

Public Service Commission of West Virginia

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April 21, 2026

Katheryn Emery, P.E., Program Manager
CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Re: Public Service Commission Staff Review Comments
Application No. 2023S-2401
Cowen PSD – Bolair Sewer System
Revised Infrastructure Preliminary Application

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: April 21, 2026

PROJECT SPONSOR: COWEN PUBLIC SERVICE DISTRICT – (SEWER)

PROJECT SUMMARY: The Cowen Public Service District is proposing to revise its previously approved Bolair Sewer System project scope by increasing the proposed customer count by 50% (from 100 to 150), which increases the project cost by approximately 65%.

PROPOSED FUNDING: IJDC Grant	\$ 1,000,000
CDS Grant	4,616,000
USA Corps of Engineers Grant	1,600,000
CWSRF Principal Forgiveness	2,000,000
CWSRF Green Infrastructure	500,000
CWSRF Loan (0.25%, 40 yrs.)	<u>1,000,000</u>
Total	\$ 10,716,000

Application No. 2023S-2401

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

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 Cowen Public Service District is proposing to revise its previously approved Bolair Sewer System project scope by increasing the proposed customer count by 50% (from 100 to 150), which increases the project cost by approximately 65%. The revised project scope includes: mobilization/demobilization, videotaping project area, erosion and sediment control, 17670 LF of 8-inch PVC & DIP gravity sewer main, 12770 LF of 6-inch PVC & DIP gravity sewer main, 590 LF of 4-inch PVC forcemain (290 LF of directional drill + 240 LF of same trench with gravity + 60 LF), 3150 LF of 2-inch PVC forcemain (1530 LF of same trench with gravity + 1620 LF), 3100 LF of 6-inch & 4-inch PVC & DIP customer service laterals, 149 wyes,

172 cleanouts, 160 manholes, 290 LF of 16-inch steel casing (bore & jack), 80 LF of 16-inch steel casing (open cut), 80 LF of 12-inch steel casing (bore & jack), 570 LF of 8-inch steel casing (bore & jack), 60 LF of 4-inch steel casing (bore & jack), new package WWTP (excavation, backfill, stone, site piping, site lighting, 3500-gallon package plant, disinfection building, UV equipment), 410 LF of asphalt driveway restoration, 5240 LF of gravel driveway restoration, 320 LF of WVDOH Type "B" trench repair, 2150 LF of 2-inch full width asphalt overlay, 4 lift stations (complete), 17000 LF of WVDOH inspection fees, 24000 LF of reclamation of disturbed areas, purchase of equipment (Vac Truck and Equipped Service Truck), and all necessary appurtenances. The estimated construction cost is \$9,119,000 (includes 15% construction contingency), and the estimated total project cost is \$10,716,000.

Need: The Request for Change in Scope and Funding did not include any justification of need, or additional information related to the increase in customers. The previously submitted PER stated that the residents near the unincorporated community of Bolair rely on private septic systems, and the condition of these systems is unknown. However, no supporting evidence was included to identify any failing private septic systems.

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 \$10,716,000, and proposing to extend service to 150 new customers, the cost to serve each new customer will be approximately \$71,440. However, the cost per customer in terms of proposed borrowing is \$6,667, as the proposed funding is approximately 90.67% grant.

3. Project Alternatives: The Request for Change in Scope and Funding did not include an evaluation of alternatives. The previously submitted PER did include the evaluation of transporting wastewater flows to Cowen's existing WWTP; however, this revised request did not re-evaluate this alternative.
4. Consolidation: There are no consolidation opportunities presented by this project.
5. Operation and Maintenance (O&M) Expenses: The Request for Change in Scope and Funding did not include a discussion or breakdown of changes to O&M. However, the Engineer did provide a breakdown at the request of the Technical Staff, which indicates an annual increase in O&M Expenses

of \$42,250.

