



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: Warm Springs PSD
Route 522 N Sewer Extension
IJDC No. 2026S-2764

-
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:

The proposed project will extend sewer service along Route 522 North to the Senior Life Services of Morgan County and three properties owned by U.S. Silica. This project includes installation of 3,500 LF of gravity sewers, a connection to an existing pump station, and miscellaneous appurtenances.

The proposed cost for this project is \$1,000,000 and is proposed to be funded entirely by the WDA EEGF. The current monthly rate for 3,400 gallons is \$49.14 (1.03% MHI) and is not anticipated to increase.

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. *PM*
Environmental Engineering Division

DATE: May 8, 2026

SUBJECT: Warm Springs Public Service District
IJDC Application- **2026S-2751**
Sanitary Sewer Line Extension
Morgan County

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

Project Scope: The WSPSD is proposing to construct a 27,550 ft sewer extension north of Berkeley Springs along US522 in Morgan County, West Virginia.

The total project cost is **\$1,000,000.00**.

Need for the Project: The proposed extension will provide public sewer service to the Senior Life Services of Morgan County facility as well as three (3) commercial properties operated by U.S. Silica. These customers currently rely on onsite septic systems to manage all generated wastewater, which limits their operational capacity and presents long-term maintenance and environmental concerns.

Concerns: No concerns were noted.

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





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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Carin Angelle, DWWM

DATE: May 11, 2026

SUBJECT: Warm Springs PSD
Route 522 N Sewer Extension
IJDC No. 2026S-2764

RECOMMENDATION

The IJDC application and Preliminary Engineering Report (PER) prepared by The Thrasher Group for the above referenced project have been reviewed and are technically feasible.

PROJECT DESCRIPTION

The Warm Springs Public Service District (WSPSD) owns and operates two collection systems and wastewater treatment plants (WWTPs) in Morgan County, WV. The PSD's Berkeley Springs WWTP operates under NPDES Permit No. WV0027707. Collectively, WSPSD serves 1,514 customers. This project will extend sewer along Route 522 North to the Senior Life Services of Morgan County and three (3) properties owned by U.S. Silica.

The proposed extension to serve four (4) customers includes the installation of approximately 3,500 LF of 8-inch gravity sewer pipe, 15 new manholes, a connection to an existing pump station, and all other necessary appurtenances.

The proposed cost for this project is \$1,000,000. The WSPSD will pursue a funding scenario of \$1,000,000 through the Water Development Authority Economic Enhancement Fund (WDA-EEGF). The current monthly rate for 3,400 gallons is \$49.14 (1.03% MHI) and is not anticipated to increase.

Promoting a healthy environment.

NEED FOR PROJECT

The customers that will be served by this project currently rely on onsite septic systems to treat their wastewater. These systems would be decommissioned by their owners once public sewer became available, thereby reducing the potential for system failures and risks of groundwater contamination. Extending public sanitary service to these facilities will also provide the PSD with the ability to support current and future flows as future economic development occurs in the area.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be below the ASCE Design Fee Curves.
- Discrepancies exist between the Application and the PER regarding the customer rates.

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 14, 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-2764
Warm Springs PSD – Sewer Service Extension (Sand Mine Road)
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 14, 2026

PROJECT SPONSOR: WARM SPRINGS PUBLIC SERVICE DISTRICT -
SEWER

PROJECT SUMMARY: The Warm Springs Public Service District is proposing to extend sewer service to 3 potential commercial customers.

PROPOSED FUNDING: WDA Economic Enhancement Grant \$1,000,000

CURRENT RATES:	\$49.14	3,400 gallons
	\$57.32	4,000 gallons

Application No. 2026S-2764

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

FINANCIAL: Bob Cadle

1. Current rates (\$49.14 for 3,400 gallons) are below the rates attributable to 1.25% (\$59.50) 1.50% (\$71.40), 1.75% (\$83.29), and 2% (\$95.19) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.50%, 1.75% and 2.0% of the MHI would provide additional revenues of \$263,792, \$566,896, \$870,001 and \$1,173,105 respectively.
2. Using Scenario 1, the preferred funding package consisting of a WDA Economic Enhancement Grant of \$1,000,000, proposed rates (\$49.14 for 3,400 gallons) will provide a cash flow surplus of \$43,322 and debt service coverage of 135.92%.
3. Using the Scenario 2 alternate loan package of \$1,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$50.12 for 3,400 gallons) will provide a cash flow surplus of \$2,857 and debt service coverage of 126.44%.

