



west virginia department of environmental protection

Division of Water and Waste Management
601 57th 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: December 12, 2025

Subject: City of Thomas
IJDC Application - 2021S-2052
Phase I - Wastewater System Improvements

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.

- 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 upgrade the wastewater treatment plant and collection system. This will address the excess inflow and infiltration in the system, upgrade aging infrastructure and capacity issues at the WWTP. The City is under WVDEP Order #8628 and has several notices of violation. This project will address these issues.

Cybersecurity measures should be considered in the design of this project.

Prior to the WWTP upgrade portion of this project moving forward, the City will need to discuss how funding this portion of work will be inline with the regional wastewater treatment concept of the Blackwater PSD.

The total project cost is \$4,450,000 and the City intends to pursue a \$96,000 Tucker County Commission ARPA grant, a \$3,000,000 community development block grant, a \$100,000 CWSRF principal forgiveness loan, and a \$1,254,000 WVDEP CWSRF loan.

Preliminary Project Ratings:

Public Health Benefits: 5
Compliance with Standards: 10



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

Arvin Singh, EdD, MBA, MPH, MS, FACHDM, FACHE
Secretary of Health

Jason R. Frame
OEHS Director

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

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

DATE: December 1, 2025

SUBJECT: City of Thomas
IJDC Application- **2021S-2052**
Wastewater Collection System Improvements
Tucker County

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

Project Scope: This project proposes the installation of a new mechanical bar screen at the wastewater treatment plant, repair of the chlorine contact tank's concrete wall to restore structural integrity, replacement of both existing lift stations, replacement of approximately 2,500 linear feet of gravity sewer piping with durable PVC material, replacement of 13 manholes to support the new sewer line infrastructure and replacement of approximately 34 customer service laterals.

The total project cost is **\$4,450,000.00**.

Need for the Project: The project is needed to eliminate excessive inflow and infiltration on its current system.

Concerns: No concerns were noted.

Permits: Permits expected to be required include:

- WV Bureau of Public Health Permit
- WVDEP NPDES and Construction Permits
- WV State Historical and Preservation Office
- US Corps of Engineers





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MEMORANDUM

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

FROM: Tyler Barrett, E.I., DWWM

DATE: November 25, 2025

SUBJECT: City of Thomas
IJDC Application - 2021S-2052
Phase I - Wastewater System Improvements

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report prepared by Civil and Environmental Consultants, Inc. for the above-mentioned project have been reviewed and is technically feasible.

PROJECT DESCRIPTION

The City of Thomas operates a combined sewer collection system with approximately 52,800 LF of gravity line and an existing 0.15 MGD wastewater treatment plant within Tucker County. The City is authorized to operate their wastewater system under the National Pollutant Discharge Elimination System (NPDES) Permit No. WV00234856. The City provides service to approximately 333 existing customers.

This project proposes improvements to the existing wastewater treatment plant (WWTP), replacement of the two main lift stations, and replacement of portions of the collection system. At the WWTP, the project calls for the installation of a new mechanical bar screen with a pole building enclosure, repairs to the chlorine contact tank, and the removal and disposal of sludge from the WWTP ponds. The Cortland Acres and Lift Station A will be replaced with new duplex submersible lift stations. For the collection system, the project proposes to replace approximately 2,500 linear feet of gravity sewer line with PVC, install 13 new manholes, and reconnect around 34 customer service laterals using 1,700 linear feet of new piping.

The total project cost is \$4,450,000 and the City intends to pursue a \$96,000 Tucker County Commission ARPA Grant, a \$3,000,000 Community Development Block Grant, a \$100,000 WVDEP CWSRF Principal Forgiveness Loan, and a \$1,254,000 WVDEP CWSRF Loan (3%, 20 years). The current rate for 3,400 gallons is \$40.02 (0.96% of MHI).

