



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 Co. PSD
IJDC Application - 2024W-2626
Lakin Water Treatment Plant 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.

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 increase the WTP capacity from 400 gpm to 1,000 gpm to allow the system to meet the proposed direct and indirect demand associated with the Fidelis Facility's construction as well as other planned industrial and residential development.

The proposed cost for this project is \$9,755,000. The PSD will pursue a funding scenario of a \$25,000 contribution from the County Commission, a \$2,000,000 Congressionally Directed Spending Grant, a \$5,730,000 DWTRF Loan (2.75%, 0.25% admin fee, 20 yr), a \$1,500,000 DWTRF Principal Forgiveness Loan, and a \$500,000 IJDC Grant. The proposed monthly rate for 3,400 gallons is \$53.49 (1.24% MHI).

Projects that only support economic development do not qualify for DWTRF Funds. Therefore this project will need to be tabled to allow the PSD time to determine a viable funding scenario.

The project will need to seek an Engineering Design Fee waiver.

Preliminary Project Ratings:

Public Health Benefits:	5
Compliance with Standards:	5



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MEMORANDUM

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

FROM: Corey McComas, DWWM

DATE: July 13, 2026

SUBJECT: Mason Co. PSD
Lakin Water Treatment Plant Improvements
IJDC No. 2024W-2626

RECOMMENDATION

The IJDC application and Preliminary Engineering Report (PER), prepared by The Thrasher Group, dated May 2026, for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The Mason County Public Service District (PSD) owns and operates multiple water systems that serve 6,101 customers throughout the County and surrounding areas. The PSD consists of six (6) water distribution systems and four (4) water treatment plants (WTPs). The Lakin WTP has three (3) groundwater wells for their raw water source, uses ion exchange with chlorine disinfection for treatment, and produces 450 GPD and runs approximately 14 hours a day. The Lakin distribution system has nine (9) booster stations and seven (7) storage tanks with a storage capacity of 1,162,000 gal.

The purpose of this project is to increase the size from 400 GPM to 1,000 GPM. This will be accomplished by completing the following: expand the building for additional treatment facilities, install new transfer tank and waste tank, scrub the wells for increased raw water production, install new well head, replace filtering systems and high service pumps, install telemetry, and other necessary appurtenances.

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The proposed cost for this project is \$9,755,000. The PSD will pursue a funding scenario of a \$25,000 contribution from the County Commission, a \$2,000,000 Congressionally Directed Spending Grant, a \$5,730,000 DWTRF Loan (2.75%, 0.25% admin fee, 20 yr), a \$1,500,000 DWTRF Principal Forgiveness Loan, and a \$500,000 IJDC Grant. \$25,000 of Preliminary Funding Assistance from the IJDC will be repaid.

NEED FOR PROJECT

The PSD has devised a plan, using an extensive study, to address the current multi-billion dollar Economic Development occurring in the District and surrounding areas. These businesses need service and, it is apparent, that these facilities will create hundreds of jobs and an increase in customers needing service once the planned housing developments are in place. This project is just one of multiple projects laid out to be implemented to meet these future needs.

More specifically, the Lakin WTP and this project will address the need for more capacity in the area where the Fidelis and Fronteras are being constructed. The anticipated capacity needed in the future is 230,000 GPD. Also, the future population growth from the anticipated hundreds of jobs to be created will cause a large need for capacity to serve the new residences in planning. This economic development is predicted to bring secondary development, such as other businesses, that will need additional capacity. It is planned, in a future project, to install an additional storage tank so the additional capacity can be utilized.

This project will ensure that the customers served by this WTP will have a satisfactory supply of properly-treated water, preventing issues associated with inadequate quantity/quality of potable water, such as public health concerns.

DEFICIENCIES/COMMENTS

- A waiver will be required for the design fee.
- Address whether the Lakin WTP is in good operating condition, whether it is meeting its permit requirements, and whether it is being properly maintained.
- Can this WTP be cross-connected to another WTP?
- A public meeting must be held.
- Will there be issues concerning floodplains?
- No proposed rates have been determined.
- What is the status of resolving the deficiencies indicated in the Sanitary Survey issued on 05/16/25?

