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

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

Date: September 15, 2026

Subject: Mt. Zion PSD
IJDC Application - 2025W-2738
Southern Calhoun Water Line Extension

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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:

The proposed project will extend service to serve fifty new customers and upgrade portions of the existing distribution system. This project will provide safe, reliable drinking water to residents currently on private wells and reduce water main breaks.

The proposed cost for this project is $5,000,000. The MZPSD will pursue a funding scenario of a $1,000,000 IJDC grant and a $4,000,000 CDS grant. The proposed rate for 3,400 gallons is $87.79 (2.40% MHI).

<u>Preliminary Project Ratings:</u>

Public Health Benefits:	10
Compliance with Standards:	0

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MEMORANDUM

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

FROM: Carin Angelle, DWWM

DATE: September 10, 2026

SUBJECT: Mt. Zion PSD
Southern Calhoun Water Line Extension
IJDC No. 2025W-2738

RECOMMENDATION

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

PROJECT DESCRIPTION

The Mt. Zion Public Service District (MZPSD) owns and operates a public water supply system in Calhoun County, WV under Public Water System Identification Number (PWSID) WV3300702. MZPSD purchases water from the Town of Grantsville whose treatment plant draws from the Little Kanawha River and operates under PWSID WV3300701. MZPSD serves 482 customers. This project will extend water from the end of the existing water line near the West Fork Community Center to approximately 50 residents near Southern Calhoun Highway (WV-16), as well as construct a water storage tank.

The proposed extension to serve fifty (50) customers includes the installation of approximately 4,500 LF of 8-inch PVC, approximately 24,500 LF of 6-inch PVC, 18 fire hydrants, 2 blow-off assemblies, a 150,000-gallon water storage tank, pressure-reducing valve (PRV) upgrades, a SCADA system, and all necessary appurtenances.

The proposed cost for this project is $5,000,000. The MZPSD will pursue a funding scenario of a $1,000,000 IJDC grant and a $4,000,000 CDS grant. The current average monthly rate for 3,400 gallons is $75.07 (2.05% MHI) and the proposed is $87.79 (2.40% MHI).

NEED FOR PROJECT

The customers that will be served by this project currently rely on private groundwater wells to obtain their water. Reliance on these unregulated systems would cease once public service became available, thereby reducing the potential for groundwater depletion and risks of microbial and inorganic contamination. The completion of the proposed extension will protect natural water resources in the area as well as public health from harm due to contaminated drinking water.

The existing distribution system experiences pressure fluctuations that cause water main breaks. These breaks weaken system reliability and contribute to increased operation and maintenance (O&M) costs. The completion of the proposed water storage tank construction and PRV upgrades will automate tank turnover, thereby improving pressure fluctuations, preventing water main breaks, reducing O&M expenses, and providing better reliability of service to MZPSD's customers.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be below the ASCE Design Fee Curves.
- Environmental Clearance Letters will be obtained as part of the design process.

Preliminary Project Ratings:

Public Health Benefits	5
Compliance with Standards	0

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

September 9, 2026

Mark Sarver, Chair
Water Development Authority, 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. 2025W-2738
Mt. Zion PSD – Waterline Extension (Southern Calhoun Highway)
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:	September 9, 2026	
PROJECT SPONSOR:	**MT. ZION PUBLIC SERVICE DISTRICT - WATER**	
PROJECT SUMMARY:	Mt. Zion Public Service District is proposing to extend water service to 50 potential customers located along Southern Calhoun Highway (WV-16).	
PROPOSED FUNDING:	WVIJDC Grant	$1,000,000
	Congressionally Directed Spending Grant	4,000,000
	Total	$5,000,000

CURRENT RATES:	$75.07	3,400 gallons
	$88.32	4,000 gallons
PROPOSED RATES:	$87.79	3,400 gallons
	$103.28	4,000 gallons

Application No. 2025W-2738

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

FINANCIAL: Alex Kovarik

1. Current rates ($75.07 for 3,400 gallons) are above the rates attributable to 1.25% ($45.81), 1.5% ($54.98), 1.75% ($64.14), and 2.0% ($73.30) of the Median Household Income.

2. Using Scenario 1, the preferred funding package consisting of a WVIJDC Grant of $1,000,000 and a Congressionally Directed Spending Grant of $4,000,000, proposed rates ($87.79 for 3,400 gallons) will provide a cash flow surplus of $13,097 and debt service coverage of 242.94%.

