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

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

Date: July 20, 2026

Subject: Midland PSD
Chenoweth Creek Extension and Upgrades
IJDC No. 2026S-2765

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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 extend sewer to 45 residences along Chenoweth Creek Road, as well as upgrade the existing Ward Road lift station and its upstream gravity sewer to allow the lift station to handle the extension.

The proposed cost for this project is $4,000,000, and the PSD will pursue a $500,000 IJDC grant, a $500,000 WDA EEGF, a $1,500,000 CWSRF loan (2%, 30 years), and a $1,500,000 CWSRF Principal Forgiveness loan.

If an approvable BCL request is not submitted to the CWSRF by June 30, 2027, the loan terms will change to 2.75% interest, 0.25% administrative fee, for a term up to 20 years.

Please note the PSC comment relating to the large discrepancy with the amount of funds to meet Senate Bill 234.

<u>Preliminary Project Ratings:</u>
Public Health Benefits: 5
Compliance with Standards: 5

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

Mark E. McDaniel, DO, FAAFP
Acting Commissioner & State Health Officer

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

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

DATE: June 30, 2026

SUBJECT: Midland Public Service District
IJDC Application- **2026S-2765**
Plant Upgrade
Randolph County

Recommendation: This preliminary application and Preliminary Engineering Report has been reviewed and is technically feasible.

Project Scope: The proposed Chenoweth Creek Road sewer extension is needed to address the lack of centralized wastewater infrastructure in an area that currently relies on individual septic systems.

The total project cost is **$4,000,000.00**

Need for the Project: The proposed Chenoweth Creek Road sewer extension is needed to address the lack of centralized wastewater infrastructure in an area that currently relies on individual septic systems.

Concerns: No concerns were noted.

Permits: A permit **will be** required from the WV Bureau for Public Health prior to construction. Other permits and/or consultations that are anticipated for this project include: WVDEP, WVDOT, WVDNR, USF&W, WVSHPO, and USCOE.

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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Carin Angelle, DWWM

DATE: July 8, 2026

SUBJECT: Midland PSD
Chenoweth Creek Extension and Upgrades
IJDC No. 2026S-2765

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 Midland Public Service District (PSD) owns and operates a wastewater collection system in Randolph County, WV under NPDES Permit No. WV0084395. All flow is conveyed to the City of Elkins wastewater treatment plant (WWTP), which discharges under the NPDES Permit No. WV0020028. The Midland PSD serves 927 customers. This project will extend sewer east along Chenoweth Creek Road, as well as upgrade the existing Ward Road lift station and upstream line.

The proposed extension to serve forty-five (45) customers includes the installation of approximately 6,000 LF of gravity sewers, 3,300 feet of force main, 19 manholes, one (1) lift station and all necessary appurtenances. The existing Ward Road lift station will be upgraded to handle the additional flow from the extension, including the replacement of its pumps, guide rails, discharge piping, electrical panels, and generator; spray lining the wet well; and installation of variable frequency drives (VFDs) and an emergency bypass pumping connection. Additionally, approximately 3,400 LF of gravity sewers upstream of the station will be replaced.

The proposed cost for this project is $4,000,000, and the PSD will pursue a $500,000 IJDC grant, a $500,000 WDA EEGF, a $1,500,000 CWSRF loan (2%, 30 years), and a $1,500,000 CWSRF Principal Forgiveness loan. The current monthly rate for 3,400 gallons is $41.38 and is anticipated to increase in three annual steps up to $56.82 (1.51% MHI).

NEED FOR PROJECT

The customers that will be served by this project currently rely on onsite septic systems to treat their wastewater. The nearby Chenoweth Creek is listed on the 2024 303(d) list for impaired streams for fecal coliform. Additionally, there is a demonstrated demand indicated by customer petitions and local outreach efforts for public sewer service within the project area. Extending public sanitary service along Chenoweth Creek will reduce the potential for untreated wastewater discharge into nearby streams, as well as provide the PSD with the ability to support current and future flows.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be below the ASCE Design Fee Curves.

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 15, 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. 2026S-2765
Midland PSD – Sewer Extension (Chenoweth Creek – 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:

__X__ 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 15, 2026
PROJECT SPONSOR:	**MIDLAND PUBLIC SERVICE DISTRICT – (SEWER)**
PROJECT SUMMARY:	The Midland PSD is proposing to pursue Phase I of its Chenoweth Creek sewer extension project, which includes 45 potential customers and upgrades its collection system.

