

# Public Service Commission of West Virginia

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March 11, 2026

Meredith J. Vance, Director  
Environmental Engineering Division, WVBPH  
Katheryn Emery, P.E., Program Manager  
CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Re: Public Service Commission Staff Review Comments  
Application No. 2026W-2753  
Belington, City of – Water Source and Treatment Improvements  
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:** March 4, 2026

**PROJECT SPONSOR:** CITY OF BELINGTON - WATER

**PROJECT SUMMARY:** The City of Belington is proposing to make improvements to its water treatment plant and raw water source.

**PROPOSED FUNDING:** CDBG \$2,722,000

**CURRENT RATES:** \$47.19 3,400 gallons  
\$54.88 4,000 gallons

**PROPOSED RATES:** \$54.03 3,400 gallons  
\$62.84 4,000 gallons

Application No. 2026W-2753

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

**FINANCIAL:** Bob Cadle

1. Current rates (\$47.19 for 3,400 gallons) are above the rates attributable to 1.25% (\$38.48) and 1.50% (\$46.18) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$53.88), and 2% (\$61.57) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$83,516 and \$179,647 respectively.
2. Using Scenario 1, the preferred funding package consisting of a Community Development Block Grant (CDBG) of \$2,722,000, proposed rates (\$54.03 for 3,400 gallons) will provide a cash flow surplus of \$1,586 and debt service coverage of 136.42%.
3. Using the Scenario 2 alternate loan package of \$2,722,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$69.70 for 3,400 gallons) will provide a cash flow surplus of \$5,184 and debt service coverage of 131.16%.

#### 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 Statement submitted with the application.
- C. Because proposed funding is based on all grant funding, the Applicant is requesting a waiver of the Rule 42 Exhibit requirement.
- D. Staff notes the Applicant's cash flow analyses include going level rates of \$54.03 (3,400 gallons). The City submitted its ordinance to the Commission and the Commission's Legal Division is currently reviewing. Staff included these rates in its analyses.
- 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. The City of Belington 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 City of Belington is proposing to make improvements to its water treatment plant and raw water source. The proposed project scope includes: mobilization, emergency back-up generator for the office, block heater and soundproofing for the existing WTP generator, replace turbidity meters, replace a 10-inch raw water intake screen, replace raw water intake line (including valve and compressor), replace chemical feed pumps, new sludge removal pit and sump pump, clean and seal clearwell, upgrade filter valves (including controls and programming), electrical upgrades, piping and appurtenances, and security fencing with camera upgrades. The estimated construction cost is \$2,189,000 (includes 10.0% construction contingency), and the estimated total project cost is \$2,722,000.

Need: The PER states that the WV Bureau for Public Health's (WV BPH) conducted a Sanitary Survey in April 2025 that noted deficiencies such as: unaccounted for water loss in excess of 15%, chlorine feed equipment improperly located, issues with the Impoundment Intake (no ability to flush or clean the intake, lack of vulnerability plan, source water limitations, etc.), and issues with the system's East and West water storage tanks. Additionally, the PER indicates that the issues identified at the 2 water storage tanks have been corrected and WV BPH has been notified. The PER indicates the proposed scope of work will prevent deterioration of the existing water treatment plant equipment, increase security, and continue to provide adequate, reliable, and safe source water.

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 \$2,722,000, and having approximately 944 customers, the cost per customer will be approximately \$2,884. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% 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: Alternative #1 – No Action, Alternative #2 – Abandon WTP and Purchase Water from City of Philippi, and Alternative #3 – Upgrade City of Belington WTP. The PER states that Alternative #3 was selected.
5. Consolidation: There are no consolidation opportunities presented by this project.
6. Operation and Maintenance (O&M) Expenses: The PER did include a discussion of changes to O&M and states that "...upgrading/replacing aging equipment, the O&M costs should decrease." The PER states that the Engineer will estimate that the O&M costs will remain the same.
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 \$343,000, which is equal to 15.67% of the construction cost of \$2,189,000 (includes 10% construction contingency).
8. Deficiencies/Comments:
  - The PER references the 2025 PSC Annual Report, which indicates unaccounted water at 33.49%, and the proposed scope does not appear to make any improvements to the existing distribution system that would decrease unaccounted water.
  - Belington should consider pursuing improvements that reduce the percentage of unaccounted water.

