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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

**From:** Katheryn Emery, P.E. Engineer Chief  
Sewer Technical Review Committee

**Date:** February 19, 2025

**Subject:** Town of Masontown  
IJDC Application - 2024SS-2648  
Sanitary Sewer Extensions and Wastewater Treatment Plant Upgrades

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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 wastewater 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 project will include various updates to the WWTP and the extension of sewer service to approximately 45 customers along WV Route 7 and Pineview Drive. The project is needed to improve safety and operational efficiency at the WWTP and address failing septic systems in the project area.

Using the Combined Application, the Total Engineering Fee appears to be above the curve and will require a variance.

The proposed total cost for this project is \$3,000,000 and the Town intends to pursue a \$1,000,000 WV IJDC Grant, and a \$2,000,000 CWSRF Principal Forgiveness Loan.

Preliminary Project Ratings:

Public Health Benefits: 5  
Compliance with Standards: 5



Sherrri A. Young, DO, MBA, FAAFP  
Cabinet Secretary

Jason R. Frame  
OEHS Director

## MEMORANDUM

**TO:** Meredith J. Vance, Director  
Environmental Engineering Division

**FROM:** Patrick Murphy, P.E.  
Environmental Engineering Division

**DATE:** February 6, 2025

**SUBJECT:** Town of Masontown  
IJDC Application- **2024S-2648**  
Sanitary Sewer Extension and WWTP Upgrades  
Preston County

### **Recommendation:**

We have reviewed this preliminary application and recommend that it be forwarded to the Funding Committee for review.

### **Project Scope:**

The proposed project consists of upgrading the Masontown WWTP, as well as extending sanitary sewer service to approximately 45 customers on WV Route 7 and Pineview Drive. Any Rights-of-way required for this project will be obtained prior to construction.

The total project cost is **\$3,000,000.00**

### **Need for the Project:**

Approximately 45 customers along WV Route 7 have expressed interest in being connected to the Town of Masontown sewer system. The extension would provide long-term effective sewage disposal and treatment for these customers. Additionally, the existing WWTP has been in service since 2014. WWTP was constructed in order to replace the original plant with a new, more modern WWTP with a greater treatment capacity and a higher quality effluent. The demand required on the equipment for a WWTP of this size for a decade has resulted in wear and tear that has created the need for selective upgrades of various pieces of equipment.



Town of Masontown

2024S-2648

January 8, 2025

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**Concerns:**

No concerns were noted.

**Permits:**

The following Permits and/or certificates may be required for this project.

- WV Department of Environmental Protection. WV NPDES permit
- Preston County Flood Plain Permit.
- West Virginia Division of Highways Right-of-Way Encroachment Permit
- WVPSC Certificate of Convenience and Necessity or Ordinary Course Determination



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**MEMORANDUM**

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

**FROM:** Daniel Bailey, E.I., CFM, DWWM

**DATE:** February 14, 2025

**SUBJECT:** Town of Masontown  
IJDC Application - 2024SS-2648  
Sanitary Sewer Extensions and Wastewater Treatment Plant Upgrades

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**RECOMMENDATION**

The IJDC Application and Preliminary Engineering Report (PER) prepared by Civil and Environmental Consultants, Inc. for the above referenced project has been reviewed and is technically feasible.

**PROJECT DESCRIPTION**

The Town of Masontown (Town) owns and operates a wastewater collection and treatment system within the town in Preston County, West Virginia. The Town intends to extend sanitary sewer service to unserved customers within the area(s) of the Town. Also the 0.5 MGD wastewater treatment plant requires safety and necessary updates in order to operate the plant efficiently and properly. The current plant discharges into Deckers Creek, a tributary of the Monongahela River.

The proposed project will include updates the to WWTP to include alterations to the I-Beam in the headworks to allow access to screen and other large equipment, add rail/catwalk in headworks building, replacement of copper water piping, ventilation improvements in influent/headworks to prevent pipe corrosion, repainting of influent room piping, replacement of unit heaters, replacement of louvers/exhausts, relocation of polymer mixing valve on inlet of sludge press, addition of automatic air release, 3” valve on non-potable discharge, replace UV ballasts.

The sewer extension will consist of approximately 7,300 lf of gravity sewer pipe, 25 manholes, service laterals and connections, and all necessary appurtenances. This proposed project will add approximately 45 customers along WV Route 7 and Pineview Drive.

The proposed total cost for this project is \$3,000,000. The town intends to pursue a \$1,000,000 WV IJDC Grant, and a \$2,000,000 CWSRF Principal Forgiveness Loan. The monthly rate for 3,400 gallons is \$63.91 (2.2% MHI).

