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

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

Date: October 21, 2026

Subject: Downs Public Service District
IJDC Application - 2026W-2831
Route 250 Water Line Replacement 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:

The proposed project will replace the existing asbestos cement distribution line along Route 250 in an effort to reduce unaccounted for water loss. The project will also install 15 additional gate valves to allow it to better isolate sections of line during system maintenance.

The proposed total cost for this project is $2,000,000 and the Downs PSD intends to pursue a $1,000,000 WVDEP DWTRF Principal Forgiveness Loan and a $1,000,000 WVDEP DWTRF Loan (2.75%, 0.25% admin. fee, 20years). The proposed monthly rate will be $67.84 (1.36% MHI) for 3,400 gallons

Preliminary Project Ratings:

Public Health Benefits:	0
Compliance with Standards:	10
Operation and Maintenance:	2

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: Mason Belt, Engineer Trainee, DWWM

DATE: October 9, 2026

SUBJECT: Downs Public Service District
IJDC Application - 2026W-2831
Route 250 Water Line Replacement Project

RECOMMENDATION

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

PROJECT DESCRIPTION

The Downs Public Service District (PSD) is located in Marion County, WV and operates a drinking water storage and distribution system under Public Water System Identification Number (PWSID#) WV3302501. The Downs PSD serves approximately 443 total customers, including 420 residential customers and 23 commercial customers. The PSD purchases water from the City of Fairmont and pays the City of Mannington a transportation fee. The City of Fairmont pulls its raw water from the Tygart Valley River. In 2025, Downs PSD sold approximately 21,156,000 gallons of water. The PSD's distribution system consists of approximately 162,000 linear feet of water main and three water storage tanks with a total capacity of approximately 181,000 gallons. The areas served by this distribution system include Farmington, Mannington, the communities of Rachel, East Run, Grays Run, Salt Lick, Mahans Run, Mods Run, Sunshine, Old Route 250, and portions of U.S. Route 250 in Marion County.

The proposed project will replace 13,000 LF of waterline and associated service lines along U.S. Route 250 in an effort to reduce unaccounted water loss and also provide 15 new gate valves on this line for easier isolation during maintenance. Additionally, the project will include

approximately 1,000 linear feet of service tubing, 6 fire hydrants, 6 air release valves, and associated appurtenances.

The proposed total cost for this project is $2,000,000 and the Downs PSD intends to pursue a $1,000,000 WVDEP DWTRF Principal Forgiveness Loan and a $1,000,000 3% Interest WVDEP DWTRF 20-Year Loan. The proposed monthly rate will be $69.44 (1.36% MHI) for 3,400 gallons

NEED FOR PROJECT

Much of the existing water distribution system in the Downs PSD's service area was installed in the 1960s of asbestos cement and schedule 40 PVC. According to the FY2025 Public Service Commission Annual Report, the Downs PSD experienced unaccounted water loss of 16.73% throughout their system. There are very few gate valves on this line to isolate leaks during waterline maintenance. Because of this, the PSD frequently shuts down its mainline during repairs leading to service disruptions. This project will increase reliability throughout a section of the aging water distribution system and allow for service disruptions to be avoided during maintenance.

DEFICIENCIES/COMMENTS

- Using the Combined Preliminary Application, the Design and Total Engineering Fees appear to be within the ASCE Design Fee Curves.

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 15, 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. 2026W-2831
Downs PSD – Water System Improvements
(US Route 250 Water Main Replacement)
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 15, 2026

PROJECT SPONSOR: **DOWNS PUBLIC SERVICE DISTRICT - WATER**

PROJECT SUMMARY: Downs PSD is proposing to install 13,000 LF of new water mains along U.S. Route 250, which will allow the PSD to abandon a portion of asbestos cement water main that was installed in the 1960s.

PROPOSED FUNDING:		
	DWTRF Loan (2.75%, .25% AF, 20 yrs.)	$ 1,000,000
	DWTRF Principal Forgiveness	1,000,000
	Total	$ 2,000,000

CURRENT RATES:	$56.08	3,400 gallons
	$64.23	4,000 gallons
PROPOSED RATES:	$67.84	3,400 gallons
	$77.70	4,000 gallons

Application No. 2026W-2831

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

FINANCIAL: Alex Kovarik

1. Current rates ($56.08 for 3,400 gallons) are below the rates attributable to 1.25% ($63.89), 1.5% ($76.67), 1.75% ($89.44), and 2.0% ($102.22) 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 $55,563, $146,449, $237,334, and $328,220 respectively.

