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: Dr. Mark Sarver, Executive Director, Water Development Authority

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

Date: October 21, 2026

Subject: Town of Ceredo
Preliminary Application: IJDC No. 2026S-2835
Wastewater Pump Stations Improvement Project

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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 consists of the replacement of four (4) pump stations, two (2) manholes, a generator, and any necessary appurtenances, as well as the installation of a flow meter. The Town has received seven (7) NOVs since 2016, resulting in Order No. 10373. This project would reduce sanitary sewer overflows (SSOs) at the pump stations and allow the Town to maintain compliance with their NPDES permit.

The proposed cost for this project is $4,030,000. The Town will pursue a funding scenario of $1,500,000 in CWSRF Principal Forgiveness, a $1,100,000 USACE grant, a $930,000 CWSRF Loan, and a $500,000.00 WVIJDC grant. The proposed monthly rate for 3,400 gallons is $69.22 (1.67% MHI).

Preliminary Project Ratings:
Public Health Benefits: 10
Compliance with Standards: 15

WEST VIRGINIA DEPARTMENT OF HEALTH
Bureau for Public Health

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

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

MEMORANDUM

TO: Katheryn Emery, PE, Program Manager
DWWM

FROM: Meredith J. Vance, Director
Environmental Engineering Division

DATE: September 28, 2026

SUBJECT: Town of Ceredo
IJDC Application- **2026S-2835**
Sewer Line Improvements
Wayne County

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

Project Scope: No project scope was specifically addressed within the PER. There were alternatives presented, but no alternative selection was identified.

The total project cost is **$4,030,000.00.**

Need for the Project: The need for the project is to address upgrades within the distribution system to include a booster station within the 100-year flood plain; rehabilitation of three booster stations; and address discharge compliance with their NPDES permit.

Concerns: There are no concerns about the need for the project.

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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MEMORANDUM

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

FROM: Michael King, P.E., DWWM

DATE: October 13, 2026

SUBJECT: Town of Ceredo
Preliminary Application: IJDC No. 2026S-2835
Wastewater Pump Stations Improvement Project

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 Town of Ceredo operates a sanitary sewer collection system, which collects sewage from the Town of Ceredo and surrounding environs and serves 785 customers in Wayne County, West Virginia. The collection system operates under WV NPDES Permit No. WV0021873. The existing system consists of approximately 17,000 LF of gravity sanitary sewer line, approximately 55,000 LF of force main, 72 manholes, and 12 lift stations.

The proposed project consists of the replacement of four (4) pump stations, two (2) manholes, a generator, and any necessary appurtenances, as well as the installation of a flow meter.

The proposed cost for this project is $4,030,000. The Town will pursue a funding scenario of $1,500,000.00 of CWSRF Principal Forgiveness, $1,100,000.00 from USACE, $930,000 of CWSRF Loan (1.75%, 30 yrs), and $500,000.00 of WVIJDC Grant. The proposed monthly rate for 3,400 gallons is $69.22 (1.67% MHI).

NEED FOR PROJECT

The Town of Ceredo's wastewater collection system was originally constructed nominally 70 to 100 years ago, with substantial improvements in the 1990s and later. The four (4) pump stations proposed for replacement in this project were installed between 20 and 40 years ago and are at the end of their useful life. As a result of the system failures, the Town has received seven (7) NOVs since the start of 2016 and currently under Order No. 10373. As a result of the failing system, the Town is experiencing Sanitary Sewer Overflows at various locations within the system that are occasionally flowing into the Ohio River.

This project would replace problematic pump stations, reduce untreated discharges into the Ohio River, increase efficiency of system maintenance, and assist the Town of Ceredo in maintaining compliance with their NPDES permit.

DEFICIENCIES/COMMENTS

- A cybersecurity assessment is recommended.
- A map of the collection system was not provided.
- The project has been discussed at regular Town meetings. A meeting to present the final proposed project will be held in the future.
- Using the Combined Application, the Total Engineering Fees appear to be between the ASCE Curves.