6. 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 \$1,175,000, which is equal to 12.89% of the construction cost of \$9,119,000 (includes 15% construction contingency).
7. Deficiencies/Comments:
 - This Request for Change in Scope and Funding results in an increase to the proposed customer count by 50%, from 100 to 150.
 - This Request for Change in Scope and Funding results in an increase of the construction and total project costs. The construction cost increased approximately 71%, from \$5,330,000 to \$9,119,000; while the total project cost increased approximately 65%, from \$6,500,000 to \$10,716,000.
 - This Request for Change in Scope and Funding did not include an evaluation of the alternative to convey Bolair wastewater flows to Cowen's existing WWTP. Based on the previously reviewed PER, the cost to send wastewater flows to Cowen's existing WWTP was greater than the cost to construct a package WWTP. The alternative to convey flows to the existing WWTP would not be require Cowen to be responsible for the operation and maintenance of a separate WWTP, along with the associated fees and regulatory requirements. Cowen currently operates and maintains a single WWTP.
 - The updated cost of the package WWTP is \$1,786,000 (November 2025), versus the estimated \$2,035,000 (June 2023) to convey flows to its existing WWTP. However, the Engineer verbally stated that WV DEP had reviewed a Facility Plan that, allegedly, included an evaluation to pump all flows from Bolair to the existing WWTP, and found the infrastructure necessary to convey flows was much higher than estimated in June 2023. This information was not included with the Request submitted to IJDC.
 - The Package WWTP Cost Estimate does not appear to include electrical service costs, site electrical, or controls; however, it is possible that these costs are within another line item.

COWEN PUBLIC SERVICE DISTRICT - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2023S-2401
 April 21, 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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	676,835	779,971	(35,703) (1)	744,268
Other Operating Revenue	14,651	14,651	-	14,651
SB 234 Annual Working Cash Collections	-	-	67,703 (2)	67,703
Interest Income & Other Misc.	2,264	2,264	-	2,264
Total Cash Available	693,750	796,886	32,000	828,886
OPERATING DEDUCTIONS				
Operating Expenses	499,420	542,880	44 (3)	542,924
Taxes	17,690	17,690	-	17,690
Total Cash Requirements Before Debt Service	517,110	560,570	44	560,614
Cash Available for Debt Service (A)	176,640	236,316	31,956	268,272
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	141,280	174,613	(5,715) (4)	168,898
Other Debt	-	-	-	-
Reserve Account @ 10%	9,472	12,805	(571) (5)	12,234
Renewal & Replacement Fund (2.5%)	17,287	19,866	(893) (6)	18,973
Total Debt Service Requirement	168,039	207,284	(7,179)	200,105
SB 234 Cash Working Capital	62,428	67,703	-	67,703
Remaining Cash	(53,827)	(38,671)	39,135	464
Percent Coverage (A) / (B)	125.03%	135.34%		158.84%
Average rate for 3,400 gallons	\$ 71.62	\$ 71.62	\$ 2.94	\$ 74.56
Average rate for 4,000 gallons	\$ 84.00	\$ 84.00	\$ 3.44	\$ 87.44

Project Sponsor Proposed Loan:

CWSRF Loan for \$1,000,000 at .25%, .25% AF, for 40 years (paid back over 38 years).

NOTES:

Current Rates \$71.62 (3,400 gallons)

Proposed Going-Level Rates \$71.62 (3,400 gallons)

Proposed Project Rates \$71.62 (3,400 gallons)

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	744,268	(35,703)
	Per Application with Project	779,971	
Adjust revenues in accordance with PSC General Order 183.11. In addition, Staff projected that an additional \$32,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	67,703	67,703
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Operating Expenses	Per Staff Analysis	542,924	44
	Per Application with Project	542,880	
Staff's calculation includes the difference in Administrative Fee associated with CWSRF Loan.			
(4) Principal & Interest	Per Staff Analysis	168,898	(5,715)
	Per Application with Project	174,613	
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 .25%.			
(5) Reserve Account @ 10%	Per Staff Analysis	12,234	(571)
	Per Application with Project	12,805	
Staff assumed a 10% reserve on the new debt.			
(6) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	18,973	(893)
	Per Application with Project	19,866	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			