2. Using Scenario 1, the preferred funding package consisting of a DWTRF Loan of $1,000,000 at 2.75%, with a .25% administrative fee for 20 years, and DWTRF Debt Forgiveness of $1,000,000, proposed rates ($67.84 for 3,400 gallons) will provide a cash flow surplus of $3,558 and debt service coverage of 147.14%.

3. Using the Scenario 2 alternate loan package of $2,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($78.05 for 3,400 gallons) will provide a cash flow surplus of $4,688 and debt service coverage of 138.25%.

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 accepted and used for its analysis the applicant's listed MHI of $61,332 for the West Augusta District of Marion County from the 2025 U.S. Census.

   C. 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 Revised Rule 42 Exhibit provided to PSC Staff on September 29, 2026.

   D. The $56.08 (3,400 gallons) rates became effective upon substantial completion of the project or commencement of associated debt service in Case No. 24-0356-PWD-42P. According to discussions with the utility, these rates began being charged in February 2026. The applicant has adjusted for these rates at Going Level and Staff accepted those adjustments in its analysis.

   E. The cash flow provided by the project sponsor shows a Going Level deficit. The District needs to carefully evaluate its current financial position and may need to immediately file for a rate increase unless its operating costs have significantly decreased from the fiscal year ended June 30, 2025.

   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: Downs PSD is proposing to install 13,000 LF of new water mains along U.S. Route 250, which will allow the PSD to abandon a portion of asbestos cement water main that was installed in the 1960s. The proposed project scope includes: mobilization, erosion and sediment controls, pre-construction video recording, traffic control, 13000 LF of 6-inch PVC water main, 450 LF of 6-inch HDPE water main (directional drill), 250 LF of 12-inch steel casing (bore & jack), 1 tie-in existing 1-inch water main, 3 tie-in existing 1.5-inch water main, 2 tie-in existing 2-inch water main, 5 tie-in existing 6-inch water main, 2 tie-in existing 8-inch water main, 6 new fire hydrants, 6 new air release valves, 15 new 6-inch mechanical joint gate valves, 1000 LF of 3/4-inch polyethylene service tubing (open cut), 50 LF of 3/4-inch polyethylene service tubing (bore & jack), 56 customer reconnections, 250 LF of streambank protection, 120 LF of concrete trench restoration, 1500 LF of gravel driveway/road restoration, 700 LF of asphalt driveway/road restoration, 11500 LF of restoration of disturbed areas, and necessary appurtenances. The estimated construction cost is $1,485,000 (includes 15.07% construction contingency), and the estimated total project cost is $2,000,000 (includes 1.98% project contingency).

   Need: The PER indicates that the section of water main proposed to be replaced is made of asbestos cement, was installed in the 1960's, and has several water main taps that extend service along side lines. Additionally, the PER states that the existing water main has an insufficient amount gate valves, requiring the PSD to shut off the water main when repairing water leaks, which leads to an increase in water service disruptions.

   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 $2,000,000, and having approximately 443 customers, the cost per customer will be approximately $4,515. However, the cost per customer in terms of proposed borrowing is $2,258, as the proposed funding is 50% grant.

3. Project Alternatives: The PER evaluated four (4) alternatives: Alternative #1 – Main Route 250 Transmission Line Replacement, Alternative #2 – Salt Lick Road Water Line Replacement, Alternative #3 – Grays Run Road Water Line Replacement, and Alternative #4 – "Do Nothing". The PER indicates that Alternative #1 was selected by Downs PSD.

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

5. Operation and Maintenance (O&M) Expenses: The PER did include the following statement regarding potential changes to O&M: "There is no proposed increase in O&M costs due to the nature of a replacement project."