Preliminary Project Ratings:

Public Health Benefits	10
Compliance with Standards	15

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

October 14, 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. 2026S-2835
Ceredo, Town of – Sewer System Improvements (4 Lift Stations)
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
Engineering Division

Enclosures

PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW

DATE: October 14, 2026

PROJECT SPONSOR: **TOWN OF CEREDO (SEWER)**

PROJECT SUMMARY: The Town of Ceredo is proposing to pursue its Wastewater Pump Stations Improvement Project, which will make upgrade one (1) and replace three (3) existing lift stations.

PROPOSED FUNDING:		
	IJDC Grant	$ 500,000
	CWSRF Grant	$1,500,000
	USACE Grant	$1,100,000
	CWSRF Loan (1.75%, .25% AF, 30 yrs.)	$ 930,000
	Total	$4,030,000

CURRENT RATES:	$54.51	3,400 gallons
	$63.73	4,000 gallons
PROPOSED RATES:	$69.22	3,400 gallons
	$80.93	4,000 gallons

Application No. 2026S-2835

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

FINANCIAL: Stephen Edens

1. Current rates ($54.51 for 3,400 gallons) are above the rate attributable to 1.25% ($51.70) of the Median Household Income (MHI), but below the rates attributable to 1.5% ($62.04), 1.75% ($72.38) and 2.0% ($82.73) of the MHI. Increasing current rates to 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of $91,120, $216,188 and $341,256 respectively.

2. Using Scenario 1, the preferred funding package consisting of an IJDC Grant of $500,000, a CWSRF Grant of $1,500,000, a USACE Grant of $1,100,000, and a CWSRF Loan of $930,000 at 1.75%, .25% Admin. Fee, for 30 years, proposed rates ($69.22 for 3,400 gallons) will provide a cash flow surplus of $15,218 and debt service coverage of 211.15%.

3. Using the Scenario 2 alternate loan package of $4,030,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($87.21 for 3,400 gallons) will provide a cash flow deficit of $202,253 and debt service coverage of 73.84%. An additional 24.60% (for a total of $108.66 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of $1,522 and debt service coverage of 142.40%.

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. The Going Level and Proforma adjustments included in the Applicant's Cash Flow Analyses for Scenarios 1 and 2 were used in Staff's Cash Flow Analyses, except as noted on Attachments A and B.

   C. 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.

   D. The Applicant did not provide a Cash flow Analysis or other financial information to support its alternate proposed rate ($87.21 for 3,400 gallons) for Scenario 2. However, Staff calculated its Cash flow Analysis for Scenario 2 using the Applicant's alternate proposed rate.

   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. Based on the Town's Going-Level deficit it should consider pursuing an ordinance to adjust rates and resolve any deficiencies. 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 Ceredo is proposing to pursue its Wastewater Pump Stations Improvement Project, which will make upgrade one (1) and replace three (3) existing lift stations. The project scope includes: mobilization, demobilization, construction layout, sediment and erosion controls, new Walkers Branch Pump Station, new elevated platform for electric and controls at Walkers Branch Pump Station, 60 LF of 12-inch PVC gravity sewer main, 1 new doghouse manhole, 1 new manhole, 120 LF of 6-inch force main, rehabilitate existing Manor Pump Station, new 1st Street West Pump Station, new elevated platform for electric and controls at 1st Street West Pump Station, 2 connections to existing sewer mains, new Main Street Pump Station, remove and replace existing manhole, 10 VF of 4-ft diameter manhole riser sections, 60 LF of remove and replace existing gravity sewer main with 15-inch PVC gravity sewer main, remove and replace existing manhole with 5-ft diameter manhole, 2 VF of 5-ft diameter manhole riser sections, 75 LF of remove and replace existing gravity sewer main with 18-inch PVC gravity sewer main, 60 LF of Town of Ceredo roadway restoration, demolish 3 existing pump stations (Walkers Branch, 1st Street West, & Main

Street), an emergency backup generator, temporary bypass pumping, a 6-inch flow meter, and necessary appurtenances. The estimated construction cost is $3,001,000 (includes 12.02% construction contingency), and the estimated total project cost is $4,030,000 (includes 8.26% project contingency).

