



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: Water Development Authority
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

Date: July 20, 2026

Subject: Cowen Public Service District
IJDC Application - 2026W-2805
Phase III Water System Rehabilitation 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.

Promoting a healthy environment.

- 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 remove leaking waterlines with lead joints to provide customers with safe reliable potable water.

The proposed cost for this project is \$4,500,000. The PSD will pursue a funding scenario of \$2,000,000.00 of AML Grant, \$1,500,000.00 of DWTRF Principal Forgiveness, and \$1,000,000.00 of WVIJDC Grant.

If an approvable BCL request has not been received by the DWTRF program by June 30, 2027, the project will only be eligible for \$1,000,000 in principal forgiveness.

The project is not eligible for AML funding but appears eligible to apply for AMLER funding.

The project will need to seek a Total Engineering Fee waiver.

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	20



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MEMORANDUM

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

FROM: Michael King, P.E., DWWM

DATE: July 13, 2026

SUBJECT: Cowen Public Service District
Preliminary Application: IJDC No. 2026W-2805
Phase III Water System Rehabilitation Project

RECOMMENDATION

The IJDC application and Preliminary Engineering Report (PER) prepared by The Thrasher Group for the above referenced project have been reviewed and are technically feasible.

PROJECT DESCRIPTION

The Cowen Public Service District (Cowen PSD) owns and operates a public water treatment and distribution system that serves 1,326 residential customers and 57 commercial customers in Webster County, West Virginia. The treatment and distribution system operates under the WV Public Water System Identification Number (PWSID) WV3305103. The existing system consists of a Water Treatment Plant (WTP), eight (8) potable water storage tanks, five (5) booster pump stations, and approximately 98.22 miles of water mains ranging from 2" through to 10" diameter in size.

The proposed project consists of the removal and replacement of approximately 19,300 LF of 2-inch, 4-inch, 6-inch and 8-inch water distribution mains in the Town of Cowen, using the open-trench cut construction method. The proposed construction shall also consist of the replacement of ten (10) fire hydrants, thirty-six (36) 2-inch to 8-inch valves and 1,550 LF of 3/4-inch service lines.

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The proposed cost for this project is \$4,500,000. The PSD will pursue a funding scenario of \$2,000,000.00 of AML Grant, \$1,500,000.00 of DWTRF Principal Forgiveness, and \$1,000,000.00 of WVIJDC Grant. The proposed monthly rate for 3,400 gallons is \$58.96 (2.12% MHI).

NEED FOR PROJECT

The PSD's water distribution system was constructed in the early 1960's. At the time, it was common practice to use lead-jointed cast iron pipes due to their lower cost and rust prevention properties. It has long since been discovered that the lead tends to deteriorate over time, causing lead to partially dissolve into the water, which could lead to lead poisoning with harmful side effects. This concern is heightened by the fact that once the pipes began to experience ruptures and leaks, they were repaired with lead couplings. Over the last several years, the Cowen PSD has replaced over 20 leaks on the section of lead jointed pipes. The lead-jointed pipes in question are located primarily in the center of the Town of Cowen, meaning that the majority of customers are served by these old main lines.

The Cowen Public Service District's aging water system is also showing major signs of deterioration, as detected in the leak detection study which was performed in June 2018. In the 30 miles of water lines surveyed, 33 leaks were identified. To reduce the system's unacceptably high unaccounted for water rate (51%) and rising operation and maintenance costs, their water distribution system needs to be rehabilitated.

The Cowen PSD completed a Phase I Rehabilitation project which repaired the leaks discovered during the leak detection study performed in 2013 and has just completed a Phase II Rehabilitation project which further expanded on the repairs and replacements that occurred during Phase I. This Phase III rehabilitation project will concentrate on the issue of the aging, leaking lead-jointed cast iron pipe within the system.

DEFICIENCIES/COMMENTS

- A cybersecurity assessment is recommended.
- Water system map was not provided.
- Using the Combined Application, the Total Engineering Fees appear to be above the ASCE Curves.

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



July 13, 2026

Brad Sergent, Chair

Water Development Authority, Acting Executive Director

Katheryn Emery, P.E., Program Manager

CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Meredith Vance, Director

Environmental Engineering Division, WVBPH

Re: Public Service Commission Staff Review Comments

Application No. 2026W-2805

Cowen PSD – Water System Rehabilitation (Phase III)

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: July 13, 2026

PROJECT SPONSOR: COWEN PUBLIC SERVICE DISTRICT – (WATER)

PROJECT SUMMARY: The Cowen PSD is proposing to pursue its Phase III Water System Rehabilitation project, which will replace existing waterlines, fire hydrants, and make other improvements.

