WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

House Bill 3096

BY DELEGATE ESPINOSA

[Introduced March 14, 2017; Referred

to the Committee on Political Subdivisions then

Finance.]

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1 A BILL to repeal §8-16-19 of the Code of West Virginia, 1931, as amended; and to amend and 2 reenact §16-13A-9; and to amend and reenact §24-1-1b of said code; and to amend and reenact §24-2-1, §24-2-3, §24-2-4b and §24-2-11 of said code, all relating to operation 3 4 and regulation of certain water and sewer utilities owned or operated by political 5 subdivisions of the state: deleting reference to appeals to the Public Service Commission 6 from actions of municipal boards that are not subject to the jurisdiction of the Public 7 Service Commission; detailing the authority of county commissions to modify proposed rates for certain water and sewer utilities; providing for complaints to be filed with the circuit 8 9 courts pertaining to rates and charges enacted as proposed or as modified or rejected by 10 the county commission and requiring the circuit court to act within one hundred twenty 11 days of receipt of the complaint; eliminating the Public Service Commission's authority 12 regarding stormwater utilities; providing time limits for the filing of requests for investigation 13 pertaining to political subdivisions of this state providing separate or combined water 14 and/or sewer services and having at least four thousand five hundred customers and 15 annual combined gross revenues of \$3 million or more; specifying time limits for resolution 16 complaints; eliminating the authority of the Public Service Commission to resolve 17 complaints of customers of water and sewer utilities operated by a political subdivision of the state having at least four thousand five hundred customers and annual combined 18 19 gross revenues of \$3 million or more; clarifying the jurisdiction of the Public Service 20 Commission relating to rates for municipal water and/or sewer utilities having less than 21 four thousand five hundred customers or annual combined gross revenues of less than \$3 22 million; and revising the notice and procedure provisions for construction projects for 23 political subdivisions of this state providing separate or combined water and/or sewer 24 services and having at least four thousand five hundred customers and annual combined 25 gross revenues of \$3 million or more.

Be it enacted by the Legislature of West Virginia:

1 That §8-16-19 of the Code of West Virginia, 1931, as amended, be repealed; that §16-2 13A-9 of said code be amended and reenacted; that §24-1-1b of said code be amended and 3 reenacted; and that §24-2-1, §24-2-3, §24-2-4b and §24-2-11 of said code be amended and 4 reenacted, all to read as follows:

CHAPTER 16. PUBLIC HEALTH

ARTICLE 13A. PUBLIC SERVICE DISTRICTS.

§16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinguent fees.

1 (a) (1) The board may make, enact and enforce all needful rules in connection with the 2 acquisition, construction, improvement, extension, management, maintenance, operation, care, 3 protection and the use of any public service properties owned or controlled by the district. The 4 board shall establish, in accordance with this article, rates, fees and charges for the services and 5 facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any 6 other law or laws, to pay the cost of maintenance, operation and depreciation of the public service 7 properties and principal of and interest on all bonds issued, other obligations incurred under the 8 provisions of this article and all reserve or other payments provided for in the proceedings which 9 authorized the issuance of any bonds under this article. The schedule of the rates, fees and 10 charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into
 consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the variouspremises;

15 (C) The number of persons served by the facilities;

16 (D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

17 (E) May be determined on any other basis or classification which the board may determine

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to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) The board of a public service district with at least four thousand five hundred customers
and annual combined gross revenue of \$3 million or more from its separate or combined <u>water</u>
<u>and sewer</u> services may make, enact and enforce all needful rules in connection with the
enactment or amendment of rates, fees and charges of the district. At a minimum, these rules
shall provide for:

27 (A) Adequate prior public notice of the contemplated rates, fees and charges by causing a notice of intent to effect such a change to be specified on the monthly billing statement of 28 29 provided to the customers of the district for the month next immediately preceding the month in 30 which the contemplated change is to be before considered at a hearing by the board on first 31 reading. The notice shall include a statement that a change in rates, fees and charges is being 32 considered and that the proposed rates, fees and charges are on file at the office of the district 33 for review during regular business hours and shall include the time, date and location of the 34 hearing of the board at which the change will be considered. The notice shall be printed on, or 35 mailed with, the monthly billing statement, or provided in a separate mailing.

36 (B) Adequate prior public notice of the contemplated rates, fees and charges by causing 37 to be published, after the first reading and approval of a resolution of the board considering such 38 rates, fees and charges, but not less than one week prior to the public hearing of the board on 39 the resolution, as a Class I legal advertisement of the proposed action, in compliance with the 40 provisions of article three, chapter fifty-nine of the code. The publication area for publication shall 41 be all territory served by the district. If the district provides service in more than one county, 42 publication shall be made in a newspaper of general circulation in each county that the district 43 provides service.

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44 (C) The public notice of the proposed action shall state summarize the current rates, fees 45 and charges and the proposed changes to said rates, fees and charges; the date, time and place 46 of both a public hearing on the proposal and the proposed final vote on adoption the public hearing 47 on the resolution approving such revised rates, fees and charges and the place or places within 48 the district where the proposed rates, fees and charges may be inspected by the public. A 49 reasonable number of copies of the proposal proposed resolution shall be kept at the place or 50 places and be made available for public inspection. The notice shall also advise that interested 51 parties may appear at the public hearing before the board and be heard with respect to the 52 proposed rates, fees and charges.

53 (D) The proposed <u>resolution proposing the revised</u> rates, fees and charges shall be read 54 at two meetings of the board with at least two weeks intervening between each meeting. The 55 public hearing may be conducted with or following by the board prior to, or at, the meeting at 56 <u>which the resolution is considered for adoption on</u> the second reading.

