

# HARDY COUNTY PUBLIC SERVICE DISTRICT

FEBRUARY 7, 2018

4:00 P.M.

2094 US 220 South, Moorefield, West Virginia

Present: Rose Helmick, Rob Harper, Logan Moyers, Connie Sherman, Kevin Markwood, HCPD; Jean Flanagan, Media.

The meeting was called to order at 4:10 p.m. by Vice-Chairman Robert Harper. Rose Helmick made a motion to approve the minutes of the January 10, 2018 regular meeting minutes as presented. Robert Harper seconded the motion. The motion was approved.

## ***Unfinished Business:***

***Upcoming Water Project Update*** – Logan Moyers reported that he has not received the second draft of the performance guarantee agreement with Ixom for the MIEX system. If he has not heard back from them in the next few weeks, he will contact them.

Mr. Moyers provided an update on the possibility of the District starting an Oracle pilot study. Oracle is a chemical that can be added to the water leaving the treatment plant with the intended purpose of lowering disinfection by-product (DBP) levels in the distribution system. The District continues to wait for data from the City of Weirton's Oracle study before making a decision regarding if and when to begin testing the chemical in Baker.

Mr. Moyers reported that he planned to meet with the property owner of the booster station site for the Fort Run/Dover Hollow extension in the coming days to finalize purchase of the property. Work to acquire the few remaining easements needed for the project is ongoing. Since the last meeting, employees of Thrasher Engineering, the project engineer, have been on location working on finalizing mapping and layout for the project.

Mr. Moyers reported that USDA-RUS received notice that funding from the federal government has been allocated, meaning the District will have the opportunity to apply for project funding through USDA-RUS as we had hoped. The District is currently working on the preliminary environmental assessment that is required prior to submission of a USDA-RUS funding application. We hope to be able to submit the funding application likely sometime next month. Once the funding application has been submitted, the District hopes to hear from USDA-RUS regarding the potential funding commitment within approximately six weeks following submission of the application. Once a funding commitment has been received by the District, we must have our project accountant draft a preliminary Rule 42 analysis, which evaluates the District's ability to cash flow the project. The District and our project engineer are currently working to apply for all necessary project permits. The District must have a funding commitment letter from USDA-RUS, have a completed preliminary Rule 42 analysis and have applied for all necessary permits before we can file a certificate case with PSC. The District is optimistic all this can be accomplished allowing us to file a certificate case with WVPSC in May or early June.

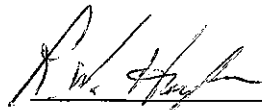
***Sewer Rate Increase*** – Logan Moyers gave an update on the Baker sewer rate case with WVPSC. Mr. Moyers reported that in mid-January, after having reviewed the District's financial records and evaluated the funds necessary to effectively operate the Baker sewer system, WVPSC filed their recommended rates for Baker sewer customers. The District has requested a split rate that would charge residential customers a rate of \$14.00 per thousand gallons treated with a minimum bill of \$42.00 and for commercial customers a rate of \$24.00 per thousand gallons treated with a minimum bill of \$72.00. WVPSC staff denied the District's request for a split sewer rate among residential and commercial customers and recommended the District charge all users at the same rate of \$24.01 per thousand gallons of sewage treated, with a minimum bill for all metered customers of \$72.03 and \$96.04 for all non-metered customers. The District and WVPSC agree on the amount that should be charged to commercial customers

but the District does not wish to charge residential users at that same rate because residential users contribute far less sewage for treatment and the entire basis for needing an increase is due to the overwhelming volume of sewage being contributed by commercial customers. Commercial customers contribute over 90% of the overall volume of sewer treated by the District in Baker, and the District does not feel that residential users should be held responsible for paying the same rate as commercial users given that they contribute far less sewage and in turn cost the District far less in treatment expenses. The District's attorney prepared a response to WVPSC's recommended rate increase which included a letter prepared by Mr. Moyers. Mr. Moyers' letter stated the District's frustrations over WVPSC's decision to deny the request for a split rate and requested that WVPSC reconsider the split rate sought by the District. Mr. Moyers explained in his letter that both sides agree on the amount to be charged to commercial users, the only issue was that the District could not in good conscience charge residential users the same rate. In response to Mr. Moyers' letter, WVPSC requested that Mr. Moyers along with the District's attorney participate in a conference call with WVPSC staff. During the conference call Mr. Moyers reiterated the District's position that it is not fair to charge the residential users at the same rate as commercial users given the vast difference in overall sewage contributions. WVPSC responded that while they understand and sympathize with the District's position regarding a split rate, it was an internal policy of the WVPSC not to allow for split rates among residential and commercial sewer customers and that WVPSC superiors had advised them that WVPSC must adhere to that policy. With WVPSC unwilling to budge from their position, it left the District with three options moving forward. The first option is for the District to agree with WVPSC's recommended rates and charge both classes of customers at the same rate of \$24.01 per thousand gallons treated. The second option is for the District to request dismissal of the case and continue to operate with our current rates. The drawback to this option is that current rates are inadequate do not fully cover the costs the District incurs to operate the Baker sewer system and in order to compensate for the shortfall of funds needed to operate the system, the District would need to subsidize sewer operations with water revenue. If the District would choose to go forward with this option and use a portion of water revenue to cover sewer operation expenses, it will receive a noted finding on all future financial audits that the District is improperly subsidizing its sewer operations with water revenue. While such a noted finding would be considered a negative mark on the audit, it would not be considered a significant deficiency resulting in greater scrutiny. The final option remaining for the District would be to choose to continue with the case knowing that it would ultimately appeal WVPSC's decision. Appealing WVPSC's decision not to allow a split rate would allow the District the opportunity to argue its case for a split rate in a court of law, but comes with no guarantee of any success. In fact, the District's attorney, David Glover, believed that appealing the case to a WVPSC court wouldn't likely result in the court overturning WVPSC policy not to allow a split rate. Appealing the case would also result in significant legal expenses to the District and should the appeal be denied, the District would then be *forced* to charge all customers the WVPSC recommended rates without the option to dismiss the case and continue operating under the current rate structure. Following discussion, Robert Harper made a motion that the District proceed with the option to dismiss the case and continue operations within the existing sewer rate structure. Rose Helmick seconded the motion. It was unanimously approved.

There were no members of the public in attendance for comment.

There being no further business, the meeting was adjourned at 4:50 p.m.

The next regular scheduled board meeting will be held **March 7, 2018, 4:00 p.m.** in the conference room of the HCPD office located at 2094 US 220 South, Moorefield, West Virginia.

  
Robert Harper, Vice-Chairman

*These minutes represent a summary of the subject discussed and the actions taken by the members of the Hardy County Public Service District for the regular meeting held on February 7, 2018. The meeting and proceedings were electronically recorded. In the event there may be discrepancies or contradictions between the written minutes and the audio recording, the audio recording shall take precedence.*