



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 21, 2026

Subject: Mason County. PSD
IJDC Application - 2023W-2482
South County System Improvements 1

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 is to install new water storage tanks near the NUCOR plant and at Arlee, upgrade the booster stations at Crab Creek and Apple Grove, extend approximately ten miles of 10 inch diameter waterline with telemetry, and all other necessary appurtenances. The project is needed to support the county's economic development.

The proposed cost for this project is \$10,300,000. The MPSD will pursue a funding scenario of \$50,000 contribution from the Mason County Commission, \$2,000,000 Congressionally Directed Spending (CDS) grant, and \$8,250,000 (includes repayment of \$37,500 PFA to IJDC) in Drinking Water Treatment Revolving Fund (DWTRF) loan. The proposed monthly rate for 3,400 gallons is \$60.55 (1.46% MHI).

Projects that only support economic development do not qualify for DWTRF Funds. Therefore, the project needs to be tabled to allow the PSD time to develop a viable funding scenario.

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	5



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Dominique Madison, DWWM

DATE: July 8, 2026

SUBJECT: Mason County PSD
South County System Improvements 1
IJDC No. 2023W-2482

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 Mason County Public Service District (MPSD) owns and operates a Class A water utility serving 6,101 customers throughout Mason County and portions of Cabell, Jackson, and Putnam Counties, West Virginia. The District owns and operates six (6) potable water distribution systems comprised of four (4) water treatment plants (WTPs), 22 storage tanks, 22 booster stations, and approximately 531 miles of water mains.

The proposed project is to install new water storage tanks near the NUCOR plant and at Arlee, upgrade the booster stations at Crab Creek and Apple Grove, extend approximately ten miles of 10 inch diameter waterline with telemetry, and all other necessary appurtenances. The proposed cost for this project is \$10,300,000.

The MPSD will pursue a funding scenario of \$50,000 contribution from the Mason County Commission, \$2,000,000 Congressionally Directed Spending (CDS) grant, and \$8,287,500 (includes repayment of \$37,500 PFA to IJDC) in Drinking Water Treatment Revolving Fund (DWTRF) loan. The new monthly rate for 3,400 gallons will be \$60.10.

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NEED FOR PROJECT

Due to economically impactful projects such as the Nucor Steel Plant, which is now under construction, and the Fidelis Hydrogen Plant, Mason County has generated intense interest among commercial and residential developers. Adding a second water storage tank at Arlee, adding a new water storage tank in the Nucor area, upgrading the Crab Creek and Apple Grove Booster Stations, and adding to the existing 6-inch (and small section of 8-inch) line, a new, parallel 10-inch line to address the increased demand.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be below the ASCE Design Fee Curves.
- Discrepancies exist between the Application and the PER regarding the customer rates.
- Discrepancies exist between the Application and the PER regarding the customers.

Preliminary Project Ratings:

Public Health Benefits	5
Compliance with Standards	5

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 14, 2026

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. 2023W-2482
Mason County PSD – South Water System Upgrades (Phase I)
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 14, 2026

PROJECT SPONSOR: MASON COUNTY PUBLIC SERVICE DISTRICT –
(WATER)

PROJECT SUMMARY: The Mason County PSD is proposing to make upgrades to its South Water System, which includes upgrading booster stations, constructing new water storage tanks, and connect 2 portions of its distribution system.

PROPOSED FUNDING:	DWTRF Loan (2.75%, .25% AF, 20 yrs.)	\$8,287,500
	Congressionally Directed Spending	2,000,000
	Mason County Commission Grant	<u>50,000</u>
	Total	\$10,337,500

CURRENT RATES:	\$46.25	3,400 gallons
	\$52.40	4,000 gallons

PROPOSED RATES:	\$60.55	3,400 gallons
	\$68.60	4,000 gallons

Application No. 2023W-2482

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

FINANCIAL: William Nelson

1. Current rates (\$46.25 for 3,400 gallons) are below the rates attributable to 1.25% (\$53.98), 1.5% (\$64.78), 1.75% (\$75.57), and 2.0% (\$86.37) 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 \$719,065, \$1,723,431, \$2,727,796, and \$3,732,162 respectively.
2. Using Scenario 1, the preferred funding package consisting of a DWTRF Loan of \$8,287,500 at 2.75%, with a .25% Administrative Fee for 20 years, Congressionally Directed Spending of \$2,000,000, and a Mason County Commission Grant of \$50,000, proposed rates (\$60.55 for 3,400 gallons)

will provide a cash flow surplus of \$462,859 and debt service coverage of 153.95%.

3. Using the Scenario 2 alternate loan package of \$10,300,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and a committed grant in the amount of \$37,500, proposed rates (\$62.50 for 3,400 gallons) will provide a cash flow surplus of \$595,850 and debt service coverage of 158.99%.

