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: Marie Prezioso, Chair

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

Date: October 15, 2025

Subject: Bluewell PSD
IJDC Application - 2025S-2706
Pocahontas Memorial Hospital Wastewater System Relocation Project

---

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 wastewater 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. This project will need to be tabled to give time for the PSC to complete the review.

d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

This project will make improvements and upgrades to its existing sewer collection system and SCADA system. This system was constructed in 1965 and the lift stations have been in operation for approximately 57 years. The system is problematic and has become very difficult to repair due to age and stability. This project will address these concerns and reduce I&I.

The total cost for this project is $4,800,000 and Bluewell PSD intends to pursue $500,000 WV IJDC Grant, $1,500,000 CWSRF Principal Forgiveness, and a $2,800,000 CWSRF Loan.

<u>Preliminary Project Ratings:</u>

Public Health Benefits:	15
Compliance with Standards:	20

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

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

DATE: October 5, 2025

SUBJECT: Bluewell PSD
IJDC Application- **2025S-2706**
Plant Upgrade / Line Upgrade
Mercer County

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

Project Scope: The scope of this project proposes to increase capacity of four main lift stations on the Bluewell collection system, adding emergency generators; replacing segments of the existing line that contain terra cotta lines, replacing the the current waste water treatment plant with a proposed 600,000 gpd capacity and replacing equipment on the existing Bramwell sewer collection system.

The total project cost is **$4,800,000.00**

Need for the Project: This project is needed in order to address inflow and infiltration; sanitary sewer overflows, increase capacity, as well as the current waste water treatment plant nearing its useful lifespan.

Concerns: No concerns were noted.

Permits: Permits expected to be required include:

- WV Bureau of Public Health Permit
- WVDEP NPDES Permit
- WV Division of Highways
- WV Department of Environmental Protection
- US Army Corps of Engineers

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

FROM: Spencer Fultineer, DWWM

DATE: October 10, 2025

SUBJECT: Bluewell PSD
IJDC Application - 2025S-2706
Pocahontas Memorial Hospital Wastewater System Relocation Project

---

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER) prepared by E.L. Robinson Engineering for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

Bluewell PSD owns and operates a wastewater collection and treatment system which serves approximately 1,236 customers in the western part of Mercer County. Bluewell PSD also operates Bramwell PSD's existing wastewater collection and treatment system. Over the last 4 years, Bluewell PSD has been merging these two systems. This merger has been supported by the Mercer County Commission and the Public Service Commission. Upon USDA approval, Bramwell PSD will cease to exist.

This project will make improvements and upgrades to its existing sewer collection system. These improvements will include new piping, manholes, replace four existing lift stations, six emergency generators, and other related work within the Bluewell PSD's system. In addition, an automated meter reading system will be installed and the relocation of the central SCADA system to the main office.

The proposed total cost for this project is $4,800,000; and Bluewell PSD intends to pursue $500,000 WV IJDC Grant, $1,500,000 CWSRF Principal Forgiveness, and a $2,800,000 CWSRF Loan at 1.75%, 0.25% for 30 years. The proposed monthly rate for 3,400 gallons is $53.92 (1.59% MHI).

NEED FOR PROJECT

Most of Bluewell PSD's sewer lines are terra cotta pipes, constructed in 1965. The PSD's existing five lift stations have been in operation for approximately 57 years. The concrete wetwells, pump housing, access ladders and hatches are in very poor condition due to their age and have become a safety concern. This section of the collection system and pump stations are problematic and have become very difficult to repair due to age and stability. This project will address these concerns and reduce I&I.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.
- Should perform a cybersecurity vulnerability assessment if it hasn't already done so, and incorporate applicable cybersecurity upgrades into the project.
- The PER will need to be developed into a CWSRF Facility Plan if CWSRF is used.

Preliminary Project Ratings:
Public Health Benefits: 15
Compliance with Standards: 20

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 14, 2025

Ms. Kathy Emery, P. E.
Office of Water Resources
Department of Environmental Protection
601 57th St.
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments
Application No. 2025S-2706
Bluewell PSD – Sewer System Improvements (Part A)
Infrastructure Preliminary Application

Dear Ms. Emery:

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 14, 2025

PROJECT SPONSOR: **BLUEWELL PUBLIC SERVICE DISTRICT-SEWER**

PROJECT SUMMARY: Bluewell PSD is proposing to make improvements and upgrades to its existing sewer collection system.