Need: The PER indicates that the existing pump stations were constructed 30-40 years ago, need improvements, and the Town of Ceredo has received multiple Notices of Violation (NOVs), which detail inadequate site security measures, unpermitted SSOs (Walkers Branch & Main Street), and mechanical issues (Walks Branch & Main Street). On December 10, 2025, the WVDEP issued Order No. 10373, which identified deficiencies with Ceredo's wastewater collection system that require correction action. The proposed improvements are intended to correct the noted deficiencies, improve wastewater system performance, and address aging infrastructure.

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 $4,030,000, and having approximately 785 customers, the cost per customer will be approximately $5,134. However, the cost per customer in terms of proposed borrowing is $1,186, as the proposed funding is approximately 76.9% grant.

3. Project Alternatives: The PER did identify 3 Alternatives: Alternative No. 1 – Install Submersible Pumps, Alternative No. 2 – Install Vacuum-Primed Pumps, and Alternative No. 3 – Do Nothing. The PER states that

4. Consolidation: The PER did not provide a discussion of consolidation opportunities, meanwhile; both the Town of Ceredo and the City of Kenova do not operate a Wastewater Treatment Plant, rely on the Huntington Sanitary Board's WWTP for treatment of their sewage flows, and require inter-utility agreements to address the transportation of sewage flows. Additionally, the collection system is designed to convey wastewater through jointly owned portions of the collection system with the City of Kenova and Northern Wayne PSD. Despite this project not providing a direct opportunity for consolidation, when considering the facts, there is an opportunity to consider consolidation to simplify the multiple municipality and PSD agreements, alleviate rate shock, and equalize sewer rates for customers who rely on the Huntington Sanitary Board WWTP for sewage treatment.

Potential consolidation discussions and planning could occur between parties, without potentially impacting the approval of this specific project's application.

5. Operation and Maintenance (O&M) Expenses: The PER did include a detailed breakdown of anticipated changes to O&M expenses, and the PER states "…additional operation and maintenance costs, consisting of additional power for the Main Street Pump Station and additional purchased treatment from HSB…", "…less monies might be required for maintenance of pumps, electrical equipment, etc.", and "For conservativism's sake, such savings are ignored." The PER indicates that annual O&M Expenses are anticipated to increase by $93,000.

6. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §5G-1-1, *et seq*. Based on the IJDC Application, total technical services (engineering) costs for the project are $590,000, which is equal to 19.66% of the construction cost of $3,001,000 (includes 12.02% construction contingency).

7. Deficiencies/Comments:
   - The PER did not provide a discussion of consolidation opportunities, meanwhile; both the Town of Ceredo and the City of Kenova do not operate a Wastewater Treatment Plant, rely on the Huntington Sanitary Board's WWTP for treatment of their sewage flows, and require inter-utility agreements to address the transportation of sewage flows.
   - Despite this project not providing a direct opportunity for consolidation, there may be an opportunity for the local sewer utilities to consider consolidation to simplify the multiple municipality and PSD agreements, alleviate rate shock, and equalize sewer rates for customers who rely on the Huntington Sanitary Board WWTP for sewage treatment. Potential consolidation discussions and planning could occur between parties, without potentially impacting the approval of this specific project's application.

TOWN OF CEREDO - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2026S-2835
October 7, 2026

PREFERED 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		670,106	850,996	(78,988)	(1)	772,008
Other Operating Revenue		12,944	12,944	-		12,944
SB 234 Annual Working Cash Collections				78,988	(2)	78,988
Interest Income & Other Misc.		5,254	5,254	-		5,254
Total Cash Available		688,304	869,194	-		869,194
OPERATING DEDUCTIONS						
Operating Expenses		526,424	631,906	35	(3)	631,941
Taxes		13,392	13,392	-		13,392
Total Cash Requirements Before Debt Service		539,816	645,298	35		645,333
Cash Available for Debt Service	(A)	148,488	223,896	(35)		223,861
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	65,910	107,947	(1,926)	(4)	106,021
Other Debt				-		-
Reserve Account @ 10%			4,204	(193)	(5)	4,011
Renewal & Replacement Fund (2.5%)		17,208	21,730	(2,106)	(6)	19,624
Total Debt Service Requirement		83,118	133,881	(4,225)		129,656
SB 234 Cash Working Capital		65,803	78,988	-		78,988
Remaining Cash		(433)	11,027	4,190		15,218
Percent Coverage	(A) / (B)	225.29%	207.41%			211.15%
Average rate for 3,400 gallons		$ 54.51	$ 69.22	$ -		$ 69.22
Average rate for 4,000 gallons		$ 63.73	$ 80.93	$ -		$ 80.93