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 Rule 42 Exhibit submitted with the application.
- C. Staff used the MHI for Mason County of \$51,820 from the 2020 U.S. Census versus the MHI of \$34,779 for the Mason County Waggener District that was listed in the application. Utilizing this MHI would result in proposed rates exceeding 2.0% of the MHI and thus providing more favorable DWTRF Loan terms.
- D. Staff notes the Applicants cash flow analyses includes the impact of prior, and pending projects to be undertaken and the current project which is the subject of this application. The project is identified as the South Phase 1 project and the applicable Cash Flow Analysis reflects increased rates for each project. The Applicant's preferred rates for this project are \$60.55, which Staff's analysis is based on.
- E. It should be noted that the Draft Rule 42 Exhibit filed with this application is based on a DWTRF Loan in the amount of \$8,287,500 at 2.75%, with .25% Admin. Fee, for 20 years. The preliminary application and Preliminary Engineering Report reflect a DWTRF Loan in the amount of \$8,250,000 at 2.75%, with .25% Admin. Fee, for 20 years. Staff reflected \$8,287,500 as the basis for its analysis.
- F. Staff also notes the Max Rate Scenario cash flow analysis, provided by the project sponsor, reflects the impact of proposed max rates for the

Lakin Project as well, with the loan of \$9,755,000 rather than the amount of \$5,730,000 shown on the Preferred Cash Flow. Staff's analysis reflects the loan amount of \$5,730,000 reflected in the Preferred Cash Flow as the basis for the Lakin Project, Scenario 2.

- G. 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.
- H. The Public Service 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. Staff notes that the District is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015, the Commission has no jurisdiction regarding the District's rates pursuant to WV Code 24-2-4a and WV Code 16-13A-9. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

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 Mason County PSD is proposing to make upgrades to its South Water System, which includes upgrading booster stations, constructing new water storage tanks, and connect 2 portions of its distribution system. The proposed project scope includes: mobilization, demobilization, pre-construction video recording, erosion and sediment controls, replace 4 pumps on Apple Grove Booster Stations, replace 2 pumps on Crab Creek

Booster Station, two (2) 50kW diesel emergency generators, 2 new booster pumps with variable frequency drives, 55000 LF of 10-inch PVC waterline from Ashton WTP to Crab Creek WTP, 5000LF of 10-inch waterline to Nucor Water Storage Tank, hot-tap tie-in to existing 6-inch waterline with 10-inch waterline, 378,000-gallon water storage tank (Nucor), 150,000-gallon water storage tank (Arlee), refurbish existing Arlee Water Storage Tank, 2000 LF of tank access road work, site work (cutting, gravel, and fencing) for 2 sites, water storage tank telemetry for 2 new tanks, 18500 LF of WVDOH Type "C" Trench Repair, restoration of disturbed areas (2 tank sites, new 10-inch waterline), and all necessary appurtenances. The estimated construction cost is \$8,450,000 (includes 9.96% construction contingency), and the estimated total project cost is \$10,300,000 (includes 1.93% project contingency).

Need: The PER indicates that the PSD anticipates new and higher water demands due to the construction of the Nucor complex, and an increase in customer demand related to additional potential residential customers and commerce. Due to the anticipated increase in demand the PSD needs to be equipped to handle the water needs of future developments, including updated equipment (SCADA systems, etc.).

Customer Density: This project is an upgrade project; therefore, customer density will remain unchanged. However, the PSD anticipates some residential and commercial growth within the service area.

Cost per Customer: Based upon the estimated total project cost of \$10,300,000, and having approximately 6037 customers, the cost per customer will be approximately \$1,616. However, the cost per customer in terms of proposed borrowing is \$950, as the proposed funding is 58.74% loan.

3. Project Alternatives: The PER evaluated 5 alternatives: Alternative #1 – Upgrades to Booster Stations at Crab Creek and Apple Grove, Alternative #2 – New Water Tanks at Nucor and Arlee, Alternative #3 – Connect Crab Creek & Ashton WTPs with Waterline, Alternative #4 – Combine Alternatives 1, 2, and 3, Alternative #5 – Do Nothing. The PER states that Alternative #4 was selected.
4. Consolidation: There are no consolidation opportunities presented by this project.

5. Operation and Maintenance (O&M) Expenses: The PER did include a detailed breakdown of anticipated changes to O&M expenses. The PER indicates an anticipated annual O&M increase of \$10,612, due to increases related to purchased power, chemicals, materials, and supplies.
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 \$1,407,500, which is equal to 16.66% of the construction cost of \$8,450,000 (includes 9.96% construction contingency).
7. Deficiencies/Comments:
 - Nothing significant to note.

