

WEST VIRGINIA LEGISLATURE

2024 REGULAR SESSION

Introduced

House Bill 4255

By Delegate Rowe

[Introduced January 10, 2024; Referred to
the Committee on Government Organization]

1 A BILL to amend and reenact §24-1-1 of the Code of West Virginia, 1931, as amended, relating to
 2 the Public Service Commission; and requiring annual reports on ratepayer utility costs to
 3 the Joint Committee on Government and Finance, adjusted for inflation.

Be it enacted by the Legislature of West Virginia:

ARTICLE 1. GENERAL PROVISIONS.

§24-1-1. Legislative purpose and policy; plan for internal reorganization; promulgation of plan as rule; cooperation with Joint Committee on Government and Finance.

1 (a) It is the purpose and policy of the Legislature in enacting this chapter to confer upon the
 2 Public Service Commission of this state the authority and duty to enforce and regulate the
 3 practices, services and rates of public utilities in order to:

4 (1) Ensure fair and prompt regulation of public utilities in the interest of the using and
 5 consuming public;

6 (2) Provide the availability of adequate, economical and reliable utility services throughout
 7 the state;

8 (3) Encourage the well-planned development of utility resources in a manner consistent
 9 with state needs and in ways consistent with the productive use of the state's energy resources,
 10 such as coal;

11 (4) Ensure that rates and charges for utility services are just, reasonable, applied without
 12 unjust discrimination or preference, applied in a manner consistent with the purposes and policies
 13 set forth in §24-2A-1 *et seq.* of this code and based primarily on the costs of providing these
 14 services;

15 (5) Encourage energy conservation and the effective and efficient management of
 16 regulated utility enterprises; and

17 (6) Encourage removal of artificial barriers to rail carrier service, stimulate competition,
 18 stimulate the free flow of goods and passengers throughout the state and promote the expansion
 19 of the tourism industry, thereby improving the economic condition of the state.

20 (b) The Legislature creates the Public Service Commission to exercise the legislative
21 powers delegated to it. The Public Service Commission is charged with the responsibility for
22 appraising and balancing the interests of current and future utility service customers, the general
23 interests of the state's economy and the interests of the utilities subject to its jurisdiction in its
24 deliberations and decisions.

25 (c) The Legislature directs the Public Service Commission to identify, explore and consider
26 the potential benefits or risks associated with emerging and state-of-the-art concepts in utility
27 management, rate design and conservation. The commission may conduct inquiries and hold
28 hearings regarding ~~such~~ these concepts in order to provide utilities subject to its jurisdiction and
29 other interested persons the opportunity to comment and shall report to the Governor and the
30 Legislature regarding its findings and policies to each of these areas not later than the first day of
31 the regular session of the Legislature in the year 1985, and every two years thereafter.

32 (d) It is legislative policy to ensure that the Legislature and the general public become
33 better informed regarding the regulation of public utilities in this state and the conduct of the
34 business of the Public Service Commission. To aid in the achievement of this policy, the Public
35 Service Commission annually shall present to the Joint Committee on Government and Finance,
36 created by §4-3-1 *et seq.* of this code, or a subcommittee designated by the joint committee, a
37 management summary report which describes in a concise manner:

38 (1) The major activities of the commission for the year especially as ~~such~~ these activities
39 relate to the implementation of the provisions of this chapter;

40 (2) Important policy decisions reached and initiatives undertaken during the year;

41 (3) The current balance of supply and demand for natural gas and electric utility services in
42 the state and forecast of the probable balance for the next 10 years; ~~and~~

43 (4) The ratepayer utility costs over the prior 15 years and projected over the next 5 years,
44 all adjusted for inflation; and

45 ~~(4)~~ (5) Other information considered by the commission to be important including

46 recommendations for statutory reform and the reasons for ~~such~~ the recommendations.

