



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: Brad Sergent, Chair
Meredith J. Vance, Director, Environmental Engineering Division, BPH

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

Date: March 18, 2026

Subject: City of Follansbee
IJDC Application - 2026WS-2743
Hooverson Heights Water Treatment Plant 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 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.

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 proposed project includes removing and replacing the existing filter control valves and control panel for the three (3) existing filters at the Hooverson Heights Water Treatment Plant. The proposed work also consists of replacing the following roofs: Water/Wastewater Maintenance Building, WWTP Building, Raw Water Intake Building, and Raw Water Well No. 4 Building. The project will upgrade existing treatment equipment to provide safe, reliable potable water for the future.

The total cost of this project is \$1,821,000. The proposed funding scenario includes \$1,321,000 USACE Section 571 funds (already committed) and a \$500,000 WV IJDC grant. The current monthly rate for 3,400 gallons is \$54.88 (1.57% MHI) with no planned rate increase (based on the Combined Application and correspondence).

The majority of the project funding is a Section 571 U.S. Army Corps of Engineers Grant and the City received approval to bid from them. The project was bid on 11/25/205 and the contractor granted a bid extension to 4/25/26. This grant requires matching funds, but no matching funds were obtained. This request asks IJDC to fund the match so the project can move forward.

The majority of the project is for drinking water, however, a portion of the roof replacements will be for their wastewater system.

Preliminary Project Ratings:

Public Health Benefits: 5
Compliance with Standards: 5



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MEMORANDUM

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

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

DATE: March 6, 2026

SUBJECT: City of Follansbee
IJDC Application - 2026WS-2743
Hooverson Heights Water Treatment Plant Improvements

RECOMMENDATION

The IJDC Application prepared by Ghosh Engineers for the above referenced project has been reviewed and is technically feasible.

PROJECT DESCRIPTION

The City of Follansbee (City) currently owns and operates two water treatment plants (ground and surface water) that serve the residents of Follansbee, WV and the surrounding communities located in Brooke County. The City intends to replace filter control valves and the control panel as well as replacing several roofs within the plant in order to return the system to its operating capacity.

The proposed project consists of removing and replacing the existing filter control valves and control panel for the three (3) existing filters at the Hooverson Heights Water Treatment Plant. Work shall include furnishing and installation of the equipment, electrical work and demolition of existing equipment. The proposed work also consists of replacing the following roofs: Water/Wastewater Maintenance Building, WWTP Building, Raw Water Intake Building, and Raw Water Well No. 4 Building.

The proposed total cost for this project is \$1,821,000 and City intends to pursue a \$500,000 WV IJDC grant and utilize \$1,321,000 USACE Section 571 funds (already committed). The current monthly rate for 3,400 gallons is \$54.88 (1.57% MHI) with no planned rate increase (based on the Combined Application and correspondence).

NEED FOR PROJECT

The City of Follansbee assumed operation of the Hooverson Heights plant and system in 1996 and since updated the system to receive treated water from either the municipal plant or the Hooverson Heights plant. The plant also increased its capacity and updated system components. In 2017 the plant operator identified several deficiencies that contributed to the ability to efficiently operate the plant at the necessary demand. The inability to meet demand caused industrial customers to go out and purchase bulk water for their continued operations.

DEFICIENCIES/COMMENTS

- This project was previously included as a portion of IJDC project number 2018W-1756.
- The project has already been bid (November 2025). This request is seeking necessary match funds.
- Design costs were not included in this application and were paid separately.
- Using the Combined Application, the Design and Total Engineering Fees appear to be within the ASCE curve.

Preliminary Project Ratings:

Public Health Benefits: 5

Compliance with Standards: 5

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



March 13, 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. 2026WS-2743
Follansbee, City of – Water & Sewer System 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 13, 2026

PROJECT SPONSOR: CITY OF FOLLANSBEE – (WATER/SEWER)

PROJECT SUMMARY: The City of Follansbee is proposing to replace the roofs of 4 buildings (maintenance building, WWTP building, raw water intake building, and raw water Well No. 4 building), along with removing and replacing the existing filter control valves and control panels for 3 existing filters at the Hooverson Heights WTP.

PROPOSED FUNDING: USACE Grant	\$1,321,000
IJDC Grant	<u>500,000</u>
Total	\$1,821,000

CURRENT/PROPOSED

RATES:	\$54.88	3,400 gallons
	\$64.56	4,000 gallons

Application No. 2026WS-2743

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

FINANCIAL: William Nelson

1. Current rates (\$54.88 for 3,400 gallons) are above the rates attributable to 1.25% (\$43.61) and 1.5% (\$52.34) of the Median Household Income (MHI), but below the rates attributable to 1.75% (\$61.06) and 2.0% (\$69.78) of the MHI. Increasing current rates to 1.75% and 2.0% of the MHI would provide additional revenues of \$192,899 and \$465,152 respectively.
2. Using Scenario 1, the preferred funding package consisting of an USACE Grant of \$1,321,000, and an WV IJDC Grant of \$500,000, proposed rates (\$54.88 for 3,400 gallons) will provide a cash flow surplus of \$406,845 and debt service coverage of 215.51%.
3. Using the Scenario 2 alternate loan package of \$500,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years) and a committed USACE

Grant of \$1,321,000, proposed rates (\$54.88 for 3,400 gallons) will provide a cash flow surplus of \$374,239 and debt service coverage of 204.83%.

