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: Dr. Mark Sarver, Executive Director, Water Development Authority

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

Date: October 21, 2026

Subject: Town of Ansted
IJDC Application - 2026S-2826
Wastewater System Improvements - Phase 5
Chestnutburg Extension

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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 Chestnutburg Road, including the community of Ames Heights, Adventures on the Gorge, and the National Parks Service's Canyon Rim Visitor Center. This project will allow for the elimination of 150 existing residential on-lot systems, Adventure on the Gorge's 35,000 GPD packaged treatment plant, and the Visitors Center's 15,000 GPD aerated lagoon. The PER indicates that both plants are either at capacity or have received Notice of Violations from WVDEP. Additionally, developments are proposed along Chestnutburg Road, which could be served by this extension as they come online.

The Preliminary Application indicates the expected cost for this project is $27,100,000 and that the PSD intends to pursue a $1,000,000 IJDC Grant, a $2,366,500 WDA EEGF, $3,283,500 Governor's Contingency Fund, $500,000 Congressionally Direct Spending and $19,950,000 USACE. The proposed monthly customer rate for 3,400 gallons is $82.01.

<u>Preliminary Project Ratings:</u>
Public Health Benefits: 20
Compliance with Standards: 20

West Virginia Department of HEALTH

WEST VIRGINIA DEPARTMENT OF HEALTH
Bureau for Public Health

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

Mark E. McDaniel, DO, FAAFP
Acting Commissioner & State Health Officer

MEMORANDUM

TO: Katheryn Emery, PE, Program Manager
DWWM

FROM: Meredith J. Vance, Director
Environmental Engineering Division

DATE: September 28, 2026

SUBJECT: Town of Ansted
IJDC Application- **2026S-2826**
Sewer Line Extension
Fayette County

Recommendation: This preliminary application and Preliminary Engineering Report has been reviewed and is technically feasible.

Project Scope: The project scope is to extend sanitary sewer service along US Route 60, Chestnut Ridges Road to the community of Ames Heights and to Adventures on the Gorge and NRG Vistors Center.

The total project cost is **$27,100,000.00.**

Need for the Project: The need for the project is to extend sewer service to areas where public sewer is not currently available and the allow the NPS to decommission its existing waster water treatment lagoon as well as to eliminate the package treatment plant at Adventures on the Gorge.

Concerns: There are no concerns with this project.

Permits: A permit **will be** required from the WV Bureau for Public Health prior to construction. Other permits and/or consultations that are anticipated for this project include: WVDEP, WVDOT, WVDNR, USF&W, WVSHPO, and USCOE.

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MEMORANDUM

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

FROM: Dominique Madison, Technical Analyst, DWWM

DATE: September 30, 2026

SUBJECT: Town of Ansted
Chestnutburg Extension
IJDC No. 2026S-2826

RECOMMENDATION

The preliminary application and engineering report for the Town of Ansted has been reviewed. This project is technically feasible and is recommended to be forwarded to the funding committee.

PROJECT DESCRIPTION

The Town of Ansted is undertaking a major sewer line extension along Chestnutburg Road and the northern rim of the New River Gorge. This project will extend service to existing homes, the Adventures on the Gorge (AOG) Resort, and the National Park Service's (NPS) Canyon Rim Visitor Center at the New River Gorge National Park and Preserve. It will also serve the communities of Ames Heights, Lansing, and surrounding areas along Russell Hill Road, Gaymount Mountain Road, Hopewell Road, and Peregrine Road. Necessary upgrades to Ansted's existing wastewater facilities will be implemented to support this expanded service area. Additionally, under the Phase 4 initiative (WV IJDC No. 2024S-2593), supplementary remediation efforts will be conducted to address significant infiltration and inflow (I&I) within the collection system.

The Preliminary Application indicates the expected cost for this project is $27,100,000 and that the PSD intends to pursue a $1,000,000 IJDC Grant, a $2,366,500 WDA EEGF, $3,283,500 Governor's Contingency Fund, $500,000 Congressionally Direct Spending and $19,950,000 USACE. The proposed monthly customer rate for 3,400 gallons is $82.01.

