

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

House Bill 4653

**FISCAL
NOTE**

By Delegates Riley and Funkhouser

[Introduced January 21, 2026; referred to the

Committee on Energy and Public Works]

1 A BILL to amend and reenact §24-2-4b of the Code of West Virginia, 1931, as amended, relating
2 generally to changing rates of public utilities.

Be it enacted by the Legislature of West Virginia:

ARTICLE 2. POWERS AND DUTIES OF PUBLIC SERVICE COMMISSION.

1 **§24-2-4b. Procedures for changing rates of electric and natural gas cooperatives, local
2 exchange services of telephone cooperatives, and municipally operated public
3 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 having less than 4,500
3 customers or annual combined gross revenues of less than \$3 million, except for municipally
4 operated commercial solid waste facilities as defined in §22-15-2 of this code, and the rates and
5 charges for local exchange services provided by telephone cooperatives are not subject to the rate
6 approval provisions of §24-2-4 or §24-2-4a of this code, but are subject to the limited rate
7 provisions of this section.

8 (b) All rates and charges set by electric cooperatives, natural gas cooperatives, and
9 municipally operated public utilities that are political subdivisions of the state providing water,
10 sewer, and/or natural gas services that are subject to the provisions of this section and all rates
11 and charges for local exchange services set by telephone cooperatives shall be just, reasonable,
12 applied without unjust discrimination between or preference for any customer or class of customer
13 and based primarily on the costs of providing these services. All rates and charges shall be based
14 upon the measured or reasonably estimated cost of service and the equitable sharing of those
15 costs between customers based upon the cost of providing the service received by the customer,
16 including a reasonable plant-in-service depreciation expense. The rates and charges shall be
17 adopted by the electric, natural gas, telephone cooperative, or political subdivision's governing
18 board or body and, in the case of the municipally operated public utility, by municipal ordinance to
19 be effective not sooner than 45 days after adoption. The 45-day waiting period may be waived by

20 public vote of the governing body if that body finds and declares the public utility that is a political
21 subdivision of the state to be in financial distress such that the 45-day waiting period would be
22 detrimental to the ability of the utility to deliver continued and compliant public services: *Provided*,
23 That notice of intent to effect a rate change shall be specified on the monthly billing statement of
24 the customers of the utility for the month next preceding the month in which the rate change is to
25 become effective and the utility governing body shall give its customers and, in the case of a
26 cooperative, its customers, members, and stockholders, other reasonable notices as will allow
27 filing of timely objections to the proposed rate change and full participation in municipal rate
28 legislation through the provision of a public forum in which customers may comment upon the
29 proposed rate change prior to an enactment vote. The rates and charges or ordinance shall be
30 filed with the commission, together with any information showing the basis of the rates and
31 charges and other information as the commission considers necessary. Any change in the rates
32 and charges with updated information shall be filed with the commission. If a petition, as set out in
33 §24-2-4b(c)(1), §24-2-4b(c)(2), or §24-2-4b(c)(3) of this code, is received and the electric
34 cooperative, natural gas cooperative, or telephone cooperative or municipality has failed to file
35 with the commission the rates and charges with information showing the basis of rates and
36 charges and other information as the commission considers necessary, the suspension period
37 limitation of 120 days and the 100-day period limitation for issuance of an order by a hearing
38 examiner, as contained in §24-2-4b(d) and §24-2-4b(e) of this code, is tolled until the necessary
39 information is filed. The electric cooperative, natural gas cooperative, telephone cooperative or
40 municipality shall set the date when any new rate or charge is to go into effect.

41 (c) The commission shall review and approve or modify the rates and charges of electric
42 cooperatives, natural gas cooperatives, telephone cooperatives, or municipal natural gas utilities
43 and municipally owned water and/or sewer utilities that are political subdivisions of the state and
44 having less than 4,500 customers or annual combined revenues of less than \$3 million upon the

45 filing of a petition within 30 days of the adoption of the ordinance or resolution changing the rates
46 or charges by:

47 (1) Any customer aggrieved by the changed rates or charges who presents to the
48 commission a petition signed by not less than 25 percent of the customers served by the
49 municipally operated natural gas public utility or municipally owned water and/or sewer utility or 25
50 percent of the membership of the electric, natural gas, or telephone cooperative residing within the
51 state;

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

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

62 (d) (1) The filing of a petition with the commission signed by not less than 25 percent of the
63 customers served by the municipally owned natural gas public utility or a municipally owned water
64 and/or sewer utility having less than 4,500 customers or annual combined gross revenues of less
65 than \$3 million or 25 percent of the membership of the electric, natural gas, or telephone
66 cooperative residing within the state under §24-2-4b(c) of this code shall suspend the adoption of
67 the rate change contained in the ordinance or resolution for a period of 120 days from the date the
68 rates or charges would otherwise go into effect or until an order is issued as provided herein.