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2023W-2482
July 14, 2026

**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	4,334,277	5,903,993	(361,282) (1)	5,542,711
Other Operating Revenue	150,010	210,010	-	210,010
SB 234 Annual Working Cash Collections			361,282 (2)	361,282
Interest Income & Other Misc.	37,884	37,884	-	37,884
Total Cash Available	4,522,171	6,151,887	-	6,151,887
OPERATING DEDUCTIONS				
Operating Expenses	2,753,230	2,890,259	455 (3)	2,890,714
Taxes	108,111	108,111	-	108,111
Total Cash Requirements Before Debt Service	2,861,341	2,998,370	455	2,998,825
Cash Available for Debt Service (A)	1,660,830	3,153,517	(455)	3,153,062
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	704,937	2,088,043	(39,996) (4)	2,048,047
Other Debt	-	-	-	-
Reserve Account @ 10%	-	141,055	(4,000) (5)	137,055
Renewal & Replacement Fund (2.5%)	113,054	153,797	(9,979) (6)	143,818
Total Debt Service Requirement	817,991	2,382,895	(53,974)	2,328,921
SB 234 Cash Working Capital	344,154	361,282	-	361,282
Remaining Cash	498,685	409,340	53,519	462,859
Percent Coverage (A) / (B)	235.60%	151.03%		153.95%
Average rate for 3,400 gallons	\$ 46.25	\$ 60.55	\$ -	\$ 60.55
Average rate for 4,000 gallons	\$ 52.40	\$ 68.60	\$ -	\$ 68.60

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2023W-2482**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	5,542,711 5,903,993	(361,282)
	To adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis Per Application with Project	361,282 -	361,282
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Operating Expenses	Per Staff Analysis Per Application with Project	2,890,714 2,890,259	455
	Staff's calculation included administrative fee difference associate with DWTRF Loan.			
(4)	Principal & Interest	Per Staff Analysis Per Application with Project	2,048,047 2,088,043	(39,996)
	The difference in P&I is related to Staff's calculation of a loan of \$8,287,500 for 20 years at 2.75%.			
(5)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	137,055 141,055	(4,000)
	Staff assumed a 10% reserve on the new debt.			
(6)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	143,818 153,797	(9,979)
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2023W-2482
July 14, 2026

**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	4,334,277	6,094,405	(359,066) (1)	5,735,339
Other Operating Revenue	150,010	210,010	-	210,010
SB 234 Annual Working Cash Collections			359,066 (2)	359,066
Interest Income & Other Misc.	37,884	37,884	-	37,884
Total Cash Available	4,522,171	6,342,299	-	6,342,299
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	2,753,230	2,872,525	-	2,872,525
Taxes	108,111	108,111	-	108,111
Total Cash Requirements Before Debt Service	2,861,341	2,980,636	-	2,980,636
Cash Available for Debt Service (A)	1,660,830	3,361,663	-	3,361,663
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	704,937	2,279,770	(165,349) (3)	2,114,421
Other Debt	-	-	-	-
Reserve Account @ 10%	-	160,228	(16,535) (4)	143,693
Renewal & Replacement Fund (2.5%)	113,054	158,557	(9,923) (5)	148,634
Total Debt Service Requirement	817,991	2,598,555	(191,808)	2,406,747
SB 234 Cash Working Capital	344,154	359,066	-	359,066
Remaining Cash	498,685	404,042	191,808	595,850
Percent Coverage (A) / (B)	235.60%	147.46%		158.99%
Average rate for 3,400 gallons	\$ 46.25	\$ 62.50	\$ -	\$ 62.50
Average rate for 4,000 gallons	\$ 52.40	\$ 70.81	\$ -	\$ 70.81

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2023W-2482**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	5,735,339	(359,066)
		Per Application with Project	6,094,405	
	To adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	359,066	359,066
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	2,114,421	(165,349)
		Per Application with Project	2,279,770	
	The difference in P&I is related to Staff's calculation of a loan of \$10,300,000 for 40 years (paid over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	143,693	(16,535)
		Per Application with Project	160,228	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	148,634	(9,923)
		Per Application with Project	158,557	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304-2345
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Harold D. Ward, Cabinet Secretary
www.dep.wv.gov

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 Mason County PSD (2023W-2482):
South Water System Hydraulic Study in Mason County, WV.

We have reviewed the above referenced project application information. The Mason County PSD, discharges its backwash to its site for 3 WTP's, which are covered under WV/NPDES Site Registration Nos. WVG640019, WVG640130 and WVG640135 which expire 7/18/28. The Lakin WTP discharge to Mason County PSD WWTP, WV/NPDES Permit No. WV0086886, and expires April 16, 2028. No NPDES permit modifications are required.

If the Mason County 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 Mason County 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 Mason County 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. 43825, should additional information be required.

BDB:mam

cc: Kathryn Emery