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 applicant's Revised Cash Flow Analysis (based on the year ended June 30, 2025) submitted with the application.
- C. The applicant requested a waiver of the Rule 42 Exhibit requirement since the project is proposed to be entirely grant funded.
- D. It should be noted that the Applicant's Cash Flow Analyses reflect Going Level rates of \$38.39 (3,400 gallons). However, the City passed an ordinance that increased rates to \$54.88 (3,400 gallons) and those rates became effective as of January 29, 2026. Staff utilized these rates in its analyses.
- E. Staff also notes, the Applicant did not provide an updated Max Rate Cash Flow Analysis, therefore, Staff utilized the Preferred Cash Flow Analysis with proposed rates of (\$54.88 for 3,400 gallons) as the basis for the Max Rate analysis.
- 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 Follansbee 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: 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 Follansbee is proposing to replace the roofs of 4 buildings (maintenance building, WWTP building, raw water intake building, and raw water Well No. 4 building), along with removing and replacing the existing filter control valves and control panels for 3 existing filters at the Hooverson Heights WTP. There is not a Pre-Bid Engineer's Construction Cost Estimate provided, as this project advertised for bids prior to requesting IJDC funding. The provided "Overall Project Cost Summary" indicates a construction cost is \$1,514,400 (includes 4.95% construction contingency), and the Total Project Cost is \$1,747,734.20.

Need: The City of Follansbee advertised an infrastructure improvements project for construction bids, that is funded by the USACE Section 571 Program, which requires a 25% non-federal funding match. Based upon this request it appears the project was advertised for construction bids without a commitment of funds to cover the 25% non-federal funding match.

Customer Density: This project is an upgrade project; therefore, customer density will remain unchanged.

Cost per Customer: Based on the Post-Bid "Overall Project Cost Summary", the Total Project Cost is \$1,747,734.20, and having approximately 2382 sewer, and 3590 water customers. The cost per customer cannot be accurately calculated, as the proposed scope of work includes improvements to both water and sewer assets. 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: As this IJDC Application was filed after receiving construction bids, there are not technical alternatives to consider.
5. Consolidation: As this IJDC Application was filed after receiving construction bids, there are no options of consolidation to consider with this request.
6. Operation and Maintenance (O&M) Expenses: The PER provided is dated July 2018 and narrates a project scope that is much broader than the proposed scope that is detailed in the "Project Summary". This request did not provide a detailed discussion or breakdown of O&M expenses.
7. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §5G-1-1, et seq. Staff could not calculate the Design Fee to Construction % or the Technical Fee to Construction %, as the information provided with this application does not include engineering design, resident project representative, or indication of other technical fees.
8. Deficiencies/Comments:
 - The City of Follansbee advertised an infrastructure improvements project for construction bids, that is funded by the USACE Section 571 Program, requiring a 25% non-federal funding match. Based upon this request it appears the project was advertised for construction bids without a commitment of funds to cover the 25% non-federal funding match.
 - This IJDC Application was filed after receiving construction bids. Therefore, the proposed scope of work was not evaluated by IJDC prior to advertising for construction bids. This request does not follow typical IJDC procedure.
 - The project scope includes replacement of assets related to both the water and sewer systems. Typically, an IJDC Application is for a specific water or sewer infrastructure project; however, this Application would be for improvements of water and sewer assets.
 - The City of Follansbee has not filed its 2025 Annual Report for either of its Municipal Sewer or Municipal Water Systems.

CITY OF FOLLANSBEE - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026WS-2743
 March 13, 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
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	1,774,520	2,536,824	(190,249) (1)	2,346,577
Other Operating Revenue	60,065	60,065	-	60,065
SB 234 Annual Working Cash Collections			190,249 (2)	190,249
Interest Income & Other Misc.	151,392	151,392	-	151,392
Total Cash Available	1,985,977	2,748,281	-	2,748,283
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	1,521,993	1,521,993	-	1,521,993
Taxes	-	-	-	-
Total Cash Requirements Before Debt Service	1,521,993	1,521,993	-	1,521,993
Cash Available for Debt Servi (A)	463,984	1,226,288	-	1,226,290
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	569,030	569,030	-	569,030
Other Debt	-	-	-	-
Reserve Account @ 10%	-	-	-	-
Renewal & Replacement Fund (2.5%)	-	-	60,166 (3)	60,166
Total Debt Service Requirement	569,030	569,030	60,166	629,196
SB 234 Cash Working Capital	190,249	190,249	-	190,249
Remaining Cash	(295,295)	467,009	(60,166)	406,845
Percent Coverage (A) / (B)	81.54%	215.50%		215.51%
Average rate for 3,400 gallons	\$ 38.39	\$ 54.88	\$ -	\$ 54.88
Average rate for 4,000 gallons	\$ 45.16	\$ 64.56	\$ -	\$ 64.56