3. Using the Scenario 2 alternate loan package of $5,000,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($137.46 for 3,400 gallons) will provide a cash flow surplus of $10,734 and debt service coverage of 133.31%.

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 Cash Flow Statement submitted with the application.

    C. Staff used the MHI for Calhoun County of $43,980 from the 2025 U.S. Census in its analysis.

    D. Staff notes the project sponsor requested a Draft Rule 42 Exhibit waiver since the project is proposed to be entirely funded with grants.

    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. Staff notes the Cash Flow Analyses provided by the project sponsor reflects a Going Level deficit. The project sponsor's cash flow analyses propose to increase rates from $75.07 (3,400 gallons) to $87.79 (3,400 gallons) at Proforma. The project sponsor hasn't filed for an increase with the PSC as of September 3, 2026.

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: Mt. Zion Public Service District is proposing to extend water service to 50 potential residential customers located along Southern Calhoun Highway (WV-16). The proposed project scope includes: mobilization, demobilization, pre-construction video, 4500 LF of 8-inch PVC water main pipe, 180 LF of 8-inch DIP water main pipe, 24500 LF of 6-inch PVC water main pipe, twenty (20) 8-inch gate valve (including box and cover), ten (10) 6-inch gate valve (including box and cover), an 8-inch water main connection to existing water main, 18 fire hydrant assemblies, 60 concrete thrust blocks (including fittings), 160 LF of 16-inch steel casing (bore & jack), 100 LF of 15-inch HDPE casing (open cut), 25 LF of 12-inch steel casing (bore & jack), 50 LF of 12-inch casing (open cut), 20 LF of 12-inch casing (open cut), 29000 LF of WVDOH shoulder restoration, 250 LF of WVDOH Type "A" Trench, 200 LF of WVDOH Type "C" Trench, 200 LF of concrete driveway restoration, 80 LF of asphalt driveway restoration, 100 LF of gravel driveway restoration, 500 LF of surface restoration, 2 blow-off assemblies, 2 automatic air release valves, twenty-five (25) 3/4-inch service settings (including pressure regulator), twenty-five (25) 3/4-inch service settings, 500 LF of 3/4-inch copper service line, 750 LF of 3/4-inch copper service line (road crossing), 3 leak detection sub-metering, SCADA system, PRV station (including metering at Clay interconnection), new 150,000-gallon water storage tank, convert existing Millstone PRV to control valve to fill new water storage tank, tank access road, 1500 LF of 8-inch PVC water pipe for new water storage tank, erosion and sediment control, and all necessary appurtenances. The estimated construction cost is $3,975,900 (includes 9.99% construction contingency), and the estimated total project cost is $5,000,000 (includes 6.12% project contingency).

   Need: The PER indicates that current residents rely on private water supplies "…with potential microbial and inorganic contamination.", and the water extension would provide water service for residences and businesses. The alignment of the proposed extension will allow for future water main extensions into additional rural areas. Additionally, the project scope includes a new water storage tank and PRV valves that will provide better reliability of fire flows, improve pressure fluctuations, and allow for tank turnover.

   Customer Density: Based upon the provided water main pipe quantities (29,180 LF), the proposed sewer line extends approximately 5.53 miles to serve 50 potential customers. This is approximately equivalent to 9 customers per mile.

Cost per Customer: Based upon the estimated total project cost is $5,000,000 (includes contingency), and proposing to extend water service to 50 new customers, the cost per customer is $100,000. However, the cost per customer in terms of proposed borrowing is $0, as the proposed funding is 100% grant.

3. Project Alternatives: The PER did not include an evaluation of alternatives.

4. Consolidation: There are no consolidation opportunities presented by this project.

5. Operation and Maintenance (O&M) Expenses: The PER indicates that annual O&M Expenses are anticipated to increase by $29,000. The estimated increase in annual O&M is related to increases in purchased water, pumping costs, meter reading, and telemetry.

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 $720,000, which is equal to 18.11% of the construction cost of $3,975,900 (includes construction contingency). *The 5G Documentation is from 2017.*

7. Deficiencies/Comments:
   - The PER does not include evidence of community support (letters, requests for water service, signed user agreements, etc.) for the proposed waterline extension.
   - The PER does not provide any evidence (lab testing, pictures, testimony, etc.) of the current private water source conditions, other than a generic statement regarding "…potential microbial and inorganic contamination."
   - The 5G Documentation is from 2017.

