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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:** Brad Sergent, Chair  
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

**Date:** February 18, 2026

**Subject:** City of Stonewood  
IJDC Application - 2025W-2739  
Water Systems Improvement 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.

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- 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 include replacement of 20 fire hydrants, one new hydrant, replace 3 flushing hydrants, repainting water storage tank, replacement of valves, repairs, upgrade the access road to the tank, and purchase leak detection equipment. The project will address safety and fire protection issues, extend the useful life of the storage tank and access to it, and enable the City to reduce unaccounted for water within the system.

The total project cost is \$1,000,000 and the City intends to pursue a \$500,000 WVIJDC Grant and a \$500,000 WVDEP DWTRF principal forgiveness loan. The current monthly rate for 3,400 gallons is \$56.93 (1.51% MHI) with a going level increase taking the rate to \$63.48 (1.68% MHI) (based on the Combined Application).

BPH noted in their review that the July 16, 2024 sanitary survey documented areas within the distribution system that cannot maintain the minimum chlorine residuals due to failing equipment in the booster station. This needs to be addressed as part of the project.

Preliminary Project Ratings:

Public Health Benefits: 5  
Compliance with Standards: 10



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**MEMORANDUM**

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

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

**DATE:** February 10, 2026

**SUBJECT:** City of Stonewood  
IJDC Application - 2025W-2739  
Water System Improvements

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**RECOMMENDATION**

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

**PROJECT DESCRIPTION**

The City of Stonewood (City) currently owns and operates a Class B water distribution system that serves the residents of Stonewood, WV located in Harrison County. The City purchases treated surface water from the Clarksburg Water Board, also located in Harrison County, WV. The City intends to replace fire hydrants, rehabilitate their water storage tank and purchase leak detection equipment in order to address fire protection requirements and safety, correct deficiencies, and improve maintenance of the existing system.

The proposed project will include replacement of 20 fire hydrants, one new hydrant, replace 3 flushing hydrants, repainting water storage tank, replacement of valves, repairs, upgrade the access road to the tank, and purchase leak detection equipment.

The proposed total cost for this project is \$1,000,000 and City intends to pursue a \$500,000 WV IJDC grant and a \$500,000 WVDEP DWTRF principal forgiveness loan. The current monthly rate for 3,400 gallons is \$56.93 (1.51% MHI) with a going level increase taking the rate to \$63.48 (1.68% MHI) (based on the Combined Application).

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## **NEED FOR PROJECT**

The City of Stonewood is facing several infrastructure challenges that require immediate attention to ensure the continued reliability, safety, and regulatory compliance of its water distribution system. Many of the fire hydrants have reached the end of their expected useful life. The City's only water storage tank is nearly 50 years old and is deteriorating. The City conducted an independent study on the tank showing the need for repairs and replacements in order to provide continued use of the existing tank. The City is committed to providing a safe and dependable water system for its residents by addressing the current needs and enhancing the ability of the City to properly maintain its system well into the future.

## **DEFICIENCIES/COMMENTS**

- Alternative analysis could be expanded to include other alternatives.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE curve.

### Preliminary Project Ratings:

Public Health Benefits: 5  
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



February 10, 2026

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-2739  
Stonewood, City of – Water Distribution 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

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** February 10, 2026

**PROJECT SPONSOR: CITY OF STONEWOOD – (WATER)**

**PROJECT SUMMARY:** The City of Stonewood is proposing to make improvements to its water distribution system.

<b>PROPOSED FUNDING:</b> IJDC Grant	\$ 500,000
DWTRF Principal Forgiveness Loan	<u>500,000</u>
Total	\$1,000,000

