



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: Marie Prezioso, Chair

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

Date: December 8, 2025

Subject: Chesapeake Sanitary Board
IJDC Application - 2025S-2729
Phase 1 Wastewater System Improvements

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.
- d. ___ This project should be referred to the Consolidation Committee.

3. Other remarks:

This is phase one of a two-phase project that will address the SSOs at the five pump stations by reducing infiltration and inflow and replacing all five lift stations. The Board is under Civil Action 15-C-2055 to remove the SSOs. The SSOs will not be eliminated till after the second phase but this phase will reduce the frequency of overflows and maximize the flow that can be sent to Marmet for treatment.

In light of the fact that the Town is under Civil Action to address the SSO's, it is recommended they continue with the Phase 1 project. However, prior to submitting Phase 2 for funding, the Town must evaluate consolidation with Marmet to determine if that is the best option to mitigate the high rates on its customers.

The total cost for this project is \$4,709,106 and the Board intends to pursue \$2,000,000 CWSRF Principal Forgiveness loan, a \$1,337,403 CWSRF loan, a \$814,297 WV IJDC grant, \$371,703 from Town of Chesapeake ARPA funds, and a \$185,703 PFA grant from the WV IJDC.

Preliminary Project Ratings:

Public Health Benefits:	10
Compliance with Standards:	15



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

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. *PWM*
Environmental Engineering Division

DATE: December 1, 2025

SUBJECT: Chesapeake Sanitary Board
IJDC Application- **2025S-2729**
Phase 1 Wastewater System Improvements
Kanawha County

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

Project Scope: This project proposes the relocation and replacement of two sewer lift stations and replacement of approximately 3,700 LF of 8" PVC force main, 200 LF of 6" PVC force main, 3,885 LF of gravity sewers ranging from 6"-15", 30 manholes, and all necessary appurtenances.

The total project cost is **\$4,709,106.00**.

Need for the Project: The project is needed to address sanitary sewer overflows from five lift stations discharging directly to the Kanawha River when influent flows surpass the capacity of the station. These SSO's must be removed to meet the requirements of the Settlement Agreement with the WVDEP.

Concerns: No concerns were noted.



Chesapeake Sanitary Board

2025S-2729

December 1, 2025

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Permits: Permits expected to be required include:

- WV Bureau of Public Health Permit
- WVDEP NPDES Permit
- WV Department of Environmental Protection



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Harold D. Ward, Cabinet Secretary
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MEMORANDUM

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

FROM: Tamer Abdelgelil, DWWM

DATE: November 26, 2025

SUBJECT: Chesapeake Sanitary Board
IJDC Application - 2025S-2729
Phase 1 Wastewater System Improvements

RECOMMENDATION

The IJDC Application and Preliminary Engineering Report (PER) prepared by Burgess & Niple, Inc. for the above referenced project have been reviewed and are technically feasible.

PROJECT DESCRIPTION

The Chesapeake Sanitary Board (Board), located in Kanawha County, West Virginia, owns and operates a wastewater collection system under National Pollutant Discharge Elimination System (NPDES) Permit No. WV0024708. The Board currently provides sanitary sewer service to approximately 603 customers, including 583 residential customers, 18 commercial customers, and two public authorities. The collected wastewater is sent to the Town of Marmet wastewater treatment plant (WWTP).

This two-phase project will ultimately eliminate sanitary sewer overflows (SSOs) in the system by reducing excessive infiltration and inflow (I&I) and replacing all five lift stations containing SSO outfalls. Phase 1 will specifically involve the replacement of Lift Stations 1 and 2 and installing upgraded pumps in new station locations. Approximately 3,700 LF of force main will be installed from Lift Station 1 to the Marmet WWTP, and 200 LF of force main associated with Lift Station 2 will also be installed. Additional improvements to the collection system in this phase also include replacing 3,885 LF of gravity sewers, 30 manholes, and 65 sewer connections.

The proposed total cost is \$4,709,106 and the Board intends to pursue \$2,000,000 CWSRF Principal Forgiveness loan, a \$1,337,403 CWSRF loan (0.25% ARP, 0.25% admin., 40-yr term), a \$814,297 WV IJDC grant, \$371,703 from Town of Chesapeake ARPA funds, and a \$185,703 PFA grant from the WV IJDC.