CITY OF BELINGTON - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2025  
 APPLICATION NO: 2026W-2753  
 March 11, 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
	\$	\$	\$	\$
<b>AVAILABLE CASH</b>				
Operating Revenues	638,640	638,640	-	638,640
Other Operating Revenue	25,015	25,015	-	25,015
SB 234 Annual Working Cash Collections	53,713	53,713	-	53,713
Interest Income & Other Misc.	10,703	10,703	-	10,703
<b>Total Cash Available</b>	<b>728,071</b>	<b>728,071</b>	<b>-</b>	<b>728,071</b>
<b>OPERATING DEDUCTIONS</b>				
Operating Expenses	429,701	429,701	-	429,701
Taxes	16,536	16,536	-	16,536
<b>Total Cash Requirements Before Debt Service</b>	<b>446,237</b>	<b>446,237</b>	<b>-</b>	<b>446,237</b>
Cash Available for Debt Servi (A)	281,834	281,834	-	281,834
<b>DEBT SERVICE REQUIREMENTS</b>				
Principal & Interest (B)	206,591	206,591	-	206,591
Other Debt			-	-
Reserve Account @ 10%	3,353	3,353	-	3,353
Renewal & Replacement Fund (2.5%)	17,934	17,934	(1,343) (1)	16,591
<b>Total Debt Service Requirement</b>	<b>227,878</b>	<b>227,878</b>	<b>(1,343)</b>	<b>226,535</b>
SB 234 Cash Working Capital	53,713	53,713	-	53,713
<b>Remaining Cash</b>	<b>243</b>	<b>243</b>	<b>1,343</b>	<b>1,586</b>
Percent Coverage (A) / (B)	136.42%	136.42%		136.42%
Average rate for 3,400 gallons	\$ 54.03	\$ 54.03	\$ -	\$ 54.03
Average rate for 4,000 gallons	\$ 62.84	\$ 62.84	\$ -	\$ 62.84

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>16,591</b>	<b>(1,343)</b>
	<b>Per Application with Project</b>	<b>17,934</b>	

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

CITY OF BELINGTON - WATER  
 CASH FLOW ANALYSIS  
 YEAR ENDED: June 30, 2025  
 APPLICATION NO: 2026W-2753  
 March 11, 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
	\$	\$	\$	\$
<b><u>AVAILABLE CASH</u></b>				
Operating Revenues	638,640	824,391	-	824,391
Other Operating Revenue	25,015	25,015	-	25,015
SB 234 Annual Working Cash Collections	53,713	68,744	-	68,744
Interest Income & Other Misc.	10,703	10,703	-	10,703
<b>Total Cash Available</b>	<b>728,071</b>	<b>928,853</b>	<b>-</b>	<b>928,853</b>
<b><u>OPERATING DEDUCTIONS</u></b>				
Operating Expenses	429,701	429,701	-	429,701
Taxes	16,536	16,536	-	16,536
<b>Total Cash Requirements Before Debt Service</b>	<b>446,237</b>	<b>446,237</b>	<b>-</b>	<b>446,237</b>
<b>Cash Available for Debt Servi (A)</b>	<b>281,834</b>	<b>482,616</b>	<b>-</b>	<b>482,616</b>
<b><u>DEBT SERVICE REQUIREMENTS</u></b>				
Principal & Interest (B)	206,591	366,739	1,224 (1)	367,963
Other Debt		-	-	-
Reserve Account @ 10%	3,353	19,368	122 (2)	19,490
Renewal & Replacement Fund (2.5%)	17,934	22,954	(1,719) (3)	21,235
<b>Total Debt Service Requirement</b>	<b>227,878</b>	<b>409,061</b>	<b>(373)</b>	<b>408,688</b>
SB 234 Cash Working Capital	53,713	68,744	-	68,744
<b>Remaining Cash</b>	<b>243</b>	<b>4,811</b>	<b>373</b>	<b>5,184</b>
<b>Percent Coverage (A) / (B)</b>	<b>136.42%</b>	<b>131.60%</b>		<b>131.16%</b>
Average rate for 3,400 gallons	\$ 54.03	\$ 69.70	\$ -	\$ 69.70
Average rate for 4,000 gallons	\$ 62.84	\$ 81.07	\$ -	\$ 81.07

Staff Adjustments

<u>Adjustment Description</u>		\$	Increase <Decrease>
(1) <b>Principal &amp; Interest</b>	<b>Per Staff Analysis</b>	<b>367,963</b>	<b>1,224</b>
	<b>Per Application with Project</b>	<b>366,739</b>	
The difference in P&I is related to Staff's calculation of a loan of \$2,722,000 for 40 years (paid over 38 years) at 5%.			
(2) <b>Reserve Account @ 10%</b>	<b>Per Staff Analysis</b>	<b>19,490</b>	<b>122</b>
	<b>Per Application with Project</b>	<b>19,368</b>	
Staff assumed a 10% reserve on the new debt.			
(3) <b>Renewal &amp; Replacement Fund (2.5%)</b>	<b>Per Staff Analysis</b>	<b>21,235</b>	<b>(1,719)</b>
	<b>Per Application with Project</b>	<b>22,954</b>	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			