47 (e) In addition to any other studies and reports required to be conducted and made by the
48 Public Service Commission pursuant to any other provision of this section, the commission shall
49 study and initially report to the Legislature no later than the first day of the regular session of the
50 Legislature in the year 1980 upon:

51 (1) The extent to which natural gas wells or wells heretofore supplying gas utilities in this
52 state have been capped off or shut in; the number of ~~such~~ wells; their probable extent of future
53 production and the reasons given and any justification for capping off or shutting in ~~such~~ the wells;
54 the reasons, if any, why persons engaged or heretofore engaged in the development of gas wells
55 in this state or the Appalachian areas have been discouraged from drilling, developing or selling
56 the production of ~~such~~ the wells; and whether there are fixed policies by any utility or group of
57 utilities to avoid the purchase of natural gas produced in the Appalachian region of the United
58 States generally and in West Virginia specifically.

59 (2) The extent of the export and import of natural gas utility supplies in West Virginia.

60 (3) The cumulative effect of the practices mentioned in subdivisions (1) and (2) of this
61 subsection upon rates theretofore and hereafter charged gas utility customers in West Virginia. In
62 carrying out the provisions of this section the commission shall have jurisdiction over such
63 persons, whether public utilities or not, as may be in the opinion of the commission necessary to
64 the exercise of its mandate and may compel attendance before it, take testimony under oath and
65 compel the production of papers or other documents. Upon reasonable request by the
66 commission, all other state agencies shall cooperate with the commission in carrying out the
67 provisions and requirements of this subsection.

68 (f) No later than the first day of the regular session of the Legislature in the year 1980, the
69 Public Service Commission shall submit to the Legislature a plan for internal reorganization which
70 plan shall specifically address the following:

71 (1) A division within the Public Service Commission which shall include the office of the

72 commissioners, the hearing examiners and such support staff as may be necessary to carry out
73 the functions of ~~decisionmaking~~ decision making and general supervision of the commission,
74 which functions shall not include advocacy in cases before the commission;

75 (2) The creation of a division which shall act as an advocate for the position of and in the
76 interest of all customers;

77 (3) The means and procedures by which the division to be created pursuant to the
78 provisions of subdivision (2) of this subsection shall protect the interests of each class of
79 customers and the means by which the commission will assure that ~~such~~ the division will be
80 financially and departmentally independent of the division created by subdivision (1) of this
81 subsection;

82 (4) The creation of a division within the Public Service Commission which shall assume the
83 duties and responsibilities now charged to the commissioners with regard to motor carriers which
84 division shall exist separately from those divisions set out in subdivisions (1) and (2) of this
85 subsection and which shall relieve the commissioners of all except minimal administrative
86 responsibilities as to motor carriers and which plan shall provide for a hearing procedure to relieve
87 the commissioners from hearing motor carrier cases;

88 (5) Which members of the staff of the Public Service Commission shall be exempted from
89 the salary schedules or pay plan adopted by the Civil Service Commission and identify ~~such~~ the
90 staff members by job classification or designation, together with the salary or salary ranges for
91 each such job classification or designation;

92 (6) The manner in which the commission will strengthen its knowledge and independent
93 capacity to analyze key conditions and trends in the industries it regulates extending from general
94 industry analysis and supply-demand forecasting to continuing and more thorough scrutiny of the
95 capacity planning, construction management, operating performance and financial condition of
96 the major companies within these industries.

97 ~~Such~~ The plan shall be based on the concept that each of the divisions mentioned in

98 subdivisions (1), (2) and (4) of this subsection shall exist independently of the others and the plan
99 shall discourage ex parte communications between them by such means as the commission shall
100 direct, including, but not limited to, separate clerical and professional staffing for each division.
101 Further, the Public Service Commission is directed to incorporate within the said plan to the fullest
102 extent possible the recommendations presented to the subcommittee on the Public Service
103 Commission of the Joint Committee on Government and Finance in a final report dated February,
104 1979, and entitled A Plan for Regulatory Reform and Management Improvement.

105 The commission shall, before January 5, 1980, adopt said plan by order, which order shall
106 promulgate the same as a rule of the commission to be effective upon the date specified in ~~said~~ the
107 order, which date shall be no later than December 31, 1980. Certified copies of ~~such~~ the order and
108 rule shall be filed on the first day of the 1980 regular session of the Legislature, by the chairman of
109 the commission with the clerk of each house of the Legislature, the Governor and the Secretary of
110 State. The chairman of the commission shall also file with the office of the Secretary of State the
111 receipt of the clerk of each house and of the Governor, which receipt shall evidence compliance
112 with this section.

