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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., Engineer Chief  
Sewer Technical Review Committee

**Date:** May 21, 2025

**Subject:** Mason County PSD  
IJDC Application - 2022W-2654  
North Water System Hydraulic 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 will install a water line to the Fogelsong Road and connect it to the main Lakin WTP system. The West Columbia Booster Pump Station will also be replaced with new pumps. In addition, upgrades to the existing Lakin water storage tank and a new 177,000-gallon storage tank will be included along with new telemetry. The project will address issues where flow is restricted due to bottlenecks in the system and also create additional capacity in the system for the Nucor Steel Mill and Fidelis Hydrogen Plant.

Cybersecurity in their system should be evaluated with this project upgrade.

The total cost for this project is \$3,355,000 and the District intends to pursue a \$3,305,000 DWTRF loan and a \$50,000 Mason County Commission Grant.

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	5



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## MEMORANDUM

**TO:** Katheryn Emery, P.E., Engineer Chief, DWWM

**FROM:** Tyler Barrett, DWWM

**DATE:** April 10, 2025

**SUBJECT:** Mason County PSD  
IJDC Application - 2022W-2264  
North Water System Hydraulic Project

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## RECOMMENDATION

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

## PROJECT DESCRIPTION

The Mason County Public Service District (District) is a Class A water utility serving 6,021 residential customers throughout Mason County and portions of Cabell, Jackson, and Putnam Counties, West Virginia (PWSID WV3302712). The District also supplies water to the West Virginia American Water Company (resale customer), the Gallipolis Ferry Water Association, Inc. (resale customer), 31 public authorities, and 142 commercial locations.

The District owns and operates seven (7) water distribution systems: Lakin, Ashton, Letart, Crab Creek, Foglesong, Camp Conley, and J2Y35. Some of these systems are interconnected with one another, allowing water to be exchanged between them. Between these seven (7) systems, the District owns and operates 23 storage tanks with a combined capacity of 3,926,000 gallons, approximately 521 miles of water mains of various sizes, 22 booster stations, and four (4) WTPs: Crab Creek, Lakin, Ashton, and Letart.

This project will extend service to fifty (50) new customers. It is proposed to install approximately 5,900 LF of 4" PVC water line to expand the Foglesong Road Water System, connect it to the main system, and be served by Lakin WTP. It also proposes to replace the existing 260 GPM pumps at the West Columbia Booster Pump Station with new 400 GPM

pumps. Lastly, it is proposed to rehabilitate the existing Lakin water storage tank and add a new telemetry unit, as well as construct a new 177,000-gallon storage tank with necessary piping and valves.

The proposed total cost for this project is \$3,355,000 and the District intends to pursue a \$3,305,000 DWTRF loan and a \$50,000 Mason County Commission Grant. The proposed monthly rate for 3,400 gallons for the District's Lakin service areas would be \$47.77 (1.65%).

### **NEED FOR PROJECT**

The Foglesong Road section of the Mason County PSD system currently is not connected to the main water system, thus requiring the Mason County PSD to purchase water from the Town of Mason. This incurs extra monthly costs for the PSD and prevents potential customers from utilizing the system. The existing Mason County PSD distribution systems contain areas where flow is restricted due to bottlenecks in the system. In addition, development is expected to come to Mason County as a result of major projects like the Nucor Steel Mill and Fidelis Hydrogen Plant. The existing Mason County PSD distribution system is inadequate to serve the upcoming development. Three areas of immediate concern are addressed in this proposed project.

The West Columbia booster station needs to be upgraded to handle the upcoming demand of the proposed and current development of the area.

The Lakin distribution system needs increased water storage capacity. A second water storage tank (177,000 gallon) is proposed to handle current and future demand. Rehabilitation of the existing Lakin storage tank is also proposed.

### **DEFICIENCIES/COMMENTS**

- PSD does not qualify for a 20 year loan term per IUP. Qualifies for 21-30 year term.
- The project should be broken out further for funding eligibility.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE Curves.
- Their cybersecurity should be evaluated with this upgrade.

#### **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



April 22, 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. 2022W-2264  
Mason 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,

*Jonathan M Fowler*  
Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** April 22, 2025

**PROJECT SPONSOR:** **MASON COUNTY PUBLIC SERVICE DISTRICT -  
(WATER)**

**PROJECT SUMMARY:** This project provides for improvements to the existing water distribution system serving northern Mason County.

