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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., Program Manager  
Sewer Technical Review Committee

**Date:** August 15, 2025

**Subject:** City of Philippi  
IJDC Application - 2025S-2662  
Philippi Sewer 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 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. This project will need to be tabled to give time for the PSC to complete the review.
- d. \_\_\_\_ This project should be referred to the Consolidation Committee.

3. Other remarks:

The project will replace and relocate the existing Railroad Street sewer line out of the flood plain. In addition, the Tygart Valley River Crossing sewer line will be replaced. Currently the City is exceeding the plant's capacity up to 168%. This project will be the first phase to address the City's Inflow and Infiltration issues.

The proposed total cost for this project is \$2,200,000; and the City of Philippi intends to pursue a \$1,000,000 WV IJDC Grant, and \$1,200,000 CWSRF Principle Forgiveness.

Preliminary Project Ratings:

Public Health Benefits: 5  
Compliance with Standards: 20



STATE OF WEST VIRGINIA  
DEPARTMENT OF HEALTH  
BUREAU FOR PUBLIC HEALTH  
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Russel Crane  
Interim Cabinet Secretary of Health

Jason R. Frame  
OEHS Director

**MEMORANDUM**

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

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

**DATE:** April 6, 2025

**SUBJECT:** City of Philippi  
IJDC Application- **2025S-2662**  
Sewer Line Upgrade and Replacements  
Barbour 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 (Alternative 2) is to replace and relocate the Railroad Street sewer line and to decommission the Tygart Glen WWTP.

The total project cost is **\$1,656,000.00**

**Need for the Project:**

The current Railroad Street line had plugged due to gravel getting into the line. The COP flushed the line, but observed areas where the pipe was partially crushed, contributing to the plugging problem.

**Concerns:** No concerns were noted.

**Permits:** None listed in the PER.





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**MEMORANDUM**

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

**FROM:** Spencer Fultineer, DWWM

**DATE:** August 11, 2025

**SUBJECT:** City of Philippi  
IJDC Application - 2025S-2662  
Philippi Sewer 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 has been reviewed and is technically feasible.

**PROJECT DESCRIPTION**

The City of Philippi (COP) owns and operates a combined wastewater collection system and a 0.5 million gallons per day (MGD) wastewater treatment plant (WWTP). This treatment plant discharges into the Tygart Valley River. This system serves 1,085 residential, 177 commercial, and 13 industrial customers. The total usage of all 1,215 customers came out to 105,599,000 gallons/year or 3,678 EDUs. COP also owns and operates the Tygart Glen Subdivision Package Plant. It is rated for 16,000 GPD, but on average treats approximately 14,400 GPD. COP's system is a combined system with 11 outlets that discharge into the Tygart Valley River.

The proposed project will replace and relocate the Railroad Street sewer line out of the flood plain. The project will also replace the Tygart Valley River Crossing sewer line.

The proposed total cost for this project is \$2,200,000; and the City of Philippi intends to pursue a \$1,000,000 WV IJDC Grant, and \$1,200,000 CWSRF Principle Forgiveness. The proposed monthly rate for 3,400 gallons is \$63.31 (2.09% MHI).

## **NEED FOR PROJECT**

The existing WWTP has a design capacity of 500,000 GPD and treats an average of 342,000 GPD. The most recent Annual Report states that the WWTP has an existing average flow of 840,000 GPD. This is approximately 168% of the plant's capacity. This project is necessary as the first step in the City of Philippi's correction of their Inflow and Infiltration issues.

## **DEFICIENCIES/COMMENTS**

- Using the Combined Application, the Design, and Total Engineering Fees appear to be within the ASCE Curves.
- The PER will need to be developed into a facilities plan that meets CWSRF requirements if CWSRF is used.

