



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

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

Date: January 22, 2026

Subject: Town of Davis
IJDC Application - 2025W-2728
Phase II Water Systems Improvements 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 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:

This project is to upgrade the surface water intake on the River with a new screen and airburst system; installing a new raw water pump station and replacing the lines from both the raw water sources. This will allow use of both water sources at the same time which improve the quality and the availability of raw water for the water treatment plant.

The total project cost is \$1,360,000.00 and Davis intends to pursue a \$500,000 Grant from IJDC, a \$430,000 DWTRF Principal Forgiveness Loan, and a \$430,000 DWTRF Loan (1.75%, 0.25% adm, 30 yrs). The proposed monthly rate for 3,400 gallons is \$52.53 (1.50% MHI).

A consolidation evaluation with the City of Thomas should be completed before a future new water plant is considered. The stub out for the future water treatment plant is unnecessary for this project.

Additional lead sampling is requested by the DH to support the conclusion that the lead issue is attributable to the source or raw water line.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 0



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MEMORANDUM

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

FROM: Corey McComas, DWWM

DATE: January 15, 2026

SUBJECT: Town of Davis
Water System Improvements - Ph. II
IJDC No. 2025W-2728

RECOMMENDATION

The IJDC application and Preliminary Engineering Report (PER), prepared by The Thrasher Group, dated November 2025, for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Town of Davis operates a water system that retrieves water from Blackwater River and Weimer Run Dam and serves 458 customers throughout the Town. They produce and distribute approximately 130,000 gallons per day. Phase I is currently underway to mainly repair issues with the primary raw water intake at the Dam.

The purpose of this project is to continue with Phase II, which involves repair to the secondary raw water intake from the river and replacing the lines from both the raw water sources. This will involve the following: replacing 2,870 linear feet of 8 inch influent line with 10 inch PVC water line; upgrading the surface water intake on the river with a new screen and airburst system; installing a new raw water pump station; and other necessary appurtenances.

The proposed cost for this project is \$1,360,000.00. The Town will pursue a funding scenario of a \$500,000 IJDC Grant, \$430,000 in DWTRF Loan (1.75%, 0.25% adm, 30 yrs), and \$430,000 in DWTRF Principal Forgiveness. The proposed monthly rate for 3,400 gallons is \$52.53 (1.50% MHI) (based on the Combined Application).

NEED FOR PROJECT

The Town has seen elevated lead levels from the raw water line supplying the Water Treatment Plant (WTP). The cast iron water line is suspected to contain lead joints, which could be responsible for the lead contamination. The raw water line is located in an area that makes maintenance very difficult, and there is an exposed section of pipe that causes concern of a potential line break due to freezing. Replacing this line with a new, upsized line should alleviate the issues caused by the lead contamination and support future growth in the area.

The Town has multiple issues relating to the hydraulics of both raw water sources, as described in detail in the PER. Some of these issues are not being able to draw water from both sources at the same time, not being able to supply enough raw water to the WTP at peak demand times, and intake at the river experiences frequent clogging issues due to sediment buildup.

While Phase I of this project will address the leaks at the Dam, a secondary source must continue to be utilized to supplement water and, therefore, there is a need to provide a permanent solution at the River intake to ensure the Town can provide reliable drinking water to its customers. To address these issues, this project proposes to upgrade the river intake with a new screen and airburst system and raw water pump station to convey additional flow to the WTP.

DEFICIENCIES/COMMENTS

1. Slip-lining and Pipe bursting should be evaluated as Alternatives.
2. Operation and Maintenance calculations for both alternatives must be provided.
3. Net Present Worth must be calculated to determine which alternative is more cost-effective.
4. A consolidation evaluation with the City of Thomas should be completed before the future new water plant is considered. The stub out for the future water treatment plant is unnecessary for this project.

Preliminary Project Ratings:

Public Health Benefits	10
Compliance with Standards	0

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



January 13, 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-2728
Davis, 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: January 13, 2026

PROJECT SPONSOR: TOWN OF DAVIS – (WATER)

PROJECT SUMMARY: The Town of Davis is proposing to make improvements to its raw water intake and replace its raw water line.

PROPOSED FUNDING:	IJDC Grant	\$ 500,000
	DWTRF Principal Forgiveness	430,000
	DWTRF Loan (1.75%, .25% AF, 30 yrs.)	<u>430,000</u>
	Total	\$1,360,000

CURRENT RATES: \$44.98 3,400 gallons
 \$52.92 4,000 gallons

PROPOSED RATES: \$52.53 3,400 gallons
 \$61.80 4,000 gallons

Application No. 2025W-2728

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

FINANCIAL: William Nelson

1. Current rates (\$44.98 for 3,400 gallons) are above the rates attributable to 1.25% (\$43.77) of the Median Household Income (MHI), but below the rates attributable to 1.5% (\$52.52), 1.75% (\$61.28), and 2.0% (\$70.03) of the MHI. Increasing current rates to 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of \$79,286, \$171,290, and \$263,295 respectively.
2. Using Scenario 1, the preferred funding package consisting of an IJDC Grant of \$500,000, a DWTRF Principal Forgiveness Loan of \$430,000 and a DWTRF Loan of \$430,000 at 1.75%, .25% Admin Fee, for 30 years, proposed rates (\$52.53 for 3,400 gallons) will provide a cash flow surplus of \$24,082 and debt service coverage of 134.16%.

