



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: Brad Sergent, Chair

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

Date: April 21, 2026

Subject: Town of Wardensville
IJDC Application: 2026S-2768
Wastewater System Improvements - Phase 2

-
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 wastewater 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. This project will need to be tabled to give time for the PSC to complete the review.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

The proposed project includes improvements to the Warden Acres and Pine Street lift stations, as well as sewer line extensions along Trout Run Road and Route 259 to serve 74 proposed customers. The existing Pine Street Lift Station will be relocated to allow for continued service to the existing system and to receive and convey flows from the Route 259 extension. Improvements to the Warden Acres Lift Station consist of a new concrete slab, elevated generator platform, a permanent generator and a bypass pumping connection. The combined extensions include approximately 19,500 LF of 8” gravity sewers, 2,200 LF of 3” force main and 105 manholes.

The total proposed project cost is \$3,937,000 and the Town intends to pursue a \$1,500,000 grant from USACE, \$837,000 EEGF from WDA, a \$1,500,000 grant from CDS, and a \$100,000 loan (3%, 20 yr) from IJDC.

Preliminary Project Ratings:

Public Health Benefits: 10
Compliance with Standards: 10




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

Jason R. Frame
OEHS Director

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

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

DATE: April 6, 2026

SUBJECT: Town of Wardensville
IJDC Application- **2026S-2768**
Sewer Improvement Project Phase 2
Hardy

Recommendation: We have reviewed this preliminary application and recommend that it be forwarded to the Funding Committee for review.

Project Scope: The project scope for the alternative selections was not presented in the PER; however, the general scope is to either repair and/or replace the two existing lift stations. Specific details are listed in the PER.

The total project cost is **\$3,937,000.00**.

Need for the Project: The need for the project, as addressed in the PER, is to perform improvements and/or replacement of the two existing lift stations so that additional customers can be served.

Concerns: No concerns were noted.

Permits: Permits and/or agency consultations that may be expected to be required include: WVDH, WVDEP, WVDOH, WVDNR and USCOE.





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

FROM: Tyler Barrett, E.I., DWWM

DATE: April 13, 2026

SUBJECT: Town of Wardensville
IJDC Application: 2026S-2768
Wastewater System Improvements - Phase 2

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER) prepared by Rummel, Klepper & Kahl (RK&K) for the above-mentioned project have been reviewed and are technically feasible.

PROJECT DESCRIPTION

The Town of Wardensville (Town) owns and operates a collection system and wastewater treatment plant (WWTP) which is designed for an average daily flow (ADF) of 0.12 million gallons per day (MGD) and serves approximately 373 customers. The proposed project includes improvements to the Warden Acres and Pine Street lift stations, as well as sewer line extensions along Trout Run Road and Route 259 to serve 74 proposed customers. The existing Pine Street Lift Station will be relocated to allow for continued service to the existing system and to receive and convey flows from the Route 259 extension. Improvements to the Warden Acres Lift Station consist of a new concrete slab, elevated generator platform, a permanent generator and a bypass pumping connection. The combined extensions include approximately 19,500 LF of 8" gravity sewers, 2,200 LF of 3" force main and 105 manholes.

The total proposed project cost is \$3,937,000 and the Town intends to pursue a \$1,500,000 grant from USACE, \$837,000 EEGF from WDA, a \$1,500,000 grant from CDS, and a \$100,000 loan (3%, 20 yr) from IJDC. The current rate for 3,400 gallons is \$47.05 (1.23% MHI) and the proposed rate is \$48.47 (1.39% MHI).

NEED FOR PROJECT

The proposed project is necessary to address several needs within the Town's wastewater system. These needs include replacing aging infrastructure, such as the failing Pine Street and Warden Acres lift stations, which currently do not have emergency bypasses and backup generators. The project addresses significant public health and environmental concerns by extending public sewer service to areas along Trout Run Road and Route 259, where residents rely on failing septic systems located in unsuitable soils. These improvements are also intended to facilitate reasonable regional growth by providing necessary capacity and infrastructure for future service area expansions.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be within the ASCE curve.
- The PER did not include an engineering summary of the project with pipe size, length, capacities, etc.
- Cybersecurity measures should be considered in lift station design.

