



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: May 21, 2025

Subject: Branchland-Midkiff Public Service District
IJDC Application - 2025W-2660
West Hamlin Transmission Line Upgrade

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.

Promoting a healthy environment.

- 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 will replace the existing four (4) inch water line running from Branchland to Peyton Branch, just south of Pleasant View. The existing line is an undersized asbestos-cement pipe that is over 50 years old and is beyond repair. The project will address bottleneck issues in the system and will also provide the minimum requirement for fire protection.

The total cost for this project is \$2,627,000 and the BMPSD intends to pursue a \$370,000 Congressional Directed Spending Grant, a \$92,500 Governors Match, a \$1,500,000 ARC Grant, a \$330,000 USDA - RD Grant, and a \$334,500 USDA - RD Loan.

Preliminary Project Ratings:

Public Health Benefits: 0
Compliance with Standards: 10



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MEMORANDUM

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

FROM: Tyler Barrett, E.I., DWWM

DATE: May 13, 2025

SUBJECT: Branchland-Midkiff Public Service District
IJDC Application - 2025W-2660
West Hamlin Transmission Line Upgrade

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER) prepared by E.L. Robinson, Inc. for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Branchland-Midkiff Public Service District (BMPSD) is located in Lincoln and Wayne County, West Virginia and operates a water distribution system containing six (6) water storage tanks with a capacity of 377,500 gallons, five (5) booster stations, and 84.27 miles of main lines under Public Water System Identification Number (PWSID#) WV3302202. The BMPSD currently serves approximately 1,103 active customers, including 1,064 residential customers, 35 commercial customers, and 4 public authorities. The BMPSD purchases water from the Town of West Hamlin (Town). The Town's water treatment plant (WTP) produces an average of 280,000 gallons per day (gpd) and draws its raw water from the Guyandotte River. The BMPSD also has a secondary source of water from an interconnection with the Lavalette Public Service District that can provide up to 100 gpm for short periods of time. The Lavalette PSD purchases water from West Virginia American Water, which operates a WTP in Huntington, WV that produces about 10 million gpd and uses the Ohio River as its raw water source. The areas served by the BMPSD include Branchland, Midkiff, Hubbal, Ranger, Twomile Creek, Fourmile Creek, Sixmile Creek, Ninemile Creek, Tenmile Creek, Fourteen Mile Creek, Aarons Creek, and Kiahsville.

The proposed project will include the replacement of the existing four (4) inch water distribution line running from Branchland to Peyton Branch, just south of Pleasant View. This will involve

the installation of approximately 11,000 linear feet of water main of eight (8) inch and smaller diameter, five (5) fire hydrant assemblies, two (2) connections to the existing system, and one (1) 250 GPM booster pump station, and all necessary appurtenances. Also proposed is a relocation of the connection point to the West Hamlin water distribution system.

The proposed total cost for this project is \$2,627,000 and the BMPSD intends to pursue a \$370,000 Congressional Directed Spending Grant, a \$92,500 Governors Match, a \$1,500,000 ARC Grant, a \$330,000 USDA - RD Grant, and a \$334,500 USDA - RD Loan.

NEED FOR PROJECT

The current water line consists of four (4) inch and smaller diameter asbestos-cement piping that is believed to be over 50 years old. Due to the pipe's age, it is now at a significantly higher risk of deteriorating, increasing water losses (24.82% in 2024) and the potential for asbestos exposure by the customers of the BMPSD. Additionally, the small water lines are below the six (6) inch minimum required for fire protection services and create a bottleneck in the area.

DEFICIENCIES/COMMENTS

- No new monthly rate was proposed.
- Include a map to show the current line.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE Curves.

Preliminary Project Ratings:

Public Health Benefits: 0
Compliance with Standards: 10

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



May 20, 2025

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. 2025W-2660
Branchland Midkiff PSD – Water System Improvements
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,

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

Enclosures
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: May 20, 2025

PROJECT SPONSOR: **BRANCHLAND-MIDKIFF PUBLIC SERVICE
DISTRICT - (WATER)**

PROJECT SUMMARY: The proposed Branchland-Midkiff Public Service District West Hamlin Transmission Line Upgrade Project will upgrade service to approximately 18 existing customers (45 persons) in the community between the end of the West Hamlin service area and the mouth of Four Mile Creek Road in Lincoln County.

