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west virginia department of environmental protection

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Division of Water and Waste Management  
601 57<sup>th</sup> 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. Engineer Chief  
Sewer Technical Review Committee

**Date:** June 17, 2024

**Subject:** Huntington Sanitary Board  
Preliminary Application: IJDC No. 2024S-2567  
Wastewater Treatment Plant Upgrade, 4th Street Pump Station, 13th Street West  
Pump Station- Property Acquisitions

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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 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.

Promoting a healthy environment.

- 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 project will acquire the properties needed for the Wastewater Treatment plant Improvements, 4th Street Pump Station Improvements, and 13th Street Pump Station Improvements projects that were previously approved.

The proposed total cost for this project is \$4,900,000.00. The HSB intends to pursue a \$1,325,000 (0.25%,38 yrs) CWSRF loan, \$3,475,000 (1%, 40 yrs) WVIJDC loan, and a \$100,000 contribution from the City of Huntington.

The ASCE Curves and Preliminary Project Ratings should reference the previously approved core project since property is being purchased with this application.

This project will be required to comply with the Uniform Relocation Act.

Sherri A. Young, DO, MBA, FAAFP  
Cabinet Secretary

Matthew Q. Christiansen, MD, MPH  
State Health Officer

**MEMORANDUM**

**TO:** Jason Billups, P.E.  
DEP/Infrastructure Sewer Technical Review Committee

**FROM:** William S. Herold, Jr., P.E., Assistant Manager  
I/CD/Environmental Engineering Division

**DATE:** June 14, 2024

**SUBJECT:** Huntington Sanitary Board  
Preliminary Application **Project No.: 2024S-2567**  
Property Acquisitions  
Cabell County

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**RECOMMENDATION:**

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

**PROJECT SCOPE:**

This preliminary application is to acquire additional properties for the WWTP Upgrade Project, 4<sup>th</sup> Street Pump Station Improvements and 13<sup>th</sup> Street West Pump Station Improvements.

The cost per customer is **\$238**. Total estimated project cost is **\$4,900,000** (IJDC District 3 Loan: **\$2,475,000 @ 1.00% for 38 years**; Local/City Council: **\$100,000**; IJDC District 3 Grant: **\$1,000,000**; and CWSRF Loan: **\$1,325,000 @0.25% for 38 years**).

**NEED FOR PROJECT:**

The Preliminary Engineering Report indicates additional property will be required in order to make the necessary upgrades and improvement to the wastewater facilities.

**CONCERNS:**

None.

**PERMITS:**

A permit **will not be** required from the WV Bureau for Public Health prior to construction.





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**MEMORANDUM**

**TO:** Katheryn Emery, P.E., Engineer Chief, DWWM

**FROM:** Chantz Rankin, E.I., DWWM

**DATE:** June 7, 2024

**SUBJECT:** Huntington Sanitary Board  
Preliminary Application: IJDC No. 2024S-2567  
Wastewater Treatment Plant Upgrade, 4th Street Pump Station, 13th Street  
West Pump Station- Property Acquisitions

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**RECOMMENDATION**

The IJDC Application and Preliminary Engineering Report prepared by Strand Associates, Inc. for the above referenced project has been reviewed and is technically feasible.

**PROJECT DESCRIPTION**

Huntington Sanitary Board (HSB) owns combined sewer collection system and Wastewater Treatment Plant (WWTP) which operates under National Pollution Discharge Elimination System number (NPDES#) WV0023159. HSB currently serves 20,627 customers in the City of Huntington, WV and the surrounding areas. The WWTP also accepts wastewater from Northern Wayne County Public Service District (PSD), Spring Valley PSD, Pea Ridge PSD, the Town of Ceredo, and the City of Kenova.

The proposed project will acquire the properties needed for the Wastewater Treatment Plant Improvements, 4th Street Pump Station Improvements, and 13th Street Pump Station Improvements projects. The project proposes acquiring approximately 7 acres of land for letdown activities and to construct a new entrance road for the WWTP.

The proposed total cost for this project is \$4,900,000.00. The HSB intends to pursue a \$1,325,000 (0.25%, 38 yrs) CWSRF loan, \$3,475,000 (1%, 40 yrs) WVIJDC loan, and a \$100,000 contribution from the City of Huntington. The proposed monthly rate for 3,400 gallons is \$65.15 (2.36% MHI).