57 (E) Rates, fees and charges approved by an affirmative vote resolution of the board shall 58 be forwarded in writing to the county commission appointing the approving board with the 59 authority to appoint the members of the board. The county commission shall publish notice of the proposed revised rates, fees and charges by a Class 1 legal advertisement in compliance with 60 61 the provisions of article three, chapter fifty-nine of the code. Within forty-five days of receipt of the 62 proposed rates, fees and charges, the county commission shall take action to approve, modify or 63 reject the proposed rates, fees and charges in its sole discretion. After If after forty-five days, the 64 county commission has not taken final action to approve, modify or reject the proposed rates, the 65 proposed rates, fees and charges, as presented to the county commission, shall be effective with no further action by the board or county commission. In any event, this 45-day period shall be 66 67 mandatory unless extended by the official action of both the board proposing the rates, fees and 68 charges, and the appointing county commission.

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(F) Enactment of the proposed or modified rates, fees and charges shall follow an

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affirmative vote by the county commission and shall be effective no sooner than forty-five days following action. The forty-five day waiting period may be waived by public vote of the county commission only if the commission finds and declares the district to be in financial distress such that the forty-five day waiting period would be detrimental to the ability of the district to deliver continued and compliant public services.

75 (G) The public service district, or any of its customers, if dissatisfied by the approval, 76 modification, or rejection by the county commission of the proposed rates, fees and charges under 77 the provisions of this subdivision (2) of this subsection may file a complaint regarding the rates 78 resulting from the action of, or failure to act by, the county commission in the circuit court of the 79 county in which the county commission sits: Provided, That any complaint filed hereunder shall 80 be filed within thirty days of the county commission's final action approving, modifying or rejecting 81 such rates, fees and charges, or the expiration of the forty-five day period from the receipt by the 82 county commission, in writing, of the rates, fees and charges approved by resolution of the board, 83 without final action by the county commission to approve, modify or reject such rates, fees and 84 charges, and the circuit court shall resolve said complaint within one hundred twenty days of filing: 85 Provided, however, That the rates, fees and charges so fixed by the county commission, or those adopted by the district upon which the county commission failed to act, shall remain in full force 86 87 and effect, until set aside, altered or amended by the circuit court in an order to be followed in the 88 future.

(3) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all

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96 new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or \$50, with the district to secure the 97 98 payment of service rates, fees and charges in the event they become delinguent as provided in 99 this section. If a district provides both water and sewer service, all new applicants for service shall 100 deposit the greater of a sum equal to two twelfths of the average annual usage for water service 101 or \$50 and the greater of a sum equal to two twelfths of the average annual usage for wastewater 102 service of the applicant's specific customer class or \$50. In any case where a deposit is forfeited 103 to pay service rates, fees and charges which were delinguent at the time of disconnection or 104 termination of service, no reconnection or reinstatement of service may be made by the district 105 until another deposit equal to the greater of a sum equal to two twelfths of the average usage for 106 the applicant's specific customer class or \$50 has been remitted to the district. After twelve 107 months of prompt payment history, the district shall return the deposit to the customer or credit 108 the customer's account at a rate as the Public Service Commission may prescribe: Provided, That 109 where the customer is a tenant, the district is not required to return the deposit until the time the 110 tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for 111 services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is 112 113 liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules 114 promulgated by the Public Service Commission, shut off and discontinue water or gas services to 115 all delinquent users of either water or gas facilities, or both, ten days after the water or gas 116 services become delinguent: Provided, however, That nothing contained within the rules of the 117 Public Service Commission shall be deemed to require any agents or employees of the board to 118 accept payment at the customer's premises in lieu of discontinuing service for a delinguent bill.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other
 municipal corporation or other public service district included within the district owns and operates
 separately water facilities, sewer facilities or stormwater facilities and the district owns and

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122 operates another kind of facility, either water or sewer, or both, as the case may be, then the 123 district and the publicly or privately owned utility, city, incorporated town or other municipal 124 corporation or other public service district shall covenant and contract with each other to shut off 125 and discontinue the supplying of water service for the nonpayment of sewer or stormwater service 126 fees and charges: *Provided*. That any contracts entered into by a public service district pursuant 127 to this section shall be submitted to the Public Service Commission for approval. Any public 128 service district which provides water and sewer service, water and stormwater service or water, 129 sewer and stormwater service has the right to terminate water service for delinguency in payment 130 of water, sewer or stormwater bills. Where one public service district is providing sewer service 131 and another public service district or a municipality included within the boundaries of the sewer 132 or stormwater district is providing water service and the district providing sewer or stormwater 133 service experiences a delinquency in payment, the district or the municipality included within the 134 boundaries of the sewer or stormwater district that is providing water service, upon the request of 135 the district providing sewer or stormwater service to the delinquent account, shall terminate its 136 water service to the customer having the delinquent sewer or stormwater account: Provided, 137 however, That any termination of water service must comply with all rules and orders of the Public 138 Service Commission: Provided further, That nothing contained within the rules of the Public 139 Service Commission shall be deemed to require any agents or employees of the public service 140 districts to accept payment at the customer's premises in lieu of discontinuing service for a 141 delinguent bill.

(c) Any district furnishing sewer facilities within the district may require or may, by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of

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148 this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use 149 the sewer facilities and to cease the use of all other means for the collection, treatment and 150 disposal of sewage and waste matters from the houses, dwellings and buildings where there is 151 gravity flow or transportation by any other methods approved by the Division of Health, including, 152 but not limited to, vacuum and pressure systems, approved under the provisions of section nine, 153 article one of this chapter and the houses, dwellings and buildings can be adequately served by 154 the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities 155 provided for in this subsection is necessary and essential for the health and welfare of the 156 inhabitants and residents of the districts and of the state. If the public service district requires the 157 property owner to connect with the sewer facilities even when sewage from dwellings may not 158 flow to the main line by gravity and the property owner incurs costs for any changes in the existing 159 dwellings' exterior plumbing in order to connect to the main sewer line, the public service district 160 board shall authorize the district to pay all reasonable costs for the changes in the exterior 161 plumbing, including, but not limited to, installation, operation, maintenance and purchase of a 162 pump or any other method approved by the Division of Health. Maintenance and operation costs 163 for the extra installation should be reflected in the users charge for approval of the Public Service 164 Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to 165 be held not later than thirty days after service of petition to the appropriate owners, tenants or 166 occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay, the rates and charges for services established under this article only after thirty days' notice of the availability of the facilities

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has been received by the owner, tenant or occupant. Rates and charges for sewage services
shall be based upon actual water consumption or the average monthly water consumption based
upon the owner's, tenant's or occupant's specific customer class.