### **Preliminary Project Ratings:**

Public Health Benefits: 5  
Compliance with Standards: 20

# 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 11, 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. 2025S-2562  
Philippi, City of – 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:

- ☒ 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 11, 2025

**PROJECT SPONSOR: CITY OF PHILIPPI – SEWER**

**PROJECT SUMMARY:** The City of Philippi is proposing to install a new sewer main along Railroad Street, and make improvements to its collection system.

|  |                    |
|--|--------------------|
| <b>PROPOSED FUNDING:</b> CWSRF Principal Forgiveness | \$1,200,000        |
| IJDC Grant   | <u>\$1,000,000</u> |
| Total  | \$2,200,000        |

|                       |         |               |
|-----------------------|---------|---------------|
| <b>CURRENT RATES:</b> | \$35.36 | 3,400 gallons |
|                       | \$41.60 | 4,000 gallons |

|                        |         |               |
|------------------------|---------|---------------|
| <b>PROPOSED RATES:</b> | \$63.31 | 3,400 gallons |
|                        | \$74.48 | 4,000 gallons |

Application No. 2025S-2662

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

**FINANCIAL:** Stephen Edens

1. Current rates (\$35.36 for 3,400 gallons) are below the rate attributable to 1.25% (\$37.89), 1.5% (\$45.46), 1.75% (\$53.04) and 2.0% (\$60.62) 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 \$80,495, \$321,913, \$563,331, and \$804,749 respectively.
2. Using Scenario 1, the preferred funding package consisting of an CWSRF Principal Forgiveness of \$1,200,000, and a \$1,000,000 IJDC Grant, proposed rates (\$63.31 for 3,400 gallons) will provide a cash flow surplus of \$17,217 and debt service coverage of 207.82%.

3. Using the Scenario 2 alternate loan package of \$2,200,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$72.18 for 3,400 gallons) will provide a cash flow surplus of \$6,202 and debt service coverage of 163.38%.

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 Rule 42 Exhibit submitted with the application.
- D. Staff notes the Applicant's cash flow analyses include going level rates of \$63.31 (for 3,400 gallons), however, as of this date no ordinance adopting these rates has been submitted to the Commission for Legal Division's review. Staff included these rates in its analyses.
- E. 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.
- F. 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.



G. Based on the City's per books and per books adjusted deficit it should consider passing an ordinance to adjust rates and resolve any deficiencies. The City of Philippi 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 City of Philippi is proposing to install a new sewer main along Railroad Street, remove its existing Tygart Glen Subdivision Package Plant and gravity transport the flows to an existing lift/pump station, and make upgrades to an existing lift/pump station. The proposed project scope includes: 5 cut/cap/abandon existing sewer pipes, abandon 3 existing manholes, 12 service lateral reconnections, replace 200 LF of existing 24-inch PVC sewer main, 1100 LF of new 24-inch DIP sewer main, 40 LF of 36-inch steel casing (bore & jack) railroad crossing, 1550 LF of 8-inch PVC sewer main, 8 new manholes, 1 drop manhole connection, 1100 LF of Type A Trench Repair, 1100 SY of 2-inch asphalt pavement, 60 LF of 15-inch gravity sewer pipe, 1 connection to existing manhole, 475 LF of 8-inch HDPE directional drill, 1 connection to existing force main, 1 cut and cap existing sewer pipe, new lift station (complete with controls), and all necessary appurtenances. The estimated construction cost is \$1,571,800 (includes 8.0% construction contingency), and the estimated total project cost is \$2,200,000 (includes 2.54% project contingency).

Need: The City of Philippi is proposing to install a new sewer main along Railroad Street, and make improvements to its collection system. Additionally, the PER states that the Tygart Subdivision Package Plant "...has proven to be difficult..." due to overflows resulting in releasing solids into Hackers Creek during rain events, and subsequent Notice of Violation from WVDEP.

Customer Density: This project is an upgrade project; therefore, customer density will remain unchanged.