113 Upon the filing of a certified copy of ~~such~~ the order and rule, the clerk of each house of the
114 Legislature shall report the same to their respective houses and the presiding officer thereof shall
115 refer ~~the same~~ it to appropriate standing committee or committees.

116 Within the limits of funds appropriated therefor, the rule of the Public Service Commission
117 shall be effective upon the date specified in the order of the commission promulgating it unless an
118 alternative plan be adopted by general law or unless the rule is disapproved by a concurrent
119 resolution of the Legislature adopted prior to adjournment sine die of the regular session of the
120 Legislature to be held in the year 1980: *Provided*, That if ~~such~~ the rule is approved in part and
121 disapproved in part by a concurrent resolution of the Legislature adopted prior to such
122 adjournment, ~~such~~ the rule shall be effective to the extent and only to the extent that ~~the same~~ it is
123 approved by ~~such~~ the concurrent resolution.

124 The rules promulgated and made effective pursuant to this section shall be effective
125 notwithstanding any other provisions of this code for the promulgation of rules or regulations.

126 (g) The Public Service Commission is hereby directed to cooperate with the Joint
127 Committee on Government and Finance of the Legislature in its review, examination and study of
128 the administrative operations and enforcement record of the Railroad Safety Division of the Public
129 Service Commission and any similar studies.

130 (h) (1) The Legislature hereby finds that rates for natural gas charged to customers of all
131 classes have risen dramatically in recent years to the extent that ~~such~~ the increases have
132 adversely affected all customer classes. The Legislature further finds that it ~~must~~ shall take action
133 necessary to mitigate the adverse consequences of these dramatic rate increases.

134 (2) The Legislature further finds that the practices of natural gas utilities in purchasing high-
135 priced gas supplies, in purchasing gas supplies from out-of-state sources when West Virginia
136 possesses abundant natural gas, and in securing supplies, directly or indirectly, by contractual
137 agreements including take-or-pay provisions, indefinite price escalators or most-favored nation
138 clauses have contributed to the dramatic increase in natural gas prices. It is therefore the policy of
139 the Legislature to discourage such purchasing practices in order to protect all customer classes.

140 (3) The Legislature further finds that it is in the best interests of the citizens of West Virginia
141 to encourage the transportation of natural gas in intrastate commerce by interstate or intrastate
142 pipelines or by local distribution companies in order to provide competition in the natural gas
143 industry and in order to provide natural gas to consumers at the lowest possible price.

144 (i) The Legislature further finds that transactions between utilities and affiliates are a
145 contributing factor to the increase in natural gas and electricity prices and tend to confuse
146 consideration of a proper rate of return calculation. The Legislature therefore finds that it is
147 imperative that the Public Service Commission have the opportunity to properly study the issue of
148 proper rate of return for lengthy periods of time and to limit the return of a utility to a proper level
149 when compared to return or profit that affiliates earn on transactions with sister utilities.

150 (j) The Legislature further finds that water and sewer utilities that are political subdivisions
151 of the state providing separate or combined services and having at least 4,500 customers and
152 annual gross revenues of \$3 million or more are most fairly and effectively regulated by the local
153 governing body with respect to rates, borrowing and capital projects. Therefore, notwithstanding
154 any contrary provisions of this section, the jurisdiction of the Public Service Commission over
155 water and sewer utilities that are political subdivisions of the state is limited to that granted
156 specifically in this code.

157 (k) The Legislature further finds that an adequate cash working capital fund is essential to
158 allow water and sewer utilities that are political subdivisions of the state to deliver continuous and
159 compliant service. Therefore, these utilities shall maintain a working capital reserve in an amount
160 of no less than one eighth of actual annual operation and maintenance expense. This reserve shall
161 be separate and distinct from and in addition to any repair and replacement fund that may be
162 required by bond covenants.

NOTE: The purpose of this bill is to require the Public Service Commission to submit annual reports on ratepayer utility costs, to the Joint Committee on Government and Finance, adjusted for inflation.

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