PROPOSED FUNDING:

CWSRF Loan 1.75%, .25% AF, 30 yrs.	$	2,800,000
CWSRF Principal Forgiveness Loan		1,500,000
IJDC Grant		500,000
Total	$	4,800,000

CURRENT RATES:

$37.31	3,400 gallons
$43.50	4,000 gallons

PROPOSED RATES:

$53.91	3,400 gallons
$62.86	4,000 gallons

Application No. 2025S-2706

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

FINANCIAL: Alex Kovarik

1. Current rates ($37.31 for 3,400 gallons) are below the rates attributable to 1.25% ($37.55), 1.5% ($45.06), 1.75% ($52.57), and 2.0% ($60.08) 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 $3,204, $102,644, $202,083, and $301,523 respectively.

2. Using Scenario 1, the preferred funding package consisting of a CWSRF Loan of $2,800,000 at 1.75%, .25% Admin. Fee, for 30 yrs., CWSRF Principal Forgiveness Loan of $1,500,000 and an IJDC Grant of $500,000, proposed rates ($53.91 for 3,400 gallons) will provide a cash flow surplus of $2,306 and debt service coverage of 183.92%.

3. Using the Scenario 2 alternate loan package of $4,800,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($63.83 for 3,400 gallons) will provide a cash flow deficit of $17,079 and debt service coverage of 138.56 %. An additional 1.8% (for a total of $64.98 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of $471 and debt service coverage of 144.54%.

4. NOTES TO COMMENTS

   A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package), Attachment B for Scenario 2 (Loan Package) and Attachment C for Scenario 3 (Alternate Funding Package).

   B. Staff used the MHI for Mercer County District 1 of $36,048 from the 2020 U.S. Census. The applicant did not list an MHI in its application.

   C. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2024, and the applicant's Rule 42 Exhibit submitted with the application.

   D. The $37.31 (3,400 gallons) rates became effective for all service rendered on and after July 1, 2025. The applicant's Rule 42 Exhibit included adjustments for these rates. It should be noted that the project sponsor is proposing to increase rates to $43.84 (3,400 gallons) as reflected in its cash flow analysis. The District hasn't filed with the PSC to increase its rates to that level.

   E. Staff has included a Scenario 3 analysis. Staff notes that the project sponsor is proposing a CWSRF Loan at 1.75%, .25% Administrative fee, for 30 years. Since proposed target rates of $53.92 (3,400 gallons) are less than 2% of MHI ($60.08) but greater than 1.75% of MHI ($52.57), the terms of this proposed CWSRF loan would typically be .75%, .25% Admin. Fee, for 30 years, for the preferred funding package. If the preferred funding package is adjusted for this change, proposed target rates ($53.92 for 3,400 gallons) would provide a cash flow surplus of $20,114 and debt service coverage of 208.57%.

   F. 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.

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 Bluewell Public Service District is proposing to make improvements and upgrades to its existing sewer collection system. The proposed project scope includes: replacement of Lift Station #1, replacement of Lift Station #2, replacement of Lift Station #3, replacement of Lift Station #4, 4 emergency standby generators (Lift Stations #1 – #4), replacement of 2000 LF of gravity sewer main, replacement of 5 AirVac valves, replacement of 5 grinder pumps, replacement of 2 lift station pumps, mobilization/demobilization, and all necessary appurtenances. The estimated construction cost is $3,740,000 (includes 10% construction contingency), and the estimated total project cost is $4,800,000 (includes 7.94% project contingency).

   Need: The PER indicates that existing lift stations have been in operation for approximately 57 years, are in poor condition, and need to be replaced. Additionally, these lift stations have pumps and control panels that are located in confined spaces, which require employees to climb down ladders to make repairs, all while much of the lift station equipment has reached the end of its useful life. The PER states that "Part A" is being proposed to address DEP's Administrative Order 9040 (dated 2019), and DEP's Draft Consent Order (dated November 2024).

   Customer Density: This project is an upgrade project; therefore, customer density will remain unchanged.

   Cost per Customer: Based upon the estimated total project cost is $4,800,000, and having approximately 1192 customers, the cost per customer will be approximately $4,027. However, the cost per customer in terms of proposed borrowing is $2,349, as the proposed funding is 41.7% grant.