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 Statement submitted with the application.
- C. Because proposed funding is based on all grant funding, the Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. Staff notes the application Section IV. Financial Status and Rates showed proposed rates of \$98.28, which Staff understands is an error. The Applicant's cash flow analyses include going level or current rates of \$49.14 (3,400 gallons). Staff included these rates in its analyses.
- 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.

DESIGN LOAN

The applicant has applied for a design loan in the amount of \$80,000. The terms of the design loan are 2.9% for the first 2 years and then the loan terms adjust to 2.9% for the remaining 18 years, if permanent financing is not received for the project.

- The Attached cash flow analysis is divided into three scenarios:
 - 1) The first scenario (Per Books/Going Level) evaluates the cash flow from current operations. Based upon this analysis the District has a cash flow surplus of \$39,318 and debt service coverage of 135.64% based upon the Annual Report for the Fiscal Year Ended June 30, 2025.

2) The second scenario evaluates the Per Books/Going Level information, but also takes into account the affects of the \$80,000 proposed design loan (2.9%) annually to determine whether current rates are sufficient to absorb the interest cost associated with the design loan. Including the interest cost associated with the design loan on an annual basis results in a cash flow surplus of \$36,998 and debt service coverage of 135.05% based upon the current rates of the District.

3) The third scenario (Worst Case Scenario) evaluates the Per Books/Going Level information, but also takes into account the affects of the required payback of the \$80,000 (2.9%, for 18 years) design loan if permanent financing for the project is not obtained. This would result in the existing ratepayers absorbing this loan and based upon the information available would result in a cash flow surplus of \$32,974 and debt service coverage of 134.16% based upon the current rates of the District.

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 Warm Springs Public Service District is proposing to extend sewer service to 3 potential commercial customers. The proposed project scope includes: mobilization, demobilization, pre-construction video, erosion and sediment control, 3400 LF of 8-inch PVC gravity sewer main, 15 manholes, 80 VF of manhole riser sections, 2 internal drop connections, 1200 LF of 6-inch PVC lateral piping, 40 LF of 16-inch steel casing, 50 LF of 12-inch steel casing, four (4) 6-inch customer cleanouts, 2 wye connections, 4 customer taps, connection to existing pump station, 200 LF of asphalt driveway and roadway restoration, 4500 LF of reclamation of disturbed areas, and all necessary appurtenances. The estimated construction cost is \$730,000 (includes 10.21% construction contingency), and the estimated total project cost is \$1,000,000 (includes 3.73% project contingency).

Need: The PER indicates that public sewer service is not currently available in the proposed project area, and the current commercial facilities rely on onsite septic system, which limit operation capacity and presents long-term operation and maintenance concerns. The PER states that "...extending the wastewater collection system will help position Morgan County for economic development by providing necessary utility infrastructure for businesses seeking to locate or expand along U.S. Route 522 North corridor."

Customer Density: Based upon the provided water main pipe quantities (3,400 LF), the proposed sewer line extends approximately 0.65 mile to serve 3 potential customers.

Cost per Customer: Based upon the estimated total project cost is \$700,000 (includes contingency), and proposing to extend water service to 3 new customers, the cost per customer is \$233,334. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. Project Alternatives: The PER provided a discussion of 2 alternatives: Alternative #1 – Sewer Line Extension, and Alternative #2 – No Nothing. However, a do-nothing option is the only alternative that extends public sewer service to the project area.
4. Consolidation: There are no consolidation opportunities presented by this project.
5. Operation and Maintenance (O&M) Expenses: The PER indicates that annual O&M Expenses are anticipated to increase by \$261. The PER notes that the projected increase is related to purchased power, chemicals, and sludge removal.
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 \$193,500, which is equal to 26.51% of the construction cost of \$730,000 (includes construction contingency).
7. Deficiencies/Comments:
 - The PER did not include any documentation or discussion of the existing condition of the private on-site sewer systems, and the justification of need is based upon the project area currently not having public sewer service available, and the potential for economic growth.