PROPOSED FUNDING:

DWTRF Principal Forgiveness	\$1,500,000
IJDC Grant	1,000,000
AML Grant	<u>2,000,000</u>
Total	\$4,500,000

CURRENT/PROPOSED

RATES:	\$58.96	3,400 gallons
	\$67.70	4,000 gallons

Application No. 2026W-2805

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

FINANCIAL: Bob Cadle

1. Current rates (\$58.96 for 3,400 gallons) are above the rates attributable to 1.25% (\$34.75), 1.50% (\$41.70), 1.75% (\$48.65), and 2% (\$55.60) of the Median Household Income (MHI).
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Principal Forgiveness of \$1,500,000, IJDC Grant of \$1,000,000 and an AML Grant of \$2,000,000, proposed rates (\$58.96 for 3,400 gallons) will provide a cash flow surplus of \$41,098 and debt service coverage of 165.02%.
3. Using the Scenario 2 alternate loan package of \$4,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$72.76 for 3,400 gallons) will provide a cash flow deficit of \$771 and debt service coverage of 126.65%. An additional .1% (for a total of \$72.83 for 3,400

gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$204 and a debt service coverage of 126.86%.

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 Supplemental Cash Flow Statements 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 that on June 24, 2026, a Recommended Decision was entered in Case No. 26-0028-PWD-19A, which will increase the District's rates to \$62.05 (3,400 gallons), once the Recommended Decision becomes a Final Order of the Commission. The rates will become effective for all service rendered on and after the date of the Final Order.
- 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. The District should carefully evaluate its revenue requirements before pursuing a rate increase in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements.

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 PSD is proposing to pursue its Phase III Water System Rehabilitation project, which will replace existing waterlines, fire hydrants, and make other improvements. The proposed project scope includes: mobilization, pre-construction video, erosion and sediment control, 1800 LF of 8-inch DIP waterline, 4000 LF of 8-inch PVC waterline, 13500 LF of 6-inch PVC waterline, 1000 LF of 12-inch steel casing (bore & jack), 750 LF of 3/4-inch service line (open cut), 800 LF of 3/4-inch service line (bore & jack), three (3) 8-inch gate valve (with box and lid), twenty (20) 6-inch gate valve (with box and lid), six (6) 4-inch gate valve (with box and lid), seven (7) 2-inch gate valve (with box and lid), 10 fire hydrant assembly, 3 connections to existing 8-inch waterlines, 3 connections to existing 6-inch waterlines, 6 connections to existing 4-inch waterlines, 7 connections to existing 2-inch waterlines, 2 cut and cap existing waterlines, 150 LF of WVDOT Type "A" trench repair, 1800 LF of WVDOT Type "B" trench repair, 5000 LF of WVDOT Type "C" trench repair, 750 LF of asphalt driveway repair, 500 LF of concrete driveway repair, 850 LF of gravel driveway repair, telemetry, 3 emergency generators at booster stations (Bolair, Camden, and Upper Glad), equipped service truck, mini-excavator, and necessary appurtenances. The estimated construction cost is \$3,000,000 (includes 14.95% construction contingency), and the estimated total project cost is \$4,500,000.

Need: The PER indicates that the water distribution system was constructed in the early 1960's, and it was common to utilize lead-jointed cast iron pipes for waterlines. The PER states "Consumption of the water with measurable quantities of lead will eventually build up lead in the body. This could lead to lead poisoning with harmful side effects." The PER indicates that Cowen PSD has recently dealt with leaks on sections of lead jointed pipes, and currently has an unaccounted for water rate (51%).

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 \$4,500,000, and having approximately 1383 customers, the cost per customer will be approximately \$3,254. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. Project Alternatives: The PER indicates that 3 Alternatives were considered: Alternative #1 – Full Replacement, Alternative #2 – Pipe Lining, and Alternative #3 – Do Nothing. The PER indicates that Cowen PSD proposes to pursue Alternative #1.
4. Consolidation: There are no consolidation opportunities presented by this project.
5. Operation and Maintenance (O&M) Expenses: The PER did not include a detailed breakdown, but did provide a brief discussion of anticipated changes to O&M expenses. The PER indicates that O&M expenses should decrease following completion of the project, as the project should result in a decrease in water loss volumes.
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 \$975,000, which is equal to 32.50% of the construction cost of \$3,000,000 (includes 14.95% construction contingency). *This Application is requesting \$250,000 in Engineering Design Fees associated with Phase IV. There has not been an Application filed at IJDC for the Phase IV project.*
7. Deficiencies/Comments:
 - This Application is requesting \$250,000 in Engineering Design Fees associated with Phase IV. There has not been an Application filed at IJDC for the Phase IV project. *This \$250,000 is not needed or necessary to complete the proposed construction scope identified in the 2026W-2805 Application. Additionally, this additional request equates to 5.56% of the Total Project Cost and 25.6% of the Total Technical Services.*
 - This Application includes \$250,000 to purchase ancillary equipment (equipped service truck and mini-excavator).

