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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57<sup>th</sup> 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  
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

**Date:** February 18, 2026

**Subject:** City or St. Albans  
IJDC Application - 2026W-2742  
Water Systems Improvement Project

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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.

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:

The proposed project intends to replace old, deteriorated and undersized water lines that have exceeded their useful life. This will reduce unaccounted for water as well as provide adequate fire flows to the Clay Elementary School area.

The total project cost is \$3,843,000 and Clay intends to pursue a \$3,000,000 CDBG Grant and a \$843,000 WV IJDC Grant. The current monthly rate for 3,400 gallons is \$36.48 (2.47% MHI) with no increase proposed.

Preliminary Project Ratings:

Public Health Benefits: 5  
Compliance with Standards: 5



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Harold D. Ward, Cabinet Secretary  
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**MEMORANDUM**

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

**FROM:** Justin Moffitt, P.E., DWWM

**DATE:** February 10, 2026

**SUBJECT:** Town of Clay  
IJDC Application - 2025W-2740  
Line Replacement

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

The Town of Clay Municipal Water Works (Clay) currently owns and operates a class B potable water utility to provide water service to customers in Clay County, WV. Clay's customers include residents and businesses within the boundaries of the Town of Clay as well as bulk users Clay County PSD and Clay Roane PSD. According to the 2023 Annual Report to the WV PSC, Clay currently serves 548 active customers which translates to 1,979 EDU customers.

Clay is a Public Water System which operates under the PWSID #WV3300801. Raw water is drawn from the Elk River, treated, and delivered through a distribution system consisting of approximately 73.49 miles of water mains ranging from 1-inch to 10-inch that are comprised of PVC, cast iron, and transite. The system also contains 91 fire hydrants, 5 water storage tanks (WST) with a combined capacity of 817,441 gallons, and two (2) Booster Pump Stations.

The proposed project intends to install 8,105 linear feet (LF) of PVC water main ranging in size from 4” to 8” and 300 LF of 6” High-density polyethylene (HDPE) water main installed via directional drill. Installation of the new water mains will include reconnection of approximately 97 customers, 12 fire hydrants, 38 valves ranging in size from 4” to 8”, pavement and other restoration, and other necessary appurtenances.

The proposed total cost for this project is \$3,843,000 and Clay intends to pursue a \$3,000,000 CDBG grant and an \$843,000 WV IJDC Grant. The current monthly rate for 3,400 gallons is \$36.48 (2.47% MHI) and Clay has requested a waiver to Rule 42 and financial information as it is considered a Distressed Community by the Appalachian Regional Commission.

### **NEED FOR PROJECT**

Clay's existing water distribution system is aging and in dire need of repair. According to the 2023 Annual Report, Clay experienced and repaired fifty-two (52) water main breaks between 2019 and 2023, indicating ongoing stress within portions of the distribution system. In 2023, Clay reported approximately 25.35 million gallons of unaccounted-for water, representing approximately 21.68% of total water produced. Water losses at this level place a continuous demand on the distribution system and reduce the volume and pressure available for both routine service and emergency response. Elevated water loss can contribute to reduced system pressures, including reduced residual pressure at fire hydrants, particularly during periods of high water use or firefighting activities. Water losses at this level reduce the distribution system’s overall capacity and ability to reliably serve the community as a whole.

In July 2025, a large fire resulted in the loss of the former Henry Clay Hotel, which required assistance from nine (9) fire departments to control the blaze. Although the structure was vacant at the time of the incident, the fire occurred one block away from Clay Elementary School. The existing fire hydrants surrounding the school are currently connected to undersized 2-inch and 4-inch supply lines. The incident serves as a recent example of the need for reliable system performance for fire protection throughout the community. Clay County Elementary is vital to the community as it has already absorbed two (2) other elementary schools and will soon be consolidated with Clay County Middle School.

### **DEFICIENCIES/COMMENTS**

- PER does not indicate the permits that will be needed for this project.
- Using the Combined Application, the Design Engineering Fees appear to be within the ASCE curve.

#### **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



February 6, 2026

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-2740  
Clay, Town of – 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:** February 6, 2026

**PROJECT SPONSOR: TOWN OF CLAY – (WATER)**

**PROJECT SUMMARY:** The Town of Clay is proposing to make improvements to its water distribution system.

<b>PROPOSED FUNDING:</b> Community Development Block Grant	\$ 3,000,000
IJDC Grant	<u>843,000</u>
Total	\$ 3,843,000