Preliminary Project Ratings:

Public Health Benefits: 10

Compliance with Standards: 10

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



April 14, 2026

Katheryn Emery, P.E., Program Manager
CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Re: Public Service Commission Staff Review Comments
Application No. 2026S-2768
Wardensville, Town of – Sewer Collection System Improvements
& Sewer Extension (Trout Run Phase II)
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: April 13, 2026

PROJECT SPONSOR: TOWN OF WARDENSVILLE – (SEWER)

PROJECT SUMMARY: The Town of Wardensville is proposing to make improvements to its sewer collection system and extend sewer service to approximately 42 potential customers.

PROPOSED FUNDING:	USACE Grant	\$1,500,000
	CDS Match	1,500,000
	WDA EEGF	837,000
	IJDC Loan (3%, 20 years)	100,000
	Total	\$3,937,000

CURRENT RATES: \$47.05 3,400 gallons
\$54.32 4,000 gallons

PROPOSED RATES: \$48.47 3,400 gallons
\$55.96 4,000 gallons

Application No. 2026S-2768

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

FINANCIAL: Nathan Nelson

1. Current rates (\$47.05 for 3,400 gallons) are above the rates attributable to 1.25% (\$44.27) of the Median Household Income (MHI), but below the rates attributable to 1.50% (\$53.13), 1.75% (\$61.98) and 2.0% (\$70.83) of the MHI. Increasing current rates to 1.50%, 1.75% and 2.0% of the MHI would provide additional revenues of \$29,261, \$71,907 and \$114,554 respectively.
2. Using Scenario 1, the preferred funding package consisting of a USACE Grant of \$1,500,000, Congressionally Directed Spending match of \$1,500,000, WDA Economic Enhancement Grant Funds of \$837,000 and an IJDC loan of \$100,000 at 3% for 20 years, proposed rates (\$48.47 for

3,400 gallons) will provide a cash flow surplus of \$2,264 and debt service coverage of 121.32%.

3. Using the Scenario 2 alternate loan package of \$3,937,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$48.47 for 3,400 gallons) will provide a cash flow deficit of \$247,085 and debt service coverage of 30.41%. An additional 99.1% (for a total of \$96.50 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$2,515 and debt service coverage of 115.04%.

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 cash flow statement submitted with the application. The cash flow is based on the FYE June 30, 2025; however, the Town's 2025 Annual Report is not yet on file at the PSC.
- C. The \$47.05 (3,400 gallons) rates became effective for service rendered on and after June 1, 2025. The City has accounted for this increase at going level in its cash flow.
- D. It should be noted that the project sponsor is proposing a 3% rate increase to \$48.47 (3,400 gallons) and is proposing a \$100,000 loan as part of project financing. The Town has requested a waiver of the Rule 42 Exhibit requirement, stating that the majority of the funding is grant based and the requested rate increase is minimal.
- E. Staff utilized the Preferred Cash Flow Analysis with proposed rates of (\$48.47 for 3,400 gallons) as the basis for its Max Rate analysis.
- 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. However, the amount of the funding, \$465, is far less than 1/8th of the Town's O&M expenses. Staff accepted this amount in its analyses, as the Town's current CWCR

funding totals are not available. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.