The current user rate for 3,400 gallons is \$63.66 (1.88% MHI), and it has been proposed to increase to \$90.90 (2.68% MHI) following this project's completion.

NEED FOR PROJECT

The Board is under Civil Action 15-C-2055 to remove its five known SSO outfalls located at each lift station along the Kanawha River. Recent investigations of the Board's aging sanitary system using smoke testing, video inspections, and flow monitoring have revealed significant degradation of the sewer collection system. The deteriorating condition of this infrastructure is also evident in measured I&I levels, with approximately 72% of all measured flow attributable to I&I. This project aims to address issues contributing to flow surges in the collection system and facilitate the safe removal of the SSO outfalls.

DEFICIENCIES/COMMENTS

- Using the Combined Application, the Total Engineering Fees appear to be below the ASCE Curves.
- The PER does not provide detailed summaries explaining proposed user rates, existing and required permits, the number of required rights-of-way/easements, or public health benefits.

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



December 8, 2025

Ms. Kathy Emery, P. E.
Office of Water Resources
Department of Environmental Protection
601 57th St.
Charleston, West Virginia 25304

Re: Public Service Commission Staff Review Comments
Application No. 2025S-2729
Chesapeake, Town of – Sewer Collection System Upgrades
Infrastructure Preliminary Application

Dear Ms. Emery:

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: December 8, 2025

PROJECT SPONSOR: TOWN OF CHESAPEAKE SANITARY BOARD

PROJECT SUMMARY: The Town of Chesapeake is proposing to make improvements to its existing sewer collection system.

PROPOSED FUNDING: Town of Chesapeake ARPA Grant	\$ 371,703
IJDC PFA Grant	\$ 185,703
IJDC Grant	\$ 814,297
CWSRF Principal Forgiveness	\$2,000,000
CWSRF Loan (.25%, .25% AF, 40 years)	<u>\$1,337,403</u>
Total	<u>\$4,709,106</u>

CURRENT RATES:	\$63.66	3,400 gallons
	\$71.00	4,000 gallons

PROPOSED RATES:	\$90.47	3,400 gallons
	\$100.90	4,000 gallons

Application No. 2025S-2729

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

FINANCIAL: Stephen Edens

1. Current rates (\$63.66 for 3,400 gallons) are above the rate attributable to 1.25% (\$42.34), 1.5% (\$50.81) and 1.75% (\$59.28) of the Median Household Income (MHI), but below the rates attributable to 2.0% (\$67.75) of the MHI. Increasing current rates to 2.0% of the MHI would provide additional revenues of \$34,882 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Town of Chesapeake APRA Grant of \$371,703, an IJDC PFA Grant of \$185,703, an IJDC Grant of \$814,297, a CWSRF Principal Forgiveness Loan of \$2,000,000, and a CWSRF Loan of \$1,337,403 at .25%, .25% Admin. Fee for 40 years (paid back over 38 years), proposed rates (\$90.47 for 3,400

gallons based on Draft Rule 42) will provide a cash flow surplus of \$3,610 and debt service coverage of 330.92%.

3. Using the Scenario 2 alternate loan package of \$4,151,700 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Town of Chesapeake ARPA Grant of \$371,703, and an IJDC PFA Grant of \$185,703, proposed rates (\$129.23 for 3,400 gallons) will provide a cash flow surplus of \$38,176 and debt service coverage of 159.92%.

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 Cash Flow Exhibit submitted with the application.
- D. Staff notes the Applicant's cash flow analyses include going level rates of \$83.38 (for 3,400 gallons), however, as of this date no ordinance adopting these rates has been submitted to the Commission for Legal Division's review. Staff included these rates in its analyses.
- E. Staff notes the Project Applicant filed committed letters for a Town of Chesapeake ARPA Grant of \$371,703 and an IJDC PFA Grant of \$185,703.
- F. Staff notes the Project Accountant incorrectly listed on the Preliminary Application (Financial Status and Rates), current rates of \$63.96 (3,400 gallons), going level rates of \$83.78 (3,400 gallons), and proforma rates of \$90.90 (3,400 gallons). Based on the Town's current tariff the correct current rate is \$63.66 (3,400 gallons). Based on the Draft Rule 42 Exhibit the going level rates are \$83.38 (3,400 gallons) and proforma rates are \$90.47 (3,400 gallons). Staff based its analysis on the Draft Rule 42 Exhibit.