177 (e) The owner, tenant or occupant of any real property may be determined and declared 178 to be served by a stormwater system only after each of the following conditions is met: (1) The 179 district has been designated by the Environmental Protection Agency as an entity to serve a West 180 Virginia Separate Storm Sewer System community, as defined in 40 C. F. R. §122.26; (2) the 181 district's authority has been properly expanded to operate and maintain a stormwater system; (3) 182 the district has made available a stormwater system where stormwater from the real property 183 affects or drains into the stormwater system; and (4) the real property is located in the Municipal 184 Separate Storm Sewer System's designated service area. It is further hereby found, determined 185 and declared that the mandatory use of the stormwater system is necessary and essential for the 186 health and welfare of the inhabitants and residents of the district and of the state. The district may 187 charge and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater 188 services established under this article only after thirty days' notice of the availability of the 189 stormwater system has been received by the owner. An entity providing stormwater service shall 190 provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, 191 that portion of the fee to be assessed to the tenant.

192 (f) All delinguent fees, rates and charges of the district for either water facilities, sewer 193 facilities, gas facilities or stormwater systems or stormwater management programs are liens on 194 the premises served of equal dignity, rank and priority with the lien on the premises of state, 195 county, school and municipal taxes. Nothing contained within the rules of the Public Service 196 Commission shall be deemed to require any agents or employees of the public service districts 197 to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill. 198 In addition to the other remedies provided in this section, public service districts are granted a 199 deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an

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200 action in magistrate court for the collection of delinguent water, sewer, stormwater or gas bills. If 201 the district collects the delinquent account, plus reasonable costs, from its customer or other 202 responsible party, the district shall pay to the magistrate the normal filing fee and reasonable 203 costs which were previously deferred. In addition, each public service district may exchange with 204 other public service districts a list of delinquent accounts: *Provided*, That an owner of real property 205 may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor 206 may any lien attach to real property for the reason of delinguent rates or charges for services or 207 facilities of a tenant of the real property unless the owner has contracted directly with the public 208 service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined
in section three, article eleven, chapter twenty-two of this code, now or hereafter operating its own
sewage disposal system pursuant to a permit issued by the Department of Environmental
Protection, as prescribed by section eleven of said article, is exempt from the provisions of this
section.

(h) A public service district which has been designated by the Environmental Protection
Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall
prepare an annual report detailing the collection and expenditure of rates, fees or charges and
make it available for public review at the place of business of the governing body and the
stormwater utility main office.

CHAPTER 24. PUBLIC SERVICE COMMISSION.

ARTICLE 1. GENERAL PROVISIONS.

§24-1-1b. Supplemental rule for reorganization.

1 The Public Service Commission shall, by general order, create a division within its staff 2 which shall, upon written request of the governing body of a political subdivision that operates a 3 water, <u>and/or sewer and/or stormwater</u> utility, provide legal, operational, engineering, financial,

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ratemaking and accounting advice and assistance to water, <u>and/or</u> sewer and/or stormwater
utilities that are political subdivisions of the state and may perform or participate in the studies
required under section one-b, article thirteen-a, chapter sixteen of this code.

ARTICLE 2. POWERS AND DUTIES OF PUBLIC SERVICE COMMISSION.

§24-2-1. Jurisdiction of commission; waiver of jurisdiction.

(a) The jurisdiction of the commission shall extend to all public utilities in this state and
 shall include any utility engaged in any of the following public services:

3 Common carriage of passengers or goods, whether by air, railroad, street railroad, motor 4 or otherwise, by express or otherwise, by land, water or air, whether wholly or partly by land, water 5 or air; transportation of oil, gas or water by pipeline; transportation of coal and its derivatives and 6 all mixtures and combinations thereof with other substances by pipeline; sleeping car or parlor 7 car services; transmission of messages by telephone, telegraph or radio; generation and 8 transmission of electrical energy by hydroelectric or other utilities for service to the public, whether 9 directly or through a distributing utility; supplying water, gas or electricity by municipalities or 10 others; sewer systems servicing twenty-five or more persons or firms other than the owner of the 11 sewer systems: Provided, That if a public utility other than a political subdivision intends to provide 12 sewer service by an innovative, alternative method, as defined by the federal Environmental 13 Protection Agency, the innovative, alternative method is a public utility function and subject to the 14 jurisdiction of the Public Service Commission regardless of the number of customers served by 15 the innovative, alternative method; any public service district created under the provisions of 16 article thirteen-a, chapter sixteen of this code, except that the Public Service Commission will 17 have no jurisdiction of the provision of stormwater services by a public service district; toll bridges, 18 wharves, ferries; solid waste facilities; and any other public service: Provided, however, That 19 natural gas producers who provide natural gas service to not more than twenty-five residential 20 customers are exempt from the jurisdiction of the commission with regard to the provisions of 21 such residential service: Provided further, That upon request of any of the customers of such

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natural gas producers, the commission may, upon good cause being shown, exercise such
authority as the commission may deem appropriate over the operation, rates and charges of such
producer and for such length of time as the commission may consider to be proper.