- G. 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.
- H. The Town 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 Town of Wardensville is proposing to make improvements to its sewer collection system and extend sewer service to approximately 42 potential customers. The proposed project scope includes: mobilization, demobilization, pre-construction video, erosion and sediment control, traffic control, new Pine Street Pump Station (complete), decommission of existing Pine Street Pump Station, improvements to the existing Warden Acres Pump Station, 2 permanent generators, 9400 LF of 8-inch PVC sewer main, 1260 LF of 6-inch PVC sewer laterals, 31 manholes (with frame and cover), 62 VF of manhole extensions, 80 LF of 16-inch steel casing (bore & jack), 2200 LF of 3-inch forcemain piping, forty-two (42) 6-inch sewer cleanouts, forty-two (42) 8-inch X 6-inch wyes, 2 connections to existing sewer system, 2 stream crossings, miscellaneous asphalt/aggregate/concrete restoration, and necessary appurtenances. The estimated construction cost is \$3,147,000 (includes 20% construction contingency), and the estimated total project cost is \$3,937,000.

Need: The PER indicates that Pine Street and Warden Acres Lift Stations do not have SCADA or auto dialers to notify staff when issues arise, and do

not have emergency backup power sources (generators). Residents of Trout Run Cutoff Road, Trout Run Road, and Route 259 utilize private septic systems and the Hardy County Health Department has identified multiple systems as “deficient”.

Customer Density: Based upon the provided Trout Run sewer main pipe quantities (6,900 LF), the proposed sewer line extends approximately 1.31 mile to serve 42 potential customers. This is approximately equivalent to 32 customers per mile.

Cost per Customer: Based upon the estimated total project cost is \$3,937,000, and having approximately 415 (373 existing + 42 new) customers, the cost per customer will be approximately \$9,487. The PER indicates a total estimated construction cost of \$1,434,000 to extend sewer service to 42 new customers, which equates to approximately \$34,143 (does not include technical or other soft costs). The cost per customer in terms of proposed borrowing is \$2,381, as the proposed funding is 97.46% grant.

3. **Project Alternatives:** The PER evaluated various Alternatives for each of the proposed improvements: Pine Street Lift Station (PS 1 – Pine Street Lift Station Replacement, PS 2 – Pine Street Lift Station Replacement with Route 259 Extension, PS 3 – Do Nothing); Warden Acres Lift Station (WA 1 – Warden Acres Lift Station Improvements, WA 2 – Do Nothing); Route 259 Sewer Line Extension (259 1 - Extension of Sewer Service, 259 2 – Extension of Sewer Service, 259 3 – Extension of Sewer Service, 259 4 – Do Nothing); Trout Run (TR 1 – Trout Run Road Complete Extension, TR 2 – Phase 2 Extension via Gravity, TR 3 – Phase 3 Extension via Pump Station, TR 4 – Do Nothing), Trout Run Cutoff Road Sewer Line Extension (TRC 1 – Extension of Sewer Service, TRC 2 – Do Nothing; and Wastewater Treatment Plant (WWTP 1 – WWTP Expansion, WWTP 2 – Do Nothing). The PER states that the following Alternatives were selected: PS 2, WA 1, 259 3, TR 2, and WWTP 2.
4. **Consolidation:** There are no consolidation opportunities presented by this project.
5. **Operation and Maintenance (O&M) Expenses:** The PER did include a breakdown of O&M expenses; however, it does not appear that the evaluation indicates the anticipated increased amounts. The Engineer verbally indicated that the anticipated increases are related to increased treatment expenses.

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 \$555,000, which is equal to 17.64% of the construction cost of \$3,147,000 (includes 20% construction contingency).
7. Deficiencies/Comments:
- Based on the selected alternatives, the sum of construction costs is \$2,622,000, plus \$525,000 of construction contingency, for a total construction cost of \$3,147,000. The PER indicates 20% construction contingency. The IJDC Application appears to note a construction cost estimate of \$2,861,000, plus \$286,000 of construction contingency, for a total construction cost of \$3,147,000.
 - Wardensville has not filed its PSC Annual Report for Year Ended 2025.
 - The PER does not appear to include a clear indication of the anticipated increases to O&M expenses, and whether the O&M evaluation was based on FY2024 or FY2025 expenses.
 - The PER indicates that following the completion of the proposed sewer extension, the WWTP will be operating at approximately 80% capacity and a future expansion of the WWTP will need to be evaluated prior to additional line extensions.

