

HARDY COUNTY PUBLIC SERVICE DISTRICT
FEBRUARY 2, 2022
4:30 P.M.
2094 US 220 South, Moorefield, West Virginia

Present: Rob Harper, Logan Moyers, Rose Helmick, Justin Basye, Connie Sherman, HCPSD.

The meeting was called to order at 4:34 p.m. by Chairman Robert Harper. Robert Harper made a motion to approve the minutes of the December 8, 2021 regular meeting minutes as presented. Justin Basye seconded the motion. The motion was unanimously approved.

Unfinished Business:

Baker WTP Upgrade Project – Logan Moyers gave an update on the progress of this project. Moyers reported that MIEX ion exchange equipment is fully operational following the completion of the work that increased the elevation of the contactor tanks. The increased elevation of the tanks allowed the flow rate leaving the MIEX building and entering the main water treatment plant to reach the plant's full operating capacity of 350 gpm, however the normal operating rate is around 200 gpm. The only work remaining on this project is to add telemetry to the Dover Hollow pump station and that work is scheduled to be completed later this month unless there are further delays in the telemetry equipment's arrival. Moyers said he is hopeful that the final drawdown, for expenses to be paid with project contingency funds, could be presented for approval at the next board meeting.

New PSD Facility Project – Logan Moyers reported that while the District continues to wait for authorization to advertise for bids from project lender USDA-RUS, he is hopeful to receive authorization and begin bid advertisements later this month. Moyers told board members that the bidding climate is not favorable at the moment due to the increasing cost of construction materials but he felt the District should proceed with advertising and opening bids as soon as possible. Moyers told the board the District does not have to accept the low bidder if the bid amount exceeds available funding. He also said that if bids come in over the project budget, the District had options to seek grant funds from USDA-RUS to make up the difference in cost without increasing the District's debt on the project.

WVPSC Rate Case – Logan Moyers provided an update on the status of the District's 42R rate case with the Public Service Commission of West Virginia. The District increased its water rates to customers in September 2021 following a 120% increase in purchased water costs from the Town of Moorefield as a result of the Town's new water plant project. The District hired a CPA to assist in determining what would be an appropriate rate increase to cover the increased costs and began charging those rates to its water customers six months ago. The Public Service Commission has recently indicated as part of the ongoing rate case that it may choose to modify those rates previously put in place by the District, to rates it feels are more appropriate. Specifically, the PSC has indicated it feels the rate for the lowest usage block should be increased and the rate for each of the three higher usage blocks should be reduced. Those changes to the rate structure would result in higher bills for residential customers. Moyers discussed this possibility with the board and said that the District is working with its attorney to challenge the PSC's attempt to alter the rates currently in place. Moyers said the District is arguing the rates it put in place six months ago are appropriate and were carefully developed with the best interests of Hardy County and its residents in mind and should not be altered. Moyers pointed out to the board that PSD customers were given the opportunity to protest the rates the District put in place but that not one protest has been filed and that alone should indicate to the PSC that the residents and businesses of Hardy County agree with the rate block distributions imposed by the District. Moyers said he feels sure if the PSC modifies the District's rates now, after six months with no protests, and imposes higher rates to residential customers, the PSC will be flooded with complaints. The District sought and has received letters of support from the Hardy County Commission and representative Bryan Ward from the West Virginia House of Delegates for keeping the current rates from being modified. Moyers said the District will continue to work with its attorney to argue its position that the current rates should not be altered. The Public Service Commission's deadline to provide its proposal for the District's rate structure is March 3, 2022 and a final decision, ultimately setting the rates, is due no later than May 20, 2022.

Carla Acres #2 Water Storage Tank – Logan Moyers reported that funding has been secured for the Carla Acres #2 water storage tank which will be located adjacent the existing Carla Acres water tank on the District's US 220 North water system. The project will be funded with a \$500,000 appropriation from the West Virginia Infrastructure and Jobs Development Council and a \$500,000 appropriation from the America Recovery Plan Act fund through the Hardy County Commission for a total project cost of \$1 million. Moyers said the next step is to conduct a geotechnical study to determine if the site will support the construction of the proposed water tank. Moyers told board members the proposed 423,000 gallon tank would be the District's largest water storage tank in the County. Following completion of the geotechnical study, if the results show the site will support the tank, the District will proceed with the purchase of the property. Amendment #1 of the Engineering Services Agreement for this project was presented for board approval in the amount of \$141,000. This increase includes \$85,000 in engineering & design fees, \$25,000 for construction inspection, \$16,000 for survey and mapping and \$15,000 for the geotechnical analysis. Justin Basye made a motion to approve the amendment to the engineering services agreement. Robert Harper seconded the motion. It was unanimously approved. A project checking account for this project will be opened at Pendleton Community Bank. Rose Helmick made a motion to proceed with opening the account. Robert Harper seconded the motion. It was unanimously approved.

Hampshire County Water Purchase Agreement – A final draft of the water purchase agreement with Central Hampshire PSD was presented for approval at the meeting. This agreement will allow Central Hampshire PSD to purchase water from the District at a rate of \$4.95 per 1,000 gallons. The selling of this water to Central Hampshire PSD at the Hardy/Hampshire line will provide Central Hampshire with the water it needs to be able to complete a project to bring public water to residents in the Purgitsville area of Hampshire County. This will be the District's first resale water customer. Logan Moyers told the board he worked with representatives from the Region VIII Planning & Development Council and the attorneys for both utilities to develop the agreement. Moyers told board members a previous version of this agreement had been approved by the board in December 2020, but this current version, which had only a few minor changes at the request of Central Hampshire PSD's attorney, would supersede that previously approved version. Robert Harper made a motion to approve the agreement as presented. Rose Helmick seconded the motion. It was unanimously approved.

New Business:

Baker Secondary Water Source Project – Logan Moyers reported that the District received \$100,000 in American Recovery Act funds from the Hardy County Commission for the study and report phase for a project that would develop groundwater wells as a secondary water source for the Baker Water Plant. A hydrogeologic study will be performed on property adjacent to the existing water plant to determine if the location would provide adequate flow from groundwater wells to be used as a secondary water source. Following the results of the study, the District would need to secure funding for the project to develop groundwater wells and the construction of a water storage tank to store the water, so that it would be available, as needed, in an instance when the plants' primary water source could not be used. An engineering services agreement in the amount of \$97,500 was presented. This agreement includes \$40,000 for engineering work associated with the study and report phase, \$40,000 for test well drilling, \$10,000 for the hydrogeologic study and \$7,500 for survey and mapping. Justin Basye made a motion to approve the engineering services agreement as presented. Robert Harper seconded the motion. It was unanimously approved. A project checking account will be opened at Pendleton Community Bank for this project. Rose Helmick made a motion to open the checking account. Justin Basye seconded the motion. It was unanimously approved.

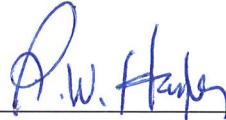
Miscellaneous Business:

2021 Financial Statements – Fiscal year 2021 financial statements were provided to each board member for review. The document will be put on the agenda for approval at the March board meeting.

No members of the general public were present at the meeting.

There being no further business, Justin Basye made a motion that the meeting be adjourned. Robert Harper seconded the motion. The meeting was adjourned at 5:25 p.m.

The next regular scheduled board meeting will be held **March 2, 2022, 4:30 p.m.** at the office of the PSD located at 2094 US 220 South, Moorefield, West Virginia.



Robert Harper, 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 2, 2022. 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.