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:** Water Development Authority

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

**Date:** July 20, 2026

**Subject:** City of Mullens Sanitary Board
IJDC Application - 2025S-2737
Sewer System Improvements and Extensions (Phase II)

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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:

This project will upgrade four existing pump stations and three grinder stations. Additionally, this project will install screens, flowmeters, and duckbill valves at the three (3) CSOs. These upgrades are necessary to address Consent Order 8715 and the ensuing civil suit filed by WVDEP.

The proposed total cost for this project is $3,325,000 and City intends to pursue a $1,325,000 CWSRF Loan (2% for 28 years), a $1,500,000 CWSRF Principal Forgiveness Loan, and a $500,000 IJDC grant.

At the proposed rate of $94.08, the City would be eligible for a loan term of 0.75% interest, 0.25% admin fee, for a term of up to 30 years.

<u>Preliminary Project Ratings:</u>
Public Health Benefits: 15
Compliance with Standards: 20

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

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

# ***M E M O R A N D U M***

**TO:** Meredith J. Vance, Director
Environmental Engineering Division

**FROM:** Patrick Murphy, P.E.
Environmental Engineering Division

**DATE:** June 30, 2026

**SUBJECT:** City of Mullens
IJDC Application- **2025S-2737**
Plant Upgrade/Line Upgrade
Wyoming County

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

**Project Scope:** No project scope was addressed within the PER; however, under Alternative 1, the project proposes to upgrade four pumping stations within the transmission lines.

The total project cost is **$3,325,000.00**

**Need for the Project:** The need for the project is to comply with WV DEP Consent Order 8715.

**Concerns:** No concerns were noted.

**Permits:** Permits and/or agency consultations that may be expected to be required include: WVDH, WVDEP. Others may be required depending upon the final scope of work being determined.

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**MEMORANDUM**

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

**FROM:** Daniel Bailey, E.I., CFM, DWWM

**DATE:** July 8, 2026

**SUBJECT:** City of Mullens Sanitary Board
IJDC Application - 2025S-2737
Sewer System Improvements and Extensions (Phase II)

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## RECOMMENDATION

The Preliminary Engineering Report (PER) and IJDC Application prepared by The Thrasher Group, Inc. for the above referenced project has been reviewed and is technically feasible.

## PROJECT DESCRIPTION

The City of Mullens (City) owns and operates a combined sanitary and storm sewage collection and treatment system serving approximately 700 customers in Wyoming County, WV, under NPDES Permit No. WV0020681. The City's system consists of a 0.33 million gallons per day (MGD) average daily flow (ADF) sequencing batch reactor (SBR) wastewater treatment plant (WWTP) and three (3) CSOs that discharge to the Guyandotte River.

The proposed Phase II project consists of replacing and upgrading the equipment at the four (4) existing pump stations, including the replacement of pumps, controls, guiderails, piping, valves, and hatches. Three (3) grinder stations will also have their pumps and controls replaced. Additionally, the project will install screens, flow meters, and duckbill valves on the three (3) CSOs and install emergency generators at the four main pump stations.

The proposed total cost for this project is \$3,325,000 and City intends to pursue a \$1,325,000 CWSRF Loan (2% for 28 years), a \$1,500,000 CWSRF Principal Forgiveness Loan, and a

$500,000 IJDC grant. The current monthly rate for 3,400 gallons is $26.88 (0.52% MHI) with a project rate increase of $67.20 resulting in a rate of $94.08 (1.83% MHI).

## NEED FOR PROJECT

This project is in response to ongoing noncompliance issues the City is facing within its system. In 2018, the City was issued Consent Order 8715 by the WVDEP for failure to meet effluent limits or to properly operate and maintain the facility, including the failure to waste any sludge since 2012. In 2022, the WVDEP filed a civil suit to compel the City to comply with its permit, as additional violations have occurred after the issuance of the Order. Future phases will address the combined collection system and incorporate measures to ensure compliance with the City's Long Term Control Plan. Current discharges of untreated or partially treated wastewater to Slab Fork and the Guyandotte River are creating a public health hazard and degrading water quality.

