



Rules Required For Monitoring Community Public Water Systems

By: Charles Robinette - WVDHHR

On December 7, 2000, EPA published final rules that affects the required monitoring for community public water systems. Major changes are: (1) gross alpha will no longer be acceptable as a substitute for radium-228 testing; (2) the monitoring period will change from once every four years to varying periods, dependent upon initial sampling results; (3) a new radionuclide, uranium, must now be monitored. These regulations will go into effect, for all practical purposes, January 1, 2005.

The current regulation allows the acceptance of a gross alpha value, if it does not exceed 5 pCi/L, for individual analyses for Radium-226 and Radium-228. The Maximum Contaminant Level (MCL) for Radium-226 and Radium-228, combined, is 5 pCi/L. There is no individual MCL for these two contaminants. The MCL for combined Radium-226 and Radium-228 and Gross Alpha (15 pCi/L) does not change with the new regulations.

The new regulations require four consecutive quarterly samples in the initial monitoring period (2005 - 2007), however the rules allow for the State to use "grandfather data" in establishing reduced monitoring requirements. The "grandfather data" must be collected between June 2000 and no later than December 8, 2003. The rules continue to allow Gross Alpha to be used in the place of Radium-226, therefore, your system should have one analysis for Gross Alpha and one analysis for Radium -228 before December 8, 2003. These one time measurements will be used by this office to determine the future monitoring frequency for your system. If no sampling occurs for one or both contaminants between June 2000 and December 8, 2003, a set of four consecutive quarterly samples of Radium-226 and radium-228 may be required in the 2005-2007 monitoring period.

Reduced monitoring to once every three year compliance period is allowed, if the results are

between 2.5 and 5.0 pCi/L. Reduced monitoring to once every six years is allowed if the results are between 1.0 and 2.5 pCi/L, and a reduction in sampling to once every nine years if the results are less than 1.0 pCi/L, for combined Radium-226 and radium-228. Gross alpha sampling frequency is computed similarly.

Uranium will be a regulated contaminant, however, Gross Alpha has been designated as a substitute for this contaminant, if the results of gross alpha does not exceed 15 pCi/L. If Gross Alpha is above 15 pCi/L, sampling will be required for Uranium. The Maximum Contaminant Level for Uranium will be 30 micrograms/L. If Gross Alpha is sampled between June 2000 and December 8, 2003, and the results do not exceed 15 pCi/L, no additional sampling of Uranium will be required, as the sampling frequency of Gross Alpha will substitute for the Uranium analysis. If the Gross Alpha exceeds 15 pCi/L, or no analysis is done for Gross Alpha, four consecutive quarterly analyses may be required for Uranium between January 1, 2005 and December 31, 2007. Future monitoring frequency will be based on the results of the initial four consecutive quarters, in this case.

If there are any questions on the radiological monitoring requirements, contact Charles Robinette of the WV Bureau for Public Health, Office of Environmental Health Services at (304) 558-2981, e-mail :crobinette@wvdhhr.org .

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ENGINEERING AGREEMENTS

By: David Dove - PSC Engineering

In the March, 2000 edition of the Pipeline newsletter the Commission staff published a general guideline for reference by utilities when preparing to submit a proposed engineering agreement to the Public Service Commission for approval. Since that time both the Engineering and Legal Divisions of the Commission have worked in a cooperative effort with the West Virginia Association of Consulting Engineers to revise the guidelines. After many months staff is pleased to publish the revised guidelines at the request of the Association. Although both the Engineering and Legal Divisions have reviewed the guidelines, it should be noted that the revised guidelines are not a statement of Public Service Commission policy, rule or regulation and was intended as an in-house guide for staff to use in the review of engineering agreements. If the following guidelines are used by the utility when preparing engineering agreements the time required for Commission approval can be greatly reduced.

Engineering agreements for a public service district must be submitted to the Public Service Commission for approval. *West Virginia Code* § 16-13A-25 states that a public service district shall not enter into contracts for engineering, design, or feasibility studies without prior consent and approval of the Commission.

The Staff assigned reviews a proposed engineering agreement to ensure that the utility has complied with *Code* § 5G-1-3 or *Code* § 5G-1-4, that the terms and conditions of the agreement are consistent with the public interest, that the price is fair and reasonable for the engineering services to be performed, and that the utility can in fact pay for the services.