Cost per Customer: Based upon the estimated total project cost of \$2,200,000, and serving approximately 1215 customers, the cost per customer will be approximately \$1,811. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. Project Feasibility: The project appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER did include an evaluation of alternatives: Alternative #1 – Do Nothing, Alternative #2 – Railroad Street Sewer Replacement/Relocation & Tygart Valley River Crossing Replacement. The PER indicates that Alternative #2 was selected as the proposed scope will provide improved sewage collection, decrease collection system I&I, and replace manholes and sewer lines that are beyond their useful life.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER included a breakdown of changes to O&M, and suggests that costs are estimated to increase by approximately \$10,569 primarily due to the additional pumping and collection 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 \$325,000, which is equal to 19.15% of the construction cost of \$1,697,544 (includes 8.0% construction contingency).
8. Deficiencies/Comments:
  - Nothing significant to note.

CITY OF PHILIPPI - SEWER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO. 2025S-2662  
August 11, 2025

**PREFERED FUNDING PACKAGE  
SCENARIO 1**

|  | Rule 42<br>Going Level<br>Per Application<br>Before Project | Rule 42<br>Proforma<br>Per Application<br>with Project | Staff<br>Adjustments | Per Staff<br>Analysis |
|--|---|--|----------------------|-----------------------|
|  | 1   | 2  | 3                    | 4                     |
|  | \$  | \$   | \$                   | \$                    |
| <b>AVAILABLE CASH</b>                          |   |  |                      |                       |
| Operating Revenues                             | 992,880   | 991,559  | -                    | 991,559               |
| Other Operating Revenue                        | 31,231  | 31,231   | -                    | 31,231                |
| SB 234 Annual Working Cash Collections         | 100,686   | 102,007  | -                    | 102,007               |
| Interest Income & Other Misc.                  | 11,927  | 11,927   | -                    | 11,927                |
| Total Cash Available                           | 1,136,724   | 1,136,724  | -                    | 1,136,724             |
| <b>OPERATING DEDUCTIONS</b>                    |   |  |                      |                       |
| Operating Expenses                             | 805,485   | 816,054  | -                    | 816,054               |
| Taxes  | 20,177  | 20,177   | -                    | 20,177                |
| Total Cash Requirements Before<br>Debt Service | 825,662   | 836,231  | -                    | 836,231               |
| Cash Available for Debt Service (A)            | 311,062   | 300,493  | -                    | 300,493               |
| <b>DEBT SERVICE REQUIREMENTS</b>               |   |  |                      |                       |
| Principal & Interest (B)                       | 144,596   | 144,596  | -                    | 144,596               |
| Other Debt                                     | 11,103  | 11,103   | -                    | 11,103                |
| Reserve Account @ 10%                          |   |  | -                    | -                     |
| Renewal & Replacement Fund (2.5%)              | 34,375  | 34,375   | (8,805) (1)          | 25,570                |
| Total Debt Service Requirement                 | 190,074   | 190,074  | (8,805)              | 181,269               |
| SB 234 Cash Working Capital                    | 100,686   | 102,007  | -                    | 102,007               |
| Remaining Cash                                 | 20,302  | 8,412  | 8,805                | 17,217                |
| Percent Coverage (A) / (B)                     | 215.12%   | 207.82%  |                      | 207.82%               |
| Average rate for 3,400 gallons                 | \$ 63.31  | \$ 63.31   | \$ -                 | \$ 63.31              |
| Average rate for 4,000 gallons                 | \$ 74.48  | \$ 74.48   | \$ -                 | \$ 74.48              |

| Staff Adjustments             |                                   |                              |                        |
|-------------------------------|-----------------------------------|------------------------------|------------------------|
|                               |                                   | \$                           | Increase<br><Decrease> |
| <u>Adjustment Description</u> |                                   |                              |                        |
| (1)                           | Renewal & Replacement Fund (2.5%) | Per Staff Analysis           | 25,570                 |
|                               |                                   | Per Application with Project | 34,375                 |

(8,805)

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

CITY OF PHILIPPI - SEWER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO. 2025S-2662  
August 11, 2025

