PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 20-0397-PWD-GI

PAIGE-KINCAID PUBLIC SERVICE DISTRICT

EXHIBITS OF THE UNITED STATES DEPARTMENT
OF AGRICULTURE FOR THE STATUS CONFERENCE

The United States Department of Agriculture ("USDA") provides the attached exhibits
for the consideration of the Public Service Commission at the status conference:

1. Exhibit 1 which is correspondence from the USDA to the Paige-Kincaid Public

2. Exhibit 2 which is a summary of the outstanding balances for the loans and grants
   of Paige-Kincaid Public Service District with USDA-Rural Development

WHEREFORE, the USDA presents the attached exhibits for the consideration of the
Public Service Commission at the status conference.
UNITED STATES DEPARTMENT OF AGRICULTURE,

By Counsel,

MICHAEL B. STUART
United States Attorney

By: ____________________________
  FRED B. WESTFALL, JR.
  Assistant United States Attorney
  W.Va. State Bar No. 3992
  300 Virginia Street East
  Room 4000
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Dated: July 27, 2020
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 20-0397-PWD-GI

PAIGE-KINCAID PUBLIC SERVICE DISTRICT

CERTIFICATE OF SERVICE

I certify that I served the EXHIBITS OF THE UNITED STATES DEPARTMENT OF AGRICULTURE FOR THE STATUS CONFERENCE by First Class Mail and email on July 27, 2020, on the following counsel of record:

Barton Jackson, Jr.
Page-Kincaid Public Service District
General Manager
PO Box 165
Kincaid, WV 25119-0165
Email Address: bartj1953@hotmail.com

Robert Passmore, Esq.
West Virginia-American Water Company
Corporate Counsel
1600 Pennsylvania Avenue
Charleston, WV 25302
Email Address: robert.passmore@amwater.com

Jessica Lane, General Counsel
West Virginia Public Service Commission
201 Brooks Street
Charleston, WV 25301
General Counsel for the West Virginia Public Service Commission

Fred B. Westfall, Jr.
Assistant United States Attorney
EXHIBIT 1

United States Department of Agriculture

July 14, 2020

James Kincaid, Jr., Chairman
Page-Kincaid Public Service District
P.O. Box 165
Kincaid, WV 25119

Dear Mr. Kincaid:

This correspondence is related to the letters sent by USDA-Rural Development, on behalf of the Rural Utilities Service (RUS), dated February 11, 2020 and June 11, 2020, regarding the potential sale of the Page-Kincaid Public Service District’s (District) water and sewer systems to West Virginia-American Water Company, as well as to Case No. 20-0397-PWD-GI that is pending before the West Virginia Public Service Commission.

Over the last 40 years, RUS has continued to show support for the District through investing loan and grant monies for the construction of various improvements and extensions to both the water and sewer systems. In light of the potential sale of the District, RUS Instruction 1782, “Servicing of the Water and Waste Disposal Program,” outlines the conditions under which systems may be transferred or sold to other utilities. Entities that meet the eligibility criteria established under RUS Instruction 1780.7, “Eligibility,” may request a transfer and assumption of the conditions of any outstanding loans and grants; however, as a for-profit entity, it does not appear that the West Virginia American Water Company meet the recognized criteria. Under circumstances where the loans and grants are not assumed, the loans must be paid in full. Additionally, any applicable grant recapture repayment must be fully satisfied.

In order for our agency to determine the amount of grant subject to recapture, the following information is required for both the water and sewer systems:

1. Proposed sales price;
2. Sales method (sole source or competitive);
3. Assessment of fair market value (appraisal, state-Agency determination, or other qualified, independent sources);
4. List of total project costs for capital improvements made to each facility;
5. List of the sources of monies used to funds each capital improvement project;
6. Any legal and closing expenses that will be paid by the District;
7. Any fix-up expenses or improvements that must be made to bring the system into compliance prior to any sale;

8. Current financial statements, including a Balance Sheet (less than 90 days old) and Operating Budget (through Current Year).

This information may be mailed to the address listed above, or e-mailed to Janna Lowery, West Virginia Community Programs Director, at Janna.Lowery@usda.gov. If you have questions regarding the above, please feel free to contact Ms. Lowery via e-mail or at 304-284-4886.

Sincerely,

KIRSTIAN WARNER

Digitally signed by KIRSTIAN WARNER
Date: 2020.07.14 11:12:26 -04'00'

KRIS WARNER
State Director

cc: Joe Crittenberger, Area Director
    ATTN: Teresa Miller, Area Specialist
    Beckley, WV

Fred B. Westfall, Jr., AUSA, Civil Chief
Office of the United States Attorney for the Southern District of West Virginia
300 Virginia Street East, Room 4000
Charleston, WV 25301

Connie Graley
Executive Secretary
West Virginia Public Service Commission
P. O. Box 812
Charleston, WV 25323
PAGE-KINCAID PUBLIC SERVICE DISTRICT
OUTSTANDING LOANS AND GRANTS WITH USDA-RURAL DEVELOPMENT
(Loan balances as of this date)

Sewer:

- 1993 RD Loan of $120,000. Outstanding balance: $45,975.48.
- 2013 RD Loan of $300,000, RD Grant of $1,500,000 (initial) and RD Grant of $80,000 (subsequent). Outstanding balance: $278,885.36.

Water:

- 1980 RD Loan of $941,000, RD Grant of $1,500,000, and ARC Grant of 782,000. Outstanding balance: Loan paid in full 7/26/2019.
- 1982 ARC Grant of $59,300.
- 1993 RD Loan of $96,000 loan, RD Grant of $162,000 (initial), and RD Grant of $91,000 (subsequent). Outstanding balance: $38,829.72.
- 1998 RD Loan of $250,000 and RD Grant of $424,000. Outstanding balance: $172,820.
- 2014 RD Emergency Community Water Assistance Grant of $350,000.