Many times the parties involved with engineering contracts are impatient to get the agreement through the administrative review and approval process. The very best way to speed up the process is to submit sufficient information with the initial petition for consent and approval. If circumstances exist that require that the process be expedited, then those circumstances need to be included in the petition along with a request for expedited disposition.

The following is a general outline of the basic information utilized by the Staff during its review process:

1. An unexecuted (unsigned) copy of the proposed agreement for engineering services, along with copies of any addenda or other documents referred to in the proposed agreement.

2. A description of the scope of the project, including the scope or description of the engineering services to be performed for the utility.

3. An estimate of the total project costs including an itemized breakdown of the estimated engineering services and costs.

4. A statement of the sources of all financing necessary to construct the project and to pay for preliminary and or design phase engineering services. The utility should provide funding commitment letters or any other documentation indicating the sources of funding for the project.

The Staff is concerned that public utilities may incur financial liabilities, which could have a substantial rate impact on the utility's ratepayers, if the project does not receive funding. Therefore, the Staff will not recommend approval of a proposed engineering agreement which does not demonstrate the utility's ability to pay for preliminary engineering, design phase and/or construction phase engineering services.

The Staff is aware that the amount charged by an engineer to provide facility plans or preliminary engineering services necessary to qualify for funding eligibility will be considerably less than the cost of the design or construction phase engineering costs. The Staff is also aware that many public utilities in the State of West Virginia are small enough so that even the cost of preliminary engineering fees may have a significant impact on utility rates. For this reason, the Staff will review the proposed engineering agreement to determine whether the ability to pay for the services exists.

- A) If the utility is proposing to pay for the proposed preliminary engineering services using unencumbered reserves or current cash flow, the utility should provide financial data demonstrating the availability and amount of the reserves or the availability of a sufficient cash flow. The petition should also contain a clear statement that any reserve to be used is unencumbered and may be used for payment of preliminary engineering costs. If the utility proposes to pay for the preliminary engineering services out of available cash flow over a period of time, the period of time as well as the amount of any interest charges must be included.

- B) The utility proposes to increase its rates and charges in order to generate a sufficient cash flow to either pay for the preliminary engineering services or to service the debt associated with borrowing funds to pay for the preliminary engineering services, the

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ENGINEERING AGREEMENTS

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Staff will withhold its recommendation that the proposed agreement be approved until after the utility makes application and receives Commission authority to increase its rates and charges sufficiently to pay for the proposed engineering services over time.

C) The Staff will only recommend approval of an installment plan relying upon the cash flow of the utility to the extent necessary to pay for engineering services necessary to prepare facility plans, preliminary engineering reports, etc. necessary to make application for funding eligibility. If the utility can demonstrate its ability to pay over a period of time for the preliminary engineering services, the proposed agreement should contain a clear statement that design and/or construction phase engineering services will not be initiated until funding is secured for the project.

D) The utility proposes to pay for preliminary engineering services using funds which it intends to borrow, the Staff will withhold its recommendation for approval of the agreement until the utility files for and receives Commission approval for the borrowing.

E) The utility and the engineer propose to enter into a deferred payment arrangement for design services after project funding has been secured but not received, the proposed agreement for engineering services should explain the terms of the deferred payment arrangement, including the period of repayment and any interest charges.

F) The Commission has granted its consent and approval to the utility and the engineer to enter into an agreement for preliminary engineering services, any subsequent agreement entered into for design and/or construction phase engineering services must also be filed with the Commission for approval.

5. If any previous engineering work has been completed on the project, the agreement should provide information regarding the nature of the

previous engineering work, the cost of the services and all related Commission case numbers associated with the project.

6. All information relating to previous unfunded liabilities for a project must be disclosed.

7. Evidence must be submitted to support compliance with either *Code* § 5G-1-3 (for projects costing \$250,000 or more) or *Code* § 5G-1-4 (for projects costing less than \$250,000), including an affidavit of publication corroborating compliance with Chapter 5G as well as copies of the minutes of all Board meetings held during the selection process.

8. If the utility feels that it is capable of evaluating its own engineering agreements, it may petition the Commission for a discretionary waiver of the otherwise statutory requirement that Commission approval be obtained. The Commission may waive the requirement that its prior consent and approval be obtained for good cause shown, which may be evidenced by the utility filing a request for waiver including (but not necessarily limited to) the following information;

- A brief description of the project.
- The estimated cost of the project.
- An estimate of the engineering fees to be incurred.
- Evidence of compliance with Chapter 5G of the *Code*.
- A demonstration of the utility's ability to evaluate its own engineering contract, including, but not limited to (1) experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services.