**CURRENT/PROPOSED**

<b>RATES:</b>	\$36.48	3,400 gallons
	\$41.98	4,000 gallons

Application No. 2025W-2740

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

**FINANCIAL:** Nathan Nelson

1. Current rates (\$36.48 for 3,400 gallons) are above the rates attributable to 1.25% (\$18.45), 1.5% (\$22.14), 1.75% (\$25.82), and 2.0% (\$29.51) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of a CDBG in the amount of \$3,000,000 and an IJDC Grant of \$843,000, proposed rates (\$36.48 for 3,400 gallons) will provide a cash flow surplus of \$86,161 and debt service coverage of 351.64%.
3. Using the Scenario 2 alternate loan package of \$3,843,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$51.80 for 3,400 gallons) will provide a cash flow surplus of \$88,530 and debt service coverage of 162.40%.
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, 2023, and the applicant's cash flow statement submitted with the application. The 2023 Annual Report is the most recent on file with the Public Service Commission.
- C. It should be noted that the applicant requested a waiver of the Rule 42 Exhibit requirement since the project is proposed to be entirely grant funded.
- D. The \$36.48 (3,400 gallons) rates became effective for service rendered on and after June 27, 2025. The Town has accounted for this increase at going level in its cash flow statement.
- E. The Applicant's Cash Flow Analyses reflect transposed numbers for the Per Books Operating Revenue and Other Income amount resulting in a difference of \$27. Staff's Cash Flow Analyses reflect this corrected amount resulting in very minimal impact.
- 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. Additionally, although funding for the CWCR is included in the Town's cash flow, according to the most recent Annual Report on file, the Town had not set up a CWCR account.
- G. 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.

- H. Given the Town's Annual Reports for the past two years have not been submitted to the Commission, the Town should make every effort to finalize and submit those Annual Reports immediately. 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 Clay is proposing to make improvements to its water distribution system. The proposed project scope includes: 600 LF of 8-inch PVC water main, 6600 LF of 6-inch water main, 905 LF of 4-inch PVC water main, 300 LF of 6-inch HDPE water main (directional drill), 160 LF of 12-inch steel casing (bore & jack), two (2) 8-inch gate valves and boxes, twenty-five (25) 6-inch gate valves and boxes, four (4) 4-inch gate valves and boxes, 12 fire hydrant assemblies, a connection to an existing 10-inch water main, a connection to an existing 6-inch water main, 1100 LF of 3/4-inch polyethylene service tubing (open cut), 1780 LF of 3/4-inch polyethylene service tubing (trenchless), 97 water meter assemblies, 260 LF of concrete sidewalk restoration, 1000 LF of gravel driveway restoration, 80 LF of asphalt driveway restoration, 380 LF of asphalt driveway restoration, 1700 LF of Asphalt Type A-3 Trench Replacement, 5800 LF of Asphalt Trench Replacement, 16000 SY of 2-inch asphalt mill and overlay, 1200 LF of vegetative restoration, pre-construction video, traffic control, erosion and sediment controls, and all necessary appurtenances. The estimated construction cost is \$3,171,000 (includes 10% construction contingency), and the estimated total project cost is \$3,843,000.

Need: The PER indicates that Clay's existing water distribution system is aging, in dire need of repair, and the existing fire hydrants surrounding Clay Elementary School are connected to 2-inch and 4-inch supply lines.

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 \$3,843,000, and having approximately 548 customers, the cost per customer will be approximately \$7,013. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. Project Feasibility: The project appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER evaluated three (3) alternates: Alternative #1 – Replace Existing Water Mains with PVC Water Mains, Alternative #2 – Replace Existing Water Mains with DIP Water Mains, and Alternative #3 – Do Nothing. The PER states that Alternative #1 was selected due to PVC piping: corrosion resistance, ease of construction and maintenance, being a lighter material, “typically faster and safer” than DIP construction, and “superior resistance to corrosion and chemical degradation”.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER did not include a breakdown of changes to O&M, but did include a statement that “Although a reduction in water main breaks is anticipated, this report assumes that OM&R costs will remain unchanged, as those resources would be reallocated to other areas of Clay’s water distribution system, including routine fire hydrant maintenance.”
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 \$573,100, which is equal to 18.07% of the construction cost of \$3,171,000 (includes 10.0% construction contingency).
8. Deficiencies/Comments:
  - The Town of Clay (Clay Municipal Water Works) has not filed their PSC Annual Report for Years Ended in 2024, or 2025. Additionally, the 2023 Annual Report was filed nearly 1 year late in June 2024. Clay Municipal Water Works should be encouraged to file its unfiled PSC Annual Reports.