The mechanical and electrical equipment included in Phase II have exceeded their useful lives. Additional equipment failures would result in discharges of untreated or partially treated wastewater to the Guyandotte River.

## DEFICIENCIES/COMMENTS

- Discrepancies exist between the PER and the Application regarding the proposed rate.
- Using the Combined Application, the Design and Total Engineering fees appear to be within the ASCE curve.
- Actual and projected flow rates (average and peak) need to be determined and provided for Facilities Plan development.
- The PER will need to be developed into a Facilities Plan if approved for CWSRF funding.

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

July 1, 2026

Brad Sergent, Chair
Water Development Authority, Acting 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. 2025S-2737
Mullens, City of – Sewer System Improvements (Phase II)
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:** July 1, 2026

**PROJECT SPONSOR:** **CITY OF MULLENS SANITARY BOARD – (SEWER)**

**PROJECT SUMMARY:** The City of Mullens is proposing to pursue its Phase II Sewer System Improvements, which makes certain improvements and upgrades to existing pump stations.

**PROPOSED FUNDING:**

| | |
|---|---|
| CWSRF Loan (1.75%, .25% AF, 30 yrs.) | $1,325,000 |
| CWSRF Principal Forgiveness | $1,500,000 |
| IJDC Grant | $ 500,000 |
| Total | $3,325,000 |

**CURRENT RATES:**

| | |
|---|---|
| $57.19 | 3,400 gallons |
| $66.38 | 4,000 gallons |

**PROPOSED RATES:**

| | |
|---|---|
| $94.08 | 3,400 gallons |
| $109.20 | 4,000 gallons |

Application No. 2025S-2737

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

**FINANCIAL:** Stephen Edens

1. Current rates ($57.19 for 3,400 gallons) are above the rate attributable to 1.25% ($52.80) of the Median Household Income (MHI), but below the rates attributable to 1.5% ($63.36), 1.75% ($73.92) and 2.0% ($84.48) of the MHI. Increasing current rates to 1.5%, 1.75%, and 2.0% of the MHI would provide additional revenues of $59,628, $161,682, and $263,737, respectively.

2. Using Scenario 1, the preferred funding package consisting of a CWSRF Loan of $1,325,000 at 1.75%, .25% Admin. Fee, at 30 years, a $1,500,000 CWSRF Principal Forgiveness, and an IJDC Grant of $500,000, proposed rates ($94.08 for 3,400 gallons) will provide a cash flow surplus of $142,336 and debt service coverage of 178.21%.

3. Using the Scenario 2 alternate loan package of $3,325,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates ($111.59 for 3,400 gallons) will provide a cash flow surplus of $136,120 and debt service coverage of 155.44%.

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. It should be noted that the current rates ($57.19 for 3,400 gallons) became effective for service rendered on and after July 1, 2026.

   E. Staff notes the Applicant's cash flow analyses include going level rates of $94.08 (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.

   F. Staff notes the Applicant's project funding includes a CWSRF Loan with terms of 1.75%, .25% Administrative Fee, for 28 years. Staff used a 30-year amortization for this loan in its analyses.

   G. Staff has included a Scenario 3 analysis. Staff notes that the project sponsor is proposing a CWSRF Loan of $1,325,000 at 1.75%, .25% Administrative fee, for 30 years. Since proposed target rates of $94.08 (3,400 gallons) are greater than 2% ($84.48) of the MHI, the terms of this proposed CWSRF Loan would typically be .25%, .25% Administrative Fee, for 40 years (paid back over 38 years), for the preferred funding package. If the preferred funding package is adjusted for this change, proposed target rates ($94.08 for 3,400 gallons) would provide a cash flow surplus of $155,645 and debt service coverage of 188.35%.

