

WEST VIRGINIA LEGISLATURE

2025 REGULAR SESSION

Committee Substitute

for

House Bill 3276

By Delegates Hott, Martin, Foggin, and Kyle

[Originating in the Committee on Energy and Public

Works; Reported on March 25, 2025-]

1 A BILL to amend the Code of West Virginia, 1931, as amended by adding thereto a new section
2 designated as §24-2-4i, relating to setting a process for rate increases for water and
3 sewerage utilities.

Be it enacted by the Legislature of West Virginia:

CHAPTER 24. PUBLIC SERVICE COMMISSION.

ARTICLE 2. POWERS AND DUTIES OF PUBLIC SERVICE COMMISSION.

§24-2-4i. Inflation-based rate increases for publicly owned water and sewer utilities.

1 The Legislature finds a need to provide a mechanism for water and sewer utilities that are
2 political subdivisions of the state to implement annual rate increases based upon the United States
3 Department of Labor Statistics Water and Sewerage Maintenance Index.

4 (a) Urban Consumer Water and Sewerage Maintenance Index rate change – Effective July 1,
5 2025, and subject to §24-2-4i(f) of this Code, a publicly owned water and/or sewer utility shall be
6 permitted to increase rates for the treatment and distribution of water and collecting and treatment
7 of wastewater once on or after January 1 of each year, without, as applicable

8 (1) the filing of an application for approval by the commission, or

9 (2) seeking passage of a municipal ordinance pursuant to Chapter 8 of this code, or

10 (3) the approval of a county commission pursuant to Chapter 16 of this code.

11 (b) An increase as described in §24-2-4i(a) of this code shall be considered just and
12 reasonable and not unfairly discriminatory, prejudicial, or preferential if:

13 (1) the percentage increase over the prior rate is equal to or less than the percentage increase
14 in the United States Department of Labor Bureau of Labor Statistics Urban Consumer Water and
15 Sewerage Maintenance Index (the “Index”) between September of the year preceding the
16 effective date of the requested rate increase and September of the year prior to the year preceding
17 the effective date of the requested rate increase (the “relevant time period”);

(2) the utility files a revised tariff in compliance with the commission's rules and regulations;
and

(3) notice is provided as directed by the commission.

(c) The fact that a utility has already raised its rates in a given year pursuant to §24-2-4i(a) of this Code shall not preclude a utility from applying for and receiving from the commission or its governing body a rate increase pursuant to the provisions delineated in this section. *Provided,* That the commission or applicable governing body shall take into account the prior rate increase taken pursuant to this section when considering the utility's application to increase rates.

(d) After September 30 of each year, the commission shall issue a general order stating the percentage increase in the Index and the inflation factor to apply to the rates currently in effect to calculate the maximum rate increase authorized by §24-2-4i(a) of this Code. Any rate increase that a utility believes is at or below the aforementioned increase in the Index shall be identified as such when filed with the commission.

(e)(1) A rate increase pursuant to §24-2-4i(a) of this Code shall be subject to challenge by the commission only if

(A) the utility is not a municipal utility and is a utility with fewer than 4,500 customers and annual gross combined revenues of less than \$3 million, and

(B) the commission determines that the increase is in fact in excess of the amount of the increase in the Index for the relevant time period. If the commission determines that such rate increase is in excess of the increase in the Index for the relevant time period, it may enter an order suspending the rate increase. If such an order is entered, the utility shall be entitled to a hearing as authorized in §24-2-3 or §24-2-4a of this code or it may correct its requested rates, in which case the suspension will be lifted and the rates may go into effect as of the original requested effective date or the date that the utility corrects its rates, whichever comes later.

(2) A county commission may request that the commission review a rate increase implemented by a utility with at least 4,500 customers and annual gross combined revenues of \$3

million or more under §24-2-4i(a) of this Code to determine whether such increase is in excess of the amount of the increase in the Index for the relevant time period.

(3) A city council may request that the commission review a rate increase implemented by a municipally owned utility under §24-2-4i(a) of this Code to determine whether such increase is in excess of the amount of the increase in the Index for the relevant time period.

(f) (1) A publicly owned water and/or sewer utility that is not a municipal utility and that has fewer than 4,500 customers and annual gross combined revenues of less than \$3 million, may implement up to four annual indexed rate increases under §24-2-4i(a) of this Code before filing for a rate increase under the other applicable provisions of Chapter 24 of this code: *Provided, That* any rate approved by the commission shall not be applied retroactively.

(2) A municipally owned water and/or sewer utility may implement up to four annual indexed rate increases under §24-2-4i(a) of this Code before seeking passage of an ordinance pursuant to the provisions of Chapter 8 of this code.

(3) A publicly owned water and/or sewer utility that is not a municipal utility and that has 4,500 or more customers and annual gross combined revenues of \$3 million or more, may implement up to four annual indexed rate increases under §24-2-4i(a) of this Code before filing for approval of rates pursuant to the provisions of Chapter 16 of this code.

(g) The commission shall prescribe such rules and regulations as to the giving of notice of a change in rates pursuant to this section as are deemed reasonable and proper, and in the public interest.

NOTE: The purpose of this bill is to set appropriate time frames and procedures for rate increases for water and sewerage utilities.

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