



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
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

Date: October 17, 2025

Subject: Bluewell Public Service District
IJDC Application - 2025W-2705
Water System Upgrade Phase III

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.

Promoting a healthy environment.

- 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 breach the abandoned (in 2018) Water Reservoir and demolish other abandoned structures. In addition, water line replacements will be made in the system and a portable emergency generator will be supplied. The PSD is under WVDEP Dam Safety Order No. DS-21-003 from February of 2021, which required breaching and removal of the reservoir dams no longer in operation for Bluewell PSD. This project will address these concerns and replace many portions of the problematic water system that have been in use since 1965.

The total project cost is \$1,200,000 and the PSD intends to pursue a \$500,000 WV IJDC Grant and a \$700,000 WV IJDC Loan

The project is requesting \$298,000 in design funds. This has not been able to be found within the project costs. They will need to work with the funding agency to verify the costs included in the loan.

Preliminary Project Ratings:

Public Health Benefits: 5
Compliance with Standards: 20



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MEMORANDUM

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

FROM: Spencer Fultineer, DWWM

DATE: October 14, 2025

SUBJECT: Bluewell Public Service District
IJDC Application - 2025W-2705
Water System Upgrade Phase III

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 Public Service District (PSD) is located in Mercer County, WV and operates a water distribution system. The PSD's system currently serves 3,027 total customers, including 2,837 residential customers, 177 commercial customers, and 13 Public Authorities. The PSD no longer operates their own WTP but instead purchases their water from Green Valley-Glenwood PSD.

The proposed project will breach the abandoned Water Reservoir #1, demolish old metal maintenance buildings on the dam site, and other water system upgrades. The water system upgrades include a 6" Pressure Reducing Valve Vault (Bluewell), a 50KW Portable Emergency Generator, 8" Water Line Replacement, and other necessary appurtenances.

The proposed total cost for this project is \$1,200,000 and the PSD intends to pursue a \$500,000 WV IJDC Grant and a \$700,000 WV IJDC Loan 2% for 30 years. The proposed monthly rate will be \$54.96 (1.83% MHI) for 3,400 gallons.

NEED FOR PROJECT

This project is necessary to comply with the 1987 Dam Control and Safety Act and for safety of the residents and business located downstream of the existing Water Reservoir Dam No. 1 that is no longer in use. The PSD was provided with WVDEP Dam Safety Order No. DS-21-003 from February of 2021, which required the breaching and removal of the reservoir dams no longer in operation for Bluewell PSD due to them not being structurally sound by the WVDEP Dam Control Section. This project is also needed to begin necessary upgrades to a water system that is approximately 60 years old.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.
- This project needs to be completed in association with the WVDEP Dam Control Section
- The project is requesting \$298,000 in design funds. This has not been able to be found within the project costs. They will need to work with the funding agency to verify the costs included in the loan.

Preliminary Project Ratings:

Public Health Benefits: 5
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 17, 2025

Meredith J. Vance
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Re: Public Service Commission Staff Review Comments
Application No. 2025W-2705
Bluewell PSD – Breach Water Reservoir Dam #1
& Water System Improvements
Infrastructure Preliminary Application

Dear Ms. Vance:

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: October 17, 2025

PROJECT SPONSOR: BLUEWELL PUBLIC SERVICE DISTRICT - (WATER)

PROJECT SUMMARY: Bluewell PSD is proposing to breach the abandoned Water Reservoir Dam #1, and make other water system upgrades.

PROPOSED FUNDING: IJDC Loan (2%, 30 yrs.)	\$ 700,000
IJDC Grant	<u>500,000</u>
Total	\$1,200,000

CURRENT RATES:	\$51.27	3,400 gallons
	\$60.00	4,000 gallons

PROPOSED RATES:	\$54.96	3,400 gallons
	\$64.32	4,000 gallons

Application No. 2025W-2705

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

FINANCIAL: William Nelson

1. Current rates (\$51.27 for 3,400 gallons) are above the rates attributable to 1.25% (\$42.41), and 1.5% (\$50.90), of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$59.38), and 2.0% (\$67.86) of the MHI. Increasing current rates to 1.75%, and 2.0% of the MHI would provide additional revenues of \$273,224, and \$559,086 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC Loan of \$700,000 at 2%, for 30 years, and an IJDC Grant of \$500,000, proposed rates (\$54.96 for 3,400 gallons) will provide a cash flow surplus of \$106,524 and debt service coverage of 183.83%.

3. Using the Scenario 2 alternate loan package of \$1,200,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$54.96 for 3,400 gallons) will provide a cash flow surplus of \$62,649 and debt service coverage of 167.85%.

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, 2024, and the applicant's Rule 42 Exhibit submitted with the application.
- C. The Proposed rates (\$54.96 for 3,400 gallons) listed in the application were approved by the Commission in Case No. 24-0193-PWD-19A and effective upon certification of substantial completion of the Browning-Lambert Mountain project approved in Case No. 22-0693-PWD-CN.
- D. Staff used the MHI for Mercer County of \$40,716 from the 2020 U.S. Census. The applicant did not list an MHI in its application.
- 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 \$298,000. 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 \$142,326 and a debt service coverage of 281.79%.