TOWN OF CLAY - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2025W-2740  
 February 6, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	611,277	611,277	(45,093) (1)	566,184
Other Operating Revenue	5,966	5,966	-	5,966
SB 234 Annual Working Cash Collections			45,093 (2)	45,093
Interest Income & Other Misc.	567	567	-	567
<b>Total Cash Available</b>	<b>617,810</b>	<b>617,810</b>	<b>-</b>	<b>617,810</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	398,745	398,745	-	398,745
Taxes	13,667	13,667	-	13,667
<b>Total Cash Requirements Before Debt Service</b>	<b>412,412</b>	<b>412,412</b>	<b>-</b>	<b>412,412</b>
Cash Available for Debt Servi (A)	205,398	205,398	-	205,398
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	58,412	58,412	-	58,412
Other Debt	-	-	-	-
Reserve Account @ 10%	1,429	1,429	-	1,429
Renewal & Replacement Fund (2.5%)	10,924	10,924	3,380 (3)	14,304
<b>Total Debt Service Requirement</b>	<b>70,765</b>	<b>70,765</b>	<b>3,380</b>	<b>74,145</b>
SB 234 Cash Working Capital	45,093	45,093	-	45,093
<b>Remaining Cash</b>	<b>89,540</b>	<b>89,540</b>	<b>(3,380)</b>	<b>86,161</b>
Percent Coverage (A) / (B)	351.64%	351.64%		351.64%
verage rate for 3,400 gallons	\$ 36.48	\$ 36.48	\$ -	\$ 36.48
verage rate for 4,000 gallons	\$ 41.98	\$ 41.98	\$ -	\$ 41.98

**Staff Adjustments**

			\$	Increase <Decrease>
<u>Adjustment Description</u>				
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>566,184</b>	<b>(45,093)</b>
		<b>Per Application with Project</b>	<b>611,277</b>	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	<b>45,093</b>	<b>45,093</b>
		<b>Per Application with Project</b>	<b>-</b>	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>14,304</b>	<b>3,380</b>
		<b>Per Application with Project</b>	<b>10,924</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF CLAY - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2023  
 APPLICATION NO: 2025W-2740  
 February 6, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	611,277	870,746	(45,093) (1)	825,653
Other Operating Revenue	5,966	5,966		5,966
SB 234 Annual Working Cash Collections			45,093 (2)	45,093
Interest Income & Other Misc.	567	567	-	567
<b>Total Cash Available</b>	<b>617,810</b>	<b>877,279</b>	<b>-</b>	<b>877,279</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	398,745	398,745	-	398,745
Taxes	13,667	13,667	-	13,667
<b>Total Cash Requirements Before Debt Service</b>	<b>412,412</b>	<b>412,412</b>	<b>-</b>	<b>412,412</b>
Cash Available for Debt Service (A)	205,398	464,867	-	464,867
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	58,412	284,513	1,728 (3)	286,241
Other Debt	-	-	-	-
Reserve Account @ 10%	1,429	24,039	173 (4)	24,212
Renewal & Replacement Fund (2.5%)	10,924	17,410	3,380 (5)	20,790
<b>Total Debt Service Requirement</b>	<b>70,765</b>	<b>325,962</b>	<b>5,281</b>	<b>331,244</b>
SB 234 Cash Working Capital	45,093	45,093	-	45,093
<b>Remaining Cash</b>	<b>89,540</b>	<b>93,811</b>	<b>(5,281)</b>	<b>88,530</b>
Percent Coverage (A) / (B)	351.64%	163.39%		162.40%
average rate for 3,400 gallons	\$ 36.48	\$ 51.80	\$ -	\$ 51.80
average rate for 4,000 gallons	\$ 41.98	\$ 59.61	\$ -	\$ 59.61

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>825,653</b>	<b>(45,093)</b>
		<b>Per Application with Project</b>	<b>870,746</b>	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	<b>45,093</b>	<b>45,093</b>
		<b>Per Application with Project</b>	<b>-</b>	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>286,241</b>	<b>1,728</b>
		<b>Per Application with Project</b>	<b>284,513</b>	
	The difference in P&I is related to Staff's calculation of a loan of \$3,843,000 for 40 years (paid over 38 years) at 5%.			
(4)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>24,212</b>	<b>173</b>
		<b>Per Application with Project</b>	<b>24,039</b>	
	Staff assumed a 10% reserve on the new debt.			
(5)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>20,790</b>	<b>3,380</b>
		<b>Per Application with Project</b>	<b>17,410</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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west virginia department of environmental protection

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Charleston, WV 25304-2345  
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Fax Number: (304) 926-0463

Harold D. Ward, Cabinet Secretary  
[www.dep.wv.gov](http://www.dep.wv.gov)

## MEMORANDUM

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: January 30, 2026

SUBJECT: Infrastructure Preliminary Application for the Town of Clay: Water Distribution System Improvements in Clay County, WV. (2025W-2740)

We have reviewed the above referenced project application information. The Town of Clay, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640040, and expires July 18, 2028.

If the Town of Clay 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 Town of Clay 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 Town of Clay 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

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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: Katheryn Emery