- Demonstration of ability to pay.

9. After receiving the Commission's approval of an engineering agreement, the utility shall forward an executed copy of the agreement to the Commission.

TAPPER SAYS:

The West Virginia Association of Consulting Engineers will be conducting an Infrastructure Forum, June 11 and 12, 2001, in Charleston. Information on various state and federal infrastructure funding agencies will be provided, as well as information on Public Service Commission requirements for certificates of convenience and necessity and engineering agreements. For more information, contact Judy Nuckolls at (304) 345-2828.

The Death Of Trees (Paperwork)

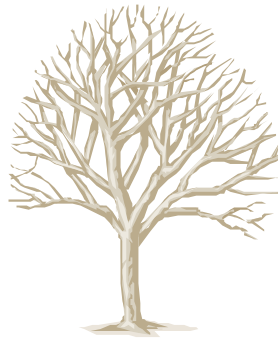
By: Rose Brodersen - WV DEP

We all know that there is no such thing as a freebie or that funds come with no strings attached. When a loan is made, through the State Revolving Fund programs, the Water Development Authority, or the Infrastructure Jobs and Development Council, there are administrative requirements that must be adhered to. In order to have financial comfort, these agencies require financial reports at different intervals. The lack or inability to comply with these requirements can financially impact the community later if additional borrowing is necessary.

The monthly financial report is a financial tool that focuses on comparing the actual revenues and expenses of the system with the proposed budget. It can be used to track when excess expenses are made and when it may be necessary to adjust the sewer budget. It also tells the community and the agency whether or not sufficient funds are being collected to pay for the system in terms of O & M costs and debt service. These reports are to be submitted monthly from the time of loan closing to two years after project completion. The community is notified when these reports are no longer necessary. If you are delinquent on submission, reimbursement payments could be delayed.

Annually for the life of the loan, the following documents are required:

- 1) An annual audit report of the fiscal year's transactions are due to this office(WVDEP) by March 31st of the following year. This audit should be performed by an independent public accountant. If you have received more than \$300,000 in federal funds, the audit must comply with OMB Circular 133 and the Single Audit requirements. If you know that this deadline will not be met, please contact your SRF project manager.
- 2) The Fiscal Year sewer budget should be submitted to the Construction Grants office. The budget should be detailed and accurately reflect projected revenues and expenditures of the authority and be balanced. This is due to the agency within 30 days of adoption. The most common overlooked items in the budget is (1) the Renewal and replacement account that is funded at 2.5% of gross income less the deposits made to the reserve account, and (2) the cost of the audit. The R & R account is a requirement of the bond documents. The audit is a required function of the loan.



Closing Out The Old . . .

Rosalie Brodersen - WV DEP

By now, most of the municipalities and public service districts should have entered into an agreement with an accounting firm for the FY2000 audit. The deadline for submission of the audit report to the lending authorities is 9 months after the close of the fiscal year. The report is due to the SRF Programs (both wastewater and drinking water) by March 31, 2001 as prescribed by the bond documents entered into by the community.

The type of audit is governed by the amount of federal funds (from any source) received by the community in the fiscal year being audited. If funds received exceeded \$300,000, a single audit is required. This entails compliance with OMB A-133 and its amendments. It is a more detailed audit, requiring compliance review in addition to a financial audit. You will have to know what type of audit is needed in order to advertise for an accounting firm.

EPA's Needs Survey 2000

By: Rosalie Brodersen

The Construction Assistance Program is performing a data collection exercise that will provide information to the Congress regarding wastewater needs and compliance with the Clean Water Act. What is this and what does it have to do with you? Please read on.

NEEDS SURVEY - a collection of information in a database that (1) describes the condition of the wastewater facilities in West Virginia and proposed upgrades, (2) proposed facilities that are needed, and (3) other events that impact water quality and require some type of correction. This Needs Survey results in a report to Congress every four years after an intense research and data gathering has been performed by the States in the preceding year. The report provides estimates to Congress, along with other factors, to determine the formula by which federal funds appropriated for water pollution control are allotted to each State.