NEED FOR PROJECT

The WV Department of Environmental Protection has cited the Town for a number of violations of their WV NPDES Permit and has issued Order 8839 to compel compliance with permit conditions. Extending sanitary sewer service along Chestnutburg Road and the north rim of the New River Gorge will eliminate over 150 existing, substandard on-lot wastewater treatment facilities, allow the National Park Service to decommission its existing wastewater treatment lagoon at the north end of the New River Gorge Bridge (that facility currently has an outstanding compliance order from the West Virginia Department of Environmental Protection (WV DEP), eliminate the 35,000 gpd package treatment plant that currently serves the Adventures on the Gorge resort. This is a part of the NPDES plan of corrective action.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE Design Fee Curve.
- A public meeting should be held to discuss this project and include meeting minutes.
- The PER will need to be developed into a facility plan that meets CWSRF requirements if CWSRF is used.

Preliminary Project Ratings:

Public Health Benefits	20 points
Compliance with Standards	20 points

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

October 19, 2026

Mark Sarver, Chair
Water Development Authority, 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-2826
Ansted, Town of – Wastewater System Improvements & Extension
(Phase V – Adventures on the Gorge & Canyon Rim Visitor Center)
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:

__X__ 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: October 19, 2026

PROJECT SPONSOR: **TOWN OF ANSTED - SEWER**

PROJECT SUMMARY: The Town of Ansted is proposing to pursue Phase V of its Wastewater System Improvement, which extends sewer service to approximately 152 customers along Chestnutburg Road, including the Adventures on the Gorge Resort and Canyon Rim Visitor Center (New River Gorge National Park and Preserve).

PROPOSED FUNDING:		
	USACE	$ 19,950,000
	Congressionally Directed Spending	500,000
	IJDC Grant	1,000,000
	WDA EEGF	2,366,500
	Governor's Contingency Fund	3,283,500
	Total	$ 27,100,000

CURRENT/ PROPOSED RATES:	
$82.01	3,400 gallons
$96.48	4,000 gallons

Application No. 2026S-2826

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

FINANCIAL: Nathan Nelson

1. Current rates ($82.01 for 3,400 gallons) are above the rates attributable to 1.25% ($39.97), 1.5% ($47.97), 1.75% ($55.96) and 2.0% ($63.96) of the Median Household Income.

2. Using Scenario 1, the preferred funding package consisting of a US Army Corp of Engineers Grant of $19,950,000, Congressionally Directed Spending of $500,000, an IJDC Grant of $1,000,000, a WDA Economic Enhancement Grant Fund contribution of $2,366,500 and a Governor's Contingency Fund contribution of $3,283,500, proposed rates ($82.01 for

3,400 gallons) will provide a cash flow surplus of $68,258 and debt service coverage of 206.07%.

3. Staff has calculated a Scenario 2 alternate loan package of $6,650,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and committed funds consisting of a USACE Grant of $19,950,000 and CDS of $500,000. The Town filed a Max Rate Cash Flow that included the entire cost of the project rather than uncommitted funds, resulting in Max rates that are very high and do not reflect the proposed financing. Adjusting the loan funding based on the above terms, Staff has calculated that the preferred rates of ($82.01 for 3,400 gallons) require an additional 42% increase (for a total of $116.45 for 3,400 gallons) would be required in order to provide a cash flow surplus of $14,844 and debt service coverage of 130.87%

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 that the Applicant's current rates went into effect in July 2026. The Going Level adjustments have included this increase.

   D. 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 1/8th 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.

   E. Senate Bill 234 (2015) required, pursuant to WV Code 24-2-4b (b), that municipally operated utilities shall consider a reasonable plant-in-service depreciation expense for rates and charges. The project sponsor should take this into consideration when preparing its Rule 42. Municipals that

do not provide for a reasonable depreciation expense risk delays in Certificate of Convenience and Necessity filings if rates are determined to not be sufficient.

F. The Town should carefully evaluate its revenue requirements before passing a rate ordinance in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Calculations to support the revenue projections should also be provided.