3. Using the Scenario 2 alternate loan package of \$1,360,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$52.53 for 3,400 gallons) will provide a cash flow deficit of \$43,645 and debt service coverage of 96.45%. An additional 8.2% (for a total of \$56.84 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$230 and debt service coverage of 116.96%.

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 Rule 42 Exhibit submitted with the application.
- C. The Applicant did not provide a Cash Flow Analysis or other financial information to support its alternate proposed rate (\$52.53 for 3,400 gallons) for Scenario 2. However, Staff calculated its Cash Flow Analysis for Scenario 2 using the Applicant's alternate proposed rate.
- 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 do not include funding for the 1/8 cash working capital reserve. The project sponsor would need to have non-restricted funds available to meet the 1/8 requirement, otherwise, they may need to take steps to fund this reserve. This 1/8 requirement, along with any steps taken to fund this reserve, may be evaluated 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. Municipalities 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. Given the Town's Cash Flow Analysis does not account for its R&R Reserve requirement or its Cash Working Capital Reserve requirement, the Town may consider an adjustment to its rates. 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 Davis is proposing to make improvements to its raw water intake and replace its raw water line. The proposed project scope includes: raw water intake upgrades (new screen and airbursting), new booster pump station (complete), 2870 LF of 10-inch PVC raw water line, three (3) 10-inch gate valves (complete with box and lid), an 8-inch pressure in-line cleanout, abandon existing 8-inch raw water line (valves, etc.), 8-inch gate valve (complete with box and lid), a 3/4-inch air release valve, a 10-inch check valve installed in manhole (complete), 10-inch butterfly valve (complete with box and lid), tie-in with existing water treatment plant, 2 tie-ins with existing intake structure, 45 LF of streambank protection, 356 LF gravel driveway/road repair, 2336 LF of restoration of disturbed areas, power service fees, construction stakeout, pre-construction video, erosion and sediment controls, and all necessary appurtenances. The estimated construction cost is \$1,005,000 (includes 15.26% construction contingency), and the estimated total project cost is \$1,360,000.

Need: The PER indicates that the Town has seen elevated lead levels in raw water samples from the WTP raw water line. Additionally, the PER states that "...the Town is unable to draw water from the Blackwater River and Weimer Run Dam at the same time.", and the Blackwater River intake relies on a temporary/rental pump and above ground raw water line to supply water to the existing WTP.

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 \$1,360,000, and having approximately 458 customers, the cost per customer will be approximately \$2,969. However, the cost per customer in terms of proposed borrowing is \$939, as the proposed funding is 68% 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 – Remove and Replace Raw Water Line, Alternative #2 – Purchase Raw Water from the City of Thomas, and Alternative #3 – Do Nothing. The PER states that Alternative #1 was selected by the Town to address the needs of their WTP and distribution system.
5. Consolidation: The PER did evaluate purchasing raw water from the City of Thomas as Alternative #2. The PER states that the City of Thomas's WTP does have the treatment capacity, but its raw water intake would need upgraded, and would require approximately 22,700 LF of water main to connect the 2 water systems. The PER indicates a construction cost between \$13,000,000 and \$14,000,000, and states "This alternative would not be feasible or cost-effective for the Town of Davis, therefore a detailed cost breakdown was not provided for Alternative #2." It should be noted that purchasing raw water from Thomas is not a consolidation, and a true consolidation review was not provided. Additionally, the PER indicates a future water treatment plant site for Davis, and a PER filed with City of Thomas IJDC Application 2024W-2612 indicates "...a new larger WTP will be built in the future."
6. Operation and Maintenance (O&M) Expenses: The PER did not include a discussion or breakdown of changes to O&M. The Engineer stated (via email) "The only changes to O&M expenses as a result of this project would be purchased power for the raw water pump station and airburst system at the Blackwater River intake. Since the Blackwater River is the Town's secondary water source, the pump station and airburst system would only be operated during an emergency situation when the Weimer Run Dam could not support the existing water demand. For this reason, the project would have a negligible impact on the Town's current O&M expenses."

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 \$222,500, which is equal to 22.14% of the construction cost of \$1,005,000 (includes 15.26% construction contingency).
8. Deficiencies/Comments:
 - The PER includes a map that indicates “Stub Out for Future Water Treatment Plant Site”. It is not reasonable for the scope of work to include a stub out to a non-existing structure, which is associated with an infrastructure project that has not been submitted.
 - The PER indicates that Davis is pursuing a new water treatment plant that “...the Town plans to construct in 5 years.”. Additionally, the City of Thomas IJDC Application (2024W-2612) PER indicates that Thomas intends to build a new WTP. *Due to the obvious funding sources and amounts required for both utility's projects, and the operational needs to sustain 2 independent water treatment facilities and distribution systems, Davis and Thomas need to evaluate a consolidation/regionalization option that could provide water service to customers of both Davis and Thomas as a single utility.* Additionally, an increased customer base would help alleviate rate shock.

