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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:** Marie Prezioso, Chair  
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

**Date:** August 19, 2025

**Subject:** Logan County PSD  
IJDC Application - 2025W-2697  
Mitchell Heights / Justice Addition / Henlawson Water Upgrade 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:

This project proposes to replace existing waterlines located in Mitchell Heights, Justice Addition, and Henlawson areas. The system was constructed around 1960 and the increased O&M of the aging infrastructure has decreased reliability and is a safety concern. The project will address these concerns and provide reliable water to the customers.

The total cost for this project is \$6,590,000 and LCPSD intends to pursue a \$3,000,000 AMLER Grant, \$500,000 Logan County Commission Grant, \$500,000 WV IJDC Grant, and \$2,590,000 WV IJDC Loan.

Preliminary Project Ratings:

Public Health Benefits: 10

Compliance with Standards: 10



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

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

**FROM:** Tamer Abdelgelil, DWWM

**DATE:** July 23, 2025

**SUBJECT:** Logan County PSD  
IJDC Application - 2025W-2697  
Mitchell Heights / Justice Addition / Henlawson Water Upgrade Project

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

The Logan County Public Service District (LCPSD), located in Logan County, West Virginia, owns and operates the Northern Regional Water System under PWSID Permit #WV3302364. LCPSD provides drinking water services to approximately 10,056 customers using six water systems, with an estimated 539 customers within the boundaries of the project area. In addition to Logan County, LCPSD's services extend to portions of Lincoln, Boone, Wyoming, and Mingo Counties. Existing components of the Northern Regional Water System include one water treatment plant, 12 water storage tanks, nine conventional booster stations, and four booster stations with bladder tanks. This project will be primarily focused on system infrastructure located in Mitchell Heights, Justice Addition, and Henlawson.

This project will replace aging and failing infrastructure which includes approximately 29,300 linear feet of 8-inch and smaller diameter water main, 54 water valves, 18 fire hydrants, 31 blow-off hydrants, two pressure reducing stations, surface restoration, and related appurtenances.

The proposed total cost for this project is \$6,590,000. LCPSD intends to fund this project using a \$3,000,000 USEDA Grant, \$500,000 Logan County Commission Grant, \$500,000 WV IJDC

Grant, and \$2,590,000 WV IJDC Loan. The current monthly service rate is \$46.80 (1.55% MHI) for 3,400 gallons, and a rate increase is expected to occur as a result of this project.

### **NEED FOR PROJECT**

This project proposes to rectify efficiency and safety concerns originating from complications with the aging infrastructure of the water distribution system. The majority of the system's existing infrastructure was constructed circa 1960, and many components are currently being used beyond their useful lives. The system's current condition has impacted LCPSD's ability to provide potable water to its customers, with leaks, line breaks, and customer outages being a common occurrence. Low-pressure areas also exist in this portion of the system and have severely limited fire protection capabilities in the area. Through the implementation of this project, LCPSD hopes to restore reliable water services, provide an adequate level of fire safety, and resolve water loss issues in the impacted area.

### **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Total Engineering Fees appear to be within the ASCE Curves.
- This project involves the replacement of aging/failing infrastructure within the water distribution system. There are no estimates showing the severity of water loss in the system.
- It is recommended that a brief description of the location/number of system failures and sizes of existing pipes is provided to reinforce the project's necessity.
- Although it may be assumed that this project will solely remain within the bounds of existing infrastructure, statements explaining any unavoidable impacts and mitigation measures should be included. Any determinations of possible environmental or social impacts should also be included.

#### **Preliminary Project Ratings:**

Public Health Benefits: 10  
Compliance with Standards: 10

# 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



August 8, 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-2697  
Logan County PSD – 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  
BC:

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** August 8, 2025

**PROJECT SPONSOR: LOGAN COUNTY PSD - WATER**

**PROJECT SUMMARY:** Logan County PSD is proposing upgrades to its water system serving the Mitchell Heights, Justice Addition, and Henlawson areas.