3. Project Feasibility: The project appears to be technically feasible and poses little technical risk.

4. Project Alternatives: The PER evaluated two (2) alternates: “Part A” – Replacement of Lift Stations, Replacement of Old Terra Cota Sewer Mains, and Upgrades to the Bramwell collection and treatment system; “Part B” – Upgrade Montcalm WWTP to 600,000 GPD, Replacement of Lift Stations, Replacement of Old Terra Cota Sewer Mains, and Upgrades to the Bramwell collection and treatment system. The PER states that the PSD proposed to proceed with “Part A”, and indicates the District will pursue the WWTP upgrades under IJDC Project No. 2022S-2232 at a later date.

5. Consolidation: There are no consolidation opportunities presented by this project.

6. Operation and Maintenance (O&M) Expenses: The PER states that “The estimated project-related O&M expenses per year is estimated to be approximately $23,833.” The PER indicates generator fuel and maintenance is estimated to be $20,000. However, the PER <u>did not</u> include any further breakdown or detailed discussion of changes to O&M.

7. Engineering Agreement: The application includes information to determine compliance with <u>West Virginia Code</u> §5G-1-1, *et seq*. Total technical services (engineering) costs for the project are $705,000, which is equal to 18.85% of the construction cost of $3,740,000 (includes construction contingency).

8. Deficiencies/Comments:
    - Nothing significant to note.

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706
October 14, 2025

PREFERRED FUNDING PACKAGE
SCENARIO 1

		Rule 42 Going Level Per Application Before Project		Rule 42 Proforma Per Application with Project	Staff Adjustments		Per Staff Analysis
		1		2	3		4
		$		$	$		$
AVAILABLE CASH							
Operating Revenues		621,888		778,634	-		778,634
Other Operating Revenue		21,330		25,436	-		25,436
SB 234 Annual Working Cash Collections		73,119		76,099	-		76,099
Interest Income & Other Misc.		181		181	-		181
Total Cash Available		716,518		880,350	-		880,350
OPERATING DEDUCTIONS							
Operating Expenses		584,955		608,788	(174)	(1)	608,614
Taxes		19,816		19,816	-		19,816
Total Cash Requirements Before Debt Service		604,771		628,604	(174)		628,430
Cash Available for Debt Servi	(A)	111,747		251,746	174		251,920
DEBT SERVICE REQUIREMENTS							
Principal & Interest	(B)	16,212		136,255	720	(2)	136,975
Other Debt		2,740		2,740	-		2,740
Reserve Account @ 10%		1,621		14,021	(324)	(3)	13,697
Renewal & Replacement Fund (2.5%)		17,908		22,004	(1,902)	(4)	20,102
Total Debt Service Requirement		38,481		175,020	(1,505)		173,514
SB 234 Cash Working Capital		73,119		76,099	-		76,099
Remaining Cash		147		627	1,679		2,306
Percent Coverage	(A) / (B)	689.29%		184.76%			183.92%
Average rate for 3,400 gallons		$ 43.84	*	$ 53.91	$ -		$ 53.91
Average rate for 4,000 gallons		$ 51.12	*	$ 62.86	$ -		$ 62.86

*** Proposed Going Level Rate**

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**608,614**	**(174)**
		Per Application with Project	**608,788**	

The difference is related to Staff's calculation of administrative fees on the CWSRF Loan.

(2)	**Principal & Interest**	**Per Staff Analysis**	**136,975**	**720**
		Per Application with Project	**136,255**	

The difference in P&I is related to Staff's calculation of a loan of $2,800,000 for 30 years at 1.75%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**13,697**	**(324)**
		Per Application with Project	**14,021**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**20,102**	**(1,902)**
		Per Application with Project	**22,004**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706
October 14, 2025