## **NEED FOR PROJECT**

Acquisition of the relevant properties will be necessary to secure easements for construction and laydown activities. The parcels related to the 4th Street Pump Station and the 13th Street Pump Station projects will be used for the construction, maintenance, and accessibility of the future pump stations. The acquisition of this land is necessary for the project and by obtaining it separate from the project it could decrease bid costs for the projects by up to five percent. The acquisitions could also decrease the cost of transportation of materials. The parcels associated with the WWTP Improvements Project will be used to construct a new access road to the plant as well as serve as a laydown yard for the project. By separating the land purchases for the project

## **DEFICIENCIES/COMMENTS**

- The proposed funding scenario should be revised to increase the IJDC loan amount.
- The amount of proposed CWSRF Loan on the funding change for should be decreased as CWSRF funds cannot be used to purchase land. The land acquisition is proposed to be \$3,841,000 leaving only 1,059,000 eligible for CWSRF funding.

# 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



June 11, 2024

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

Re: Public Service Commission Staff Review Comments  
Application No. 2024S-2567  
Huntington Sanitary Board, sewer system improvements  
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:

- Forward the Application
- Return the Application
- Returned to the Applicant

Please advise if you have any questions.

Sincerely,

*Jonathan M. Fowler*  
Jonathan M. Fowler, P.E.  
Engineering Division

Enclosures  
JMF:vb

**PUBLIC SERVICE COMMISSION STAFF  
TECHNICAL REVIEW**

**DATE:** June 11, 2024

**PROJECT SPONSOR:** HUNTINGTON SANITARY BOARD

**PROJECT SUMMARY:** Huntington Sanitary Board is pursuing acquisition of existing properties south of the existing WWTP for the construction of a new entrance road to the WWTP and for construction letdown activities. All existing and proposed treatment processes and structures will be located on the existing WWTP parcel.

<b>PROPOSED FUNDING:</b> IJDC Loan (1%, 40 yrs.)	\$ 2,475,000
Huntington San. Bd. Contribution	100,000
IJDC Grant	1,000,000
CWSRF Loan(.25%, .25% AF, 40 yrs.)	<u>1,325,000</u>
Total	\$ 4,900,000

**CURRENT RATES:** \$43.00 3,400 gallons  
\$49.00 4,000 gallons

**PROPOSED RATES:** \$65.15 3,400 gallons  
\$72.50 4,000 gallons

Application No. 2024S-2567

**RECOMMENDATION:**  forward to the Funding Committee.  
 forward to the Consolidation Committee.  
 return to the Applicant.

**FINANCIAL: Dave Acord**

1. Current rates (\$43.00 for 3,400 gallons) are above the rates attributable to 1.25% (\$34.39) and 1.5% (\$41.27) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$48.14) and 2.0% (\$55.02) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$3,200,029 and \$7,479,699 respectively.

2. Using Scenario 1, the preferred funding package consisting of an IJDC Loan of \$2,475,000 at 1% for 40 years (paid back over 38 years), Huntington Sanitary Board Contribution of \$100,000, IJDC Grant of \$1,000,000, and a CWSRF Loan of \$1,325,000 at .25%, .25% Administrative Fee, for 40 years (paid back over 38 years), proposed rates (\$65.15 for 3,400 gallons) will provide a cash flow surplus of \$2,860,263 and debt service coverage of 185.83%.
3. Using the Scenario 2 alternate loan package of \$4,800,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), and committed funds consisting of a Huntington Sanitary Board Contribution of \$100,000, proposed rates (\$65.58 for 3,400 gallons) will provide a cash flow surplus of \$2,842,994 and debt service coverage of 183.90%.
4. NOTES TO COMMENTS
  - A. It should be noted that the project sponsor included a number of other projects in its cash flow analysis. Staff accepted the information provided as part of its review.
  - B. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
  - C. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2023, and the applicant's Cash Flow Analysis submitted with the application.
  - D. The City requested a waiver of the requirement to file a Draft Rule 42 for this project. The filing noted that no rate change will be required, no PSC case will be required (City is Locally Rate Regulated) and the preliminary CPA certificate can be done immediately.
  - E. On December 12, 2022, the City adopted a 4 phase rate increase. Phase 1, effective February 1, 2023, increased rates to \$37.00 (3,400 gallons). Phase 2, effective January 1, 2024, increased rates to \$43.00 (3,400 gallons). Phase 3, effective January 1, 2025, rates will increase to \$51.45 (3,400 gallons). Phase 4, effective January 1, 2026, rates will increase to \$65.15 (3,400 gallons).