<b>PROPOSED FUNDING:</b>	DEP AMLER Grant	\$3,000,000
	Logan Co. Comm. Grant	\$500,000
	IJDC Grant	\$500,000
	IJDC Loan (2%, 30 yrs.)	<u>\$2,590,000</u>
	Total	\$6,590,000

<b>CURRENT RATES:</b>	\$46.80	3,400 gallons
	\$54.60	4,000 gallons

<b>PROPOSED RATES:</b>	\$56.24	3,400 gallons
	\$65.56	4,000 gallons

Application No. 2025W-2697

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

**FINANCIAL:** Dave Acord

1. Current rates (\$46.80 for 3,400 gallons) are above the rates attributable to 1.25% (\$37.76) and 1.5% (\$45.31) of the Median Household Income (MHI), but below 1.75% (\$52.86) and 2% (\$60.42) of the MHI. Increasing current rates to 1.75% and 2% of the MHI would provide additional revenues of \$870,542 and \$1,954,608, respectively.
2. Using Scenario 1, the preferred funding package consisting of a DEP AMLER Grant of \$3,000,000, Logan County Commission Grant of \$500,000, IJDC Grant of \$500,000, and an IJDC Loan of \$2,590,000 at 2% for 30 years, proposed rates (\$56.24 for 3,400 gallons) will provide a cash flow surplus of \$239,363 and debt service coverage of 155.43%.

3. Using Scenario 2, alternate loan package of \$6,590,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$58.15 for 3,400 gallons) will provide a cash flow surplus of \$210,293 and debt service coverage of 149.19%.

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. It should be noted that the Going Level rates (\$48.90 for 3,400 gallons) are effective upon substantial completion of the Upper Huff Creek Water Project.

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 flow provided by the project sponsor includes funding for the 1/8 cash working capital reserve. Staff accepted that amount in its analysis. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.

E. Based on the District's Going-Level deficit it should consider pursuing a resolution to adjust rates and resolve any deficiencies. The Public Service District should carefully evaluate its revenue requirements before pursuing a rate increase in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Staff notes that the District is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015, the Commission has no jurisdiction regarding the District's rates pursuant to WV Code 24-2-4a and WV Code 16-13A-9. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of

the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

**ENGINEERING:** Jim Spurlock

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: Logan County PSD proposes to upgrade the water system serving the Mitchell Heights, Justice Addition, and Henlawson areas. Construction will include 29,300 feet of 8-inch and smaller water mains along with valves, hydrants, and related appurtenances. The project addresses aged and problematic water lines which serve 539 customers.

Customer Density: N/A

Cost per Customer: \$655

Taken from the total project cost estimate of \$6,590,000 spread over 10,056 existing customers.

3. Project Feasibility: The project is technically feasible. The cost per new customer is low. The existing water system in the project area was constructed in the 1960's and is ridden with leaks and main breaks along with customer outages. The system is also undersized with low pressure issues.
4. Project Alternatives: The alternatives of the West Logan Water System or the City of Logan serving the area, or of constructing a treatment plant for the area, were mentioned and deemed less feasible without the need for detailed evaluation.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: The application lists the number of existing customers as 440. The PER lists the number of customers as 10,056, which is consistent with the District's 2024 annual report.
7. Operation and Maintenance (O & M) Expenses: O & M costs are not projected to change as a result of the project.



8. Engineering Agreement: The application includes information to determine apparent compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$530,000 which is equal to 9.22% of the construction cost of \$5,750,000 (including contingency).

LOGAN COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2025W-2697  
August 8, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	7,068,577	8,128,513	(637,893) (1)	7,490,620
Other Operating Revenue	259,892	259,892	-	259,892
SB 234 Annual Working Cash Collections	-	-	637,893 (2)	637,893
Interest Income & Other Misc.	103,459	103,459	-	103,459
Total Cash Available	7,431,928	8,491,864	-	8,491,864
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	5,103,148	5,103,148	-	5,103,148
Taxes	151,960	151,960	-	151,960
Total Cash Requirements Before Debt Service	5,255,108	5,255,108	-	5,255,108
Cash Available for Debt Servi (A)	2,176,820	3,236,756	-	3,236,756
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	1,966,851	2,139,220	(56,726) (3)	2,082,494
Other Debt	-	-	-	-
Reserve Account @ 10%	71,678	83,126	116 (4)	83,242
Renewal & Replacement Fund (2.5%)	185,798	212,297	(18,534) (5)	193,763
Total Debt Service Requirement	2,224,327	2,434,643	(75,143)	2,359,499
SB 234 Cash Working Capital	637,893	637,893	-	637,893
Remaining Cash	(685,400)	164,220	75,143	239,363
Percent Coverage (A) / (B)	110.68%	151.31%		155.43%
Average rate for 3,400 gallons	\$ 48.90	\$ 56.24	\$ -	\$ 56.24
Average rate for 4,000 gallons	\$ 57.00	\$ 65.56	\$ -	\$ 65.56

