



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: City of Richwood
IJDC Application - 2026W-2796
Water Storage Tank Improvements 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.

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- 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 intends to repair and rehabilitate 4 water storage tanks, decommission 1 tank, install a pressure reducing valve vault, replace booster pumps, and replace existing high service pumps at the water treatment plant.

The proposed total cost for this project is \$2,500,000 and City intends to pursue a \$1,500,000 DWTRF Principal Forgiveness Loan, and a \$1,000,000 IJDC grant.

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: Daniel Bailey, E.I., CFM, DWWM

DATE: July 8, 2026

SUBJECT: City of Richwood
IJDC Application - 2026W-2796
Water Storage Tank Improvements Project

RECOMMENDATION

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

PROJECT DESCRIPTION

The City of Richwood (City) owns and operates a Class II public water supply system serving approximately 977 customers in Nicholas County, WV, under PWSID WV3303401. The system sources raw water from the Cherry River and includes a treatment facility, distribution system, with fire hydrants, valves, two (2) booster stations, five (5) storage tanks with a combined capacity of 1.3 million gallons.

The proposed project intends to repair and rehabilitate 4 water storage tanks, decommission 1 tank, install a pressure reducing valve vault, replace booster pumps, and replace existing high service pumps at the water treatment plant.

The proposed total cost for this project is \$2,500,000 and City intends to pursue a \$1,500,000 DWTRF Principal Forgiveness Loan, and a \$1,000,000 IJDC grant. The current monthly rate for 3,400 gallons is \$54.73 (2.13% MHI) with no project rate increase.

NEED FOR PROJECT

In July 2025, the City of Richwood received a sanitary survey from the West Virginia Department of Health that identified numerous significant deficiencies. Most of those deficiencies were related to the City's potable water storage tanks. In April 2026, the City received Administrative Order EE-26-07 stating that a corrective action plan had not been submitted to address the identified deficiencies.

Significant and minor deficiencies identified in the sanitary survey include improper overflow screening at all tanks; a hole in the floor of the Lynn Street Tank causing leakage; foundation subsidence at the Fenwick Tank; lack of perimeter fencing at all tanks; excessive vegetation around all tanks; improper sealing between the foundation and tank base at all tanks; and the need for inspection of all tanks. Following the sanitary survey, the City engaged West Virginia Rural Water to inspect all water storage tanks. Those inspections found that the interior and exterior of all tanks require cleaning, pit weld repairs, grout repairs, and recoating. The City has also identified the need to replace the high-service pumps at the WTP and the booster pumps at the Orchard Heights booster station to help ensure reliable water conveyance to the storage tanks.

DEFICIENCIES/COMMENTS

- A public meeting/participation plan will be necessary.
- Using the Combined Application, the Design and Total Engineering fees appear to be within the ASCE curve.

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 6, 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-2796

Richwood, City of – Water Storage Tank Improvements

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 6, 2026

PROJECT SPONSOR: CITY OF RICHWOOD – (WATER)

PROJECT SUMMARY: The City of Richwood is proposing to rehabilitate 4 of its existing water storage tanks, and make other upgrades and improvements to its existing water distribution system.

PROPOSED FUNDING:	DWTRF Principal Forgiveness	\$1,500,000
	IJDC Grant	<u>1,000,000</u>
	Total	\$2,500,000

**CURRENT/PROPOSED
RATES:**

City Residential	\$54.73	3,400 gallons
	\$62.24	4,000 gallons

Hinkle Mt./		
Laurel Ck.	\$65.67	3,400 gallons
	\$74.68	4,000 gallons

Application No. 2026W-2796

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

FINANCIAL: Bob Cadle

1. Current average rates (\$60.20 for 3,400 gallons) are above the rates attributable to 1.25% (\$28.47), 1.50% (\$34.16), 1.75% (\$39.85), and 2% (\$45.55) of the Median Household Income (MHI).

2. Using Scenario 1, the preferred funding package consisting of a DWTRF Principal Forgiveness of \$1,500,000 and an IJDC Grant of \$1,000,000, proposed average rates (\$60.20 for 3,400 gallons) will provide a cash flow surplus of \$35,537 and debt service coverage of 191.06%.
3. Using the Scenario 2 alternate loan package of \$2,500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), the proposed average rates (\$70.74 for 3,400 gallons) will provide a cash flow surplus of \$13,600 and debt service coverage of 146.40%.