Traditionally, only the capital cost of needs potentially eligible for funding under the State Revolving Fund (SRF) program was entered into the Clean Water Needs Survey (CWNS) database. This means that whatever the beneficial cost for maintaining the sewer system was, it was documented in the database. For this and future surveys, non-SRF eligible needs, operation and maintenance (O&M) costs, and other valuable information that may help the State plan and evaluate its water programs is accepted. The emphasis this cycle has been to (1) enter latitude and longitude locational data, (2) substantially document needed non-point source pollution control projects, and (3) identify and document wet weather discharge control needs (CSOs and SSOs).

West Virginia has 600 plus entries in the database for a need of \$2 billion plus (1996 survey). In order to update the information and maintain this level of need, we are looking for current engineering reports, municipal plans, and other forms of documentation to identify/verify the need and a basis for the cost. If the latitude and longitude of treatment facilities is available, it would also be helpful informa-

tion.

The identification of wet weather discharges is required because of an amendment to the Clean Water Act that will implement a grants program in 2003, providing funds to communities for correction of these discharges. The amount of need inputted by States will determine the allotment given to each State.

Several known CSO communities have already been notified but if you haven't been, please give our office a call. Any SSO communities that would like to "step up", please call the office. The definition of a Sanitary Sewer Overflow is - an overflow, spill, release, or diversion of wastewater from a sanitary sewer system. SSOs do not include combined sewer overflows (CSOs) or other discharges from a combined portion of a combined sewer system. SSOs include:

- Overflows or releases of wastewater that reach waters of the United States;
- Overflows or releases of wastewater that do not reach waters of the United States, and;
- Wastewater back-ups into buildings caused by a blockage or other malfunction of a building lateral that is privately owned is not an SSO.

If you have any current information that we could use, please contact one of the following individuals at (304) 558-0637:
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How Do We Keep Track Of Where We Are Going?

Presented by: Geert F. Bakker

It is often the manager and employees who worry and ask questions: “What shall we do when this happens?” or “How can or will we fix this?”. Employees are confronted daily with situations that, depending upon the solution, have long term consequences. Board meetings are often not long enough to discuss all operational problems or potential trouble. It is important to have a framework in place that tracks not only qualitative information, such as financial statements and operational statistics, but also quantitative information, necessary to plan for the long term operations. Below is a questionnaire that evaluates planning practices and expected results of long term planning. This ‘utility evaluation’ form is used to assess water and sewer utilities by Alliance Water Resources, a private company that is in the business of operating small utility systems. This form gives one an opportunity to evaluate management’s business practices and allows a comparison with other larger utilities that must plan for all these criteria and circumstances daily. Tally your “N” responses and consider if your board should make some changes.

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Strategic	S	N
We have developed a one year and a 3-5 year strategic plan for our district		
If these plans include expansion, we have identified engineering and financing alternatives.		
Our board meetings are productive for all involved.		
We receive informative, concise briefs on issues to Rules Required for Monitoring Community Public Water Systems be discussed at least 24 hours before board meetings.		
We have an established succession plan for our key managers.		

Financial	S	N
Our billing and accounting are computerized.		
Our lost water percentage is within industry norms.		
We generate and control operating budgets effectively.		
We have written accounts receivable (tracking and aging) procedure.		
We are satisfied with our financial reporting.		
Our auditor is satisfied with our financial reporting.		
We receive monthly income statements, revenue/expense statements and cash flow statements.		
Our financial ratios compare favorably with the ratios of other similar utilities.		

Personnel

S N

We are able to hire and retain good employees.		
The district operates with few emergencies and few employee mistakes made.		
We review employee performance on an annual basis.		
We are satisfied with the performance of our managers.		
We offer competitive wages and benefits to both our hourly and salaried employees.		
We provide health care coverage for our employees.		
We make training available to our employees.		
We have an established safety program.		
We have a written personnel policies and procedures manual that all employees read and sign.		
Our hiring and termination procedures and practices are well documented.		

Results

S N

We monitor and maintain standard inventory levels.		
We track and report customer service satisfaction.		
Customer complaints are generally few.		
When customer complaints occur, we are able to respond quickly and effectively.		
We have a customer newsletter which is published at least three times per year.		
We monitor and ensure compliance for regulatory issues related to personnel, safety and environmental issues.		
We are current and in compliance with all state and EPA testing requirements.		

S = Satisfactory. Your utility is achieving this measure of performance without problems.

N = Not Satisfactory. Your utility is either not performing up to this standard or there are significant problems in this area.

Source: Alliance Water Resources
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