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. 2024W-2626
Mason County PSD – Water Treatment Plant Upgrades (Lakin)
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 improvements to its Lakin water treatment plant and water source.

PROPOSED FUNDING: DWTRF Loan (2.75%, .25% AF, 20 yrs.)	\$5,730,000
DWTRF Principal Forgiveness	1,500,000
Congressionally Directed Spending	2,000,000
IJDC Grant	500,000
Mason County Commission Grant	<u>25,000</u>
Total	\$9,755,000

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

PROPOSED RATES:	\$53.49	3,400 gallons
	\$60.61	4,000 gallons

Application No. 2024W-2626

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 \$5,730,000 at 2.75%, with a .25% Administrative Fee for 20 years, DWTRF Principal Forgiveness of \$1,500,000, a Congressionally Directed

Spending Grant of \$2,000,000, an IJDC Grant of \$500,000, and a Mason County Commission Grant of \$25,000, proposed rates (\$53.49 for 3,400 gallons) will provide a cash flow surplus of \$444,526 and debt service coverage of 168.40%.

3. Using the Scenario 2 alternate loan package of \$9,730,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Mason County Commission Grant of \$25,000, proposed rates (\$55.40 for 3,400 gallons) will provide a cash flow surplus of \$414,998 and debt service coverage of 159.88%.

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 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 a pending project to be undertaken and the current project which is the subject of this application. The project is identified as the Lakin project and the applicable Cash Flow Analysis reflects increased rates for each project. The Applicant's preferred rates for this project are \$53.49, which Staff's analysis is based on.
- 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 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 improvements to its Lakin water treatment plant and water source. The proposed project scope includes: mobilization, demobilization, pre-construction video recording, erosion and sediment control, three (3) 500 GPM pumps for existing wells, new well head (with 500 GPM submersible pump), 1800 LF of upsize groundwater transmission line to 12-inch, 600 LF of transmission line from new wells to WTP, SCADA satellite monitoring/controls, electrical upgrades, 180 LF of railroad crossing with 24-inch casing (bore & jack), demolish and remove existing ion exchange system, 4 new pressure filters (with LayneOx Media), two (2) 500 GPM vertical turbine pumps, two (2) 1000 GPM backwash pumps, new backwash lagoon (holding tank), 54,000-gallon clearwell, refurbish existing transfer tank, treatment building addition (1400 sq. ft.), roof replacement, SCADA satellite signal monitoring/controls, yard piping, 500 kW diesel emergency generator, site work and fencing, 7000 LF of 10-inch pipe to connect to Lakin Hospital Tank, and all necessary appurtenances. The estimated construction cost is \$7,750,000 (includes 10.02% construction contingency), and the estimated total project cost is \$9,755,000 (includes 2.51% project contingency).

Need: The PER indicates that the PSD anticipates new and higher water demands due to the construction of the Fidelis, 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 \$9,755,000, 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 2 alternatives for each scope of work (WTP and water source): Alternative #1 – Increase Capacity at Lakin WTP, and Alternative #2 – Do Nothing; and Alternative #1 – Add a New Well, and Alternative #2 – Do Nothing. The PER states that both Alternative #1s were 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 \$75,607.51, due to increases related to purchased power, chemicals, materials and supplies, fuel (generator).
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 \$1,195,000, which is equal to 17.70% of the construction cost of \$7,750,000 (includes 10.02% 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: 2024W-2626
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	5,215,542	(358,645) (1)	4,856,897
Other Operating Revenue	150,010	210,010	-	210,010
SB 234 Annual Working Cash Collections		-	358,645 (2)	358,645
Interest Income & Other Misc.	37,884	37,884	-	37,884
Total Cash Available	4,522,171	5,463,436	-	5,463,436
OPERATING DEDUCTIONS				
Operating Expenses	2,753,230	2,869,162	315 (3)	2,869,477
Taxes	108,111	108,111	-	108,111
Total Cash Requirements Before Debt Service	2,861,341	2,977,273	315	2,977,588
Cash Available for Debt Service (A)	1,660,830	2,486,163	(315)	2,485,848
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	704,937	1,503,793	(27,653) (4)	1,476,140
Other Debt	-	-	-	-
Reserve Account @ 10%	-	82,630	(2,765) (5)	79,865
Renewal & Replacement Fund (2.5%)	113,054	136,586	(9,913) (6)	126,673
Total Debt Service Requirement	817,991	1,723,009	(40,331)	1,682,678
SB 234 Cash Working Capital	344,154	358,645	-	358,645
Remaining Cash	498,685	404,509	40,016	444,526
Percent Coverage (A) / (B)	235.60%	165.33%		168.40%
Average rate for 3,400 gallons	\$ 46.25	\$ 53.49	\$ -	\$ 53.49
Average rate for 4,000 gallons	\$ 52.40	\$ 60.61	\$ -	\$ 60.61