2) The second scenario (Best Case Scenario) evaluates the Per Books/Going Level information, but also takes into account the \$298,000 proposed design loan (%) 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 \$137,696 and debt service coverage of approximately 271.38%.

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 \$298,000 (2.9%, 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 \$123,160 and debt service coverage of 256.25% 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: Bluewell PSD is proposing to breach the abandoned Water Reservoir Dam #1, and make other water system upgrades. The proposed project scope includes: clearing and grubbing, Dam No. 1 breach channel excavation and fill placement, Dam No. 1 breach channel rock excavation and rock fill placement, Dam No. 1 vegetated reinforced channel lining, Dam No. 1 site revegetation, demolition of the existing maintenance building, 50 LF of 4 ft. tall precast concrete block wall, a 16 ft. wide double gate, 200 tons of Class 1 Stone, a 6-

inch pressure reducing valve vault, 500 KW portable emergency generator, 2 manual transfer switches, 500 LF of 8-inch waterline replacement, two (2) 8-inch gate valves, 100 LF of asphalt pavement restoration, erosion and sediment controls, mobilization, and all necessary appurtenances. The estimated construction cost is \$902,000 (includes 10% construction contingency), and the estimated total project cost is \$1,200,000 (includes 7.78% project contingency).

Need: The PER states that the existing water reservoir dams are no longer utilized and not needed, as the District now purchases finished water from Green Valley-Greenwood PSD. Therefore, the existing water reservoir dams are considered abandoned. Additionally, the existing abandoned water reservoir dams do not meet compliance standards with the 1987 Dam Control and Safety Act. The District's current maintenance building is located on Dam No. 1's embankment, and within the proposed construction activity area.

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 \$1,200,000, and having approximately 3007 customers, the cost per customer will be approximately \$399. However, the cost per customer in terms of proposed borrowing is \$233, 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 did not include an evaluation of alternatives. However, the previously submitted PERs for IJDC Projects 2022W-2167 and 2023W-2357 did evaluate alternatives. The PER notes that the District has elected to pursue, breaching and removing the abandoned water reservoir dam, and other related work.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER included a single statement "The estimated project-related O&M expenses being proposed is \$3,000."

7. 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 \$202,000, which is equal to 22.39% of the construction cost of \$902,000 (includes construction contingency).
8. Deficiencies/Comments:
- The IJDC Application indicates a request for a \$298,000 Design Loan; however, the Application does not identify this Design Loan in the “Preferred Funding” section. The total project cost, the preferred funding, design loan component, and project budget needs to be clarified.
 - The PER indicates that water system improvements are needed and identified purchasing a portable generator. The PER does not include any description of need, proposed scope of work, or supporting documentation related to the proposed system improvements and purchase of a portable generator.

BLUEWELL PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2705
October 16, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,665,284	1,861,344	-	1,861,344
Other Operating Revenue	77,041	81,656	-	81,656
SB 234 Annual Working Cash Collections	178,690	164,004	-	164,004
Interest Income & Other Misc.	8,007	8,007	-	8,007
Total Cash Available	1,929,022	2,115,011	-	2,115,011
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,288,802	1,312,037	-	1,312,037
Taxes	32,812	32,812	-	32,812
Total Cash Requirements Before Debt Service	1,321,614	1,344,849	-	1,344,849
Cash Available for Debt Service (A)	607,408	770,162	-	770,162
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	215,552	418,781	169 (1)	418,950
Other Debt	17,438	6,393	-	6,393
Reserve Account @ 10%	5,377	25,700	16 (2)	25,716
Renewal & Replacement Fund (2.5%)	48,025	52,675	(4,100) (3)	48,575
Total Debt Service Requirement	286,392	503,549	(3,915)	499,634
SB 234 Cash Working Capital	178,690	164,004	-	164,004
Remaining Cash	142,326	102,609	3,915	106,524
Percent Coverage (A) / (B)	281.79%	183.91%		183.83%
Average rate for 3,400 gallons	\$ 51.27	\$ 54.96	\$ -	\$ 54.96
Average rate for 4,000 gallons	\$ 60.00	\$ 64.32	\$ -	\$ 64.32

BLUEWELL PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2705

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Principal & Interest	Per Staff Analysis	418,950	169
	Per Application with Project	418,781	
The difference in P&I is related to Staff's calculation of a loan of \$700,000 for 30 years at 2%.			
(2) Reserve Account @ 10%	Per Staff Analysis	25,716	16
	Per Application with Project	25,700	
Staff assumed a 10% reserve on the new debt.			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	48,575	(4,100)
	Per Application with Project	52,675	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

BLUEWELL PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
2025W-2705
October 16, 2025