LOGAN COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2025W-2697

Attachment A  
PREFERRED FUNDING PACKAGE  
SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>7,490,620</b>	<b>(637,893)</b>
		<b>Per Application with Project</b>	<b>8,128,513</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>637,893</b>	<b>637,893</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>2,082,494</b>	<b>(56,726)</b>
		<b>Per Application with Project</b>	<b>2,139,220</b>	
	The difference in P&I is related to Staff's calculation of an IJDC Loan of \$2,590,000 for 30 years at 2%.			
(4)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>83,242</b>	<b>116</b>
		<b>Per Application with Project</b>	<b>83,126</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>193,763</b>	<b>(18,534)</b>
		<b>Per Application with Project</b>	<b>212,297</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

LOGAN COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2025W-2697  
August 8, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	7,068,577	8,404,849	(633,743) (1)	7,771,106
Other Operating Revenue	259,892	259,892	-	259,892
SB 234 Annual Working Cash Collections	-	-	637,893 (2)	637,893
Interest Income & Other Misc.	103,459	103,459	-	103,459
Total Cash Available	7,431,928	8,768,200	4,150	8,772,350
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	5,103,148	5,103,148	-	5,103,148
Taxes	151,960	151,960	-	151,960
Total Cash Requirements Before Debt Service	5,255,108	5,255,108	-	5,255,108
Cash Available for Debt Servi (A)	2,176,820	3,513,092	4,150	3,517,242
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	1,966,851	2,406,063	(48,529) (3)	2,357,534
Other Debt	-	-	-	-
Reserve Account @ 10%	71,678	83,126	27,620 (4)	110,746
Renewal & Replacement Fund (2.5%)	185,798	219,205	(18,430) (5)	200,775
Total Debt Service Requirement	2,224,327	2,708,394	(39,339)	2,669,055
SB 234 Cash Working Capital	637,893	637,893	-	637,893
Remaining Cash	(685,400)	166,805	43,489	210,293
Percent Coverage (A) / (B)	110.68%	146.01%		149.19%
Average rate for 3,400 gallons	\$ 48.90	\$ 58.15	\$ -	\$ 58.15
Average rate for 4,000 gallons	\$ 57.00	\$ 67.78	\$ -	\$ 67.78

LOGAN COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2025W-2697

Attachment B  
LOAN PACKAGE  
SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis</b>	<b>7,771,106</b>	<b>(633,743)</b>
		<b>Per Application with Project</b>	<b>8,404,849</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>637,893</b>	<b>637,893</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>2,357,534</b>	<b>(48,529)</b>
		<b>Per Application with Project</b>	<b>2,406,063</b>	
	The difference in P&I is related to Staff's calculation of a Loan of \$6,590,000 for 40 years (paid back over 38 yrs.) at 5%.			
(4)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>110,746</b>	<b>27,620</b>
		<b>Per Application with Project</b>	<b>83,126</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>200,775</b>	<b>(18,430)</b>
		<b>Per Application with Project</b>	<b>219,205</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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Charleston, WV 25304-2345  
Telephone Number: (304) 926-0495  
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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 *BB*  
Technical Analyst  
General Permits & Support Team

DATE: July 23, 2025

SUBJECT: Infrastructure Preliminary Application for the Logan County PSD: Mitchell Heights/Justice Addition/Henlawson Water Upgrade Project in Logan County, WV. (2025W-2697)

We have reviewed the above referenced project application information. The Logan County PSD discharges its backwash to its site, which is covered under WV/NPDES Permit No. WVG640090, and expires July 18, 2028.

If the Logan County 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 Logan County 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 Logan County 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

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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