TOWN OF WARDENSVILLE - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2768
 April 14, 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	226,578	257,802	-	257,802
Other Operating Revenue	5,197	5,339	-	5,339
SB 234 Annual Working Cash Collections		465	-	465
Interest Income & Other Misc.	508	508	-	508
Total Cash Available	232,283	264,114	-	264,114
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	154,585	170,085	-	170,085
Taxes	2,031	2,031	-	2,031
Total Cash Requirements Before Debt Service	156,616	172,116	-	172,116
Cash Available for Debt Servi (A)	75,667	91,998	-	91,998
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	69,109	75,776	55 (1)	75,831
Other Debt	-	-	-	-
Reserve Account @ 10%	6,188	6,855	5 (2)	6,860
Renewal & Replacement Fund (2.5%)	5,807	6,591	(12) (3)	6,579
Total Debt Service Requirement	81,104	89,222	48	89,269
SB 234 Cash Working Capital		465	-	465
Remaining Cash	(5,437)	2,311	(48)	2,264
Percent Coverage (A) / (B)	109.49%	121.41%		121.32%
Average rate for 3,400 gallons	\$ 47.05	\$ 48.47	\$ -	\$ 48.47
Average rate for 4,000 gallons	\$ 54.32	\$ 55.96	\$ -	\$ 55.96

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Principal & Interest	Per Staff Analysis	75,831	55
		Per Application with Project	75,776	
The difference in P&I is related to Staff's calculation of a loan of \$100,000 for 20 years at 3%.				
(2)	Reserve Account @ 10%	Per Staff Analysis	6,860	5
		Per Application with Project	6,855	
Staff assumed a 10% reserve on the new debt.				
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	6,579	(12)
		Per Application with Project	6,591	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

TOWN OF WARDENSVILLE - SEWER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026S-2768
 April 14, 2026

**LOAN FUNDING 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	226,578	257,802	256,000 (1)	513,802
Other Operating Revenue	5,197	5,339	-	5,339
SB 234 Annual Working Cash Collections		465	-	465
Interest Income & Other Misc.	508	508	-	508
Total Cash Available	232,283	264,114	256,000	520,114
OPERATING DEDUCTIONS				
Operating Expenses	154,585	170,085	-	170,085
Taxes	2,031	2,031	-	2,031
Total Cash Requirements Before Debt Service	156,616	172,116	-	172,116
Cash Available for Debt Servi (A)	75,667	91,998	256,000	347,998
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	69,109	75,776	226,735 (2)	302,511
Other Debt	-	-	-	-
Reserve Account @ 10%	6,188	6,855	22,673 (3)	29,528
Renewal & Replacement Fund (2.5%)	5,807	6,591	6,388 (4)	12,979
Total Debt Service Requirement	81,104	89,222	255,796	345,018
SB 234 Cash Working Capital		465	-	465
Remaining Cash	(5,437)	2,311	204	2,515
Percent Coverage (A) / (B)	109.49%	121.41%		115.04%
Average rate for 3,400 gallons	\$ 47.05	\$ 48.47	\$ 48.03	\$ 96.50
Average rate for 4,000 gallons	\$ 54.32	\$ 55.96	\$ 55.46	\$ 111.42

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	513,802	256,000
		Per Application with Project	257,802	
	To account for an additional \$256,000 in revenues required to achieve a positive cash flow and debt service coverage of at least 115%.			
(2)	Principal & Interest	Per Staff Analysis	302,511	226,735
		Per Application with Project	75,776	
	The difference in P&I is related to Staff's calculation of a loan of \$3,937,000 for 40 years (paid over 38 years) at 5%.			
(3)	Reserve Account @ 10%	Per Staff Analysis	29,528	22,673
		Per Application with Project	6,855	
	Staff assumed a 10% reserve on the new debt.			
(4)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	12,979	6,388
		Per Application with Project	6,591	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			