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 22, 2026

Subject: North Beckley PSD
Preliminary Application: IJDC No. 2026S-2827
WWTP Upgrade Part B

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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 includes upgrading the WWTP as a part of a phased project, which will increase the capacity of the WWTP from 2.5 to 3.75 MGD. This project is part of the PSD's Plan of Corrective Action (POCA), in response to Administrative Order No. 8632.

The anticipated project cost is $14,050,000 and the PSD intends to pursue a $500,000 IJDC grant, a $1,500,000 SRF Forgiveness loan, a $750,000 CDS grant, a $187,500 Governors CDS match and a $11,112,500 SRF loan. The proposed monthly rate for 3,400 Gallons is $65.21.

It should be noted that the project is eligible for the SRF loan terms of 1.75% interest, 0.25% interest, for a term up to 30 years.

It appears that the SRF funding can easily be in the form of 100% loan without any rate impact to the customers (PSC Scenario 3 rate analysis). Therefore, principal forgiveness will not be a part of the CWSRF funding request.

Preliminary Project Ratings:
Public Health Benefits: 15
Compliance with Standards: 20

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: North Beckley PSD
IJDC Application- **2026S-2827**
WWTP Upgrade Part B
Raleigh County

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

Project Scope: No project scope under Part B upgrades the WWTP from a 2.5 mgd plant to a 3.75 mgd plant.

The total project cost is **$14,050,000.00.**

Need for the Project: The need for the overall PSD projects is to reduce inflow and infiltration, reduce sanitary sewer overflows, increase treatment capacity, improve sludge dewatering operations and replace aging WWTP equipment.

Concerns: There are no concerns with this 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: Kathy Emery, P.E., Program Manager, DWWM

FROM: Dominique Madison, Technical Analyst, DWWM

DATE: September 30, 2026

SUBJECT: North Beckley PSD
Wastewater Treatment Plant Upgrade Part B
IJDC No. 2026S-2827

RECOMMENDATION

The preliminary application and engineering report for the North Beckley PSD has been reviewed. This project is technically feasible and is recommended to be forwarded to the funding committee.

PROJECT DESCRIPTION

The proposed project includes upgrading the WWTP as a part of a phased project. The project includes increasing the capacity of the WWTP from 2.5 to 3.75 mgd. The project will consist of the following upgrades/replacements at the WWTP: Additional new MBR basin, upgrades to the headworks, new EQ basin, new generators, new UV disinfection system, work on the plant outfall and other necessary appurtenances.

The preliminary application indicates the expected cost for this project is $14,050,000 and that the PSD intends to pursue a $500,000 IJDC Grant, a $1,500,000 SRF Forgiveness Loan, $750,000 CDS Grant, $187,500 Governors CDS Grant and $11,112,500 SRF loan (2%, 30 years).

NEED FOR PROJECT

The North Beckley PSD has an aging system that was installed over 60 years ago. The NPDES permit requires the North Beckley PSD to correct the exceedances that occurred September 1, 2014 through August 31, 2016. The North Beckley PSD was issued an Administrative Order (No. 8632) on October 31, 2016 and a NOV on September 26, 2016 concerning exceeding copper limit and two unpermitted discharges. The equipment has reached the end of its useful life and needs to be replaced to allow proper operation and maintenance of the system. This is a part of the NPDES plan of corrective action.

DEFICIENCIES/COMMENTS

- The application requested a 2% interest, 20-year CWSRF loan, but the project is eligible for a 30-year term under both the FY 2026 and FY 2027 IUPs.
- A public meeting should be held to discuss this project and include meeting minutes.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE Design Fee Curve.
- The PER will need to be developed into a facility plan that meets CWSRF requirements if CWSRF is used.

Preliminary Project Ratings:

Public Health Benefits	15
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

October 21, 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-2827
North Beckley PSD – Wastewater System Upgrades (Phase B)
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

Brandon Crace
Engineering Division

Enclosures

PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW

DATE: October 21, 2026

PROJECT SPONSOR: **NORTH BECKLEY**
PUBLIC SERVICE DISTRICT – (SEWER)

PROJECT SUMMARY: The North Beckley PSD is proposing to pursue its Phase B Wastewater System Upgrades project, which makes certain improvements and upgrades to its existing WWTP to increase treatment capacity from 2.5 MGD to 3.75 MGD.