DESIGN LOAN

	PB/GL Scenario	Design Loan Scenario
	1	2
	\$	\$
<u>AVAILABLE CASH</u>		
Operating Revenues	1,665,284	1,665,284
Other Operating Revenue	77,041	77,041
SB 234 Annual Working Cash Collections	178,690	178,690
Interest Income & Other Miscell.	8,007	8,007
Total Cash Available	1,929,022	1,929,022
<u>OPERATING DEDUCTIONS</u>		
Operating Expenses	1,288,802	1,288,802
Taxes	32,812	32,812
Total Cash Requirements Before Debt Service	1,321,614	1,321,614
Cash Available for Debt Service (A)	607,408	607,408
<u>DEBT SERVICE REQUIREMENTS</u>		
Principal & Interest (B)	215,552	237,036
Other Debt	17,438	17,438
Reserve Account @ 10%	5,377	7,525
Renewal & Replacement Fund (2.5%)	48,025	43,558
Total Debt Service Requirement	286,392	305,558
SB 234 Cash Working Capital	178,690	178,690
Remaining Cash	142,326	123,160
Percent Coverage (A) / (B)	281.79%	256.25%
Average rate for 3,400 gallons	\$ 51.27	\$ 51.27
Average rate for 4,000 gallons	\$ 60.00	\$ 60.00

BLUEWELL PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2705
October 16, 2025

**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	1,665,284	1,861,344	-	1,861,344
Other Operating Revenue	77,041	81,656	-	81,656
SB 234 Annual Working Cash Collections	178,690	164,004	-	164,004
Interest Income & Other Misc.	8,007	8,007	-	8,007
Total Cash Available	1,929,022	2,115,011	-	2,115,011
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,288,802	1,312,037	-	1,312,037
Taxes	32,812	32,812	-	32,812
Total Cash Requirements Before Debt Service	1,321,614	1,344,849	-	1,344,849
Cash Available for Debt Service (A)	607,408	770,162	-	770,162
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	215,552	457,132	1,704 (1)	458,836
Other Debt	17,438	6,393	-	6,393
Reserve Account @ 10%	5,377	25,700	4,005 (2)	29,705
Renewal & Replacement Fund (2.5%)	48,025	52,675	(4,100) (3)	48,575
Total Debt Service Requirement	286,392	541,900	1,609	543,509
SB 234 Cash Working Capital	178,690	164,004	-	164,004
Remaining Cash	142,326	64,258	(1,609)	62,649
Percent Coverage (A) / (B)	281.79%	168.48%		167.85%
Average rate for 3,400 gallons	\$ 51.27	\$ 54.96	\$ -	\$ 54.96
Average rate for 4,000 gallons	\$ 60.00	\$ 64.32	\$ -	\$ 64.32

BLUEWELL PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2025W-2705

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Principal & Interest	Per Staff Analysis Per Application with Project	458,836 457,132	1,704
The difference in P&I is related to Staff's calculation of a loan of \$1,200,000 for 40 years (paid back over 38 years) at 5%.			
(2) Reserve Account @ 10%	Per Staff Analysis Per Application with Project	29,705 25,700	4,005
Staff assumed a 10% reserve on the new debt.			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	48,575 52,675	(4,100)
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



west virginia department of environmental protection

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Harold D. Ward, Cabinet Secretary
www.dep.wv.gov

M E M O R A N D U M

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey 
Technical Analyst
General Permits & Support Team

DATE: September 17, 2025

SUBJECT: Infrastructure Preliminary Application for the Bluewell PSD (2025W-2705):
Water System Upgrade Part III in Mercer County, WV.

We have reviewed the above referenced project application information. The Bluewell PSD, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640100, which expires July 18, 2028.

If the Bluewell PSD is considering repairing and painting an existing water treatment plant or storage tanks, then the scope of this project requires precautions to prevent contamination of the waters of the state. Prior to beginning any removal of old paint, the Bluewell PSD should contact Mr. Brad Wright or a member of his staff at (304)-926-0499, extension 49746 for guidance in determining whether the paint to be removed is considered a hazardous waste. If so, proper containment and disposal procedures must be followed for the paint and any material associated with the sandblasting. If it is determined that the paint is not hazardous, the Bluewell PSD should contact John Lockhart or a member of his staff at (304)-926-0499, extension 43889 for proper disposal options.

Construction activities with a disturbed area of one (1) acre or greater are now required to register for the NPDES Storm Water Construction General Permit No. WV0115924 that became

effective on April 6, 2024. Projects registered under the previous General Permit No. WV0115100 were automatically provided coverage under WV/NPDES General Permit No. WV0115924. For more information, they may contact Larry Board at (304)-926-0499, extension 43883.

In light of the above, we have no objection to this project as long as the appropriate provisions are taken to assure compliance with Chapter 22, Article 11, of the Code of West Virginia and any associated regulations. The responsible party may contact Mylinda Maddox (304) 926-0499 ext. 43825, should additional information be required.

BDB:mam

cc: Kathryn Emery