- G. 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.
- H. 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.
- I. The cash flow provided by the project sponsor shows a per books deficit. The Town of Chesapeake 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 Chesapeake is proposing to make improvements to its existing sewer collection system. The proposed project scope includes: new lift station No. 1, new lift station No. 2, 75 LF of 8-inch DIP gravity sewer main, 110 LF of 6-inch PVC gravity sewer main, 2075 LF of 8-inch PVC gravity sewer main, 1200 LF of 12-inch PVC gravity sewer main, 500 LF of 15-inch PVC gravity sewer main, 3700 LF of 8-inch PVC forcemain, 200 LF of 6-inch PVC forcemain, four (4) 8-inch pressure inline cleanouts, three (3) 1-inch combination vacuum/air release valves, 100 LF of 16-inch steel casing (trenchless), 50 LF of 20-inch steel casing (trenchless), 65 customer

reconnections, replacement of 30 manholes, 20 VF of manhole riser sections, 2700 LF of WVDOH Type C Trench restoration, 2400 LF of Type A-3 Asphalt restoration, 200 LF of asphalt driveway restoration, 150 LF of concrete driveway restoration, 75 LF of gravel driveway restoration, 2700 LF of WVDOH Inspection Fees, 6288 LF of ground restoration, mobilization, erosion and sediment control, preconstruction video, traffic control, and all necessary appurtenances. The estimated construction cost is \$3,406,500 (includes 10% construction contingency), and the estimated total project cost is \$4,709,106 (includes 3.36% project contingency).

Need: The PER indicates that the existing collection system is experiencing high I&I rates (72.31% for FY25), exceeding "...the allowable 18.90%.". Additionally, Chesapeake's 5 lift stations currently have a Sanitary Sewer Overflow (SSO) pipe that discharges directly into the Kanawha River. The proposed scope of work will address 2 of 5 lift stations and replace sections of gravity sewer lines.

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 \$4,709,106 (includes 3.36% project contingency), and having approximately 601 customers, the cost per customer will be approximately \$7,835. However, the cost per customer in terms of proposed borrowing is \$2,225, as the proposed funding is 71.6% grant.

3. Project Feasibility: The project appears to be technically feasible and poses little technical risk.
4. Project Alternatives: The PER evaluated three (3) alternates: Alternate 1 – Replacement of Lift Stations 1 & 2 and Replacement of Sections of the Gravity Sewer Mains and Forcemains Using PVC Pipe; Alternate 2 – Replacement of Lift Stations 1 & 2 and Replacement of Sections of the Gravity Sewer Mains and Forcemains Using Ductile Iron Pipe; and Alternate 3 – Do Nothing. The PER states that Option 1 was selected by Chesapeake as this will address sections of existing sewer mains and replace 2 existing lift stations which are prone to SSO occurrences.
5. Consolidation: In PSC Case No. 25-0289-S-C, PSC's Engineering Staff noted Chesapeake's high sewer rates, and suggested Chesapeake and Marmet should consider consolidation to resolve reoccurring qualms,

alleviate rate shock, and equalize sewer rates for all customers utilize the Marmet WWTP for sewage treatment. The PER does not include an evaluation to consolidate the 2 sewer utilities.

6. Operation and Maintenance (O&M) Expenses: The PER indicates that annual O&M Expenses are anticipated to increase by \$2,606. The increase in annual O&M is related to purchased power expenses related to the proposed lift station replacements.
7. 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 \$1,079,206, which is equal to 31.68% of the construction cost of \$3,406,500 (includes 10% construction contingency).
8. Deficiencies/Comments:
 - The proposed 3,400-gallon customer rate (\$90.47) is very high, which would make Chesapeake's sewer rate the 5th highest in West Virginia. Additionally, the PER indicates that a Phase II Improvement project will further increase rates.
 - Chesapeake's proposed rate is almost double the rate (\$52.35) of their sewage treatment provider (Marmet, Town of).
 - In PSC Case No. 25-0289-S-C, PSC's Engineering Staff noted Chesapeake's high sewer rates, and suggested Chesapeake and Marmet should consider consolidation to resolve reoccurring qualms, alleviate rate shock, and equalize sewer rates for all customers utilize the Marmet WWTP for sewage treatment.
 - The PER does not include an evaluation to consolidate the 2 sewer utilities.