PROPOSED FUNDING:	ARC Grant	\$1,500,000
	Congressionally Directed Spending	370,000
	Congressionally Directed Match	92,500
	USDA Grant	330,000
	USDA Loan (3.25%, 38 yrs.)	<u>334,500</u>
	Total	\$2,627,000

CURRENT RATES:	\$75.16	3,400 gallons
	\$87.54	4,000 gallons

PROPOSED RATES:	\$82.08	3,400 gallons
	\$95.60	4,000 gallons

Application No. 2025W-2660

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

FINANCIAL: William Nelson

1. Current rates (\$75.16 for 3,400 gallons) are above the rates attributable to 1.25% (\$43.82), 1.5% (\$52.58), 1.75% (\$61.34), and 2% (\$70.11) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of an ARC Grant of \$1,500,000, a Congressionally Directed Spending Grant of

- \$370,000, a Congressionally Directed Spending Match of \$92,500, a USDA Grant of \$330,000, and a USDA Loan of \$334,500 at 3.25% for 40 years (paid back over 38 years), proposed rates (\$82.08 for 3,400 gallons) will provide a cash flow surplus of \$39,942 and debt service coverage of 175.72%.
3. Using Scenario 2, alternate loan package of \$2,257,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and committed funds consisting of a Congressionally Directed Spending Grant of \$370,000, proposed rates (\$93.52 for 3,400 gallons) will provide a cash flow surplus of \$46,194 and debt service coverage of 154.72%.
 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, 2024, and the Applicant's Rule 42 Exhibit submitted with the application.
 - C. Staff used the MHI for Lincoln County of \$42,064 from the 2020 U.S. Census versus the MHI of \$33,646 (West Hamlin) that was listed in the application.
 - D. It should be noted that the current rates in effect \$75.16 (for 3,400 gallons) was approved in Case No. 24-0285-PWD-19A and became effective November 6, 2024. The Applicant's Cash Flow Analyses includes Going Level rates of \$80.62 (for 3,400 gallons), however, these rates are not in effect. Staff's Cash Flow Analyses reflect adjustments for the current rates (\$75.16 for 3,400 gallons) and the proposed Going Level rates of (\$80.62 for 3,400 gallons).
 - 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 flow provided by the project sponsor includes funding for the 1/8 cash working capital reserve. Staff accepted that

amount in its analysis. 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. Pursuant to House Bill 2742 passed in the 2025 Legislative Session this project will not require a Certificate of Convenience and Necessity from the PSC.
2. **Scope:** The project proposes the replacement of the existing water distribution line running from Branchland to Peyton Branch, just south of Pleasant view. The project will reconnect the eighteen (18) existing customers to the water distribution line and will remove the 4-inch diameter main bottleneck to allow for the installation of fire protection services. The replacement will involve the installation of approximately 11,000 LF of water main of 8-inch and smaller diameter, five (5) fire hydrant assemblies, two (2) connections to existing system, and one (1) 250 GPM booster pump station. The project also proposes the relocation of the connection point to the West Hamlin distribution system to avoid further unexpected disconnections and service interruptions associated with river bank washout. Total estimated cost of this project is \$2,627,000. The proposed funding scenario includes a congressionally directed amount of \$370,000, a CDS match of \$92,500, and ARC Grant of \$1,500,000, a USDA Grant of \$330,000, and a USDA Loan of \$334,500 (3.25%, 38 years).
3. **Need for Project:** The current water transmission lines consists of 4-inch and smaller diameter transit waterline that is estimated to be over 50 years old. The lines are at significant risk of deteriorating, allowing for increased occurrences of leaks, bursts, and overall risk of water losses. This would lead to increasing O&M expenses in the coming years as well as public health and safety hazards associated with contaminated water.
4. **Customer Density:** this project is an upgrade of the existing distribution system. Therefore, customer the density will remain unchanged.
5. **Cost per Customer:** Based upon the estimated project budget of \$2,627,000 and having approximately 18 existing customers, the cost- per-customer is approximately \$145,944. However, the loan portion of funding will be approximately \$40.75 per-month-customer, plus administrative and interest related expenses.

6. **Project Feasibility:** The proposed project appears technically feasible.
7. **Project Alternatives:** Two Alternatives were considered: Alternative-1 (Do Nothing that does not address the existing problems), and Alternative-2 (Waterline upgrade and Connection Relocation). The Alternative-2 was selected.
8. **Permits Required:** The project will require the approval of the following permitting agencies: WVDEP (Construction Stormwater Permit), WVDOT (Right of Way Entry Permit), WVDHHR (Approval), ACOE (National Permit), and WVDNR (Office of Lands and Stream Right of Entry Permit).
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 is not expected to change O&M expenses which will remain at approximately \$663,500.
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 \$110,000 at the construction cost of \$2,070,000. This is approximately 5.51% of the construction costs as shown on the application.