**LOAN PACKAGE  
SCENARIO 2**

|  | Max Rate<br>Going Level<br>Per Application<br>Before Project | Max Rate<br>Proforma<br>Per Application<br>with Project | Staff<br>Adjustments | Per Staff<br>Analysis |
|--|--|---|----------------------|-----------------------|
|  | 1  | 2   | 3                    | 4                     |
|  | \$   | \$  | \$                   | \$                    |
| <b>AVAILABLE CASH</b>                          |  |   |                      |                       |
| Operating Revenues                             | 992,880  | 1,132,026   | -                    | 1,132,026             |
| Other Operating Revenue                        | 31,231   | 34,863  | -                    | 34,863                |
| SB 234 Annual Working Cash Collections         | 100,686  | 114,797   | -                    | 114,797               |
| Interest Income & Other Misc.                  | 11,927   | 11,927  | -                    | 11,927                |
| Total Cash Available                           | 1,136,724  | 1,293,613   | -                    | 1,293,613             |
| <b>OPERATING DEDUCTIONS</b>                    |  |   |                      |                       |
| Operating Expenses                             | 805,485  | 824,098   | -                    | 824,098               |
| Taxes  | 20,177   | 20,177  | -                    | 20,177                |
| Total Cash Requirements Before<br>Debt Service | 825,662  | 844,275   | -                    | 844,275               |
| Cash Available for Debt Service (A)            | 311,062  | 449,338   | -                    | 449,338               |
| <b>DEBT SERVICE REQUIREMENTS</b>               |  |   |                      |                       |
| Principal & Interest (B)                       | 144,596  | 274,032   | 989 (1)              | 275,021               |
| Other Debt                                     | 11,103   | 11,103  | -                    | 11,103                |
| Reserve Account @ 10%                          |  | 12,944  | 99 (2)               | 13,043                |
| Renewal & Replacement Fund (2.5%)              | 34,375   | 34,375  | (5,203) (3)          | 29,172                |
| Total Debt Service Requirement                 | 190,074  | 332,454   | (4,115)              | 328,339               |
| SB 234 Cash Working Capital                    | 100,686  | 114,797   | -                    | 114,797               |
| Remaining Cash                                 | 20,302   | 2,087   | 4,115                | 6,202                 |
| Percent Coverage (A) / (B)                     | 215.12%  | 163.97%   |                      | 163.38%               |
| Average rate for 3,400 gallons                 | \$ 63.31   | \$ 72.18  | \$ -                 | \$ 72.18              |
| Average rate for 4,000 gallons                 | \$ 74.48   | \$ 84.91  | \$ -                 | \$ 84.91              |

**CITY OF PHILIPPI - SEWER  
CASH FLOW ANALYSIS  
YEAR ENDED: June 30, 2024  
APPLICATION NO. 2025S-2662**

**Attachment B  
LOAN PACKAGE  
SCENARIO 2**

**Staff Adjustments**

| <u>Adjustment Description</u>  |  | \$                                  | Increase<br><Decrease> |                |
|--|--|-------------------------------------|------------------------|----------------|
| (1)  | <b>Principal &amp; Interest</b>              | <b>Per Staff Analysis</b>           | <b>275,021</b>         | <b>989</b>     |
|  |  | <b>Per Application with Project</b> | <b>274,032</b>         |                |
| The difference in P&I is related to Staff's calculation of a loan of \$2,200,000 for 40 years (paid back over 38 years) at 5%. |  |                                     |                        |                |
| (2)  | <b>Reserve Account @ 10%</b>                 | <b>Per Staff Analysis</b>           | <b>13,043</b>          | <b>99</b>      |
|  |  | <b>Per Application with Project</b> | <b>12,944</b>          |                |
| Staff assumed a 10% reserve on the new debt.   |  |                                     |                        |                |
| (3)  | <b>Renewal &amp; Replacement Fund (2.5%)</b> | <b>Per Staff Analysis</b>           | <b>29,172</b>          | <b>(5,203)</b> |
|  |  | <b>Per Application with Project</b> | <b>34,375</b>          |                |
| Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.              |  |                                     |                        |                |