H. 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.

I. 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.

J. The City of Mullens 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 Mullens is proposing to pursue its Phase II Sewer System Improvements, which makes certain improvements and upgrades to its existing pump stations. The project scope includes: mobilization, demobilization, project area videotaping, two (2) E1 duplex grinder station upgrades, one (1) E1 simplex grinder station upgrade, 4 pump station upgrades, 3 CSO outlet improvements (bar rack, flow meter, & flap valve), 3 generators (with transfer switch) for large pump stations, 1 generator (with transfer switch) for small pump station, bypass pumping, and bonds and insurance. The estimated construction cost is $2,645,000 (includes 14.75% construction contingency), and the estimated total project cost is $3,325,000.

Need: The PER states that "As with the wastewater treatment plant, the concrete wetwells and valve vaults at the four larger pumping stations appear to be in good condition, even after the serious flood events of 2001 and 2025."; however, the equipment and controls, valves, guiderails, and hatches need to be replaced. The PER states that "In 2022, the WV DEP filed a civil suit to compel the City to comply with its permit, as additional violations have continued to occur after the issuance of the Consent Order." This proposed project scope will make certain replacements and upgrades to the existing pump stations that should help the City comply with the WV DEP Consent Order.

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 $3,575,000*, and having approximately 700 customers, the cost per customer will be approximately $5,108. However, the cost per customer in terms of proposed borrowing is $2,250, as the proposed funding is approximately 55.9% grant.
* *This Application does not include Engineering Design Fees, as a recent IJDC Application (2025S-2735) included $250,000 for Phase II Engineering Design Fees. Phase II Design Fees were included in these calculations.*

3. Project Alternatives: The PER did identify 2 Alternatives: Upgrade, Repair or Replace Sewage Pumping Stations, and "Do Nothing". The PER states that "…evaluating and upgrading the pumping stations and CSOs is the most cost effective and implementable alternative."

4. Consolidation: As Mullens has already been reliant on an Operator from Center PSD, it appears there may be an indication of need to consolidate these numerous rural utilities for a sustainable future. Furthermore, considering future extensions of the Mullens sewer system beyond its municipal boundary, increasing treatment flows, and its history of non-compliance and deferred maintenance, the option of consolidation appears reasonable to provide reliable sewer service while meeting state and federal regulations.

5. Operation and Maintenance (O&M) Expenses: The PER did not include a detailed discussion or breakdown of anticipated changes to O&M expenses; however, the PER states "Due to the lack of reliable accounting information over the past 12 years, an accurate estimate of the annual O&M expenses

cannot be made at this time." The PER does indicate that an increase in annual O&M expenses will result following completion of the project.

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 $405,000, which is equal to 15.31% of the construction cost of $2,645,000 (includes 14.75% construction contingency). *However, this Application does not include Engineering Design Fees, as a recent IJDC Application (2025S-2735) included $250,000 for Phase II Engineering Design Fees.* *Therefore, the actual cost of Phase II is $3,575,000, with $250,000 of Engineering Design being paid from a separate IJDC Application (project).* *Additionally, the actual total technical services (engineering) costs for the project are $655,000, which is equal to 24.76% of the construction cost of $2,645,000.*

7. Deficiencies/Comments:
   - This Application does not include Engineering Design Fees, as IJDC Application (2025S-2735) included $250,000 for Phase II Engineering Design Fees. *Therefore, the actual cost of Phase II is $3,575,000, with $250,000 of Engineering Design being paid from a separate IJDC Application (project).* *Additionally, the actual total technical services (engineering) costs for the project are $655,000, which is equal to 24.76% of the construction cost of $2,645,000.*
   - The IJDC Application indicates a construction contingency amount of $340,000; while the PER indicates $345,000.
   - The IJDC Application indicates a construction subtotal of $2,645,000; while the PER indicates $2,650,000.
   - The IJDC Application indicates $0 of project contingency; while the PER indicates $20,000.
   - The IJDC Application indicates a total project budget of $3,325,000; while the PER indicates $3,350,000. *The project Engineer indicated to use the $3,325,000 project total for this review.*
   - The proposed rates are substantially higher than the current rates.
   - The PER does not include an evaluation of the anticipated changes to annual O&M expenses.
   - The Mullens Sanitary Board was identified (pursuant WV Code §24-2H-4) and added to the PSC Watch List published October 24, 2025 for "…failure to timely file PSC Annual Reports, last ordinance to increase rates in 2012, and whether Cash Working Capital Reserve is being adequately funded." The City has since filed a copy of its new rates on

March 5, 2026, which were adopted by the City Council on December 11, 2025.