PROPOSED FUNDING:

CWSRF Loan (1.75%, .25% AF, 30 yrs.)	$11,112,500
CWSRF Principal Forgiveness	1,500,000
CWSRF Grant	750,000
CDS Match	187,500
IJDC Grant	500,000
Total	$14,050,000

CURRENT RATES:

$36.23	3,400 gallons
$42.06	4,000 gallons

PROPOSED RATES:

$65.21	3,400 gallons
$75.70	4,000 gallons

Application No. 2026S-2827

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

FINANCIAL: William Nelson

1. Current rates ($36.23 for 3,400 gallons) are below the rates attributable to 1.25% ($54.32), 1.5% ($65.19), 1.75% ($76.05), and 2.0% ($86.92) of the Median Household Income (MHI). Increasing current rates to 1.25%, 1.5%, 1.75% and 2.0% of the MHI would provide additional revenues of $1,214,795, $1,944,266, $2,673,736, and $3,403,206 respectively.

2. Using Scenario 1, the preferred funding package consisting of a CWSRF Loan of $11,112,500 at 1.75%, .25% Admin. Fee, for 30 years, a CWSRF Principal Forgiveness Loan of $1,500,000, a CWSRF Grant of $750,000, an IJDC Grant of $500,000, and a Congressionally Directed Spending Match of $187,500, proposed rates ($65.21 for 3,400 gallons) will provide a cash flow surplus of $443,244 and debt service coverage of 171.65%.

3. Using the Scenario 2 alternate loan package of $14,050,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($65.21 for 3,400 gallons) will provide a cash flow surplus of $68,734 and debt service coverage of 136.98%.

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 Analysis submitted with the application.

   C. Staff notes the Applicant's proposed CWSRF Loan funding terms reflect an amortization over 20 years. However, the CWSRF Guidelines allow for a 21 – 30 year payback if the proposed rate for 3,400 gallons falls between the 1.5% to 1.74% MHI threshold, which this proposed rate does. Thus, the loan qualifies for a 30-year amortization term and Staff's Cash Flow Analysis reflects the CWSRF Loan amortized over a 30-year term.

   D. The Applicant did not provide a Cash Flow Analysis or other financial information to support its alternate proposed rate ($65.21 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. The cash flow provided by the project sponsor shows a Going-Level deficit. The District needs to carefully evaluate its current financial position and may need to immediately file for a rate increase unless its operating costs have significantly decreased from the fiscal year ended June 30, 2025.

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 North Beckley PSD is proposing to pursue its Phase B Wastewater System Upgrades project, which makes certain improvements and upgrades to its existing WWTP to increase treatment capacity from 2.5 MGD to 3.75 MGD. The project scope includes: screen equipment for existing grit channel, 2 MBR fine screens, MBR equipment, MBR structure and MBR installation, MBR building, upgrades to EQ basin & preliminary aeration basin (replace mixer pumps & automate backflush valves), UV system (two 6000 gpm units in parallel), plant outfall, site work, plant piping, improvements to existing non-potable water system, upgrades to existing plant drain lift station, 200KW emergency backup generator for plant lift station & headworks, 300 KW emergency backup generator for MBR/UV, 150-ft sheet piling wall, and appurtenances. The estimated construction cost is $12,540,000 (includes 10% construction contingency), and the estimated total project cost is $14,050,000 (includes 4.43% project contingency).

   Need: The January 2020 Facilities Plan indicates that the older portions of the collection system experience "…a significant amount of inflow and infiltration from storm water and old terra cota sewer main pipe…", which leads to sewer and storm water overflows. On September 26, 2016, North Beckley PSD received a NOV concerning exceeding copper limits and unpermitted discharges. On January 19, 2017 the PSD's revised Plan of Corrective Action (POCA) was deemed acceptable. The PER states that "80% of the ADF was exceeded 10 months in the four year period. During these 10 months, Inflow and Infiltration (I&I) varied from 60% to 76% of the treated flow." Additionally, the Facilities Plan indicates that the existing plant

facilities are in fair condition, but the equipment is approaching 20 years in operation and some facilities need to be replaced and/or upgraded.