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 Town of Ansted is proposing to pursue Phase V of its Wastewater System Improvement, which extends sewer service to approximately 152 customers along Chestnutburg Road, including the Adventures on the Gorge Resort and Canyon Rim Visitor Center (New River Gorge National Park and Preserve). The proposed project scope includes: mobilization/demobilization, pre-construction video, erosion and sediment control, 25000 LF of 8-inch PVC gravity main, 5500 LF of 4-inch service laterals, 28000 LF of 2-inch (or larger) forcemain pipe, 23000 LF of 1-1/2-inch PVC forcemain pipe, 160 wye connections, 150 manholes, 1200 LF of 4-inch steel casing, 750 LF of 8-inch steel casing, 250 LF of 16-inch steel casing, screening station & chemical addition, 45 STEP systems, 12 pump stations, 10 grinder stations, equipment (dump truck, service truck, spare pumps), WWTP upgrades (new submersible influent lift station & headworks structure with equipment), construction stakeout, and necessary appurtenances. The estimated construction cost is $21,950,000 (includes 15.21% construction contingency), and the estimated total project cost is $27,100,000.

   Need: The PER indicates that public sewer service is not currently available along Chestnutburg Road, the National Park Service's New River Gorge Bridge treatment lagoon has an outstanding WVDEP compliance order, and will eliminate a privately owned 35,000 gpd package treatment plant (Adventures on the Gorge). The PER states "The AOG Resort sewage treatment package plant and the NPS sewage treatment lagoon are both in violation of permits…", and the project will "…eliminate over 150 existing substandard on-lot wastewater treatment facilities…"; however, neither the

PER or Application provide supporting documentation of the condition(s) of the private treatment systems, other than the National Park Service's package plant. Additionally, neither the PER or Application provide evidence of community support (user signups, petitions, requests for service, etc.). The project engineer did provide clarification (memo dated October 15, 2026) that to confirm the statements in the PER.

Customer Density: Based upon the provided sewer main pipe quantities (76,000 LF), the proposed sewer main length is approximately 14.4 miles and will provide service to 152 potential customers. This is approximately equivalent to 10 customers per mile.

Cost per Customer: Based upon the estimated total project cost is $27,100,000, and having approximately 152 customers, the cost to serve each new customer will be approximately $178,290. Based on the estimated total project, and having approximately 814 (662 existing + 152 new) customers, the cost per customer will be approximately $33,293. The cost per customer in terms of proposed borrowing is $0, as the proposed funding is 100% grant.

3. Project Alternatives: The PER indicates that 3 Alternatives were considered: Alternative No. 1 – Collection System and Package Wastewater Treatment Plant, Alternative No. 2 – Connection to Existing Wastewater System, and Alternative No. 3 – Do Nothing. The PER indicates that Alternative No. 1 was selected as "…offers a sustainable solution regarding O&M demands, changes in available customers, and sanitary concerns currently present in the area."

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 O&M expenses. The PER indicates that O&M expenses are anticipated to increase $270,000 annually. The increase is related to purchased power, sludge disposal, chemicals, telemetry, labor, materials and supplies, and maintenance. The 2025 Annual Report indicates an annual total operating expense of $304,925. The proposed Phase V project results in 188.55% increase to O&M expenses.

6. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §5G-1-1, *et seq*. Engineering design

fees for the project are $1,450,000, which is equal to 6.61% of the construction cost of $21,950,000 (includes 15.21% construction contingency). Total technical services (engineering) fees for the project are $3,625,000, which is equal to 16.51% of the construction cost. *The 5G advertisement documentation is dated 2014.*

7. Deficiencies/Comments:
   - The IJDC Application indicates 390 New Customers; however, the PER indicates 150 residential customers, and used 120 residential equivalent customers for 2 commercial customers (Adventures on the Gorge and National Park Service). Therefore, it appears the number of new customers is 152.
   - The proposed Phase V project results in 188.55% increase to O&M expenses, while expanding its sewer service territory towards the National Park Service's New River Gorge Bridge.
   - The PER did not include an evaluation of alternatives to the proposed STEP system, such as package plants, grinder stations, etc. Additionally, the project engineer has indicated, in a separate memo, that "During final design, a detailed evaluation will determine whether STEP systems or individual grinder pump stations provide the most appropriate long term solution."
   - It is understood that the proposed Phase V project requires the completion of Phase II (WWTP Improvements) project to allow for "…sufficient treatment and conveyance capacity…".