CITY OF MULLENS SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2737
July 1, 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 | | 804,854 | 804,854 | (36,196) | (1) | 768,658 |
| Other Operating Revenue | | 6,571 | 6,571 | - | | 6,571 |
| SB 234 Annual Working Cash Collections | | | | 36,196 | (2) | 36,196 |
| Interest Income & Other Misc. | | 9,469 | 9,469 | - | | 9,469 |
| Total Cash Available | | 820,894 | 820,894 | - | | 820,894 |
| OPERATING DEDUCTIONS | | | | | | |
| Operating Expenses | | 271,343 | 298,023 | 51 | (3) | 298,074 |
| Taxes | | 5,746 | 5,746 | - | | 5,746 |
| Total Cash Requirements Before Debt Service | | 277,089 | 303,769 | 51 | | 303,820 |
| Cash Available for Debt Service | (A) | 543,805 | 517,125 | (51) | | 517,074 |
| DEBT SERVICE REQUIREMENTS | | | | | | |
| Principal & Interest | (B) | 385,136 | 292,892 | (2,745) | (4) | 290,147 |
| Other Debt | | | | - | | - |
| Reserve Account @ 10% | | 23,300 | 29,289 | (274) | (5) | 29,015 |
| Renewal & Replacement Fund (2.5%) | | 20,522 | 20,522 | (1,141) | (6) | 19,381 |
| Total Debt Service Requirement | | 428,958 | 342,703 | (4,160) | | 338,542 |
| SB 234 Cash Working Capital | | 33,071 | 36,196 | - | | 36,196 |
| Remaining Cash | | 81,776 | 138,226 | 4,109 | | 142,336 |
| Percent Coverage | (A) / (B) | 141.20% | 176.56% | | | 178.21% |
| Average rate for 3,400 gallons | | $ 94.08 | $ 94.08 | $ - | | $ 94.08 |
| Average rate for 4,000 gallons | | $ 109.20 | $ 109.20 | $ - | | $ 109.20 |

**CITY OF MULLENS SANITARY BOARD**
**CASH FLOW ANALYSIS**
**YEAR ENDED: June 30, 2025**
**APPLICATION NO. 2025S-2737**

**Attachment A**
**PREFERED FUNDING PACKAGE**
**SCENARIO 1**

## Staff Adjustments

| | Adjustment Description | | $ | Increase <Decrease> |
|---|---|---|---|---|
| (1) | **Operating Revenues** | **Per Staff Analysis** | **768,658** | **(36,196)** |
| | | **Per Application with Project** | **804,854** | |
| | Adjust revenues in accordance with PSC General Order 183.11. | | | |
| (2) | **SB 234 Annual Working Cash Collections** | **Per Staff Analysis** | **36,196** | **36,196** |
| | | **Per Application with Project** | **-** | |
| | Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. | | | |
| (3) | **Operating Expenses** | **Per Staff Analysis** | **298,074** | **51** |
| | | **Per Application with Project** | **298,023** | |
| | Staff's calculation included a difference in an Administrative Fee associated with a loan. | | | |
| (4) | **Principal & Interest** | **Per Staff Analysis** | **290,147** | **(2,745)** |
| | | **Per Application with Project** | **292,892** | |
| | The difference in P&I is related to Staff's calculation of a loan of $1,325,000 for 30 years at 1.75%. | | | |
| (5) | **Reserve Account @ 10%** | **Per Staff Analysis** | **29,015** | **(274)** |
| | | **Per Application with Project** | **29,289** | |
| | Staff assumed a 10% reserve on the new debt. | | | |
| (6) | **Renewal & Replacement Fund (2.5%)** | **Per Staff Analysis** | **19,381** | **(1,141)** |
| | | **Per Application with Project** | **20,522** | |
| | Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund. | | | |