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 $14,050,000*, and having approximately 4032 customers, the cost per customer will be approximately $3,485. However, the cost per customer in terms of proposed borrowing is $2,757, as the proposed funding is approximately 21% grant.
* *This Application does not include Preliminary Engineering Design Fees or fees for the Study Phase. These fees were included in a Design Loan associated with Phase A.*

3. Project Alternatives: The January 2020 Facilities Plan did identify 3 Alternatives: Alternative A – Upgrades Sprague Lift Station, Replace WWTP Equipment, and Increase WWTP Capacity; Alternative B - Upgrades Sprague Lift Station, Replace WWTP Equipment, and Replace 223,000 LF of Existing Sewer Pipe; and Alternative C – "Do Nothing". The Facilities Plan indicates that it is recommended that North Beckley PSD select Alternative A as the most economically feasible alternative to address issues in their existing wastewater treatment and collections system.

4. Consolidation: There are no consolidation opportunities presented by this project.

5. Operation and Maintenance (O&M) Expenses: The January 2020 Facilities Plan did not include a detailed discussion or breakdown of anticipated changes to O&M expenses specific to Phase B; however, the Facilities Plan does indicate an annual increase of $154,092 for Operations and Maintenance Expenses. Although the Facilities Plan indicates an annual increase of $154,092 for Operations and Maintenance Expenses, the Facilities Plan does not breakout each Phase (Phase A, Phase B, and Phase C). Additionally, this value was calculated based on the 2018 PSC Annual Report, which is now more than 7 years old.

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 $930,000, which is equal to 7.42% of the construction cost of $12,540,000

(includes 10% construction contingency). *However, this Application does not include Engineering Design Fees, as a Design Loan was issued for Phase A (2018S-1773) which paid for the Study Phase and Preliminary Design. Therefore, the actual engineering fees and total project cost of Phase B is not clearly shown.*

7. Deficiencies/Comments:
    - The Part B Draft Schedule B indicates $50,000 for the PER & Facilities Plan Amendment. The Facilities Plan is dated January 2020, and it is unknown if the Facilities Plan Amendment was already paid under the 2018S-1773 Application/Project.
    - The January 2020 Facilities Plan indicates and narrates in detail the on-going I&I Investigations into the sewer collection system, high volumes of I&I, and treatment capacity issues; however, none of the proposed phases, including Phase B, provide a scope of work that will replace sewer piping, separate storm and sanitary piping, or address areas identified as having high I&I volumes.
    - Additionally, Phase A, B, and C will provide for an increased capacity to treat the I&I flows, which will lead to higher O&M expenses as the facility will have to continually treat stormwater until the sources of I&I are addressed.
    - Although the January 2020 Facilities Plan indicates on-going I&I Investigations, none of the proposed scopes of work for Phases A, B, or C address the 223,000 LF of 50-60 year old terra cota sewer pipe. Additionally, the Facilities Plan indicates locating I&I in the sewer lines has not been successful.
    - This Application does not include Engineering Design Fees, as a Design Loan was issued for Phase A (2018S-1773) which paid for the Study Phase and Preliminary Design. Therefore, the actual engineering fees and total project cost of Phase B is not clearly shown.
    - The January 2020 Facilities Plan did not include a detailed discussion or breakdown of anticipated changes to O&M expenses specific to Phase B.
    - Although the Facilities Plan indicates an annual increase of $154,092 for Operations and Maintenance Expenses, the Facilities Plan does not breakout each Phase (Phase A, Phase B, and Phase C). Additionally, this value was calculated based on the 2018 PSC Annual Report, which is now more than 7 years old.