TOWN OF CEREDO - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2026S-2835

Attachment A
PREFERED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**772,008**	**(78,988)**
		Per Application with Project	**850,996**	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**78,988**	**78,988**
		Per Application with Project	**-**	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	**Operating Expenses**	**Per Staff Analysis**	**631,941**	**35**
		Per Application with Project	**631,906**	
	Staff's calculation included a difference in an Administrative Fee associated with CWSRF loan.			
(4)	**Principal & Interest**	**Per Staff Analysis**	**106,021**	**(1,926)**
		Per Application with Project	**107,947**	
	The difference in P&I is related to Staff's calculation of a loan of $930,000 for 30 years at 1.75%.			
(5)	**Reserve Account @ 10%**	**Per Staff Analysis**	**4,011**	**(193)**
		Per Application with Project	**4,204**	
	Staff assumed a 10% reserve on the new debt.			
(6)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**19,624**	**(2,106)**
		Per Application with Project	**21,730**	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

TOWN OF CEREDO - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2026S-2835
October 7, 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		670,106	850,996	130,012	(1)	981,008
Other Operating Revenue		12,944	12,944	-		12,944
SB 234 Annual Working Cash Collections				78,988	(2)	78,988
Interest Income & Other Misc.		5,254	5,254	-		5,254
Total Cash Available		688,304	869,194	209,000		1,078,194
OPERATING DEDUCTIONS						
Operating Expenses		526,424	631,906	(1,180)	(3)	630,726
Taxes		13,392	13,392	-		13,392
Total Cash Requirements Before Debt Service		539,816	645,298	(1,180)		644,118
Cash Available for Debt Service	(A)	148,488	223,896	210,180		434,076
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	65,910	107,947	196,878	(4)	304,825
Other Debt				-		-
Reserve Account @ 10%			4,204	19,688	(5)	23,892
Renewal & Replacement Fund (2.5%)		17,208	21,730	3,119	(6)	24,849
Total Debt Service Requirement		83,118	133,881	219,685		353,566
SB 234 Cash Working Capital		65,803	78,988	-		78,988
Remaining Cash		(433)	11,027	(9,505)		1,522
Percent Coverage	(A) / (B)	225.29%	207.41%			142.40%
Average rate for 3,400 gallons		$ 54.51	$ 87.21	$ 21.45		$ 108.66
Average rate for 4,000 gallons		$ 63.73	$ 101.96	$ 25.08		$ 127.04

TOWN OF CEREDO - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2026S-2835

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Revenues**	**Per Staff Analysis**	**981,008**	**130,012**
		Per Application with Project	**850,996**	
	Adjust revenues in accordance with PSC General Order 183.11. Staff projected an additional $209,000 in revenues would be needed to achieve 115% debt coverage and a positive cash balance.			
(2)	**SB 234 Annual Working Cash Collections**	**Per Staff Analysis**	**78,988**	**78,988**
		Per Application with Project	**-**	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	**Operating Expenses**	**Per Staff Analysis**	**630,726**	**(1,180)**
		Per Application with Project	**631,906**	
	Staff's calculation for Scenario 2 omits the Administrative Fee associated with a loan.			
(4)	**Principal & Interest**	**Per Staff Analysis**	**304,825**	**196,878**
		Per Application with Project	**107,947**	
	The difference in P&I is related to Staff's calculation of a loan of $4,030,000 for 40 years (paid back over 38 years) at 5%.			
(5)	**Reserve Account @ 10%**	**Per Staff Analysis**	**23,892**	**19,688**
		Per Application with Project	**4,204**	
	Staff assumed a 10% reserve on the new debt.			
(6)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**24,849**	**3,119**
		Per Application with Project	**21,730**	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			