6. 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 $317,500, which is equal to 21.38% of the construction cost of $1,485,000 (includes 15.07% construction contingency). *The 5G Documentation is dated 2021, and appears to be the same document provided in IJDC Application 2022W-2151.*

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

DOWNS PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2831
October 15, 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		365,275	442,625	-		442,625
Other Operating Revenue		308,534	309,744	-		309,744
SB 234 Annual Working Cash Collections		33,591	32,417	-		32,417
Interest Income & Other Misc.		2,187	2,187	-		2,187
Total Cash Available		709,587	786,973	-		786,973
OPERATING DEDUCTIONS						
Operating Expenses		558,421	561,530	(1,407)	(1)	560,123
Taxes		23,471	23,471	-		23,471
Total Cash Requirements Before Debt Service		581,892	585,001	(1,407)		583,594
Cash Available for Debt Service	(A)	127,695	201,972	1,407		203,379
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	72,551	137,723	500	(2)	138,223
Other Debt		1,901	-	-		-
Reserve Account @ 10%		3,805	10,322	50	(3)	10,372
Renewal & Replacement Fund (2.5%)		17,685	19,594	(785)	(4)	18,809
Total Debt Service Requirement		95,942	167,639	(235)		167,404
SB 234 Cash Working Capital		33,591	32,417	-		32,417
Remaining Cash		(1,838)	1,916	1,642		3,558
Percent Coverage	(A) / (B)	176.01%	146.65%			147.14%
Average rate for 3,400 gallons		$ 56.08	$ 67.84	$ -		$ 67.84
Average rate for 4,000 gallons		$ 64.23	$ 77.70	$ -		$ 77.70

DOWNS PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2831

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**560,123**	**(1,407)**
		Per Application with Project	**561,530**	

The difference is related to Staff's calculation of the administrative fee on the DWTRF Loan.

(2)	**Principal & Interest**	**Per Staff Analysis**	**138,223**	**500**
		Per Application with Project	**137,723**	

The difference in P&I is related to Staff's calculation of the DWTRF loan of $1,000,000 for 20 years at 2.75%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**10,372**	**50**
		Per Application with Project	**10,322**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**18,809**	**(785)**
		Per Application with Project	**19,594**	

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

DOWNS PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2831
October 15, 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		365,275	501,479	-		501,479
Other Operating Revenue		308,534	310,680	-		310,680
SB 234 Annual Working Cash Collections		33,591	32,454	-		32,454
Interest Income & Other Misc.		2,187	2,187	-		2,187
Total Cash Available		709,587	846,800	-		846,800
OPERATING DEDUCTIONS						
Operating Expenses		558,421	561,828	(2,727)	(1)	559,101
Taxes		23,471	23,471	-		23,471
Total Cash Requirements Before Debt Service		581,892	585,299	(2,727)		582,572
Cash Available for Debt Service	(A)	127,695	261,501	2,727		264,228
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	72,551	190,220	899	(2)	191,119
Other Debt		1,901	-	-		-
Reserve Account @ 10%		3,805	15,572	90	(3)	15,662
Renewal & Replacement Fund (2.5%)		17,685	21,087	(783)	(4)	20,304
Total Debt Service Requirement		95,942	226,879	206		227,085
SB 234 Cash Working Capital		33,591	32,454	-		32,454
Remaining Cash		(1,838)	2,168	2,521		4,688
Percent Coverage	(A) / (B)	176.01%	137.47%			138.25%
Average rate for 3,400 gallons		$ 56.08	$ 78.05	$ -		$ 78.05
Average rate for 4,000 gallons		$ 64.23	$ 89.40	$ -		$ 89.40

DOWNS PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2831

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**559,101**	**(2,727)**
		Per Application with Project	**561,828**	

The difference is related to Staff's removal of the administrative fee on the DWTRF Loan for Scenario 2.

(2)	**Principal & Interest**	**Per Staff Analysis**	**191,119**	**899**
		Per Application with Project	**190,220**	

The difference in P&I is related to Staff's calculation of a loan of $2,000,000 for 38 years at 5% for Scenario 2.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**15,662**	**90**
		Per Application with Project	**15,572**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**20,304**	**(783)**
		Per Application with Project	**21,087**	

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

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304-2345
Telephone: 304-926-0495
Fax: 304-926-0463

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 BB
Technical Analyst Senior
General Permits & Support Team

DATE: September 30, 2026

SUBJECT: Infrastructure Preliminary Application for the Downs PSD (2026W-2831): Waterline Replacement and System Upgrade in Marion County, WV.

We have reviewed the above referenced project application information. The Downs PSD purchases water from the Town of Fairmont. No NPDES permit modifications are necessary.

If the Downs 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 Downs 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 Downs 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: Katheryn Emery