- 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. 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.
- G. The City of Huntington 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. Staff notes that the City is a political subdivision of the state and it has at least 4,500 customers and annual gross revenues of \$3 million or more. Therefore, in accordance with Senate Bill 234, effective June 12, 2015, the Commission has no jurisdiction regarding the City's rates pursuant to WV Code 24-2-4b. However, the Commission does have jurisdiction pursuant to WV Code 24-2-1 (b)(6) for the investigation and resolution of disputes involving political subdivisions of the state regarding inter-utility agreements, rates, fees and charges, service areas and contested utility combinations.

**ENGINEERING:** Jim Spurlock

1. This project will not require a Certificate of Convenience and Necessity from the PSC.
2. Scope: The Huntington Sanitary Board proposes to acquire property south of the wastewater treatment plant for construction of a new entrance road and for construction related activities.

Customer Density: N/A

Cost per Customer: \$238 (taken from the total project cost estimate of \$4,900,000 spread over 20,627 existing customers).

3. Project Feasibility: The cost per customer for the property acquisition is small. The applicant explains that without property acquisition, the cost of upcoming projects could increase by 5%.
4. Project Alternatives: Alternatives were not presented.
5. Consolidation: No consolidation opportunities are presented by the project.
6. Inconsistencies: None were noted.
7. Operation and Maintenance (O & M) Expenses: N/A
8. Engineering Agreement: The application includes information to determine apparent compliance with West Virginia Code §§5G-1-1, et seq. Total technical services (engineering) costs for the project are \$290,000. There are no construction costs.

HUNTINGTON SANITARY BOARD  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2022  
 APPLICATION NO: 2024S-2567  
 June 11, 2024

**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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	17,906,339	26,757,658	(1,811,279) (1)	24,946,379
Other Operating Revenue	696,296	696,296	-	696,296
SB 234 Annual Working Cash Collections			1,811,279 (2)	1,811,279
Interest Income & Other Misc.	389,132	389,132	-	389,132
<b>Total Cash Available</b>	<b>18,991,767</b>	<b>27,843,086</b>	<b>-</b>	<b>27,843,086</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	11,858,298	14,490,235	42 (3)	14,490,277
Taxes	352,384	530,212	-	530,212
<b>Total Cash Requirements Before Debt Service</b>	<b>12,210,682</b>	<b>15,020,447</b>	<b>42</b>	<b>15,020,489</b>
Cash Available for Debt Servi (A)	6,781,085	12,822,639	(42)	12,822,597
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	1,365,330	6,900,852	(665) (4)	6,900,187
Other Debt	-	-	-	-
Reserve Account @ 10%	28,108	609,768	33 (5)	609,801
Renewal & Replacement Fund (2.5%)	474,794	696,077	(55,010) (6)	641,067
<b>Total Debt Service Requirement</b>	<b>1,868,232</b>	<b>8,206,697</b>	<b>(55,642)</b>	<b>8,151,055</b>
SB 234 Cash Working Capital	1,482,287	1,811,279	-	1,811,279
<b>Remaining Cash</b>	<b>3,430,566</b>	<b>2,804,663</b>	<b>55,600</b>	<b>2,860,263</b>
Percent Coverage (A) / (B)	496.66%	185.81%		185.83%
Average rate for 3,400 gallons	\$ 43.00	\$ 65.15	\$ -	\$ 65.15
Average rate for 4,000 gallons	\$ 49.00	\$ 72.50	\$ -	\$ 72.50