PROPOSED FUNDING:

IJDC Grant	$500,000
WDA Economic Enhancement Grant	500,000
CWSRF Principal Forgiveness	1,500,000
CWSRF Loan (1.75%, .25% AF, 30 yrs.)	1,500,000
Total	$4,000,000

CURRENT RATES:

$43.83	3,400 gallons
$51.56	4,000 gallons

PROPOSED RATES:

$56.82	3,400 gallons
$66.85	4,000 gallons

Application No. 2026S-2765

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

FINANCIAL: Alex Kovarik

1. Current rates ($43.83 for 3,400 gallons) are below the rates attributable to 1.25% ($47.09), 1.5% ($56.51), 1.75% ($65.93), and 2.0% ($75.34) 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 $51,282, $199,268, $347,254, and $495,240 respectively.

2. Using Scenario 1, the preferred funding package consisting of an IJDC Grant of $500,000, a WDA Economic Enhancement Grant of $500,000, a CWSRF Principal Forgiveness of $1,500,000, and a CWSRF Loan of $1,500,000 at 1.75%, .25% Administrative Fee for 30 years, proposed rates

($56.82 for 3,400 gallons) will provide a cash flow surplus of $130,311 and debt service coverage of 377.74%.

3. Using the Scenario 2 alternate loan package of $4,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($56.82 for 3,400 gallons) will provide a cash flow deficit of $57,416 and debt service coverage of 133.70%. An additional 5.8% (for a total of $60.12 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of $1,084 and debt service coverage of 156.25%.

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. The $43.83 (3,400 gallons) rates became effective for all service rendered on and after May 15, 2026, subject to refund. The utility also has pending Going Level Step 2 rates of $45.97 (3,400 gallons) effective for all service rendered on and after May 15, 2027, subject to refund and pending Going Level Step 3 rates of $48.96 (3,400 gallons) effective for all service rendered on and after May 15, 2028, subject to refund. The applicant did not include adjustments for these rates in its Rule 42 Exhibit at Going Level and should correct these issues in its Rule 42 Exhibit prior to filing a rate case.

   D. The amounts of $11,774 at Per Books Adjusted and $13,289 at Going Level for Senate Bill 234 on the applicant's Rule 42 Cash Flow has a large discrepancy with the amount of funds for Senate Bill 234 shown in in the Per Books and Going Level Bill Analysis. The applicant should resolve these discrepancies in its Rule 42 Exhibit prior to filing a rate case. The project sponsor should also ensure that supporting schedules and its cash flow are accurate.

   E. The Applicant did not provide a Cash flow Analysis or other financial information to support its alternate proposed rate ($56.82 for 3,400 gallons) for Scenario 2. However, Staff calculated its Cash flow Analysis for Scenario 2 using the Applicant's proposed rate.

F. 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.

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 Midland PSD is proposing to pursue Phase I of its Chenoweth Creek sewer extension project, which includes 45 potential customers and upgrades its collection system. The proposed project scope includes: mobilization, demobilization, pre-construction video, 3400 LF of 12-inch PVC gravity sewer main, 3900 LF of 6-inch PVC gravity sewer main, 2100 LF of 8-inch PVC gravity sewer main, 3300 LF of 4-inch PVC forcemain, 140 LF of 24-inch steel casing (bore & jack) with 8-inch PVC gravity sewer main, 75 LF of 12-inch steel casing (bore & jack) with 6-inch PVC gravity sewer main, 50 LF of 16-inch steel casing (bore & jack) with 8-inch PVC gravity sewer main, 40 LF of 8-inch steel casing (bore & jack) with 4-inch PVC forcemain, 1100 LF of 4-inch PVC pipe for laterals, 50 LF of customer service laterals (including cleanouts), 2 existing customer reconnections, 35 manholes, two (2) 6-inch terminal cleanouts, one (1) 8-inch terminal cleanout, Chenoweth Lift Station (complete), tie-in to existing manhole, 4 existing sewer tie-in to new manholes, 200 LF of 6-ft fencing with gates, 1200 LF of gravel trench repair, 1000 of 2-inch gravel overlay, 2000 LF of stream bank slope protection, 10800 LF of restoration of disturbed areas, Ward Road #1 Lift Station upgrades (complete), and necessary appurtenances. The estimated construction cost is $3,090,000 (includes 14.99% construction contingency), and the estimated total project cost is $4,000,000 (includes 2.46% project contingency).

Need: The PER indicates that public sewer service is not currently available in the proposed project area, and the current residences rely on private onsite septic systems, which are suspected to be failing or aged. The PER states that "…the need for these improvements is further driven by continued development along the Beverly Five-Lane corridor, which has become a key area of economic development activity."

Customer Density: Based upon the provided sewer main pipe quantities (12,700 LF), the proposed sewer main extends approximately 2.4 mile to serve 45 potential customers. This is approximately equivalent to 18 customers per mile.

Cost per Customer: Based upon the estimated total project cost is $4,000,000, and having approximately 972 (927 existing + 45 new) customers, the cost per customer will be approximately $4,115. The PER indicates a total estimated construction cost of $3,090,000 to extend sewer service to 45 new customers, which equates to approximately $68,667 (does not include technical or other soft costs). The cost per customer in terms of proposed borrowing is $1,543, as the proposed funding is 37.5% loan.