TOWN OF ANSTED - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2826
October 19, 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
		$	$	$		$
AVAILABLE CASH						
Operating Revenues		643,321	928,637	(72,766)	(1)	855,871
Other Operating Revenue		15,050	15,050	-		15,050
SB 234 Annual Working Cash Collections				72,766	(2)	72,766
Interest Income & Other Misc.		3,931	3,931	-		3,931
Total Cash Available		662,302	947,618	-		947,618
OPERATING DEDUCTIONS						
Operating Expenses		318,512	588,512	-		588,512
Taxes		12,937	14,050	-		14,050
Total Cash Requirements Before Debt Service		331,449	602,562	-		602,562
Cash Available for Debt Service	(A)	330,853	345,056	-		345,056
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	167,449	167,449	-		167,449
Other Debt		-	-	-		-
Reserve Account @ 10%		14,810	14,810	-		14,810
Renewal & Replacement Fund (2.5%)		16,558	23,690	(1,917)	(3)	21,773
Total Debt Service Requirement		198,817	205,949	(1,917)		204,032
SB 234 Cash Working Capital		39,016	72,766	-		72,766
Remaining Cash		93,020	66,341	1,917		68,258
Percent Coverage	(A) / (B)	197.58%	206.07%			206.07%
Average rate for 3,400 gallons		$ 82.01	$ 82.01	$ -		$ 82.01
Average rate for 4,000 gallons		$ 96.48	$ 96.48	$ -		$ 96.48

TOWN OF ANSTED - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2826

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**855,871**	**(72,766)**
		Per Application with Project	**928,637**	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**72,766**	**72,766**
		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**	**21,773**	**(1,917)**
		Per Application with Project	**23,690**	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF ANSTED - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2026
APPLICATION NO: 2026S-2826
October 19, 2026

LOAN FUNDING 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
		$	$	$		$
AVAILABLE CASH						
Operating Revenues		643,321	928,637	317,234	(1)	1,245,871
Other Operating Revenue		15,050	15,050	-		15,050
SB 234 Annual Working Cash Collections				72,766	(2)	72,766
Interest Income & Other Misc.		3,931	3,931	-		3,931
Total Cash Available		662,302	947,618	390,000		1,337,618
OPERATING DEDUCTIONS						
Operating Expenses		318,512	588,512	-		588,512
Taxes		12,937	14,050	-		14,050
Total Cash Requirements Before Debt Service		331,449	602,562	-		602,562
Cash Available for Debt Service	(A)	330,853	345,056	390,000		735,056
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	167,449	167,449	394,240	(3)	561,689
Other Debt		-	-	-		-
Reserve Account @ 10%		14,810	14,810	39,424	(4)	54,234
Renewal & Replacement Fund (2.5%)		16,558	23,690	7,833	(5)	31,523
Total Debt Service Requirement		198,817	205,949	441,497		647,446
SB 234 Cash Working Capital		39,016	72,766	-		72,766
Remaining Cash		93,020	66,341	(51,497)		14,844
Percent Coverage	(A) / (B)	197.58%	206.07%			130.87%
Average rate for 3,400 gallons		$ 82.01	$ 82.01	$ 34.44		$ 116.45
Average rate for 4,000 gallons		$ 96.48	$ 96.48	$ 40.52		$ 137.00

TOWN OF ANSTED - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2026
APPLICATION NO: 2026S-2826

Attachment B
LOAN FUNDING PACKAGE
SCENARIO 2

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**1,245,871**	**317,234**
		Per Application with Project	**928,637**	
	Adjust revenues in accordance with PSC General Order 183.11. Staff also projected that an additional $390,000 in revenues would be needed to achieve a positive surplus and 115% debt coverage.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**72,766**	**72,766**
		Per Application with Project	**-**	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	**Principal & Interest**	**Per Staff Analysis**	**561,689**	**394,240**
		Per Application with Project	**167,449**	
	The difference in P&I is related to Staff's calculation of a loan of $6,650,000 for 40 years (paid over 38 years) at 5%.			
(4)	**Reserve Account @ 10%**	**Per Staff Analysis**	**54,234**	**39,424**
		Per Application with Project	**14,810**	
	Staff assumed a 10% reserve on the new debt.			
(5)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**31,523**	**7,833**
		Per Application with Project	**23,690**	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			