the sanitary survey?	√			Upon completion of both phases



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) 926-0496

Joe Manchin III, Governor  
Randy C. Huffman, Cabinet Secretary  
www.wvdep.org

**MEMORANDUM**

MEMO TO: Jefferson E. Brady, P. E.  
Office of Environmental Health Services  
Bureau for Public Health

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

DATE: March 6, 2009

SUBJECT: Infrastructure Preliminary Application for the Jefferson County PSD and Jefferson Utilities, Inc. (2009W-1082):  
Extension of 16" main, and replacement of the existing inadequate distribution systems serving the communities of Keyes Ferry Acres, Westridge Hills, Harpers Ferry Campsites, and Millville, Jefferson County, WV.

We have reviewed the above referenced project application information. The preliminary application indicates that the proposed project will include an extension 16" main, and replacement of the existing inadequate distribution systems serving the communities of Keyes Ferry Acres, Westridge Hills, Harpers Ferry Campsites, and Millville, Jefferson County. The Harpers Ferry Water Works Plant discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640047 and expires June 28, 2012.

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 December 5, 2007. 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 Bill Timmermeyer at (304)-926-0499, extension 1336.

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

Promoting a healthy environment.

Jefferson E. Brady, P. E

«Date»

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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: Mike Johnson