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 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. Staff notes the Applicant's Tariff divided rates into rate classes (Residential, Commercial, Industrial and Hinkle Mt/Laurel Creek). The Applicant used only the Residential rates in its financial calculations. Staff used the same rates in its analyses.
- 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. Senate Bill 234 (2015) required, pursuant to WV Code 24-2-4b (b), that municipally operated utilities shall consider a reasonable plant-in-service depreciation expense for rates and charges. The project sponsor should take this into consideration when preparing its Rule 42. Municipals that do not provide for a reasonable depreciation expense risk delays in Certificate of Convenience and Necessity filings if rates are determined to not be sufficient.
- G. The City of Richwood should carefully evaluate its revenue requirements before passing a rate ordinance in order to ensure that rates are sufficient to provide a reasonable surplus and meet coverage requirements. Calculations to support the revenue projections should also be provided.

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 City of Richwood is proposing to rehabilitate 4 of its existing water storage tanks, and make other upgrades and improvements to its existing water distribution system. The proposed project scope includes: mobilization, pre-construction video, erosion and sediment control, restoration of disturbed areas, rehabilitate Lynn Street Water Storage Tank (interior & exterior cleaning, painting, tank repairs, overflow screen, and foundation repair), rehabilitate Riverside Water Storage Tank (interior & exterior cleaning, painting, and overflow screen), rehabilitate Fenwick Water Storage Tank (interior & exterior cleaning, painting, overflow screen, and foundation repair), rehabilitate Orchard Heights Water Storage Tank (interior & exterior cleaning, painting, and overflow screen), abandon and decommission existing Oakford Water Storage Tank, relocate/install new SCADA/telemetry equipment, install new pressure reducing station (complete), perimeter fencing with gates (ALL tank sites), replace 3 existing high service pumps at WTP, replace 2 existing pumps at Orchard Heights Booster Pump Station, and necessary appurtenances. The estimated construction cost is \$1,940,000 (includes 15.13% construction contingency), and the estimated total project cost is \$2,500,000 (includes 1.82% project contingency).

Need: The PER indicates that in July 2025, the City received a sanitary survey from the WV Department of Health identifying significant deficiencies, some of which are related to the existing water storage tanks. Then in April 2026, the City had received Administrative Order (EE-26-07) stating that a corrective action plan had not been submitted to address the identified deficiencies. The City has been working with WV RCAP, and the proposed project scope will address the significant deficiencies noted.

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 \$2,500,000, and having approximately 977 customers, the cost per customer will be approximately \$2,559. 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 – Replacement of Existing Water Storage Tanks, Alternative #2 – Replacement of Existing Tanks, and Alternative #3 – Do Nothing. The PER indicates that Alternative #2 was selected as this alternative will mitigate the risk of further deterioration of the existing water storage tanks, and will assist the City in complying with the Administrative Order.
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 or discussion of anticipated changes to O&M expenses, but does state “Given that this is a rehabilitation project, there is no anticipated change in annual operation and maintenance...”.
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 \$397,500, which is equal to 20.49% of the construction cost of \$1,940,000 (includes 15.13% construction contingency).
7. Deficiencies/Comments:
 - Nothing significant to note.

CITY OF RICHWOOD - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2796
July 6, 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	820,745	820,745	(76,871) (1)	743,874
Other Operating Revenue	5,555	5,555	-	5,555
SB 234 Annual Working Cash Collections	-	-	76,871 (2)	76,871
Interest Income & Other Misc.	625	625	-	625
Total Cash Available	826,925	826,925	-	826,925
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	495,258	495,258	-	495,258
Taxes	22,558	22,558	-	22,558
Total Cash Requirements Before Debt Service	517,816	517,816	-	517,816
Cash Available for Debt Service (A)	309,109	309,109	-	309,109
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	161,786	161,786	-	161,786
Other Debt	-	-	-	-
Reserve Account @ 10%	16,179	16,179	-	16,179
Renewal & Replacement Fund (2.5%)	20,658	20,658	(1,922) (3)	18,736
Total Debt Service Requirement	198,623	198,623	(1,922)	196,701
SB 234 Cash Working Capital	76,871	76,871	-	76,871
Remaining Cash	33,615	33,615	1,922	35,537
Percent Coverage (A) / (B)	191.06%	191.06%		191.06%
Average rate for 3,400 gallons	\$ 60.20	\$ 60.20	\$ -	\$ 60.20
Average rate for 4,000 gallons	\$ 68.46	\$ 68.46	\$ -	\$ 68.46
City Residential Customers				
Rate for 3,400 gallons	\$ 54.73	\$ 54.73	\$ -	\$ 54.73
Rate for 4,000 gallons	\$ 62.24	\$ 62.24	\$ -	\$ 62.24
Hinkle Mt./Laurel Ck. Customers				
Rate for 3,400 gallons	\$ 65.67	\$ 65.67	\$ -	\$ 65.67
Rate for 4,000 gallons	\$ 74.68	\$ 74.68	\$ -	\$ 74.68