CITY OF MULLENS SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2737
July 1, 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 | | 804,854 | 954,622 | (36,196) | (1) | 918,426 |
| Other Operating Revenue | | 6,571 | 6,571 | - | | 6,571 |
| SB 234 Annual Working Cash Collections | | | | 36,196 | (2) | 36,196 |
| Interest Income & Other Misc. | | 9,469 | 9,469 | - | | 9,469 |
| Total Cash Available | | 820,894 | 970,662 | - | | 970,662 |
| OPERATING DEDUCTIONS | | | | | | |
| Operating Expenses | | 271,343 | 298,023 | (1,680) | (3) | 296,343 |
| Taxes | | 5,746 | 5,746 | - | | 5,746 |
| Total Cash Requirements Before Debt Service | | 277,089 | 303,769 | (1,680) | | 302,089 |
| Cash Available for Debt Service | (A) | 543,805 | 666,893 | 1,680 | | 668,573 |
| DEBT SERVICE REQUIREMENTS | | | | | | |
| Principal & Interest | (B) | 385,136 | 425,396 | 4,724 | (4) | 430,120 |
| Other Debt | | | | - | | - |
| Reserve Account @ 10% | | 23,300 | 42,540 | 472 | (5) | 43,012 |
| Renewal & Replacement Fund (2.5%) | | 20,522 | 24,267 | (1,142) | (6) | 23,125 |
| Total Debt Service Requirement | | 428,958 | 492,203 | 4,054 | | 496,257 |
| SB 234 Cash Working Capital | | 33,071 | 36,196 | - | | 36,196 |
| Remaining Cash | | 81,776 | 138,494 | (2,374) | | 136,120 |
| Percent Coverage | (A) / (B) | 141.20% | 156.77% | | | 155.44% |
| Average rate for 3,400 gallons | | $ 94.08 | $ 111.59 | $ - | | $ 111.59 |
| Average rate for 4,000 gallons | | $ 109.20 | $ 129.52 | $ - | | $ 129.52 |

**CITY OF MULLENS SANITARY BOARD**
**CASH FLOW ANALYSIS**
**YEAR ENDED: June 30, 2025**
**APPLICATION NO. 2025S-2737**

**Attachment B**
**LOAN PACKAGE**
**SCENARIO 2**

## Staff Adjustments

| Adjustment Description | | | $ | Increase <Decrease> |
|---|---|---|---|---|
| (1) | **Operating Revenues** | **Per Staff Analysis** | **918,426** | **(36,196)** |
| | | **Per Application with Project** | **954,622** | |
| | Adjust revenues in accordance with PSC General Order 183.11. | | | |
| (2) | **SB 234 Annual Working Cash Collections** | **Per Staff Analysis** | **36,196** | **36,196** |
| | | **Per Application with Project** | **-** | |
| | Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. | | | |
| (3) | **Operating Expenses** | **Per Staff Analysis** | **296,343** | **(1,680)** |
| | | **Per Application with Project** | **298,023** | |
| | Staff's calculation includes a reduction to eliminate the Administrative Fee associated with a loan. | | | |
| (4) | **Principal & Interest** | **Per Staff Analysis** | **430,120** | **4,724** |
| | | **Per Application with Project** | **425,396** | |
| | The difference in P&I is related to Staff's calculation of a loan of $3,325,000 for 40 years (paid back over 38 years) at 5%. | | | |
| (5) | **Reserve Account @ 10%** | **Per Staff Analysis** | **43,012** | **472** |
| | | **Per Application with Project** | **42,540** | |
| | Staff assumed a 10% reserve on the new debt. | | | |
| (6) | **Renewal & Replacement Fund (2.5%)** | **Per Staff Analysis** | **23,125** | **(1,142)** |
| | | **Per Application with Project** | **24,267** | |
| | Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund. | | | |