TOWN OF CHESAPEAKE SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2729
December 8, 2025

**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	512,475	560,376	-	560,376
Other Operating Revenue	17,463	18,671	-	18,671
SB 234 Annual Working Cash Collections	62,559	63,513	-	63,513
Interest Income & Other Misc.			-	-
Total Cash Available	592,497	642,560	-	642,560
OPERATING DEDUCTIONS				
Operating Expenses	500,470	508,105	35 (1)	508,140
Taxes	12,190	12,190	-	12,190
Total Cash Requirements Before Debt Service	512,660	520,295	35	520,330
Cash Available for Debt Service (A)	79,837	122,265	(35)	122,230
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)		36,904	33 (2)	36,937
Other Debt			-	-
Reserve Account @ 10%		3,690	4 (3)	3,694
Renewal & Replacement Fund (2.5%)	14,812	16,064	(1,588) (4)	14,476
Total Debt Service Requirement	14,812	56,658	(1,551)	55,107
SB 234 Cash Working Capital	62,559	63,513	-	63,513
Remaining Cash	2,466	2,094	1,516	3,610
Percent Coverage (A) / (B)		331.31%		330.92%
Average rate for 3,400 gallons	\$ 83.38	\$ 90.47	\$ -	\$ 90.47
Average rate for 4,000 gallons	\$ 93.00	\$ 100.90	\$ -	\$ 100.90

TOWN OF CHESAPEAKE SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2729

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>	
(1)	Operating Expenses	Per Staff Analysis	508,140	35
		Per Application with Project	508,105	
Staff's calculation included a difference in an Administrative Fee associated with a loan.				
(2)	Principal & Interest	Per Staff Analysis	36,937	33
		Per Application with Project	36,904	
The difference in P&I is related to Staff's calculation of a loan of \$1,337,403 for 40 years (paid back over 38 years) at .25%.				
(3)	Reserve Account @ 10%	Per Staff Analysis	3,694	4
		Per Application with Project	3,690	
Staff assumed a 10% reserve on the new debt.				
(4)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	14,476	(1,588)
		Per Application with Project	16,064	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

TOWN OF CHESAPEAKE SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2729
December 8, 2025

**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	512,475	823,544	-	823,544
Other Operating Revenue	17,463	25,180	-	25,180
SB 234 Annual Working Cash Collections	62,559	63,468	-	63,468
Interest Income & Other Misc.			-	-
Total Cash Available	592,497	912,192	-	912,192
OPERATING DEDUCTIONS				
Operating Expenses	500,470	507,744	(1,348) (1)	506,396
Taxes	12,190	12,190	-	12,190
Total Cash Requirements Before Debt Service	512,660	519,934	(1,348)	518,586
Cash Available for Debt Service (A)	79,837	392,258	1,348	393,606
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)		277,059	(30,929) (2)	246,130
Other Debt			-	-
Reserve Account @ 10%		27,706	(3,093) (3)	24,613
Renewal & Replacement Fund (2.5%)	14,812	22,805	(1,587) (4)	21,218
Total Debt Service Requirement	14,812	327,570	(35,609)	291,961
SB 234 Cash Working Capital	62,559	63,468	-	63,468
Remaining Cash	2,466	1,220	36,957	38,176
Percent Coverage (A) / (B)		141.58%		159.92%
Average rate for 3,400 gallons	\$ 83.38	\$ 129.23	\$ -	\$ 129.23
Average rate for 4,000 gallons	\$ 93.00	\$ 144.14	\$ -	\$ 144.14

TOWN OF CHESAPEAKE SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2729

Attachment B
LOAN PACKAGE
SCENARIO 2

Staff Adjustments

<u>Adjustment Description</u>			
		\$	Increase <Decrease>
(1) Operating Expenses	Per Staff Analysis	506,396	(1,348)
	Per Application with Project	507,744	
Staff's calculation includes a reduction to eliminate the Administrative Fee associated with a loan.			
(2) Principal & Interest	Per Staff Analysis	246,130	(30,929)
	Per Application with Project	277,059	
The difference in P&I is related to Staff's calculation of a loan of \$4,151,700 for 40 years (paid back over 38 years) at 5%.			
(3) Reserve Account @ 10%	Per Staff Analysis	24,613	(3,093)
	Per Application with Project	27,706	
Staff assumed a 10% reserve on the new debt.			
(4) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	21,218	(1,587)
	Per Application with Project	22,805	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			