



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: Brad Sergent, Chair

From: Katheryn Emery, P.E., Program Manager
Sewer Technical Review Committee

Date: May 21, 2026

Subject: Mason Co. PSD
IJDC No. 2026S-2774
SR 817/US 35 Collection System Extension

-
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.

- 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 extend sewer to two separate housing developments along State Rt. 817 near Henderson, WV, which include a combined 384 residential units. The need for this project is tied to ongoing commercial developments in Mason County, and there is no public sewer service available in the vicinity. This extension will eventually convey flow to the City of Point Pleasant for treatment by way of an existing pump station in Henderson that will be rehabilitated in this project.

The proposed total cost for this project is \$12,000,000.00 and the PSD intends to pursue a \$12,000,000.00 Economic Enhancement Fund Grant. The monthly rate for 3,400 gallons is \$63.68 (1.47% MHI).

Permit modifications for the PSD and the City of Point Pleasant will be necessary. Additionally, it is recommended that the project team coordinate with the City to ensure that WVDEP-Permitting is contacted regarding this extension, as required by Section C.13 of the City's NPDES permit.

Preliminary Project Ratings:

Public Health Benefits: 5
Compliance with Standards: 5



Arvin Singh, EdD, MBA, MPH, MS, FACHDM, FACHE
Secretary of Health

Jason R. Frame
OEHS Director

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Patrick Murphy, P.E.
Environmental Engineering Division

DATE: May 8, 2026

SUBJECT: Mason County Public Service District
IJDC Application- **2026S-2774**
Sewer Line Extension
Mason County

Recommendation: We have reviewed this preliminary application and recommend that it be forwarded to the Funding Committee for review.

Project Scope: This project proposes to extend sewer service along State Route 817 which will include ~32,000 LF 8-inch force main and ~7,000 LF 4-inch force main, as well as two new submersible sewage pump stations.

The total project cost is **\$12,000,000.00**.

Need for the Project: The need for the project is to provide sewer service to areas where sewer service does not currently exist for two planned developments.

Concerns: No concerns were noted.

Permits: Permits and/or agency consultations that may be expected to be required include: WVDH, WVDEP, WVDOH, USCOE, USF&W, and SHPO.





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MEMORANDUM

TO: Katheryn Emery, P.E., Program Manager, DWWM

FROM: Cassie Green, Engineer Trainee, DWWM

DATE: May 13, 2026

SUBJECT: Mason Co. PSD
IJDC No. 2026S-2774
SR 817/US 35 Collection System Extension

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by The Thrasher Group, for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Mason County Public Service District (PSD) owns and operates three wastewater collection and treatment systems for Camp Conley, Apple Grove, and the Rolling Acres Homeowners Association (HOA) system under NPDES Permit Nos. WV0086886 and WVG550359. The PSD is working in partnership with the City of Point Pleasant (City) and the Mason County Economic Development Authority (EDA) to extend sanitary sewer service along State Route 817 to 39 existing residences and two proposed developments, which would consist of a combined 384 residential units.

The proposed project will include the installation of 5,000 LF of gravity sewers, 39,000 LF of force mains, one (1) pump station, 20 grinder stations, and one precast holding tank. This project will also upgrade the existing Point Pleasant Pump Station which is located on the Henderson site of the Kanawha River. To facilitate simultaneous construction of this project and the developments, it is proposed to install the holding tank first with the PSD pumping and hauling collected sewage to the City's wastewater treatment plant for treatment until the proposed pump station and force main are ready for operations.

Promoting a healthy environment.

The proposed total cost for this project is \$12,000,000.00 and the PSD intends to pursue a \$12,000,000.00 Economic Enhancement Fund Grant. The monthly rate for 3,400 gallons is \$63.68 (1.47% MHI).

NEED FOR PROJECT

Public sewer service is currently unavailable along the US 35 and SR 817 corridors between the Henderson area and the Chief Cornstalk Wildlife Management Area in Mason County. While the area is currently rural, these residential developments are ready to begin construction, and additional development is underway in the area. Mason County is currently experiencing unprecedented economic growth as a result of major industrial and commercial investments, some of which are already under construction nearby. The proposed sewer extension along the SR 817 and US 35 corridor will provide essential service to an area that currently lacks public sewer infrastructure.