**Staff Adjustments**

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Operating Revenues</b>	Per Staff Analysis	24,946,379	(1,811,279)
	Per Application with Project	26,757,658	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) <b>SB 234 Annual Working Cash Collections</b>	Per Staff Analysis	1,811,279	1,811,279
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) <b>Operating Expenses</b>	Per Staff Analysis	14,490,277	42
	Per Application with Project	14,490,235	
To adjust for a .25% administrative fee associated with \$1,325,000 CWSRF Loan for 40 yrs. (paid back over 38 years).			
(4) <b>Principal &amp; Interest</b>	Per Staff Analysis	6,900,187	(665)
	Per Application with Project	6,900,852	
The difference in P&I is related to Staff's calculation of a CWSRF Loan of \$1,325,000 for 40 years (paid back over 38 years) at .25% and an IJDC Loan of \$2,475,000 for 40 years (paid back over 38 years) at 1%.			
(5) <b>Reserve Account @ 10%</b>	Per Staff Analysis	609,801	33
	Per Application with Project	609,768	
Staff assumed a 10% reserve on the new debt.			
(6) <b>Renewal &amp; Replacement Fund (2.5%)</b>	Per Staff Analysis	641,067	(55,010)
	Per Application with Project	696,077	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

HUNTINGTON SANITARY BOARD  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2022  
 APPLICATION NO: 2024S-2567  
 June 11, 2024

**LOAN PACKAGE  
 SCENARIO 2**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<b><u>AVAILABLE CASH</u></b>				
Operating Revenues	17,906,339	26,934,421	(1,816,454) (1)	25,117,967
Other Operating Revenue	696,296	696,296	-	696,296
SB 234 Annual Working Cash Collections			1,816,454 (2)	1,816,454
Interest Income & Other Misc.	389,132	389,132	-	389,132
<b>Total Cash Available</b>	<b>18,991,767</b>	<b>28,019,849</b>	<b>-</b>	<b>28,019,849</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	11,858,298	14,531,636	(43,087) (3)	14,488,549
Taxes	352,384	530,212	-	530,212
<b>Total Cash Requirements Before Debt Service</b>	<b>12,210,682</b>	<b>15,061,848</b>	<b>(43,087)</b>	<b>15,018,761</b>
Cash Available for Debt Servi (A)	6,781,085	12,958,001	43,087	13,001,088
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	1,365,330	7,009,554	59,992 (4)	7,069,546
Other Debt	-	-	-	-
Reserve Account @ 10%	28,108	620,638	6,099 (5)	626,737
Renewal & Replacement Fund (2.5%)	474,794	700,496	(55,139) (6)	645,357
<b>Total Debt Service Requirement</b>	<b>1,868,232</b>	<b>8,330,688</b>	<b>10,953</b>	<b>8,341,640</b>
SB 234 Cash Working Capital	1,482,287	1,816,454	-	1,816,454
<b>Remaining Cash</b>	<b>3,430,566</b>	<b>2,810,859</b>	<b>32,134</b>	<b>2,842,994</b>
Percent Coverage (A) / (B)	496.66%	184.86%		183.90%
Average rate for 3,400 gallons	\$ 43.00	\$ 65.58	\$ -	\$ 65.58
Average rate for 4,000 gallons	\$ 49.00	\$ 74.73	\$ -	\$ 74.73

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	<b>Operating Revenues</b>	Per Staff Analysis	25,117,967	(1,816,454)
		Per Application with Project	26,934,421	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	<b>SB 234 Annual Working Cash Collections</b>	Per Staff Analysis	1,816,454	1,816,454
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	<b>Operating Expenses</b>	Per Staff Analysis	14,488,549	(43,087)
		Per Application with Project	14,531,636	
	To adjust operation and maintenance expenses back to the Scenario 1 amount minus the proposed Admin. Fee associated with the Scenario 1 analysis.			
(4)	<b>Principal &amp; Interest</b>	Per Staff Analysis	7,069,546	59,992
		Per Application with Project	7,009,554	
	The difference in P&I is related to Staff's calculation of a Loan of \$4,800,000 for 40 years (paid back over 38 years) at 5%.			
(5)	<b>Reserve Account @ 10%</b>	Per Staff Analysis	626,737	6,099
		Per Application with Project	620,638	
	Staff assumed a 10% reserve on the new debt.			
(6)	<b>Renewal &amp; Replacement Fund (2.5%)</b>	Per Staff Analysis	645,357	(55,139)
		Per Application with Project	700,496	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			