BRANCHLAND-MIDKIFF PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2660
May 20, 2025

**PREFERRED FUNDING PACKAGE
SCENARIO 1**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1 \$	2 \$	3 \$	4 \$
AVAILABLE CASH				
Operating Revenues	986,408	1,004,262	(82,938) (1)	921,324
Other Operating Revenue	28,904	28,904	-	28,904
SB 234 Annual Working Cash Collections	-	-	82,938 (2)	82,938
Interest Income & Other Misc.	11,111	11,111	-	11,111
Total Cash Available	1,026,423	1,044,277	-	1,044,277
OPERATING DEDUCTIONS				
Operating Expenses	663,500	663,500	-	663,500
Taxes	19,693	19,693	-	19,693
Total Cash Requirements Before Debt Service	683,193	683,193	-	683,193
Cash Available for Debt Servi (A)	343,230	361,084	-	361,084
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	190,028	205,368	115 (3)	205,483
Other Debt	5,539	5,539	-	5,539
Reserve Account @ 10%	1,880	3,414	12 (4)	3,426
Renewal & Replacement Fund (2.5%)	25,661	26,107	(2,351) (5)	23,756
Total Debt Service Requirement	223,108	240,428	(2,224)	238,204
SB 234 Cash Working Capital	82,938	82,938	-	82,938
Remaining Cash	37,184	37,718	2,224	39,942
Percent Coverage (A) / (B)	180.62%	175.82%		175.72%
Average rate for 3,400 gallons	\$ 80.62	\$ 82.08	\$ -	\$ 82.08
Average rate for 4,000 gallons	\$ 93.90	\$ 95.60	\$ -	\$ 95.60

BRANCHLAND-MIDKIFF PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2660

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	Operating Revenues	Per Staff Analysis	921,324	(82,938)
		Per Application with Project	1,004,262	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	82,938	82,938
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	205,483	115
		Per Application with Project	205,368	
	The difference in P&I is related to Staff's calculation of a loan of \$334,500 for 38 years at 3.25%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	3,426	12
		Per Application with Project	3,414	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	23,756	(2,351)
		Per Application with Project	26,107	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

BRANCHLAND-MIDKIFF PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2660
May 20, 2025

**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	986,408	1,144,196	(82,938) (1)	1,061,258
Other Operating Revenue	28,904	28,904	-	28,904
SB 234 Annual Working Cash Collections	-	-	82,938 (2)	82,938
Interest Income & Other Misc.	11,111	11,111	-	11,111
Total Cash Available	1,026,423	1,184,211	-	1,184,211
OPERATING DEDUCTIONS				
Operating Expenses	663,500	663,500	-	663,500
Taxes	19,693	19,693	-	19,693
Total Cash Requirements Before Debt Service	683,193	683,193	-	683,193
Cash Available for Debt Servi (A)	343,230	501,018	-	501,018
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	190,028	342,036	(18,203) (3)	323,833
Other Debt	5,539	5,539	-	5,539
Reserve Account @ 10%	1,880	3,414	11,846 (4)	15,260
Renewal & Replacement Fund (2.5%)	25,661	29,605	(2,351) (5)	27,254
Total Debt Service Requirement	223,108	380,594	(8,708)	371,886
SB 234 Cash Working Capital	82,938	82,938	-	82,938
Remaining Cash	37,184	37,486	8,708	46,194
Percent Coverage (A) / (B)	180.62%	146.48%		154.72%
Average rate for 3,400 gallons	\$ 80.62	\$ 93.52	\$ -	\$ 93.52
Average rate for 4,000 gallons	\$ 93.90	\$ 108.92	\$ -	\$ 108.92

BRANCHLAND-MIDKIFF PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2660

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	1,061,258 1,144,196	(82,938)
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis Per Application with Project	82,938 -	82,938
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Principal & Interest	Per Staff Analysis Per Application with Project	323,833 342,036	(18,203)
The difference in P&I is related to Staff's calculation of a loan of \$2,257,000 for 40 years (paid back over 38 years) at 5%.				
(4)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	15,260 3,414	11,846
Staff assumed a 10% reserve on the new debt.				
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	27,254 29,605	(2,351)
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				




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M E M O R A N D U M

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey 
Technical Analyst
General Permits & Support Team

DATE: April 24, 2025

SUBJECT: Infrastructure Preliminary Application for the Branchland-Midkiff PSD
(2025W-2660): West Hamlin Transmission Line Upgrade in Lincoln County, WV.

We have reviewed the above referenced project application information. The Branchland-Midkiff PSD, purchases its water from the Town of West Hamlin and Lavalette PSD. No NPDES permit modifications are necessary.

If the Branchland-Midkiff 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 Branchland-Midkiff 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 Branchland-Midkiff 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

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