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2024W-2626**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>				\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	4,856,897	(358,645)	
		Per Application with Project	5,215,542		
	Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	358,645	358,645	
		Per Application with Project	-		
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Operating Expenses	Per Staff Analysis	2,869,477	315	
		Per Application with Project	2,869,162		
	i.e. Staff's calculation included administrative fee difference associate with DWTRF Loan.				
(4)	Principal & Interest	Per Staff Analysis	1,476,140	(27,653)	
		Per Application with Project	1,503,793		
	The difference in P&I is related to Staff's calculation of a loan of \$5,730,000 for 20 years at 2.75%.				
(5)	Reserve Account @ 10%	Per Staff Analysis	79,865	(2,765)	
		Per Application with Project	82,630		
	Staff assumed a 10% reserve on the new debt.				
(6)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	126,673	(9,913)	
		Per Application with Project	136,586		
	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: 2024W-2626
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
	\$	\$	\$	\$
AVAILABLE CASH				
Operating Revenues	4,334,277	5,402,840	(357,739) (1)	5,045,101
Other Operating Revenue	150,010	210,010	-	210,010
SB 234 Annual Working Cash Collections		-	357,739 (2)	357,739
Interest Income & Other Misc.	37,884	37,884	-	37,884
Total Cash Available	4,522,171	5,650,734	-	5,650,734
OPERATING DEDUCTIONS				
Operating Expenses	2,753,230	2,861,913	-	2,861,913
Taxes	108,111	108,111	-	108,111
Total Cash Requirements Before Debt Service	2,861,341	2,970,024	-	2,970,024
Cash Available for Debt Service (A)	1,660,830	2,680,710	-	2,680,710
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	704,937	1,673,773	2,904 (3)	1,676,677
Other Debt	-	-	-	-
Reserve Account @ 10%	-	99,628	291 (4)	99,919
Renewal & Replacement Fund (2.5%)	113,054	141,268	(9,890) (5)	131,378
Total Debt Service Requirement	817,991	1,914,669	(6,696)	1,907,973
SB 234 Cash Working Capital	344,154	357,739	-	357,739
Remaining Cash	498,685	408,302	6,696	414,998
Percent Coverage (A) / (B)	235.60%	160.16%		159.88%
Average rate for 3,400 gallons	\$ 46.25	\$ 55.40	\$ -	\$ 55.40
Average rate for 4,000 gallons	\$ 52.40	\$ 62.76	\$ -	\$ 62.76

**MASON COUNTY PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2024W-2626**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis Per Application with Project	5,045,101 5,402,840	(357,739)
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis Per Application with Project	357,739 -	357,739
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis Per Application with Project	1,676,677 1,673,773	2,904
	The difference in P&I is related to Staff's calculation of a loan of \$9,730,000 for 40 years (paid over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis Per Application with Project	99,919 99,628	291
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis Per Application with Project	131,378 141,268	(9,890)
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



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Charleston, WV 25304-2345
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Harold D. Ward, Cabinet Secretary
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: June 18, 2026

SUBJECT: Infrastructure Preliminary Application for the Mason County PSD (2024W-2626):
Lakin WTP Improvements 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