NORTH BECKLEY PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2827
October 21, 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
	$	$	$		$
AVAILABLE CASH					
Operating Revenues	2,431,523	4,358,701	-		4,358,701
Other Operating Revenue	40,528	67,570	-		67,570
SB 234 Annual Working Cash Collections	168,678	321,661	-		321,661
Interest Income & Other Misc.	84,902	84,902	-		84,902
Total Cash Available	2,725,631	4,832,834	-		4,832,834
OPERATING DEDUCTIONS					
Operating Expenses	2,021,241	2,437,027	(1,266)	(1)	2,435,761
Taxes	65,172	70,172	-		70,172
Total Cash Requirements Before Debt Service	2,086,413	2,507,199	(1,266)		2,505,933
Cash Available for Debt Service (A)	639,218	2,325,635	1,266		2,326,901
DEBT SERVICE REQUIREMENTS					
Principal & Interest (B)	876,318	1,536,040	(180,442)	(2)	1,355,598
Other Debt			-		-
Reserve Account @ 10%	47,812	113,784	(18,044)	(3)	95,740
Renewal & Replacement Fund (2.5%)	65,188	117,868	(7,211)	(4)	110,657
Total Debt Service Requirement	989,318	1,767,692	(205,697)		1,561,995
SB 234 Cash Working Capital	168,678	321,661	-		321,661
Remaining Cash	(518,778)	236,282	206,963		443,244
Percent Coverage (A) / (B)	72.94%	151.40%			171.65%
Average rate for 3,400 gallons	$ 36.23	$ 65.21	$ -		$ 65.21
Average rate for 4,000 gallons	$ 42.06	$ 75.70	$ -		$ 75.70

NORTH BECKLEY PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2827

Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**2,435,761**	**(1,266)**
		Per Application with Project	**2,437,027**	

Staff's calculation included a difference in an Administrative Fee associated with the CWSRF loan.

(2)	**Principal & Interest**	**Per Staff Analysis**	**1,355,598**	**(180,442)**
		Per Application with Project	**1,536,040**	

The difference in P&I is related to Staff's calculation of a loan of $11,112,500 for 30 years at 1.75%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**95,740**	**(18,044)**
		Per Application with Project	**113,784**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**110,657**	**(7,211)**
		Per Application with Project	**117,868**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

NORTH BECKLEY PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2827
October 21, 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		2,431,523	4,358,701	-		4,358,701
Other Operating Revenue		40,528	67,570	-		67,570
SB 234 Annual Working Cash Collections		168,678	321,661	-		321,661
Interest Income & Other Misc.		84,902	84,902	-		84,902
Total Cash Available		2,725,631	4,832,834	-		4,832,834
OPERATING DEDUCTIONS						
Operating Expenses		2,021,241	2,437,027	(15,786)	(1)	2,421,241
Taxes		65,172	70,172	-		70,172
Total Cash Requirements Before Debt Service		2,086,413	2,507,199	(15,786)		2,491,413
Cash Available for Debt Service	(A)	639,218	2,325,635	15,786		2,341,421
DEBT SERVICE REQUIREMENTS						
Principal & Interest	(B)	876,318	1,536,040	173,222	(2)	1,709,262
Other Debt				-		-
Reserve Account @ 10%		47,812	113,784	17,322	(3)	131,106
Renewal & Replacement Fund (2.5%)		65,188	117,868	(7,211)	(4)	110,657
Total Debt Service Requirement		989,318	1,767,692	183,334		1,951,026
SB 234 Cash Working Capital		168,678	321,661	-		321,661
Remaining Cash		(518,778)	236,282	(167,548)		68,734
Percent Coverage	(A) / (B)	72.94%	151.40%			136.98%
Average rate for 3,400 gallons		$ 36.23	$ 65.21	$ -		$ 65.21
Average rate for 4,000 gallons		$ 42.06	$ 75.70	$ -		$ 75.70

NORTH BECKLEY PUBLIC SERVICE DISTRICT - SEWER | **Attachment B**
CASH FLOW ANALYSIS | **LOAN FUNDING PACKAGE**
YEAR ENDED: June 30, 2025 | **SCENARIO 2**
APPLICATION NO: 2026S-2827

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(1)	**Operating Expenses**	**Per Staff Analysis**	**2,421,241**	**(15,786)**
		Per Application with Project	**2,437,027**	

Staff's calculation removes the Administrative Fee expense associated with the preferred loan.

(2)	**Principal & Interest**	**Per Staff Analysis**	**1,709,262**	**173,222**
		Per Application with Project	**1,536,040**	

The difference in P&I is related to Staff's calculation of a loan of $14,050,000 for 40 years (paid back over 38 yrs.) at 5%.

(3)	**Reserve Account @ 10%**	**Per Staff Analysis**	**131,106**	**17,322**
		Per Application with Project	**113,784**	

Staff assumed a 10% reserve on the new debt.

(4)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**110,657**	**(7,211)**
		Per Application with Project	**117,868**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.