(b) The jurisdiction of the commission over political subdivisions of this state providing
separate or combined <u>water and/or sewer</u> services and having at least four thousand five hundred
customers and annual combined gross revenues of \$3 million or more that are political
subdivisions of the state is limited to:

(1) General supervision of public utilities, as granted and described in section five of thisarticle;

31 (2) Regulation of measurements, practices, acts or services, as granted and described in
 32 section seven of this article;

33 (3) Regulation of a system of accounts to be kept by a public utility that is a political
34 subdivision of the state, as granted and described in section eight of this article;

35 (4) Submission of information to the commission regarding rates, tolls, charges or
36 practices, as granted and described in section nine of this article;

37 (5) Authority to subpoena witnesses, take testimony and administer oaths to any witness
38 in any proceeding before or conducted by the commission, as granted and described in section
39 ten of this article; and

40 (6) Investigation and resolution of disputes involving political subdivisions of the state 41 regarding inter-utility agreements or, between a political subdivision of the state providing 42 wholesale water and wastewater treatment or other services, whether by contract or through a 43 tariff, and its customer or customers, including, but not limited to, other rates, fees and charges, 44 service areas and contested utility combinations: Provided, That any request for an investigation 45 related to the dispute that is based on the act or omission of the political subdivision shall be filed 46 within thirty days of the act or omission of the political subdivision and the commission shall 47 resolve the dispute within one hundred twenty days of filing. The one hundred twenty day period

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49 showing the basis of the rates, fees and charges or other information, as the commission 50 considers necessary, is filed. During the pendency of the proceeding before the commission, the 51 disputed rates, fees and charges as fixed by the political subdivision shall remain in full force and 52 effect until set aside, altered or amended by the commission in a final order. 53 (7) Customers of water and sewer utilities operated by a political subdivision of the state 54 and customers of stormwater utilities operated by a public service district may bring formal or informal complaints regarding the commission's exercise of the powers enumerated in this 55 56 section and the commission shall resolve these complaints 57 (8) (7) In the event that a political subdivision has a deficiency in either its bond revenue or bond reserve accounts, or is otherwise in breach of a bond covenant, the any affected bond 58 59 holder may petition the Public Service Commission for such redress as will bring the accounts to 60 current status or otherwise resolve the breached covenant, and the commission shall have 61 jurisdiction to fully resolve the alleged deficiency or breach. 62 (c) The commission may, upon application, waive its jurisdiction and allow a utility 63 operating in an adjoining state to provide service in West Virginia when: 64 (1) An area of West Virginia cannot be practicably and economically served by a utility 65 licensed to operate within the State of West Virginia; 66 (2) Said area can be provided with utility service by a utility which operates in a state adjoining West Virginia; 67 68 (3) The utility operating in the adjoining state is regulated by a regulatory agency or 69 commission of the adjoining state; and 70 (4) The number of customers to be served is not substantial. The rates the out-of-state 71 utility charges West Virginia customers shall be the same as the rate the utility is duly authorized 72 to charge in the adjoining jurisdiction. The commission, in the case of any such utility, may revoke 73 its waiver of jurisdiction for good cause. 13

for resolution of the dispute may be tolled by the commission until the necessary information

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(d) Any other provisions of this chapter to the contrary notwithstanding:

75 (1) An owner or operator of an electric generating facility located or to be located in this 76 state that has been designated as an exempt wholesale generator under applicable federal law, 77 or will be so designated prior to commercial operation of the facility, and for which such facility 78 the owner or operator holds a certificate of public convenience and necessity issued by the 79 commission on or before July 1, 2003, shall be subject to subsections (e), (f), (g), (h), (i) and (i), 80 section eleven-c of this article as if the certificate of public convenience and necessity for such 81 facility were a siting certificate issued under said section and shall not otherwise be subject to the 82 jurisdiction of the commission or to the provisions of this chapter with respect to such facility 83 except for the making or constructing of a material modification thereof as provided in subdivision 84 (5) of this subsection.

85 (2) Any person, corporation or other entity that intends to construct or construct and 86 operate an electric generating facility to be located in this state that has been designated as an 87 exempt wholesale generator under applicable federal law, or will be so designated prior to commercial operation of the facility, and for which facility the owner or operator does not hold a 88 89 certificate of public convenience and necessity issued by the commission on or before July 1, 2003, shall, prior to commencement of construction of the facility, obtain a siting certificate from 90 91 the commission pursuant to the provisions of section eleven-c of this article in lieu of a certificate 92 of public convenience and necessity pursuant to the provisions of section eleven of this article. 93 An owner or operator of an electric generating facility as is described in this subdivision for which 94 a siting certificate has been issued by the commission shall be subject to subsections (e), (f), (g), 95 (h), (i) and (j), section eleven-c of this article and shall not otherwise be subject to the jurisdiction 96 of the commission or to the provisions of this chapter with respect to such facility except for the 97 making or constructing of a material modification thereof as provided in subdivision (5) of this 98 subsection.

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(3) An owner or operator of an electric generating facility located in this state that had not

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100 been designated as an exempt wholesale generator under applicable federal law prior to 101 commercial operation of the facility that generates electric energy solely for sale at retail outside 102 this state or solely for sale at wholesale in accordance with any applicable federal law that 103 preempts state law or solely for both such sales at retail and such sales at wholesale and that 104 had been constructed and had engaged in commercial operation on or before July 1, 2003, shall 105 not be subject to the jurisdiction of the commission or to the provisions of this chapter with respect 106 to such facility, regardless of whether such facility subsequent to its construction has been or will 107 be designated as an exempt wholesale generator under applicable federal law: Provided. That 108 such owner or operator shall be subject to subdivision (5) of this subsection if a material 109 modification of such facility is made or constructed.