COWEN PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2805
July 13, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,095,589	1,095,589	(48,365) (1)	1,047,224
Other Operating Revenue	37,833	37,833	-	37,833
SB 234 Annual Working Cash Collections	-	-	48,365 (2)	48,365
Interest Income & Other Misc.	10,000	10,000	-	10,000
Total Cash Available	1,143,422	1,143,422	-	1,143,422
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	773,840	773,840	-	773,840
Taxes	26,142	26,142	-	26,142
Total Cash Requirements Before Debt Service	799,982	799,982	-	799,982
Cash Available for Debt Service (A)	343,440	343,440	-	343,440
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	208,126	208,126	-	208,126
Other Debt	-	-	-	-
Reserve Account @ 10%	18,725	18,725	-	18,725
Renewal & Replacement Fund (2.5%)	28,336	28,336	(1,210) (3)	27,126
Total Debt Service Requirement	255,187	255,187	(1,210)	253,977
SB 234 Cash Working Capital	48,365	48,365	-	48,365
Remaining Cash	39,888	39,888	1,210	41,098
Percent Coverage (A) / (B)	165.02%	165.02%		165.02%
Average rate for 3,400 gallons	\$ 58.96	\$ 58.96	\$ -	\$ 58.96
Average rate for 4,000 gallons	\$ 67.70	\$ 67.70	\$ -	\$ 67.70

**COWEN PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2805**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>				\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis		1,047,224	(48,365)
		Per Application with Project		1,095,589	
	Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis		48,365	48,365
		Per Application with Project		-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis		27,126	(1,210)
		Per Application with Project		28,336	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

COWEN PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2805
July 13, 2026

**LOAN PACKAGE
SCENARIO 2**

	Cash Flow Going Level Per Application Before Project	Cash Flow Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,095,589	1,353,628	(47,365) (1)	1,306,263
Other Operating Revenue	37,833	37,833	-	37,833
SB 234 Annual Working Cash Collections		-	48,365 (2)	48,365
Interest Income & Other Misc.	10,000	10,000	-	10,000
Total Cash Available	1,143,422	1,401,461	1,000	1,402,461
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	773,840	773,840	-	773,840
Taxes	26,142	26,142	-	26,142
Total Cash Requirements Before Debt Service	799,982	799,982	-	799,982
Cash Available for Debt Service (A)	343,440	601,479	1,000	602,479
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	208,126	487,237	(12,332) (3)	474,905
Other Debt	-	-	-	-
Reserve Account @ 10%	18,725	18,725	26,678 (4)	45,403
Renewal & Replacement Fund (2.5%)	28,336	28,336	5,266 (5)	33,602
Total Debt Service Requirement	255,187	534,298	19,612	553,910
SB 234 Cash Working Capital	48,365	48,365	-	48,365
Remaining Cash	39,888	18,816	(18,612)	204
Percent Coverage (A) / (B)	165.02%	123.45%		126.86%
Average rate for 3,400 gallons	\$ 72.76	\$ 72.76	\$ 0.07	\$ 72.83
Average rate for 4,000 gallons	\$ 83.54	\$ 83.54	\$ 0.08	\$ 83.62

**COWEN PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2805**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	1,306,263 1,353,628	(47,365)
Adjust revenues in accordance with PSC General Order 183.11. Staff also projected that an additional \$1,000 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 Per Application with Project	48,365 -	48,365
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Principal & Interest	Per Staff Analysis Per Application with Project	474,905 487,237	(12,332)
The difference in P&I is related to Staff's calculation of a loan of \$4,500,000 for 40 years (paid over 38 years) at 5%.				
(4)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	45,403 18,725	26,678
Staff assumed a 10% reserve on the new debt.				
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	33,602 28,336	5,266
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
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M E M O R A N D U M

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: June 18, 2026

SUBJECT: Infrastructure Preliminary Application for the Cowen PSD: Water Rehab Phase III in Webster County, WV. (2026W-2805)

We have reviewed the above referenced project application information. The Cowen PSD discharges its backwash to its site, which is covered under WV/NPDES Site Registration No. WVG640028 and expires July 18, 2028.

If the Cowen PSD 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 Cowen PSD 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 Cowen PSD 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 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. 1065, should additional information be required.

BDB:mam

cc: Katheryn Emery



west virginia department of environmental protection

Office of Abandoned Mine Lands & Reclamation
Division of Land Restoration
304-926-0499

Harold D. Ward, Cabinet Secretary
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Fax: (304) 926-0488

MEMORANDUM

To: Thomas Cazad, P.E., CWSRF Section Manager
Division of Water & Waste Management

From: Roger Earle, P.E., Engineer Senior *RAE*
Division of Land Restoration

Date: July 9, 2026

Subject: Cowen PSD – Water Rehab Phase III
IJDC Preliminary Application: 2026W-2805

AML does not participate in routine improvements or replacement of existing systems. Therefore, AML Waterline Program funds will not be available for this project.

This area appears to be eligible to apply for assistance with the AMLER program. The current AMLER application period closes July 10th. AMLER funds will only be committed if a multi-agency committee selects the project. The AMLER program is very competitive, and there is no assurance that the subject project would be selected.