3. Project Alternatives: The PER evaluated 3 alternatives: Alternative #1 – Chenoweth Creek Sewer Extension and System Upgrades, Alternative #2 – Existing System Upgrades at Ward Road #1 Lift Station, and Alternative #3 – Do Nothing. The PER states that Alternative #1 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 $22,548.43, due to increases related to purchased power, purchased treatment, materials and supplies, and administrative costs.

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 $346,500, which is equal to 15.48% of the construction cost of $2,239,000 (includes 10% construction contingency).

7. Deficiencies/Comments:
    - Nothing significant to note.

MIDLAND PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2765
July 15, 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		735,267	937,912	-		937,912
Other Operating Revenue		7,672	7,672	-		7,672
SB 234 Annual Working Cash Collections		-	99,755	-		99,755
Interest Income & Other Misc.		2,807	2,807	-		2,807
Total Cash Available		745,746	1,048,146	-		1,048,146
OPERATING DEDUCTIONS						
Operating Expenses		617,484	675,539	1,960	(1)	677,499
Taxes		16,798	16,798	-		16,798
Total Cash Requirements Before Debt Service		634,282	692,337	1,960		694,297
Cash Available for Debt Service	(A)	111,464	355,809	(1,960)		353,849
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	28,980	95,511	(1,836)	(2)	93,675
Other Debt		-	-	-		-
Reserve Account @ 10%		-	6,653	(184)	(3)	6,469
Renewal & Replacement Fund (2.5%)		355	25,996	(2,356)	(4)	23,640
Total Debt Service Requirement		29,335	128,160	(4,376)		123,784
SB 234 Cash Working Capital		13,289	99,755	-		99,755
Remaining Cash		68,840	127,894	2,416		130,311
Percent Coverage	(A) / (B)	384.62%	372.53%			377.74%
Average rate for 3,400 gallons		$ 43.83	$ 56.82	$ -		$ 56.82
Average rate for 4,000 gallons		$ 51.56	$ 66.85	$ -		$ 66.85

MIDLAND PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2765

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**677,499**	**1,960**
		Per Application with Project	**675,539**	

Staff included administrative fees on proposed CWSRF Loan which was not included by the applicant.

(2)	**Principal & Interest**	**Per Staff Analysis**	**93,675**	**(1,836)**
		Per Application with Project	**95,511**	

The difference in P&I is related to Staff's calculation of the proposed WV DEP CWSRF loan of $1,500,000 for 30 years at 1.75%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**6,469**	**(184)**
		Per Application with Project	**6,653**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**23,640**	**(2,356)**
		Per Application with Project	**25,996**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

MIDLAND PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2765
July 15, 2026

LOAN PACKAGE
SCENARIO 2

		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		735,267	937,912	60,000	(1)	997,912
Other Operating Revenue		7,672	7,672	-		7,672
SB 234 Annual Working Cash Collections		-	99,755	-		99,755
Interest Income & Other Misc.		2,807	2,807	-		2,807
Total Cash Available		745,746	1,048,146	60,000		1,108,146
OPERATING DEDUCTIONS						
Operating Expenses		617,484	675,539	-		675,539
Taxes		16,798	16,798	-		16,798
Total Cash Requirements Before Debt Service		634,282	692,337	-		692,337
Cash Available for Debt Service	(A)	111,464	355,809	60,000		415,809
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	28,980	95,511	170,606	(2)	266,117
Other Debt		-	-	-		-
Reserve Account @ 10%		-	6,653	17,061	(3)	23,714
Renewal & Replacement Fund (2.5%)		355	25,996	(856)	(4)	25,140
Total Debt Service Requirement		29,335	128,160	186,811		314,970
SB 234 Cash Working Capital		13,289	99,755	-		99,755
Remaining Cash		68,840	127,894	(126,811)		1,084
Percent Coverage	(A) / (B)	384.62%	372.53%			156.25%
Average rate for 3,400 gallons		$ 43.83	$ 56.82	$ 3.30		$ 60.12
Average rate for 4,000 gallons		$ 51.56	$ 66.85	$ 3.88		$ 70.73

MIDLAND PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2765

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**997,912**	**60,000**
		Per Application with Project	**937,912**	

Staff projected that an additional $60,000 in revenues would be needed to achieve 115% debt service coverage and a positive cash flow surplus.

(2)	**Principal & Interest**	**Per Staff Analysis**	**266,117**	**170,606**
		Per Application with Project	**95,511**	

The difference in P&I is related to Staff's calculation of a loan of $4,000,000 for 40 years (paid over 38 years) at 5%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**23,714**	**17,061**
		Per Application with Project	**6,653**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**25,140**	**(856)**
		Per Application with Project	**25,996**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.