CITY OF RICHWOOD - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2796

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>				\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis		743,874	(76,871)
		Per Application with Project		820,745	
	Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis		76,871	76,871
		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		18,736	(1,922)
		Per Application with Project		20,658	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

CITY OF RICHWOOD - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2796
July 6, 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	820,745	965,457	(76,871) (1)	888,586
Other Operating Revenue	5,555	5,555	-	5,555
SB 234 Annual Working Cash Collections		-	76,871 (2)	76,871
Interest Income & Other Misc.	625	625	-	625
Total Cash Available	826,925	971,637	-	971,637
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	495,258	495,258	-	495,258
Taxes	22,558	22,558	-	22,558
Total Cash Requirements Before Debt Service	517,816	517,816	-	517,816
Cash Available for Debt Service (A)	309,109	453,821	-	453,821
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	161,786	306,445	3,552 (3)	309,997
Other Debt			-	-
Reserve Account @ 10%	16,179	30,645	355 (4)	31,000
Renewal & Replacement Fund (2.5%)	20,658	24,276	(1,922) (5)	22,354
Total Debt Service Requirement	198,623	361,366	1,985	363,350
SB 234 Cash Working Capital	76,871	76,871	-	76,871
Remaining Cash	33,615	15,584	(1,985)	13,600
Percent Coverage (A) / (B)	191.06%	148.09%		146.40%
Average rate for 3,400 gallons	\$ 60.20	\$ 70.74	\$ -	\$ 70.74
Average rate for 4,000 gallons	\$ 68.46	\$ 80.44	\$ -	\$ 80.44
City Residential Customers				
Rate for 3,400 gallons	\$ 54.73	\$ 64.31	\$ -	\$ 64.31
Rate for 4,000 gallons	\$ 62.24	\$ 73.13	\$ -	\$ 73.13
Hinkle Mt./Laurel Ck. Customers				
Rate for 3,400 gallons	\$ 65.67	\$ 77.16	\$ -	\$ 77.16
Rate for 4,000 gallons	\$ 74.68	\$ 87.75	\$ -	\$ 87.75

**CITY OF RICHWOOD - WATER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026W-2796**

**Attachment B
LOAN PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	Operating Revenues	Per Staff Analysis	888,586	(76,871)
		Per Application with Project	965,457	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	76,871	76,871
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Principal & Interest	Per Staff Analysis	309,997	3,552
		Per Application with Project	306,445	
the difference in P&I is related to Staff's calculation of a loan of \$2,500,000 for 40 years (paid over 38 years) at 5%.				
(4)	Reserve Account @ 10%	Per Staff Analysis	31,000	355
		Per Application with Project	30,645	
Staff assumed a 10% reserve on the new debt.				
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	22,354	(1,922)
		Per Application with Project	24,276	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				



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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 *BS*
Technical Analyst
General Permits & Support Team

DATE: June 18, 2026

SUBJECT: Infrastructure Preliminary Application for the City of Richwood
(2026W-2796): Water Storage Tanks Project in Nicholas County, WV.

We have reviewed the above referenced project application information. The City of Richwood discharges its backwash to its site, which is covered under WV/NPDES Permit No. WV0022004 and expires November 13, 2027.

If the City of Richwood 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 Richwood 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 sand blasting. If it is determined that the paint is not hazardous, the City of Richwood 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.

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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