<b>PROPOSED FUNDING:</b> Mason County Commission ARPA Grant	\$50,000
DWTRF Loan (2.75%, 0.25% AF, 20 yrs.)	<u>\$3,305,000</u>
Total	\$3,355,000

<b>CURRENT RATES:</b>	\$43.95	3,400 gallons
	\$49.80	4,000 gallons

<b>PROPOSED RATES:</b>	\$46.25	3,400 gallons
	\$52.40	4,000 gallons

Application No. 2022W-2264

**RECOMMENDATION:**   X   forward to the Funding Committee.  
       forward to the Consolidation Committee.  
       return to the Applicant.

**FINANCIAL: Dave Acord**

1. Current rates (\$43.95 for 3,400 gallons) are below the rates attributable to 1.25% (\$53.98), 1.5% (\$64.78), 1.75% (\$75.57), and 2% (\$86.37) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75%, and 2% of the MHI would provide additional revenues of \$916,490, \$1,903,039, \$2,889,589, and \$3,876,138, respectively.
2. Using Scenario 1, the preferred funding package consisting of a Mason County Commission ARPA Grant of \$50,000 and a DWTRF Loan of \$3,305,000 at 2.75%, .25% Administrative Fee for 20 years, proposed rates (\$46.25 for 3,400 gallons) will provide a cash flow surplus of \$430,035 and debt service coverage of 179.53%.

3. Using Scenario 2, alternate loan package of \$3,305,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and committed funds consisting of a Mason County Commission ARPA grant of \$50,000, proposed rates (\$45.36 for 3,400 gallons) will provide a cash flow surplus of \$413,478 and debt service coverage of 179.25%.
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 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. Staff notes the Applicant's Rule 42 Exhibit includes a going-level column, a pending projects proforma column for the Crab Creek and Milton Interconnection projects, and a proforma column for the study and hydraulic model of the District's entire north county water system (the project to which the application pertains). For purposes of this review, Staff's analysis is focused on the proforma column for the study and hydraulic model of the District's entire north county water system.
  - D. Staff notes the Applicant has reflected proforma adjustments related to the pending projects. For purposes of this review, Staff accepted these adjustments to revenues, operation and maintenance (O&M) expenses, and debt service.
  - E. Staff notes that the Proposed rates (Schedule 2 rates: \$46.25 for 3,400 gallons) were previously adopted by PSD Board Resolution and approved by the Mason County Commission. The Schedule 2 rates are effective following substantial completion of the water system improvement project. The project sponsor reflected this rate change in its Proforma analysis.
  - 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 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.

- G. 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 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: Mason County PSD proposes to construct approximately 8,100 feet of 4-inch and 8-inch water line, upgrade the West Columbia Booster Station, rehabilitate the Lakin storage tank, and construct a new 177,000-gallon storage tank. The improvements will address forthcoming commercial and residential development in Mason County such as the Nucor Steel Plant and the Fidelis Hydrogen Plant. Additionally, the Foglesong Road water system will be connected to the North System and the Lakin water treatment plant. Foglesong Road is currently supplied by purchasing water from the Town of Mason.

Customer Density: N/A

Cost per Customer: \$556 (taken from the total project cost estimate of



\$3,355,000 spread over 6,037 existing customers); this is reasonable.

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The project will provide upgrades necessary to accommodate growth in the area.
4. Project Alternatives: No alternatives to the project are presented besides “do nothing”. We have no objection to the scope of work.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: The application form states that fifty new customers will be added, but the engineering report does not reflect the addition of new customers.
7. Operation and Maintenance (O & M) Expenses: O & M expenses are projected to increase by \$14,568 annually as a result of the project. Supporting calculations were provided.
8. Engineering Agreement: The application includes information which appears to indicate compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$515,000 which is equal to 20.16% of the construction cost of \$2,555,000 (including contingency).