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	2,346,577	(190,248)
		Per Application with Project	2,536,824	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	190,249	190,249
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	60,166	60,166
		Per Application with Project	-	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				

CITY OF FOLLANSBEE - WATER
 CASH FLOW ANALYSIS
 YEAR ENDED: June 30, 2025
 APPLICATION NO: 2026WS-2743
 March 13, 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	1,774,520	2,536,824	(190,249) (1)	2,346,577
Other Operating Revenue	60,065	60,065	-	60,065
SB 234 Annual Working Cash Collections			190,249 (2)	190,249
Interest Income & Other Misc.	151,392	151,392	-	151,392
Total Cash Available	1,985,977	2,748,281	-	2,748,283
OPERATING DEDUCTIONS				
Operating Expenses	1,521,993	1,521,993	-	1,521,993
Taxes	-	-	-	-
Total Cash Requirements Before Debt Service	1,521,993	1,521,993	-	1,521,993
Cash Available for Debt Servi (A)	463,984	1,226,288	-	1,226,290
DEBT SERVICE REQUIREMENTS				
Principal & Interest (B)	569,030	569,030	29,642 (3)	598,672
Other Debt	-	-	-	-
Reserve Account @ 10%	-	-	2,964 (4)	2,964
Renewal & Replacement Fund (2.5%)	-	-	60,166 (5)	60,166
Total Debt Service Requirement	569,030	569,030	92,772	661,802
SB 234 Cash Working Capital	190,249	190,249	-	190,249
Remaining Cash	(295,295)	467,009	(92,772)	374,239
Percent Coverage (A) / (B)	81.54%	215.50%		204.83%
Average rate for 3,400 gallons	\$ 38.39	\$ 54.88	\$ -	\$ 54.88
Average rate for 4,000 gallons	\$ 45.16	\$ 64.56	\$ -	\$ 64.56

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	2,346,577	(190,248)
		Per Application with Project	2,536,824	
	Adjust revenues in accordance with PSC General Order 183.11.			
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	190,249	190,249
		Per Application with Project	-	
	Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3)	Principal & Interest	Per Staff Analysis	598,672	29,642
		Per Application with Project	569,030	
	The difference in P&I is related to Staff's calculation of a loan of \$500,000 for 40 years (funded over 38 years) at 5%.			
(4)	Reserve Account @ 10%	Per Staff Analysis	2,964	2,964
		Per Application with Project	-	
	Staff assumed a 10% reserve on the new debt.			
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	60,166	60,166
		Per Application with Project	-	
	Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			



west virginia department of environmental protection

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M E M O R A N D U M

MEMO TO: Meredith J. Vance
Office of Environmental Health Services
Bureau for Public Health

FROM: Brian D. Bailey
Technical Analyst
General Permits & Support Team

DATE: February 27, 2026

SUBJECT: Infrastructure Preliminary Application for the City of Follansbee (2026WS-2743):
Hooverson Heights Water Treatment Plant in Brooke County, WV.

We have reviewed the above referenced project application information. The City of Follansbee discharges backwash to its site, which is covered under WV/NPDES Permit No. WV0020273, as Industrial User IU01 and expires April 18, 2027.

If the City of Follansbee is considering repairing and painting an existing water treatment plant or storage tanks, then the scope of this project requires precautions to prevent contamination of the waters of the state. Prior to beginning any removal of old paint, the City of Follansbee should contact Mr. Brad Wright or a member of his staff at (304)-926-0499, extension 49746 for guidance in determining whether the paint to be removed is considered a hazardous waste. If so, proper containment and disposal procedures must be followed for the paint and any material associated with the sandblasting. If it is determined that the paint is not hazardous, the City of Follansbee should contact John Lockhart or a member of his staff at (304)-926-0499, extension for proper disposal options.

Construction activities with a disturbed area of one (1) acre or greater are now required to register for the NPDES Storm Water Construction General Permit No. WV0115924 that became

effective on April 6, 2024. Projects registered under the previous General Permit No. WV0115100 were automatically provided coverage under WV/NPDES General Permit No. WV0115924. For more information, they may contact Larry Board at (304)-926-0499, extension 43883.

In light of the above, we have no objection to this project as long as the appropriate provisions are taken to assure compliance with Chapter 22, Article 11, of the Code of West Virginia and any associated regulations. The responsible party may contact Mylinda Maddox (304) 926-0499 ext. 43825, should additional information be required.

BDB:mam

cc: Katheryn Emery