CITY OF MULLENS SANITARY BOARD
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO. 2025S-2737
July 1, 2026

**PREFERED FUNDING PACKAGE**
**SCENARIO 3**

| | | 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 | | 804,854 | 804,854 | (36,196) | (1) | 768,658 |
| Other Operating Revenue | | 6,571 | 6,571 | - | | 6,571 |
| SB 234 Annual Working Cash Collections | | | | 36,196 | (2) | 36,196 |
| Interest Income & Other Misc. | | 9,469 | 9,469 | - | | 9,469 |
| Total Cash Available | | 820,894 | 820,894 | - | | 820,894 |
| OPERATING DEDUCTIONS | | | | | | |
| Operating Expenses | | 271,343 | 298,023 | 9,350 | (3) | 307,373 |
| Taxes | | 5,746 | 5,746 | - | | 5,746 |
| Total Cash Requirements Before Debt Service | | 277,089 | 303,769 | 9,350 | | 313,119 |
| Cash Available for Debt Service | (A) | 543,805 | 517,125 | (9,350) | | 507,775 |
| DEBT SERVICE REQUIREMENTS | | | | | | |
| Principal & Interest | (B) | 385,136 | 292,892 | (23,298) | (4) | 269,594 |
| Other Debt | | | | - | | - |
| Reserve Account @ 10% | | 23,300 | 29,289 | (2,330) | (5) | 26,959 |
| Renewal & Replacement Fund (2.5%) | | 20,522 | 20,522 | (1,141) | (6) | 19,381 |
| Total Debt Service Requirement | | 428,958 | 342,703 | (26,768) | | 315,935 |
| SB 234 Cash Working Capital | | 33,071 | 36,196 | - | | 36,196 |
| Remaining Cash | | 81,776 | 138,226 | 17,418 | | 155,645 |
| Percent Coverage | (A) / (B) | 141.20% | 176.56% | | | 188.35% |
| Average rate for 3,400 gallons | | $ 94.08 | $ 94.08 | $ - | | $ 94.08 |
| Average rate for 4,000 gallons | | $ 109.20 | $ 109.20 | $ - | | $ 109.20 |

**CITY OF MULLENS SANITARY BOARD**
**CASH FLOW ANALYSIS**
**YEAR ENDED: June 30, 2025**
**APPLICATION NO. 2025S-2737**

**Attachment C**
**PREFERED FUNDING PACKAGE**
**SCENARIO 3**

## Staff Adjustments

| Adjustment Description | | | $ | Increase <Decrease> |
|---|---|---|---|---|
| (1) | **Operating Revenues** | **Per Staff Analysis** | **768,658** | **(36,196)** |
| | | **Per Application with Project** | **804,854** | |
| | Adjust revenues in accordance with PSC General Order 183.11. | | | |
| (2) | **SB 234 Annual Working Cash Collections** | **Per Staff Analysis** | **36,196** | **36,196** |
| | | **Per Application with Project** | **-** | |
| | Account for SB 234 (2015) funding pursuant to PSC General Order 183.11. | | | |
| (3) | **Operating Expenses** | **Per Staff Analysis** | **307,373** | **9,350** |
| | | **Per Application with Project** | **298,023** | |
| | Staff's calculation included a difference in an Administrative Fee associated with a loan. | | | |
| (4) | **Principal & Interest** | **Per Staff Analysis** | **269,594** | **(23,298)** |
| | | **Per Application with Project** | **292,892** | |
| | The difference in P&I is related to Staff's calculation of a loan of $1,325,000 for 40 years (paid back over 38 years) at .75%. | | | |
| (5) | **Reserve Account @ 10%** | **Per Staff Analysis** | **26,959** | **(2,330)** |
| | | **Per Application with Project** | **29,289** | |
| | Staff assumed a 10% reserve on the new debt. | | | |
| (6) | **Renewal & Replacement Fund (2.5%)** | **Per Staff Analysis** | **19,381** | **(1,141)** |
| | | **Per Application with Project** | **20,522** | |
| | Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund. | | | |