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2022W-2264  
April 22, 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	4,016,258	4,325,785	(301,367) (1)	4,024,418
Other Operating Revenue	147,708	147,708	-	147,708
SB 234 Annual Working Cash Collections			301,367 (2)	301,367
Interest Income & Other Misc.	36,878	36,878	-	36,878
Total Cash Available	4,200,844	4,510,371	-	4,510,371
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	2,399,030	2,429,783	4,363 (3)	2,434,146
Taxes	95,610	95,610	-	95,610
Total Cash Requirements Before Debt Service	2,494,640	2,525,393	4,363	2,529,756
Cash Available for Debt Servi (A)	1,706,204	1,984,978	(4,363)	1,980,615
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	723,160	1,119,193	(15,950) (4)	1,103,243
Other Debt			-	-
Reserve Account @ 10%		43,263	(1,595) (5)	41,668
Renewal & Replacement Fund (2.5%)	105,021	107,063	(2,760) (6)	104,303
Total Debt Service Requirement	828,181	1,269,519	(20,305)	1,249,214
SB 234 Cash Working Capital	299,879	301,367	-	301,367
Remaining Cash	578,144	414,092	15,942	430,035
Percent Coverage (A) / (B)	235.94%	177.36%		179.53%
Average rate for 3,400 gallons	\$ 43.95	\$ 46.25	\$ -	\$ 46.25
Average rate for 4,000 gallons	\$ 49.80	\$ 52.40	\$ -	\$ 52.40

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2022W-2264**

**Attachment A  
PREFERRED FUNDING PACKAGE  
SCENARIO 1**

**Staff Adjustments**

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>4,024,418 4,325,785</b>	<b>(301,367)</b>
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>301,367 -</b>	<b>301,367</b>
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	<b>Operating Expenses</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>2,434,146 2,429,783</b>	<b>4,363</b>
The difference in O&M is for the admin fee on a loan of \$3,305,000 for 20 years at 2.75%, 0.25% administrative fee.				
(4)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>1,103,243 1,119,193</b>	<b>(15,950)</b>
The difference in P&I is related to Staff's calculation of a loan of \$3,305,000 for 20 years at 2.75%, 0.25% administrative fee.				
(5)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>41,668 43,263</b>	<b>(1,595)</b>
Staff assumed a 10% reserve on the new debt.				
(6)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>104,303 107,063</b>	<b>(2,760)</b>
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2022W-2264  
April 22, 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	4,016,258	4,280,513	(301,367) (1)	3,979,145
Other Operating Revenue	147,708	147,708	-	147,708
SB 234 Annual Working Cash Collections			301,367 (2)	301,367
Interest Income & Other Misc.	36,878	36,878	-	36,878
Total Cash Available	4,200,844	4,465,099	-	4,465,098
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	2,399,030	2,429,783	-	2,429,783
Taxes	95,610	95,610	-	95,610
Total Cash Requirements Before Debt Service	2,494,640	2,525,393	-	2,525,393
Cash Available for Debt Servi (A)	1,706,204	1,939,706	-	1,939,705
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	723,160	1,077,437	4,695 (3)	1,082,132
Other Debt			-	-
Reserve Account @ 10%		39,087	469 (4)	39,556
Renewal & Replacement Fund (2.5%)	105,021	107,063	(3,892) (5)	103,171
Total Debt Service Requirement	828,181	1,223,587	1,273	1,224,860
SB 234 Cash Working Capital	299,879	301,367	-	301,367
Remaining Cash	578,144	414,752	(1,273)	413,478
Percent Coverage (A) / (B)	235.94%	180.03%		179.25%
Average rate for 3,400 gallons	\$ 43.95	\$ 45.36	\$ -	\$ 45.36
Average rate for 4,000 gallons	\$ 49.80	\$ 51.40	\$ -	\$ 51.40

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO: 2022W-2264**

**Attachment B  
LOAN PACKAGE  
SCENARIO 2**

**Staff Adjustments**

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>3,979,145 4,280,513</b>	<b>(301,368)</b>
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>301,367 -</b>	<b>301,367</b>
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>1,082,132 1,077,437</b>	<b>4,695</b>
The difference in P&I is related to Staff's calculation of a loan of \$3,305,000 for 40 years (paid back over 38 years) at 5%.				
(4)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>39,556 39,087</b>	<b>469</b>
Staff assumed a 10% reserve on the new debt.				
(5)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>103,171 107,063</b>	<b>(3,892)</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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[www.dep.wv.gov](http://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 *BB*  
Technical Analyst  
General Permits & Support Team

DATE: March 19, 2025

SUBJECT: Infrastructure Preliminary Application for the Mason County PSD (2022W-2264):  
North Water System Hydraulic Study in Mason County, WV.

We have reviewed the above referenced project application information. The Mason County PSD, discharges its backwash to its site for 3 WTP's, which are covered under WV/NPDES Site Registration Nos. WVG640019, WVG640130 and WVG640135 which expire 7/18/28. The Lakin WTP discharge to Mason County PSD WWTP, WV/NPDES Permit No. WV0086886, and expires April 16, 2028. No NPDES permit modifications are required.

If the Mason 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 Mason 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 Mason 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 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