WARM SPRINGS PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2764
 May 14, 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	1,251,731	1,253,449	(104,884) (1)	1,148,565
Other Operating Revenue	15,628	15,628	-	15,628
SB 234 Annual Working Cash Collections		-	104,884 (2)	104,884
Interest Income & Other Misc.	309,405	309,405	-	309,405
Total Cash Available	1,576,764	1,578,482	-	1,578,482
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	838,814	839,075	-	839,075
Taxes	28,962	28,962	-	28,962
Total Cash Requirements Before Debt Service	867,776	868,037	-	868,037
Cash Available for Debt Service (A)	708,988	710,445	-	710,445
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	522,680	522,680	-	522,680
Other Debt			-	-
Reserve Account @ 10%	10,454	10,454	-	10,454
Renewal & Replacement Fund (2.5%)	31,684	31,727	(2,622) (3)	29,105
Total Debt Service Requirement	564,818	564,861	(2,622)	562,239
SB 234 Cash Working Capital	104,852	104,884	-	104,884
Remaining Cash	39,318	40,699	2,622	43,322
Percent Coverage (A) / (B)	135.64%	135.92%		135.92%
Average rate for 3,400 gallons	\$ 49.14	\$ 49.14	\$ -	\$ 49.14
Average rate for 4,000 gallons	\$ 57.32	\$ 57.32	\$ -	\$ 57.32

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	1,148,565 1,253,449	(104,884)
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis Per Application with Project	104,884 -	104,884
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	29,105 31,727	(2,622)
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

WARM SPRINGS PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2764
 May 14, 2026

DESIGN LOAN

	Per Books Going Level	Best Case Scenario	Worst Case Scenario
	1	2	3
	\$	\$	\$
<u>AVAILABLE CASH</u>			
Operating Revenues	1,251,731	1,251,731	1,251,731
Other Operating Revenue	15,628	15,628	15,628
SB 234 Annual Working Cash Collections		-	-
Interest Income & Other Miscell.	309,405	309,405	309,405
Total Cash Available	1,576,764	1,576,764	1,576,764
<u>OPERATING DEDUCTIONS</u>			
Operating Expenses	838,814	838,814	838,814
Taxes	28,962	28,962	28,962
Total Cash Requirements Before Debt Service	867,776	867,776	867,776
Cash Available for Debt Service	(A) 708,988	708,988	708,988
<u>DEBT SERVICE REQUIREMENTS</u>			
Principal & Interest	(B) 522,680	525,000	528,448
Reserve Account @ 10%	10,454	10,454	11,031
Renewal & Replacement Fund (2.5%)	31,684	31,684	31,684
Total Debt Service Requirement	564,818	567,138	571,162
SB 234 Cash Working Capital	104,852	104,852	104,852
Remaining Cash	39,318	36,998	32,974
Percent Coverage	(A) / (B) 135.64%	135.05%	134.16%
Average rate for 3,400 gallons	49.14	\$ 49.14	\$ 49.14

WARM SPRINGS PUBLIC SERVICE DISTRICT
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2764
 May 14, 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	1,251,731	1,278,518	(104,884) (1)	1,173,634
Other Operating Revenue	15,628	15,941	-	15,941
SB 234 Annual Working Cash Collections		-	104,884 (2)	104,884
Interest Income & Other Misc.	309,405	309,405	-	309,405
Total Cash Available	1,576,764	1,603,864	-	1,603,864
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	838,814	839,075	-	839,075
Taxes	28,962	28,962	-	28,962
Total Cash Requirements Before Debt Service	867,776	868,037	-	868,037
Cash Available for Debt Servi (A)	708,988	735,827	-	735,827
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	522,680	579,878	2,086 (3)	581,964
Other Debt			-	-
Reserve Account @ 10%	10,454	16,338	44 (4)	16,382
Renewal & Replacement Fund (2.5%)	31,684	32,362	(2,623) (5)	29,739
Total Debt Service Requirement	564,818	628,578	(492)	628,086
SB 234 Cash Working Capital	104,852	104,884	-	104,884
Remaining Cash	39,318	2,364	492	2,857
Percent Coverage (A) / (B)	135.64%	126.89%		126.44%
Average rate for 3,400 gallons	\$ 49.14	\$ 50.12	\$ -	\$ 50.12
Average rate for 4,000 gallons	\$ 57.32	\$ 58.46	\$ -	\$ 58.46

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,173,634	(104,884)
		Per Application with Project	1,278,518	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	104,884	104,884
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Principal & Interest	Per Staff Analysis	581,964	2,086
		Per Application with Project	579,878	
The difference in P&I is related to Staff's calculation of a loan of \$1,000,000 for 40 years (paid over 38 years) at 5%.				
(4)	Reserve Account @ 10%	Per Staff Analysis	16,382	44
		Per Application with Project	16,338	
Staff assumed a 10% reserve on the new debt.				
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	29,739	(2,623)
		Per Application with Project	32,362	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				