TOWN OF DAVIS - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2728

January 13, 2026

**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	449,946	548,563	-	548,563
Other Operating Revenue	8,323	8,323	-	8,323
SB 234 Annual Working Cash Collections			-	-
Interest Income & Other Misc.	2,485	2,485	-	2,485
Total Cash Available	460,754	559,371	-	559,371
OPERATING DEDUCTIONS				
Operating Expenses	338,265	338,265	562	(1)
Taxes	9,480	9,480	-	9,480
Total Cash Requirements Before Debt Service	347,745	347,745	562	348,307
Cash Available for Debt Service	(A)	113,009	211,626	(562)
DEBT SERVICE REQUIREMENTS				
Principal & Interest	(B)	117,492	157,854	(526)
Town Repayment			-	(2)
Reserve Account @ 10%		11,749	15,785	(52)
Renewal & Replacement Fund (2.5%)			13,922	(3)
Total Debt Service Requirement		129,241	173,639	13,343
SB 234 Cash Working Capital		-	-	-
Remaining Cash		(16,232)	37,987	(13,905)
Percent Coverage	(A) / (B)	96.18%	134.06%	134.16%
Average rate for 3,400 gallons	\$ 44.98	\$ 52.53	\$ -	\$ 52.53
Average rate for 4,000 gallons	\$ 52.92	\$ 61.80	\$ -	\$ 61.80

**TOWN OF DAVIS - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2728**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments		Increase \$ <Decrease>
<u>Adjustment Description</u>		
(1) Operating Expenses	Per Staff Analysis Per Application with Project	338,827 338,265
		562
		The difference is related to Staff's calculation of a .25% administrative fee on the DWTRF Loan.
(2) Principal & Interest	Per Staff Analysis Per Application with Project	157,328 157,854
		(526)
		The difference in P&I is related to Staff's calculation of a DWTRF Loan of \$430,000 for 30 years at 1.75%.
(3) Reserve Account @ 10%	Per Staff Analysis Per Application with Project	15,733 15,785
		(52)
		Staff assumed a 10% reserve on the new debt.
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	13,922 -
		13,922
		Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

TOWN OF DAVIS - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2025W-2728
 January 13, 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 \$
AVAILABLE CASH				
Operating Revenues	449,946	548,563	45,000	(1) 593,563
Other Operating Revenue	8,323	8,323	-	8,323
SB 234 Annual Working Cash Collections			-	-
Interest Income & Other Misc.	2,485	2,485	-	2,485
Total Cash Available	460,754	559,371	45,000	604,371
OPERATING DEDUCTIONS				
Operating Expenses	338,265	338,265	-	338,265
Taxes	9,480	9,480	-	9,480
Total Cash Requirements Before Debt Service	347,745	347,745	-	347,745
Cash Available for Debt Service	(A) 113,009	211,626	45,000	256,626
DEBT SERVICE REQUIREMENTS				
Principal & Interest	(B) 117,492	157,854	61,555	(2) 219,409
Town Repayment			-	-
Reserve Account @ 10%	11,749	15,785	6,156	(3) 21,941
Renewal & Replacement Fund (2.5%)			15,047	(4) 15,047
Total Debt Service Requirement	129,241	173,639	82,757	256,396
SB 234 Cash Working Capital	-	-	-	-
Remaining Cash	(16,232)	37,987	(37,757)	230
Percent Coverage	(A) / (B)	96.18%	134.06%	116.96%
Average rate for 3,400 gallons	\$ 44.98	\$ 52.53	\$ 4.31	\$ 56.84
Average rate for 4,000 gallons	\$ 52.92	\$ 61.80	\$ 5.07	\$ 66.87

**TOWN OF DAVIS - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2728**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

<u>Adjustment Description</u>	Staff Adjustments			Increase \$ <Decrease>
(1) Operating Revenues		Per Staff Analysis	593,563	45,000
		Per Application with Project	548,563	
				Staff projected that an additional \$45,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus.
(2) Principal & Interest		Per Staff Analysis	219,409	61,555
		Per Application with Project	157,854	
				The difference in P&I is related to Staff's calculation of a loan of \$1,360,000 for 40 years (funded over 38 years) at 5%.
(3) Reserve Account @ 10%		Per Staff Analysis	21,941	6,156
		Per Application with Project	15,785	
				Staff assumed a 10% reserve on the new debt.
(4) Renewal & Replacement Fund (2.5%)		Per Staff Analysis	15,047	15,047
		Per Application with Project	-	
				Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.



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Harold D. Ward, Cabinet Secretary
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: December 17, 2025

SUBJECT: Infrastructure Preliminary Application for the Town of Davis: Waterline Replacement in Tucker County, WV. (2025W-2728)

We have reviewed the above referenced project application information. The Town of Davis, discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640032, and expires July 18, 2028.

If the Town of Davis 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 Davis 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 Davis 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