NEED FOR PROJECT

This project is needed to address multiple concerns within the sanitary sewer system, primarily excessive inflow and infiltration (I&I), that are causing problems within the system. With over 60% of the City's sanitary lines constructed from deteriorated terracotta pipe, excess inflow is entering through cracks, misalignments, root intrusions, and structural collapses. This excessive inflow accelerates wear on the Cortland Acres Lift Station, Lift Station A, and the WWTP, leading to premature degradation of equipment, increased operational costs, and difficulty maintaining required discharge limits. Additionally, the City of Thomas is currently not compliant and is under WVDEP Order #8628 with multiple Notices of Violation (NOVs). This project will address these issues.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be within the ASCE Curve.
- Cybersecurity measures should be considered in the design of this project.

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



December 8, 2025

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

Re: Public Service Commission Staff Review Comments
Application No. 2021S-2052
Thomas, 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

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: December 8, 2025

PROJECT SPONSOR: CITY OF THOMAS – (SEWER)

PROJECT SUMMARY: The City of Thomas is proposing to make improvements to its existing collection and treatment system.

PROPOSED FUNDING:	Community Development Block Grant	\$3,000,000
	Tucker County Comm. ARPA Grant	96,000
	CWSRF Principal Forgiveness	100,000
	CWSRF Loan (2.75%, .25% AF, 20 yrs.)	<u>1,254,000</u>
	Total	\$4,450,000

CURRENT RATES:	\$40.02	3,400 gallons
	\$47.08	4,000 gallons

PROPOSED RATES:	\$53.82	3,400 gallons
	\$63.32	4,000 gallons

Application No. 2021S-2052

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

FINANCIAL: Alex Kovarik

1. Current rates (\$40.02 for 3,400 gallons) are below the rates attributable to 1.25% (\$53.57), 1.5% (\$64.29), 1.75% (\$75.00), and 2.0% (\$85.72) 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 \$73,391, \$131,406, \$189,422, and \$247,437 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Community Development Block Grant of \$3,000,000, a Tucker County Commission ARPA Grant of \$96,000, a CWSRF Principal Forgiveness Loan of \$100,000 and a CWSRF Loan of \$1,254,000 at 2.75%, .25% Admin Fee, for 20 years, proposed rates (\$53.82 for 3,400 gallons) will provide a cash flow surplus of \$9,715 and debt service coverage of 152.11%.

3. Using the Scenario 2 alternate loan package of \$4,354,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Tucker County Commission ARPA Grant of \$96,000, proposed rates (\$84.83 for 3,400 gallons) will provide a cash flow deficit of \$16,990 and debt service coverage of 120.46%. An additional 3.9% (for a total of \$88.14 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$560 and debt service coverage of 126.36%.

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 used the MHI for the City of Thomas of \$51,429 from the 2020 U.S. Census. The City did not list an MHI in its application.
- 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. The project sponsor included in its Cash Flow Analysis a Town Repayment of \$30,000 as a Going Level adjustment to its Debt Service Requirements. No justification was provided in the filing for this adjustment and it was not listed on the City's Statement C in its Rule 42 Exhibit.
- 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. The City 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. 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 Thomas proposes to replace 2,500 feet of gravity sewer mains, both existing lift stations, and 13 manholes. At the wastewater treatment plant, install a new mechanical bar screen, repair the chlorine tank's concrete wall, and remove sludge from the ponds. The project is the first of two phases of sewer system improvements.

Customer Density: N/A

Cost per Customer: \$2,967

Taken from the total project cost estimate of \$4,450,000 spread over 1,500 existing customers.

3. Project Feasibility: The project is technically feasible. The cost per customer is reasonable. The City has received numerous notices of violation regarding the system. The project will address excessive I/I, and replace aged facilities.
4. Project Alternatives: The alternative of utilizing concrete rather than HDPE wells for the lift stations, and pipe bursting rather than replacement with PVC lines, was evaluated and found to be less feasible.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.

7. Operation and Maintenance (O & M) Expenses: O & M costs are projected to increase by \$5,500 annually as a result of the project. The estimate is itemized, but supporting calculations were not provided.
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 \$770,000 which is equal to 22.99% of the construction cost of \$3,350,000 (including contingency).