MT. ZION PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2738
September 9, 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		468,966	586,798	(55,719)	(1)	531,079
Other Operating Revenue		10,956	10,956	-		10,956
SB 234 Annual Working Cash Collections				55,719	(2)	55,719
Interest Income & Other Misc.		7,362	7,362	-		7,362
Total Cash Available		487,284	605,116	-		605,116
OPERATING DEDUCTIONS						
Operating Expenses		416,749	445,749	-		445,749
Taxes		19,376	19,376	-		19,376
Total Cash Requirements Before Debt Service		436,125	465,125	-		465,125
Cash Available for Debt Service	(A)	51,159	139,991	-		139,991
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	57,624	57,624	-		57,624
Other Debt		-	-	-		-
Reserve Account @ 10%		-	-	-		-
Renewal & Replacement Fund (2.5%)		12,182	15,128	(1,577)	(3)	13,551
Total Debt Service Requirement		69,806	72,752	(1,577)		71,175
SB 234 Cash Working Capital		52,094	55,719	-		55,719
Remaining Cash		(70,741)	11,520	1,577		13,097
Percent Coverage	(A) / (B)	88.78%	242.94%			242.94%
Average rate for 3,400 gallons		$ 75.07	$ 87.79	$ -		$ 87.79
Average rate for 4,000 gallons		$ 88.32	$ 103.28	$ -		$ 103.28

MT. ZION PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2738

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**531,079**	**(55,719)**
		Per Application with Project	**586,798**	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**55,719**	**55,719**
		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**	**13,551**	**(1,577)**
		Per Application with Project	**15,128**	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

MT. ZION PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2738
September 9, 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		468,966	918,798	(55,719)	(1)	863,079
Other Operating Revenue		10,956	10,956	-		10,956
SB 234 Annual Working Cash Collections				55,719	(2)	55,719
Interest Income & Other Misc.		7,362	7,362	-		7,362
Total Cash Available		487,284	937,116	-		937,116
OPERATING DEDUCTIONS						
Operating Expenses		416,749	445,749	-		445,749
Taxes		19,376	19,376	-		19,376
Total Cash Requirements Before Debt Service		436,125	465,125	-		465,125
Cash Available for Debt Service	(A)	51,159	471,991	-		471,991
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	57,624	351,797	2,248	(3)	354,045
Other Debt		-	-	-		-
Reserve Account @ 10%		-	29,417	225	(4)	29,642
Renewal & Replacement Fund (2.5%)		12,182	23,428	(1,577)	(5)	21,851
Total Debt Service Requirement		69,806	404,642	896		405,538
SB 234 Cash Working Capital		52,094	55,719	-		55,719
Remaining Cash		(70,741)	11,630	(896)		10,734
Percent Coverage	(A) / (B)	88.78%	134.17%			133.31%
Average rate for 3,400 gallons		$ 75.07	$ 137.46	$ -		$ 137.46
Average rate for 4,000 gallons		$ 88.32	$ 161.72	$ -		$ 161.72

MT. ZION PUBLIC SERVICE DISTRICT - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2025W-2738

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

Adjustment Description			$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**863,079**	**(55,719)**
		Per Application with Project	**918,798**	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**55,719**	**55,719**
		Per Application with Project	**-**	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	**Principal & Interest**	**Per Staff Analysis**	**354,045**	**2,248**
		Per Application with Project	**351,797**	
	The difference in P&I is related to Staff's calculation of a loan of $5,000,000 for 40 years (paid over 38 years) at 5%.			
(4)	**Reserve Account @ 10%**	**Per Staff Analysis**	**29,642**	**225**
		Per Application with Project	**29,417**	
	Staff assumed a 10% reserve on the new debt.			
(5)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**21,851**	**(1,577)**
		Per Application with Project	**23,428**	
	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
www.dep.wv.gov

MEMORANDUM

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey BB
Technical Analyst
General Permits & Support Team

DATE: August 26, 2026

SUBJECT: SUBJECT: Infrastructure Preliminary Application for the Mt. Zion PSD (2025W-2738): Southern Calhoun County Waterline Extension in Calhoun County, WV.

We have reviewed the above referenced project application information. Water for Mt. Zion PSD is purchased from the Town of Grantsville. No NPDES permit modifications are necessary.

If Mt. Zion 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 City of Weirton 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 Mt. Zion 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: Katheryn Emery