LOAN PACKAGE
SCENARIO 2

		Rule 42 Going Level Per Application Before Project		Rule 42 Proforma Per Application with Project	Staff Adjustments		Per Staff Analysis
		1		2	3		4
		$		$	$		$
AVAILABLE CASH							
Operating Revenues		621,888		935,761	18,000	(1)	953,761
Other Operating Revenue		21,330		29,475	-		29,475
SB 234 Annual Working Cash Collections		73,119		76,099	-		76,099
Interest Income & Other Misc.		181		181	-		181
Total Cash Available		716,518		1,041,516	18,000		1,059,516
OPERATING DEDUCTIONS							
Operating Expenses		584,955		608,788	(3,833)	(2)	604,955
Taxes		19,816		19,816	-		19,816
Total Cash Requirements Before Debt Service		604,771		628,604	(3,833)		624,771
Cash Available for Debt Servi	(A)	111,747		412,912	21,833		434,745
DEBT SERVICE REQUIREMENTS							
Principal & Interest	(B)	16,212		293,957	6,819	(3)	300,776
Other Debt		2,740		2,740	-		2,740
Reserve Account @ 10%		1,621		14,021	16,056	(4)	30,077
Renewal & Replacement Fund (2.5%)		17,908		26,033	(1,452)	(5)	24,581
Total Debt Service Requirement		38,481		336,751	21,424		358,175
SB 234 Cash Working Capital		73,119		76,099	-		76,099
Remaining Cash		147		62	409		471
Percent Coverage	(A) / (B)	689.29%		140.47%			144.54%
Average rate for 3,400 gallons		$ 43.84	*	$ 63.83	$ 1.15		$ 64.98
Average rate for 4,000 gallons		$ 51.12	*	$ 74.43	$ 1.34		$ 75.77

*** Proposed Going Level Rate**

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

Adjustment Description			
Operating Revenues	Per Staff Analysis	953,761	18,000
	Per Application with Project	935,761	
Operating Expenses	Per Staff Analysis	604,955	(3,833)
	Per Application with Project	608,788	
Principal & Interest	Per Staff Analysis	300,776	6,819
	Per Application with Project	293,957	
Reserve Account @ 10%	Per Staff Analysis	30,077	16,056
	Per Application with Project	14,021	
Renewal & Replacement Fund (2.5%)	Per Staff Analysis	24,581	(1,452)
	Per Application with Project	26,033	

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706
October 14, 2025

ALTERNATE FUNDING PACKAGE
SCENARIO 3

		Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments		Per Staff Analysis
		1	2	3		4
		$	$	$		$
AVAILABLE CASH						
Operating Revenues		621,888	778,634	-		778,634
Other Operating Revenue		21,330	25,436	-		25,436
SB 234 Annual Working Cash Collections		73,119	76,099	-		76,099
Interest Income & Other Misc.		181	181	-		181
Total Cash Available		716,518	880,350	-		880,350
OPERATING DEDUCTIONS						
Operating Expenses		584,955	608,788	(174)	(1)	608,614
Taxes		19,816	19,816	-		19,816
Total Cash Requirements Before Debt Service		604,771	628,604	(174)		628,430
Cash Available for Debt Servi	(A)	111,747	251,746	174		251,920
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	16,212	136,255	(15,468)	(2)	120,787
Other Debt		2,740	2,740	-		2,740
Reserve Account @ 10%		1,621	14,021	(1,943)	(3)	12,078
Renewal & Replacement Fund (2.5%)		17,908	22,004	(1,902)	(4)	20,102
Total Debt Service Requirement		38,481	175,020	(19,313)		155,707
SB 234 Cash Working Capital		73,119	76,099	-		76,099
Remaining Cash		147	627	19,487		20,114
Percent Coverage	(A) / (B)	689.29%	184.76%			208.57%
Average rate for 3,400 gallons		$ 43.84 *	$ 53.91	$ -		$ 53.91
Average rate for 4,000 gallons		$ 51.12 *	$ 62.86	$ -		$ 62.86

*** Proposed Going Level Rate**

BLUEWELL PUBLIC SERVICE DISTRICT-SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025S-2706

Attachment C
ALTERNATE FUNDING PACKAGE
SCENARIO 3

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**608,614**	**(174)**
		Per Application with Project	**608,788**	

The difference is related to Staff's calculation of administrative fees on the CWSRF Loan.

(2)	**Principal & Interest**	**Per Staff Analysis**	**120,787**	**(15,468)**
		Per Application with Project	**136,255**	

The difference in P&I is related to Staff's calculation of a loan of $2,800,000 for 30 years at .75%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**12,078**	**(1,943)**
		Per Application with Project	**14,021**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**20,102**	**(1,902)**
		Per Application with Project	**22,004**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.