110 (4) Any person, corporation or other entity that intends to construct or construct and 111 operate an electric generating facility to be located in this state that has not been or will not be 112 designated as an exempt wholesale generator under applicable federal law prior to commercial 113 operation of the facility that will generate electric energy solely for sale at retail outside this state 114 or solely for sale at wholesale in accordance with any applicable federal law that preempts state 115 law or solely for both such sales at retail and such sales at wholesale and that had not been 116 constructed and had not been engaged in commercial operation on or before July 1, 2003, shall, 117 prior to commencement of construction of the facility, obtain a siting certificate from the 118 commission pursuant to the provisions of section eleven-c of this article in lieu of a certificate of 119 public convenience and necessity pursuant to the provisions of section eleven of this article. An 120 owner or operator of an electric generating facility as is described in this subdivision for which a 121 siting certificate has been issued by the commission shall be subject to subsections (e), (f), (g), 122 (h), (i) and (j), section eleven-c of this article and shall not otherwise be subject to the jurisdiction 123 of the commission or to the provisions of this chapter with respect to such facility except for the 124 making or constructing of a material modification thereof as provided in subdivision (5) of this 125 subsection.

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(5) An owner or operator of an electric generating facility described in this subsection shall, 126 before making or constructing a material modification of the facility that is not within the terms of 127 128 any certificate of public convenience and necessity or siting certificate previously issued for the 129 facility or an earlier material modification thereof, obtain a siting certificate for the modification 130 from the commission pursuant to the provisions of section eleven-c of this article in lieu of a 131 certificate of public convenience and necessity for the modification pursuant to the provisions of 132 section eleven of this article and, except for the provisions of section eleven-c of this article, shall 133 not otherwise be subject to the jurisdiction of the commission or to the provisions of this chapter 134 with respect to such modification.

(6) The commission shall consider an application for a certificate of public convenience and necessity filed pursuant to section eleven of this article to construct an electric generating facility described in this subsection or to make or construct a material modification of such electric generating facility as an application for a siting certificate pursuant to section eleven-c of this article if the application for the certificate of public convenience and necessity was filed with the commission prior to July 1, 2003, and if the commission has not issued a final order thereon as of that date.

(7) The limitations on the jurisdiction of the commission over, and on the applicability of the provisions of this chapter to, the owner or operator of an electric generating facility as imposed by and described in this subsection shall not be deemed to affect or limit the commission's jurisdiction over contracts or arrangements between the owner or operator of such facility and any affiliated public utility subject to the provisions of this chapter.

§24-2-3. General power of commission with respect to rates.

1 (a) The commission shall have power to enforce, originate, establish, change and 2 promulgate tariffs, rates, joint rates, tolls and schedules for all public utilities except for water 3 and/or sewer utilities that are political subdivisions of this state providing a separate or combined 4 services and having at least four thousand five hundred customers and annual combined gross

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5 revenues of \$3 million or more: Provided. That the commission may exercise such rate authority 6 over municipally owned electric or natural gas utilities or a municipally owned water and/or sewer 7 utility having less than four thousand five hundred customers and or less than \$3 million dollars 8 annual combined gross revenues, only under the circumstances and limitations set forth in section 9 four-b of this article and subject to the provisions of subsection (b) of this section. And whenever 10 the commission shall, after hearing, find any existing rates, tolls, tariffs, joint rates or schedules 11 enacted or maintained by a utility regulated under the provisions of this section to be unjust, 12 unreasonable, insufficient or unjustly discriminatory or otherwise in violation of any of the 13 provisions of this chapter, the commission shall by an order fix reasonable rates, joint rates, tariffs, 14 tolls or schedules to be followed in the future in lieu of those found to be unjust, unreasonable, 15 insufficient or unjustly discriminatory or otherwise in violation of any provisions of law, and the 16 said commission, in fixing the rate of any railroad company, may fix a fair, reasonable and just rate to be charged on any branch line thereof, independent of the rate charged on the main line 17 18 of such railroad.

19 (b) Any complaint filed with the commission by a resale or wholesale customer of a 20 municipally owned water and/or sewer utility having less than four thousand five hundred 21 customers or less than \$3 million dollars annual combined gross revenue concerning rates, fees 22 or charges applicable to such resale or wholesale customer, shall be filed within thirty days of the 23 enactment by the governing body of the political subdivision of an ordinance changing rates, fees 24 or charges for such service. The commission shall resolve the complaint within one hundred 25 twenty days of the filing. The one hundred twenty days for resolution of the complaint may be 26 tolled by the commission until the necessary information showing the basis of the rates, fees or 27 charges and other information, as the commission considers necessary, is filed. During the 28 pendency of the complaint proceeding before the commission, the rates, fees, and/or charges so fixed by the political subdivision shall remain in full force and effect, until set aside, altered or 29 30 amended by the commission in a final order. The commission shall have no authority to order

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31 refunds for amounts collected during the pendency of the complaint proceeding unless the rates, fees, or charges so enacted by the governing body were enacted subject to refund under the 32 33 provisions of subdivision (2), subsection (b) section four-b of this article or subsection (q), section 34 four-b of this article. 35 (b) (c) In determining just and reasonable rates, the commission may audit and investigate management practices and policies, or have performed an audit and investigation of such 36 37 practices and policies, in order to determine whether the utility is operating with efficiency and is utilizing sound management practices. The commission shall adopt rules and regulations setting 38 39 forth the scope, frequency and application of such audits and investigations to the various utilities 40 subject to its jurisdiction. The commission may include the cost of conducting the management 41 audit in the cost of service of the utility.

42 (c) (d) In determining just and reasonable rates, the commission shall investigate and 43 review transactions between utilities and affiliates. The commission shall limit the total return of 44 the utility to a level which, when considered with the level of profit or return the affiliate earns on 45 transactions with the utility, is just and reasonable.