<b>CURRENT RATES:</b>	\$ 56.93	3,400 gallons
	\$ 66.06	4,000 gallons

<b>PROPOSED RATES:</b>	\$ 63.48	3,400 gallons
	\$ 73.66	4,000 gallons

Application No. 2025W-2739

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

**FINANCIAL:** Bob Cadle

1. Current rates (\$56.93 for 3,400 gallons) are above the rates attributable to 1.25% (\$47.12) and 1.50% (\$56.55) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$65.97), and 2% (\$75.39) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$82,674 and \$168,869 respectively.
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Principal Forgiveness Loan of \$500,000, and an IJDC Grant of \$500,000, proposed rates (\$63.48 for 3,400 gallons) will provide a cash flow surplus of \$21,494 and debt service coverage of 174.73%.
3. Using the Scenario 2 alternate loan package of \$1,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years),

proposed rates (\$69.84 for 3,400 gallons) will provide a cash flow surplus of \$18,486 and debt service coverage of 156.14%.

#### 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, 2025, and the Applicant's Cash Flow Statement submitted with the application.
- C. Because proposed funding is based on all grant funding, the Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. It should be noted the Town is proposing Going Level rates of (\$63.48 for 3,400 gallons). These rates were adopted by City Council on January 6, 2026, with an effective date of February 20, 2026. Staff's analyses reflect these rates.
- E. Staff also notes, the Cash Flow Analyses reflected the Cash Working Capital Reserve amounts of \$45,681 at Going Level and \$45,232 at Proforma for the revenue collections. Staff used the \$45,681 amount in its analysis at Proforma.
- 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.
- G. 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.

H. The City of Stonewood 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 Stonewood is proposing to make improvements to its water distribution system. The proposed project scope includes: mobilization, demobilization, videotaping project area, construction stakeout, replace 20 fire hydrant assemblies, install 1 new fire hydrant assembly, replace 3 two-inch (2") post flushing hydrant assembly, 150 LF of WVDOH Type "B" Trench Repair, 100 LF of concrete curb and sidewalk repair, 200 LF of 2-inch Hot Mix Asphalt overlay with roto-milling and pavement markings, leak detection equipment, rehabilitation (interior surface preparation with priming and painting, exterior preparation with priming and painting) of 160,000 gallon water storage tank, replacement of valves in water storage tank valve pit, sealing between tank and foundation, new rubber gaskets and bolts for hatches and manways, access road upgrades, temporary water storage tank, and all necessary appurtenances. The estimated construction cost is \$715,000 (includes 14.49% construction contingency), and the estimated total project cost is \$1,000,000.

Need: The PER indicates that existing fire hydrants have reached or exceeded their expected useful life, and the existing 160,000-gallon water storage tank needs rehabilitation (interior and exterior) to address maintenance concerns. The PER states that this project will resolve current water system deficiencies.

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 \$1,000,000, and having approximately 902 customers, the cost per customer will be approximately \$1,109. 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 evaluated three (3) alternates: Alternative #1 – Fire Hydrant Replacement and Water Storage Tank Rehabilitation, Alternative #2 – Perform Fire Hydrant Replacement Work Only, and Alternative #3 – Do Nothing. The PER states that Alternative #1 was selected.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER did not include a breakdown of changes to O&M, but did include a statement that “This project is not expected to significantly change the current Operation and Maintenance costs to the City of Stonewood.”
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 \$165,000, which is equal to 23.08% of the construction cost of \$715,000 (includes 14.49% construction contingency).
8. Deficiencies/Comments:
  - Nothing significant to note.

CITY OF STONEWOOD - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2025  
 APPLICATION NO: 2025W-2739  
 February 10, 2026