CITY OF THOMAS - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2021S-2052
December 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	216,687	279,090	-	279,090
Other Operating Revenue	3,350	4,506	-	4,506
SB 234 Annual Working Cash Collections		12,342	-	12,342
Interest Income & Other Misc.	3,137	3,137	-	3,137
Total Cash Available	223,174	299,075	-	299,075
OPERATING DEDUCTIONS				
Operating Expenses	91,138	98,733	(66) (1)	98,667
Taxes	3,491	3,719	-	3,719
Total Cash Requirements Before Debt Service	94,629	102,452	(66)	102,386
Cash Available for Debt Service (A)	128,545	196,623	66	196,689
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	46,955	133,664	(4,357) (2)	129,307
Town Repayment	30,000	30,000	-	30,000
Reserve Account @ 10%	-	8,671	(436) (3)	8,235
Renewal & Replacement Fund (2.5%)	8,963	8,963	(1,873) (4)	7,090
Total Debt Service Requirement	85,918	181,298	(6,665)	174,632
SB 234 Cash Working Capital	-	12,342	-	12,342
Remaining Cash	42,627	2,983	6,731	9,715
Percent Coverage (A) / (B)	273.76%	147.10%		152.11%
Average rate for 3,400 gallons	\$ 40.02	\$ 53.82	\$ -	\$ 53.82
Average rate for 4,000 gallons	\$ 47.08	\$ 63.32	\$ -	\$ 63.32

**CITY OF THOMAS - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2021S-2052**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>			
		\$	Increase <Decrease>
(1) Operating Expenses	Per Staff Analysis	98,667	(66)
	Per Application with Project	98,733	
The difference is related to Staff's calculation of a .25% administrative fee on the CWSRF Loan.			
(2) Principal & Interest	Per Staff Analysis	129,307	(4,357)
	Per Application with Project	133,664	
The difference in P&I is related to Staff's calculation of a CWSRF Loan of \$1,254,000 for 20 years at 2.75%.			
(3) Reserve Account @ 10%	Per Staff Analysis	8,235	(436)
	Per Application with Project	8,671	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	7,090	(1,873)
	Per Application with Project	8,963	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

CITY OF THOMAS - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2021S-2052
December 8, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	216,687	447,100	18,000 (1)	465,100
Other Operating Revenue	3,350	7,101	-	7,101
SB 234 Annual Working Cash Collections		12,232	-	12,232
Interest Income & Other Misc.	3,137	3,137	-	3,137
Total Cash Available	223,174	469,570	18,000	487,570
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	91,138	97,852	-	97,852
Taxes	3,491	4,230	-	4,230
Total Cash Requirements Before Debt Service	94,629	102,082	-	102,082
Cash Available for Debt Service (A)	128,545	367,488	18,000	385,488
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	46,955	308,769	(3,690) (2)	305,079
Town Repayment	30,000	30,000	-	30,000
Reserve Account @ 10%	-	7,378	18,434 (3)	25,812
Renewal & Replacement Fund (2.5%)	8,963	8,963	2,842 (4)	11,805
Total Debt Service Requirement	85,918	355,110	17,586	372,696
SB 234 Cash Working Capital	-	12,232	-	12,232
Remaining Cash	42,627	146	414	560
Percent Coverage (A) / (B)	273.76%	119.02%		126.36%
Average rate for 3,400 gallons	\$ 40.02	\$ 84.83	\$ 3.31	\$ 88.14
Average rate for 4,000 gallons	\$ 47.08	\$ 99.80	\$ 3.89	\$ 103.69

**CITY OF THOMAS - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2024
APPLICATION NO: 2021S-2052**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>			
		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	465,100	18,000
	Per Application with Project	447,100	
Staff projected that an additional \$18,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus.			
(2) Principal & Interest	Per Staff Analysis	305,079	(3,690)
	Per Application with Project	308,769	
The difference in P&I is related to Staff's calculation of a loan of \$4,354,000 for 40 years (funded over 38 years) at 5%.			
(3) Reserve Account @ 10%	Per Staff Analysis	25,812	18,434
	Per Application with Project	7,378	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	11,805	2,842
	Per Application with Project	8,963	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			