§24-2-4b. Procedures for changing rates of electric and natural gas cooperatives, local exchange services of telephone cooperatives and municipally operated public utilities.

1 (a) The rates and charges of electric cooperatives, natural gas cooperatives and municipal 2 water and/or sewer utilities that are political subdivisions of the state with at least having less than 3 four thousand five hundred customers and and/or annual combined gross revenue of less than 4 \$3 million dollars, except for municipally operated commercial solid waste facilities as defined in 5 section two, article fifteen, chapter twenty-two of this code, and the rates and charges for local 6 exchange services provided by telephone cooperatives are not subject to the rate approval 7 provisions of section four or four-a of this article, but are subject to the limited rate provisions of 8 this section.

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(b) All rates and charges set by electric cooperatives, natural gas cooperatives and 9 10 municipally operated public utilities that are political subdivisions of the state providing water, 11 sewer, electric and and/or natural gas services that are subject to the provisions of this section 12 and all rates and charges for local exchange services set by telephone cooperatives shall be just, 13 reasonable, applied without unjust discrimination between or preference for any customer or class 14 of customer and based primarily on the costs of providing these services. All rates and charges 15 shall be based upon the measured or reasonably estimated cost of service and the equitable 16 sharing of those costs between customers based upon the cost of providing the service received 17 by the customer, including a reasonable plant-in-service depreciation expense. The rates and 18 charges shall be adopted by the electric, natural gas, telephone cooperative or political 19 subdivision's governing board or body and, in the case of the municipally operated public utility, 20 by municipal ordinance to be effective not sooner than forty-five days after adoption. The 45-day 21 waiting period may be waived by public vote of the governing body if that body finds and declares 22 the public utility that is a political subdivision of the state to be in financial distress such that the 23 45-day waiting period would be detrimental to the ability of the utility to deliver continued and 24 compliant public services: Provided, That notice of intent to effect a rate change shall be specified on the monthly billing statement of the customers of the utility for the month next preceding the 25 26 month in which the rate change is to become effective and the utility governing body shall give its 27 customers and, in the case of a cooperative, its customers, members and stockholders, other 28 reasonable notices as will allow filing of timely objections to the proposed rate change and full 29 participation in municipal rate legislation through the provision of a public forum in which 30 customers may comment upon the proposed rate change prior to an enactment vote. The rates 31 and charges or ordinance shall be filed with the commission, together with any information 32 showing the basis of the rates and charges and other information as the commission considers 33 necessary. Any change in the rates and charges with updated information shall be filed with the 34 commission. If a petition, as set out in subdivision (1), (2) or (3), subsection (c) of this section, is

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received and the electric cooperative, natural gas cooperative or telephone cooperative or 35 36 municipality has failed to file with the commission the rates and charges with information showing 37 the basis of rates and charges and other information as the commission considers necessary, the 38 suspension period limitation of one hundred twenty days and the one hundred-day period 39 limitation for issuance of an order by a hearing examiner, as contained in subsections (d) and (e) 40 of this section, is tolled until the necessary information is filed. The electric cooperative, natural 41 gas cooperative, telephone cooperative or municipality shall set the date when any new rate or 42 charge is to go into effect.

(c) The commission shall review and approve or modify the rates and charges of electric cooperatives, natural gas cooperatives, telephone cooperatives, or municipal electric or natural gas utilities and municipally owned water and/or sewer utilities that are political subdivisions of the state and having less than four thousand five hundred customers and \$3 million dollars of annual combined gross revenues and/or annual combined gross revenues of \$3 million dollars upon the filing of a petition within thirty days of the adoption of the ordinance or resolution changing the rates or charges by:

50 (1) Any customer aggrieved by the changed rates or charges who presents to the 51 commission a petition signed by not less than twenty-five percent of the customers served by the 52 municipally operated electric or natural gas public utility or municipally owned water and/or sewer 53 utility having less than four thousand five hundred customers and \$3 million dollars annual 54 combined gross revenues or twenty-five percent of the membership of the electric, natural gas or 55 telephone cooperative residing within the state;

(2) Any customer who is served by a municipally owned electric or natural gas public utility and who resides outside the corporate limits and who is affected by the change in the rates or charges and who presents to the commission a petition alleging discrimination between customers within and without the municipal boundaries. The petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers of the municipally owned electric or natural gas
public utility who is affected by the change in rates who reside within the municipal boundaries
and who present a petition to the commission alleging discrimination between a customer or group
of customers and other customers of the municipal utility. The petition shall be accompanied by
evidence of discrimination.

66 (d) (1) The filing of a petition with the commission signed by not less than twenty-five 67 percent of the customers served by the municipally owned electric or natural gas public utility or a municipally owned water and/or sewer utility having less than four thousand five hundred 68 69 customers or \$3 million dollars annual combined gross revenues and/or annual combined gross 70 revenues of \$3 million dollars or twenty-five percent of the membership of the electric, natural gas 71 or telephone cooperative residing within the state under subsection (c) of this section shall 72 suspend the adoption of the rate change contained in the ordinance or resolution for a period of 73 one hundred twenty days from the date the rates or charges would otherwise go into effect or until 74 an order is issued as provided herein.