### **NEED FOR PROJECT**

Customers along WV Route 7 have expressed interest in being connected to the Town of Masontown sewer system. The septic tanks utilized in these areas pose potential health risks and are failing. Many of these are not maintained properly causing concern with the local health department. The existing WWTP has been in service since 2014. The demand required of the equipment for a WWTP of this size for a decade has resulted in wear and tear that has created the need for selective upgrades of various pieces of equipment. There are health and safety concerns at the WWTP that must be addressed for long-term operation.

### **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Design Engineering Fees appear to be within the ASCE curve. However, the Total Engineering Fees appear to be above the curve and will require a fee waiver.

#### **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 12, 2025

Ms. Kathy Emery, P. E.  
Office of Water Resources  
Department of Environmental Protection  
601 57<sup>th</sup> St.  
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments  
Application No. 2024S-2648  
Masontown, Sewer System Improvements  
Infrastructure Preliminary Application

Dear Ms. Emery:

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:

- Forward the Application
- Return the Application
- Returned to the Applicant

Please advise if you have any questions.

Sincerely,

Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** February 12, 2025

**PROJECT SPONSOR: TOWN OF MASONTOWN - SEWER**

**PROJECT SUMMARY:** This project includes the extension of sanitary sewer service to approximately 45 new customers on Pineview Drive, as well as upgrades to the WWTP to include a new septage receiving station, water piping replacements throughout the headworks, ventilation improvements to the headworks and other miscellaneous improvements throughout the WWTP.

<b>PROPOSED FUNDING:</b> IJDC Grant	\$1,000,000
CWSRF Principal Forgiveness	<u>\$2,000,000</u>
Total	<u>\$3,000,000</u>

<b>CURRENT/ PROPOSED RATES:</b>	\$63.91	3,400 gallons
	\$73.15	4,000 gallons

Application No. 2024S-2648

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

**FINANCIAL: Stephen Edens**

1. Current rates (\$63.91 for 3,400 gallons) are above the rate attributable to 1.25% (\$36.15), 1.5% (\$43.38), 1.75% (\$50.61) and 2.0% (\$57.84) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of an IJDC Grant of \$1,000,000, and a CWSRF Principal Forgiveness of \$2,000,000, proposed rates (\$63.91 for 3,400 gallons) will provide a cash flow surplus of \$49,485 and debt service coverage of 135.41%.
3. Using the Scenario 2 alternate loan package of \$3,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$63.91 for 3,400 gallons) will provide a cash flow deficit of



\$146,153 and debt service coverage of 89.79%. An additional 21.2% (for a total of \$77.46 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$97 and debt service coverage of 118.20%.

#### 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. The Going Level and Proforma adjustments included in the Applicant's Cash Flow Analyses for Scenarios 1 and 2 were used in Staff's Cash Flow Analyses, except as noted on Attachments A and B.
- C. 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 Cash Flow Exhibit submitted with the application.
- D. The Applicant did not provide a Max Rate Cash Flow Analysis or other financial information to support its proposed rate (\$63.91 for 3,400 gallons) for Scenario 2. Staff calculated its analysis for Scenario 2 using the Applicant's Preferred Cash Flow Exhibit.
- E. Staff notes the Project Accountant stated the Applicant is requesting a waiver of Rule 42 Exhibit requirement but as of this date has not filed this request with the WVIJDC.
- F. Staff notes on the Accountant Preliminary Application Form the Project Accountant based the rates on 3,000 gallons rather than the 3,400 gallons rate.
- G. 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.

- H. 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.
- I. The Town of Masontown 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:** Jim Spurlock

1. This project might not require a Certificate of Convenience and Necessity from the PSC. The project sponsor should consult with Staff pursuant to the requirements of General Order 246 for such determination. If a Certificate is required, the utility should reference this application number on the PSC's Form No. 4 when its application is filed at the Commission given the requirement of West Virginia Code 24-2-11 (c) and (e). Staff notes that an affirmative determination of need for the project must be established in a Certificate filing at the PSC.
2. Scope: The Town of Masontown proposes to extend sanitary sewer service to 11 new customers along WV Route 7, and 34 new customers along Pineview Drive. The project also involves improvements to the Town's wastewater treatment facility, including improvements to headworks, water piping, heating and ventilation, valving, and disinfection.

Customer Density: 32.4 customers/mile; this is acceptable.

Cost per Customer: \$5,455 (taken from the total project cost estimate of \$3,000,000 spread over 505 existing and 45 new customers). The cost per new customer for the Route 7 extension is approximately \$92,455, and the cost per new customer of the Pineview Drive extension is approximately \$37,941 (taken from the construction cost of each extension with prorated soft costs).

3. Project Feasibility: The project is technically feasible. The overall cost per

customer is reasonable even though; the cost per new customer of the Route 7 extension is somewhat high. The PER explains that the route 7 extension is a result of requests for service from residents and businesses. The Pineview Drive extension, while not having its need described, has a high customer density (34 customers over 2/3 miles). The treatment plant improvements address wear and tear and relatively minor improvements to the 11-year old treatment plant. The preferred funding is entirely from grants.