DEFICIENCIES/COMMENTS

- Modifications to the PSD's and the City's NPDES Permits will be necessary.
- It is recommended that the project team coordinate with the City to ensure that WVDEP-Permitting is contacted regarding this extension, as required by Section C.13 of the City's NPDES permit.
- It is recommended that WVDEP-Permitting and the WVDH be contacted regarding the proposal to use the proposed wet well as holding tanks until the force main is completed.
- It is unclear whether upgrades at the City's WWTP are necessary or are included in this project.

Preliminary Project Ratings:

Public Health Benefits: 5

Compliance with Standards: 5

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 13, 2026

Brad Sergent, Chair

Water Development Authority, Acting Executive Director

Katheryn Emery, P.E., Program Manager

CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Meredith Vance, Director

Environmental Engineering Division, WVBPH

Re: Public Service Commission Staff Review Comments

Application No. 2026S-2774

Mason County PSD – Sewer Service Extension (WV Route 817)
Infrastructure Preliminary Application

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,

Brandon Crace

Brandon Crace
Engineering Division

Enclosures

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: May 13, 2026

**PROJECT SPONSOR: MASON COUNTY PUBLIC SERVICE DISTRICT –
(SEWER)**

PROJECT SUMMARY: The Mason County Public Service District is proposing to extend public sewer service along WV Route 817 to 39 existing residences and towards 2 potential residential developments.

PROPOSED FUNDING: WDA Economic Enhancement Grant \$ 12,000,000
Mason County Commission Grant 30,000
Total \$ 12,030,000

CURRENT RATES: \$49.95 3,400 gallons
\$58.76 4,000 gallons

PROPOSED RATES: \$76.90 3,400 gallons
\$90.47 4,000 gallons

Application No. 2026S-2774

RECOMMENDATION: Forward to the Funding Committee
 Forward to the Consolidation Committee
 Return to the Applicant

FINANCIAL: Alex Kovarik

1. Current rates (\$49.95 for 3,400 gallons) are below the rates attributable to 1.25% (\$53.98), 1.5% (\$64.78), 1.75% (\$75.57), and 2.0% (\$86.37) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$36,854, \$135,502, \$234,151, and \$332,799 respectively.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant of \$12,000,000 and a Mason County Commission Grant of \$30,000, proposed rates (\$76.90 for 3,400 gallons) will provide a cash flow surplus of \$26,038 and debt service coverage of 161.26%.

3. Using the Scenario 2 alternate loan package of \$12,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Mason County Commission Grant of \$30,000, proposed rates (\$121.50 for 3,400 gallons) will provide a cash flow deficit of \$73,428 and debt service coverage of 118.42%. An additional 3.4% (for a total of \$125.63 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$672 and debt service coverage of 125.71%.

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, 2025, and the applicant's cash flow statements submitted with the application.
- C. Staff notes the project sponsor requested a Draft Rule 42 Exhibit waiver.
- D. The cash flow provided by the project sponsor shows a Going-Level deficit.
- 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 flows provided by the project sponsor include funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analyses. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.
- F. Based on the District's Going-Level deficit it should consider pursuing a resolution to adjust rates and resolve any deficiencies. The Public Service District should carefully evaluate its revenue requirements before pursuing a rate increase in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Staff notes that the District is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015,

the Commission has no jurisdiction regarding the District's rates pursuant to WV Code 24-2-4a and WV Code 16-13A-9. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