75 (2) Upon sufficient showing of discrimination by customers outside the municipal 76 boundaries or a customer or a group of customers within the municipal boundaries under a petition filed under subdivision (2) or (3), subsection (c) of this section, the commission shall suspend the 77 78 adoption of the rate change contained in the ordinance for a period of one hundred twenty days 79 from the date the rates or charges would otherwise go into effect or until an order is issued as 80 provided herein. A municipal rate ordinance enacted pursuant to the provisions of this section and 81 municipal charter or state code that establishes or proposes a rate increase that results in an 82 increase of less than twenty-five percent of the gross revenue of the utility shall be presumed valid 83 and rates shall be allowed to go into effect, subject to refund, upon the date stated in that 84 ordinance. Any refund determined to be due and owing as a result of any difference between any 85 final rates approved by the commission and the rates placed into effect subject to refund shall be 86 refunded as a credit against each customer's account for a period of up to six months after entry

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of the commission's final order. Any remaining balance which is not fully credited by credit within six months after entry of the commission's final order shall be directly refunded to the customer by check. In the case of rates established or proposed that increase by more than twenty-five percent of the gross revenue of the municipally operated public utility, the utility may apply for, and the commission may grant, a waiver of the suspension period and allow rates to be effective upon enactment.

(e) The commission shall forthwith appoint a hearing examiner from its staff to review the
grievances raised by the petitioners. The hearing examiner shall conduct a public hearing and
shall, within one hundred days from the date the rates or charges would otherwise go into effect,
unless otherwise tolled as provided in subsection (b) of this section, issue an order approving,
disapproving or modifying, in whole or in part, the rates or charges imposed by the electric, natural
gas or telephone cooperative or by the municipally operated public utility pursuant to this section.

(f) Upon receipt of a petition for review of the rates under the provisions of subsection (c) of this section, the commission may exercise the power granted to it under the provisions of section three of this article, consistent with the applicable rate provisions of section twenty, article ten, chapter eight of this code, section four, article nineteen of said chapter and section sixteen, article thirteen, chapter sixteen of this code. The commission may determine the method by which the rates are reviewed and may grant and conduct a de novo hearing on the matter if the customer, electric, natural gas or telephone cooperative or municipality requests a hearing.

(g) The commission may, upon petition by an electric, natural gas or telephone cooperative or municipal electric or natural gas public utility or a municipally owned water and/or or sewer utility having less than four thousand five hundred customers and \$3 million dollars and/or annual combined gross revenues of \$3 million dollars, allow an interim or emergency rate to take effect, subject to refund or future modification, if it is determined that the interim or emergency rate is necessary to protect the municipality from financial hardship attributable to the purchase of the utility commodity sold, or the commission determines that a temporary or interim

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113 rate increase is necessary for the utility to avoid financial distress. In such cases, the commission 114 shall waive the forty-five day waiting period provided for in subsection (b) of this section and the 115 one hundred twenty-day suspension period provided for in subsection (d) of this section.

(h) The commission shall, upon written request of the governing body of a political
subdivision, provide technical assistance to the governing body in its deliberations regarding a
proposed rate increase.

(i) Notwithstanding any other provision, the commission has no authority or responsibility
with regard to the regulation of rates, income, services or contracts by municipally operated public
utilities for services which are transmitted and sold outside of the State of West Virginia.

(j) Notwithstanding any other provision of this code to the contrary, the jurisdiction of the
commission over water and/or sewer utilities that are political subdivisions of the state and having
at least four thousand five hundred customers and annual gross combined revenues of \$3 million
or more shall be limited to those powers enumerated in subsection (b), section one of this article.

§24-2-11. Requirements for certificate of public convenience and necessity.

1 (a) A public utility, person or corporation other than a political subdivision of the state 2 providing water and/or sewer and/or stormwater services and having at least four thousand five hundred customers and annual gross combined revenues of \$3 million dollars or more may not 3 4 begin the construction of any plant, equipment, property or facility for furnishing to the public any 5 of the services enumerated in section one, article two of this chapter, nor apply for, nor obtain any 6 franchise, license or permit from any municipality or other governmental agency, except ordinary 7 extensions of existing systems in the usual course of business, unless and until it shall obtain 8 from the Public Service Commission a certificate of public convenience and necessity authorizing 9 such construction franchise, license or permit.

(b) Upon the filing of any application for the certificate, and after hearing, the commission
may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, the certificate of
convenience and necessity: *Provided*, That the commission, after it gives proper notice and if no

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substantial protest is received within thirty days after the notice is given, may waive formal hearing on the application. Notice shall be given by publication which shall state that a formal hearing may be waived in the absence of substantial protest, made within thirty days, to the application. The notice shall be published as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code. The publication area shall be the proposed area of operation.

(c) Any public utility, person or corporation subject to the provisions of this section other than a political subdivision of the state providing water and/or sewer services having at least four thousand five hundred customers and combined annual gross revenue of \$3 million dollars or more shall give the commission at least thirty days' notice of the filing of any application for a certificate of public convenience and necessity under this section: *Provided*, That the commission may modify or waive the thirty-day notice requirement and shall waive the thirty-day notice requirement for projects approved by the Infrastructure and Jobs Development Council.

(d) The commission shall render its final decision on any application filed under the provisions of this section or section eleven-a of this article within two hundred seventy days of the filing of the application and within ninety days after final submission of any such application for decision following a hearing: *Provided*, That if the application is for authority to construct a water and sewer project and the projected total cost is less than \$10 million, the commission shall render its final decision within two hundred twenty-five days of the filing of the application.

(e) The commission shall render its final decision on any application filed under the provisions of this section that has received the approval of the Infrastructure and Jobs Development Council pursuant to article fifteen-a, chapter thirty-one of this code within one hundred eighty days after filing of the application: *Provided*, That if a substantial protest is received within thirty days after the notice is provided pursuant to subsection (b) of this section, the commission shall render its final decision within two hundred seventy days or two hundred twentyfive days of the filing of the application, whichever is applicable as determined in subsection (d)

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39 of this section.

(f) If the projected total cost of a project which is the subject of an application filed pursuant
to this section or section eleven-a of this article is greater than \$50 million, the commission shall
render its final decision on any such application filed under the provisions of this section or section
eleven-a of this article within four hundred days of the filing of the application and within ninety
days after final submission of any such application for decision after a hearing.