4. Project Alternatives: No alternatives were presented besides “do nothing”.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: Negligible change is projected. There will, however, be costs incurred to serve the new customers.
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 \$662,500 which is equal to 30.25% of the construction cost of \$2,190,000 (including contingency).

TOWN OF MASONTOWN - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024S-2648  
 February 12, 2025

**PREFERED 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	676,873	708,058	(32,641) (1)	675,417
Other Operating Revenue	5,025	5,025	-	5,025
SB 234 Annual Working Cash Collections			32,641 (2)	32,641
Interest Income & Other Misc.	22,017	22,017	-	22,017
<b>Total Cash Available</b>	<b>703,915</b>	<b>735,100</b>	<b>-</b>	<b>735,100</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	260,667	260,667	-	260,667
Taxes	459	459	-	459
<b>Total Cash Requirements Before Debt Service</b>	<b>261,126</b>	<b>261,126</b>	<b>-</b>	<b>261,126</b>
Cash Available for Debt Service (A)	442,789	473,974	-	473,974
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	350,039	350,039	-	350,039
Other Debt			-	-
Reserve Account @ 10%	24,798	24,798	-	24,798
Renewal & Replacement Fund (2.5%)			17,011 (3)	17,011
<b>Total Debt Service Requirement</b>	<b>374,837</b>	<b>374,837</b>	<b>17,011</b>	<b>391,848</b>
SB 234 Cash Working Capital	32,641	32,641	-	32,641
<b>Remaining Cash</b>	<b>35,311</b>	<b>66,496</b>	<b>(17,011)</b>	<b>49,485</b>
Percent Coverage (A) / (B)	126.50%	135.41%		135.41%
Average rate for 3,400 gallons	\$ 63.91	\$ 63.91	\$ -	\$ 63.91
Average rate for 4,000 gallons	\$ 73.15	\$ 73.15	\$ -	\$ 73.15

TOWN OF MASONTOWN - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024S-2648

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>	675,417	(32,641)
		<b>Per Application with Project</b>	708,058	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis</b>	32,641	32,641
		<b>Per Application with Project</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>	17,011	17,011
		<b>Per Application with Project</b>	-	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF MASONTOWN - SEWER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2024  
 APPLICATION NO: 2024S-2648  
 February 12, 2025

**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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	676,873	708,058	117,359 (1)	825,417
Other Operating Revenue	5,025	5,025	-	5,025
SB 234 Annual Working Cash Collections			32,641 (2)	32,641
Interest Income & Other Misc.	22,017	22,017	-	22,017
<b>Total Cash Available</b>	<b>703,915</b>	<b>735,100</b>	<b>150,000</b>	<b>885,100</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	260,667	260,667	-	260,667
Taxes	459	459	-	459
<b>Total Cash Requirements Before Debt Service</b>	<b>261,126</b>	<b>261,126</b>	<b>-</b>	<b>261,126</b>
Cash Available for Debt Service (A)	442,789	473,974	150,000	623,974
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	350,039	350,039	177,853 (3)	527,892
Other Debt			-	-
Reserve Account @ 10%	24,798	24,798	17,785 (4)	42,583
Renewal & Replacement Fund (2.5%)			20,761 (5)	20,761
<b>Total Debt Service Requirement</b>	<b>374,837</b>	<b>374,837</b>	<b>216,399</b>	<b>591,236</b>
SB 234 Cash Working Capital	32,641	32,641	-	32,641
<b>Remaining Cash</b>	<b>35,311</b>	<b>66,496</b>	<b>(66,399)</b>	<b>97</b>
Percent Coverage (A) / (B)	126.50%	135.41%		118.20%
Average rate for 3,400 gallons	\$ 63.91	\$ 63.91	\$ 13.55	\$ 77.46
Average rate for 4,000 gallons	\$ 73.15	\$ 73.15	\$ 15.51	\$ 88.66

Staff Adjustments

<u>Adjustment Description</u>			Increase <Decrease>	
		\$		
(1)	<b>Operating Revenues</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>825,417 708,058</b>	<b>117,359</b>
Adjust revenues in accordance with PSC General Order 183.11. Staff projected an additional \$150,000 in revenues would be needed to achieve 115% debt coverage and a positive cash balance.				
(2)	<b>SB 234 Annual Working Cash Collections</b>	<b>Per Staff Analysis Per Application with Project</b>	<b>32,641 -</b>	<b>32,641</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>527,892 350,039</b>	<b>177,853</b>
The difference in P&I is related to Staff's calculation of a loan of \$3,000,000 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>42,583 24,798</b>	<b>17,785</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>20,761 -</b>	<b>20,761</b>
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				