**PREFERRED 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><u>AVAILABLE CASH</u></b>				
Operating Revenues	580,453	580,453	-	580,453
Other Operating Revenue	14,936	14,936	-	14,936
SB 234 Annual Working Cash Collections	45,681	45,681	-	45,681
Interest Income & Other Misc.	-	-	-	-
<b>Total Cash Available</b>	<b>641,070</b>	<b>641,070</b>	<b>-</b>	<b>641,070</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	361,856	361,856	-	361,856
Taxes	8,892	8,892	-	8,892
<b>Total Cash Requirements Before Debt Service</b>	<b>370,748</b>	<b>370,748</b>	<b>-</b>	<b>370,748</b>
<b>Cash Available for Debt Servi (A)</b>	<b>270,322</b>	<b>270,322</b>	<b>-</b>	<b>270,322</b>
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	154,704	154,704	-	154,704
Other Debt	33,558	33,558	-	33,558
Reserve Account @ 10%	-	-	-	-
Renewal & Replacement Fund (2.5%)	16,363	16,363	(1,478) (1)	14,885
<b>Total Debt Service Requirement</b>	<b>204,625</b>	<b>204,625</b>	<b>(1,478)</b>	<b>203,147</b>
<b>SB 234 Cash Working Capital</b>	<b>45,681</b>	<b>45,681</b>	<b>-</b>	<b>45,681</b>
<b>Remaining Cash</b>	<b>20,016</b>	<b>20,016</b>	<b>1,478</b>	<b>21,494</b>
<b>Percent Coverage (A) / (B)</b>	<b>174.73%</b>	<b>174.73%</b>		<b>174.73%</b>
Average rate for 3,400 gallons	\$ 63.48	\$ 63.48	\$ -	\$ 63.48
Average rate for 4,000 gallons	\$ 73.66	\$ 73.66	\$ -	\$ 73.66

Staff Adjustments

<u>Adjustment Description</u>			Increase <Decrease>
		\$	
(1)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	14,885 16,363 (1,478)

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

CITY OF STONEWOOD - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2025  
 APPLICATION NO: 2025W-2739  
 February 10, 2026

**LOAN FUNDING 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	580,453	643,066	-	643,066
Other Operating Revenue	14,936	16,122	-	16,122
SB 234 Annual Working Cash Collections	45,681	45,681	-	45,681
Interest Income & Other Misc.	-	-	-	-
<b>Total Cash Available</b>	<b>641,070</b>	<b>704,869</b>	<b>-</b>	<b>704,869</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	361,856	361,856	-	361,856
Taxes	8,892	8,892	-	8,892
<b>Total Cash Requirements Before Debt Service</b>	<b>370,748</b>	<b>370,748</b>	<b>-</b>	<b>370,748</b>
Cash Available for Debt Servi (A)	270,322	334,121	-	334,121
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	154,704	213,539	449 (1)	213,988
Other Debt	33,558	33,558	-	33,558
Reserve Account @ 10%	-	5,884	44 (2)	5,928
Renewal & Replacement Fund (2.5%)	16,363	16,363	117 (3)	16,480
<b>Total Debt Service Requirement</b>	<b>204,625</b>	<b>269,344</b>	<b>611</b>	<b>269,954</b>
SB 234 Cash Working Capital	45,681	45,681	-	45,681
<b>Remaining Cash</b>	<b>20,016</b>	<b>19,096</b>	<b>(611)</b>	<b>18,486</b>
Percent Coverage (A) / (B)	174.73%	156.47%		156.14%
Average rate for 3,400 gallons	\$ 63.48	\$ 69.84	\$ -	\$ 69.84
Average rate for 4,000 gallons	\$ 73.66	\$ 81.04	\$ -	\$ 81.04

**Staff Adjustments**

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>213,988</b>	<b>449</b>
		<b>Per Application with Project</b>	<b>213,539</b>	
	The difference in P&I is related to Staff's calculation of a loan of \$1,000,000 for 40 years (paid over 38 years) at 5%.			
(2)	<b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>5,928</b>	<b>44</b>
		<b>Per Application with Project</b>	<b>5,884</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>16,480</b>	<b>117</b>
		<b>Per Application with Project</b>	<b>16,363</b>	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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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  
Technical Analyst  
General Permits & Support Team

**DATE:** January 30, 2026

**SUBJECT:** Infrastructure Preliminary Application for the City of Stonewood (2025W-2739):  
Water System Improvements in Harrison County, WV.

We have reviewed the above referenced project application information. The City of Stonewood purchases water from the City of Clarksburg. No NPDES permit modifications are necessary.

If the City of Stonewood 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 City of Stonewood 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 City of Stonewood 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

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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