(g) If a decision is not rendered within the time frames established in this section, thecommission shall issue a certificate of convenience and necessity as applied for in the application.

47 (h) The commission shall prescribe rules as it may deem proper for the enforcement of
48 the provisions of this section; and, in establishing that public convenience and necessity do exist,
49 the burden of proof shall be upon the applicant.

(i) Pursuant to the requirements of this section, the commission may issue a certificate of
public convenience and necessity to any intrastate pipeline, interstate pipeline or local distribution
company for the transportation in intrastate commerce of natural gas used by any person for one
or more uses, as defined by rule, by the commission in the case of:

54 (1) Natural gas sold by a producer, pipeline or other seller to the person; or

55 (2) Natural gas produced by the person.

(j) A public utility, including a public service district, which has received a certificate of public convenience and necessity after July 8, 2005, from the commission and has been approved by the Infrastructure and Jobs Development Council is not required to, and cannot be compelled to, reopen the proceeding if the cost of the project changes but the change does not affect the rates established for the project.

(k) Any public utility, person or corporation proposing any electric power project that
requires a certificate under this section is not required to obtain such certificate before applying
for or obtaining any franchise, license or permit from any municipality or other governmental
agency.

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(I) Water, <u>or</u> sewer and/or stormwater utilities that are political subdivisions of the state
and having at least four thousand five hundred customers and combined gross revenues of \$3
million dollars or more desiring to pursue construction projects that are not in the ordinary course
of business shall provide notice adequate prior public notice of the contemplated construction and
proposed changes to rates, fees and charges, if any, as a result of such construction to both
current customers and those eitizens persons who will be affected by the proposed construction
as follows:

(1) Adequate prior public notice of the contemplated construction by causing a notice of intent to pursue a project that is not in the ordinary course of business to be specified on the monthly billing statement of the customers of the utility for the month next immediately preceding the month in which the contemplated an ordinance or resolution approving the proposed construction and proposed changes to rates, fees and charges, if any, is to be before the governing body on first reading for the public hearing on the ordinance or resolution approving the proposed construction and proposed changes to rates, fees and charges, if any.

(2) Adequate prior public notice of the contemplated construction by causing to be
published as a Class I legal advertisement of the proposed action public hearing on the ordinance
or resolution approving the proposed construction and proposed changes to rates, fees and
charges, if any, in compliance with the provisions of article three, chapter fifty-nine of the code.
The publication area for publication shall be all territory served by the district political subdivision.
If the political subdivision provides service in more than one county, publication shall be made in
a newspaper of general circulation in each county that the political subdivision provides service.

(3) The public notice of the proposed construction shall state the scope of the proposed
construction, <u>a summary of</u> the current rates, fees and charges, the <u>and</u> proposed changes to
said rates, fees and charges, <u>if any</u>; the date, time and place of both a <u>the</u> public hearing on the
proposal and the proposed final vote on adoption <u>ordinance or resolution approving the proposed</u>
construction and proposed changes to rates, fees and charges, if any; and the place or places

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91 within the political subdivision where the <u>ordinance or resolution approving the</u> proposed 92 construction and the <u>proposed changes to</u> rates, fees and charges may be inspected by the 93 public. A reasonable number of copies of the proposal <u>ordinance or resolution</u> shall be kept at the 94 place or places and be made available for public inspection. The notice shall also advise that 95 interested parties may appear at the public hearing before the political subdivision and be heard 96 with respect to the proposed construction and the proposed rates, fees and charges, <u>if any.</u>

97 (4) The <u>ordinance or resolution on the</u> proposed construction and the proposed rates, fees 98 and charges shall be read at two meetings of the governing body with at least two weeks 99 intervening between each meeting. The public hearing may be conducted with or following the 100 <u>prior to, or at, the meeting of the governing body at which the ordinance or resolution approving</u> 101 the proposed construction is considered on second reading.

102 (5) Enactment of or adoption of the proposed construction and the proposed rates, fees 103 and charges shall follow an affirmative vote of the governing body and the approved rates shall 104 be effective go into effect no sooner than forty-five days following the action of the governing 105 body. If the political subdivision proposes rates that will go into effect prior than to the completion 106 of construction of the proposed project, the forty-five day waiting period may be waived by public vote of the governing body only if the political subdivision finds and declares the political 107 108 subdivision to be in financial distress such that the forty-five day waiting period would be 109 detrimental to the ability of the political subdivision to deliver continued and compliant public 110 services: Provided, That, in no event shall if the political subdivision is a public service district, the 111 rate shall not become effective prior to the date that the county commission has entered an order 112 approving or modifying the action of the public service district board.

(6) Rates, fees and charges approved by an affirmative vote of the public services district
 board shall be forwarded in writing to the county commission appointing the approving board with
 the authority to appoint the members of the public service board of the public service district. The
 county commission shall, within forty-five days of receipt of the proposed rates, fees and charges,

take action to approve, modify or reject the proposed rates, fees and charges, in its sole discretion. 117 118 After forty-five days, and absent action by the county commission, the proposed rates, fees and charges If, after forty-five days, the county commission has not taken final action to approve, 119 120 modify, or reject the proposed rates, fees and charges, the proposed rates, fees and charges, as 121 presented to the county commission, shall be effective with no further action by the board or 122 county commission. In any event this forty-five day period may be extended by official action of 123 both the board proposing the rates, fees and charges and the appointing county commission. 124 (7) The county commission shall provide notice to the public by a Class I legal 125 advertisement of the proposed action, in compliance with the provisions of article three, chapter 126 fifty-nine of this code, of the meeting where it shall consider the proposed increases in rates, fees 127 and charges no later than one week prior to the meeting date.

NOTE: The purpose of this bill is to allow more local review and control over the operation of, and setting rates, fees and charges for, water and sewer utilities that are owned by political sub-divisions of the state.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.