ENGINEERING: Brandon Crace

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 Mason County Public Service District is proposing to extend public sewer service along WV Route 817 to 39 existing residences and towards 2 potential residential developments. The project scope includes: mobilization, demobilization, erosion and sediment control, 30 manholes, 130 VF of manhole riser sections, 5000 LF of 8-inch PVC gravity sewer main, 50 LF of 8-inch steel casing (open cut), 50 LF of 16-inch steel casing (open cut), 2200 LF of 1.25-inch forcemain sewer pipe, 7000 LF of 4-inch forcemain sewer pipe, 32000 LF of 8-inch forcemain sewer pipe, 1400 LF of 4-inch PVC sewer lateral pipe, 30 wye connections, 600 LF of 6-inch PVC gravity sewer main, twenty (20) 6-inch PVC cleanouts, seven (7) 1-inch combination vacuum/air release valves, new pump station (complete), precast 12-ft-x-12-ft holding tank, valve vault, pumps and odor control equipment, flowmeter vault, upgrades to existing Point Pleasant Pump Station, 9 simplex grinder stations, 11 duplex grinder stations, 1000 LF of miscellaneous driveway restorations, 11000 LF of WVDOH Type "A" Trench Repair (with 2-inch overlay), 49000 LF of reclamation of disturbed areas, and 44,100 LF of WVDOH Inspection Fee. The estimated construction cost is \$9,800,000 (includes 15.25% construction contingency), and the estimated total project cost is \$12,000,000. (includes 2.8% project contingency).

Need: The PER indicates that residential developments are proposed by the Dickinson Group (210 units), and the Max Lucy Group (174 units) for a total of approximately 384 residential units. The nearest existing sewer service (Point Pleasant Pump Station in Henderson) is approximately 7 miles from the proposed developments. The PER states "This investment will make possible significant residential development...", and "Two ... developers... are firmly committed to invest up to \$160 million if public sewer service is available." Additionally, there are approximately 39 current residences along

the proposed sewer extension alignment, which currently do not have access to public sewer service.

Customer Density: The Application identifies approximately 423 residential customers, while the PER identifies 39 current residences located along the proposed sewer extension alignment and 2 proposed residential developments. The 2 proposed residential developments include approximately 383 new housing units.

Cost per Customer: Based upon the provided sewer main pipe quantities (46,800 LF), the proposed sewer line extends approximately 8.86 miles to serve 39 existing residences, and upwards to 422 total customers (includes 2 proposed residential developments). The cost per customer to serve the existing residences is \$307,693; however, when considering the total of 422 potential customers, the cost per customer is \$28,436.

3. **Project Alternatives:** The PER did include an evaluation of 4 alternatives: Alternative #1 – Sewer System Extension, Alternative #2 – Decentralized Collection System, Alternative #3 – New Wastewater Treatment Plant, and Alternative 4 – Do Nothing. The PER indicates that Alternative 1 was selected, as this option is “...the most cost effective and implementable...”.
4. **Consolidation:** There are no consolidation opportunities presented by this project.
5. **Operation and Maintenance (O&M) Expenses:** The PER did include a detailed breakdown of anticipated changes to the annual O&M expenses, which indicates an estimated increase of \$200,000 annually. The additional annual O&M expenses are associated with purchased power, repair and replacements, billing and collecting, telemetry, generator maintenance, insurance, labor, transportation, purchased treatment, and chemical costs. Although the PER included this evaluation, the following note was included in the PER’s Appendix “G. Operations and Maintenance Expenses”: “At buildout (390 customers), monthly cost / customer will be \$42.75 (67% of monthly bill)”.
6. **Engineering Agreement:** The application includes information to determine compliance with West Virginia Code §5G-1-1, *et seq.* Total technical services (engineering) costs for the project are \$1,630,000, which is equal to 16.63% of the construction cost of \$9,800,000 (includes 15.25% construction contingency).

7. Deficiencies/Comments:

- The PER indicates that there are currently 39 existing residences along the proposed sewer extension alignment, and approximately 383 new residential units (potential customers) with 2 proposed developments.
- The Application indicates 423 new customers; however, the sum of existing residences (39) and potential customers (383) is equivalent to 422 customers.
- The O&M evaluation included in the PER appears to account for 390 customers, while the proposed project includes up to 422 customers (39 [existing] + 383 [potential new]).
- The PER does not include any documentation of community support from the existing residences located along the proposed sewer extension alignment.
- The Application's Budget and PER indicate a total project cost of \$12,000,000; however, the Application indicates a \$30,000 funding commitment from the Mason County Commission, in addition to the \$12,000,000 funding requested. Therefore, the total project cost should be clarified.

MASON COUNTY PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2774
 May 13, 2026

**PREFERRED FUNDING PACKAGE
 SCENARIO 1**

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	456,389	1,510,962	(122,747) (1)	1,388,215
Other Operating Revenue	7,169	7,169	-	7,169
SB 234 Annual Working Cash Collections			122,747 (2)	122,747
Interest Income & Other Misc.	10,452	10,452	-	10,452
Total Cash Available	474,010	1,528,583	-	1,528,583
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	339,864	981,976	-	981,976
Taxes	12,545	12,545	-	12,545
Total Cash Requirements Before Debt Service	352,409	994,521	-	994,521
Cash Available for Debt Service (A)	121,601	534,062	-	534,062
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	139,007	331,175	-	331,175
Other Debt	-	-	-	-
Reserve Account @ 10%	-	19,217	-	19,217
Renewal & Replacement Fund (2.5%)	11,589	37,953	(3,068) (3)	34,885
Total Debt Service Requirement	150,596	388,345	(3,068)	385,277
SB 234 Cash Working Capital	42,483	122,747	-	122,747
Remaining Cash	(71,478)	22,970	3,068	26,038
Percent Coverage (A) / (B)	87.48%	161.26%		161.26%
Average rate for 3,400 gallons	\$ 49.95	\$ 76.90	\$ -	\$ 76.90
Average rate for 4,000 gallons	\$ 58.76	\$ 90.47	\$ -	\$ 90.47

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,388,215	(122,747)
		Per Application with Project	1,510,962	
	To adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	122,747	122,747
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	34,885	(3,068)
		Per Application with Project	37,953	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

MASON COUNTY PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2774
 May 13, 2026

**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
		\$	\$	\$	\$
<u>AVAILABLE CASH</u>					
Operating Revenues		456,389	2,211,562	(46,747) (1)	2,164,815
Other Operating Revenue		7,169	7,169	-	7,169
SB 234 Annual Working Cash Collections				122,747 (2)	122,747
Interest Income & Other Misc.		10,452	10,452	-	10,452
Total Cash Available		474,010	2,229,183	76,000	2,305,183
<u>OPERATING DEDUCTIONS</u>					
Operating Expenses		339,864	981,976	-	981,976
Taxes		12,545	12,545	-	12,545
Total Cash Requirements Before Debt Service		352,409	994,521	-	994,521
Cash Available for Debt Service	(A)	121,601	1,234,662	76,000	1,310,662
<u>DEBT SERVICE REQUIREMENTS</u>					
Principal & Interest	(B)	139,007	1,037,190	5,396 (3)	1,042,586
Other Debt		-	-	-	-
Reserve Account @ 10%		-	19,217	71,141 (4)	90,358
Renewal & Replacement Fund (2.5%)		11,589	55,468	(1,168) (5)	54,300
Total Debt Service Requirement		150,596	1,111,875	75,369	1,187,243
SB 234 Cash Working Capital		42,483	122,747	-	122,747
Remaining Cash		(71,478)	40	631	672
Percent Coverage	(A) / (B)	87.48%	119.04%		125.71%
Average rate for 3,400 gallons		\$ 49.95	\$ 121.50	\$ 4.13	\$ 125.63
Average rate for 4,000 gallons		\$ 58.76	\$ 142.94	\$ 4.86	\$ 147.80

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	2,164,815	(46,747)
		Per Application with Project	2,211,562	
	To adjust revenues in accordance with PSC General Order 183.11. Staff also projected that an additional \$76,000 in revenues would be needed to achieve 115% debt coverage and a positive			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	122,747	122,747
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	1,042,586	5,396
		Per Application with Project	1,037,190	
	The difference in P&I is related to Staff's calculation of a loan of \$12,000,000 for 40 years (paid over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	90,358	71,141
		Per Application with Project	19,217	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	54,300	(1,168)
		Per Application with Project	55,468	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			