69 (2) Upon sufficient showing of discrimination by customers outside the municipal
70 boundaries or a customer or a group of customers within the municipal boundaries under a petition

71 filed under §24-2-4b(c)(2) or §24-2-4b(c)(3) of this code, the commission shall suspend the
72 adoption of the rate change contained in the ordinance for a period of 120 days from the date the
73 rates or charges would otherwise go into effect or until an order is issued as provided herein. A
74 municipal rate ordinance enacted pursuant to the provisions of this section and municipal charter
75 or state code that establishes or proposes a rate increase that results in an increase of less than
76 25 percent of the gross revenue of the utility shall be presumed valid and rates shall be allowed to
77 go into effect, subject to refund, upon the date stated in that ordinance. Any refund determined to
78 be due and owing as a result of any difference between any final rates approved by the
79 commission and the rates placed into effect subject to refund shall be refunded as a credit against
80 each customer's account for a period of up to six months after entry of the commission's final
81 order. Any remaining balance which is not fully credited by credit within six months after entry of
82 the commission's final order shall be directly refunded to the customer by check. In the case of
83 rates established or proposed that increase by more than 25 percent of the gross revenue of the
84 municipally operated public utility, the utility may apply for, and the commission may grant, a
85 waiver of the suspension period and allow rates to be effective upon enactment.

86 (e) The commission shall forthwith appoint a hearing examiner from its staff to review the
87 grievances raised by the petitioners. The hearing examiner shall conduct a public hearing and
88 shall, within 100 days from the date the rates or charges would otherwise go into effect, unless
89 otherwise tolled as provided in §24-2-4b(b) of this code, issue an order approving, disapproving, or
90 modifying, in whole or in part, the rates or charges imposed by the electric, natural gas, or
91 telephone cooperative or by the municipally operated public utility pursuant to this section.

92 (f) Upon receipt of a petition for review of the rates under the provisions of §24-2-4b(c) of
93 this code, the commission may exercise the power granted to it under the provisions of §24-2-3 of
94 this code, consistent with the applicable rate provisions of §8-19-4 of this code and §16-13-16 of
95 this code. The commission may determine the method by which the rates are reviewed and may

96 grant and conduct a de novo hearing on the matter if the customer, electric, natural gas, or
97 telephone cooperative or municipality requests a hearing.

98 (g) The commission may, upon petition by an electric, natural gas, or telephone
99 cooperative or municipal natural gas public utility or a municipally owned water and/or sewer utility,
100 having less than 4,500 customers or annual combined gross revenues of less than \$3 million allow
101 an interim or emergency rate to take effect, subject to refund or future modification, if it is
102 determined that the interim or emergency rate is necessary to protect the municipality from
103 financial hardship attributable to the purchase of the utility commodity sold, or the commission
104 determines that a temporary or interim rate increase is necessary for the utility to avoid financial
105 distress. In such cases, the commission shall waive the 45-day waiting period provided for in §24-
106 2-4b(b) of this code and the 120-day suspension period provided for in §24-2-4b(d) of this code.

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

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

113 (j) Notwithstanding any other provision of this code to the contrary, the jurisdiction of the
114 commission over water and/or sewer utilities that are political subdivisions of the state and having
115 at least 4,500 customers and annual gross combined revenues of \$3 million or more shall be
116 limited to those powers enumerated in §24-2-1(b) of this code.

117 (k) Notwithstanding any other provision of this code to the contrary, the jurisdiction of the
118 commission does not extend over the setting and adjustment of the rates, fees, and charges of
119 municipal power systems. The rates, fees, charges, and rate-making process of municipal power
120 systems shall be governed by the provisions of §8-19-2a of this code.

121 (l) Notwithstanding any other provisions of this code to the contrary, it is public policy of this

122 State that customers of a self-supporting entity such as a water system or a wastewater system
123 cannot be cross subsidized or charged for the costs of the acquisition and/or construction,
124 operation, maintenance, or repair of another non-related water and/or wastewater system; and the
125 commission and all water and/or wastewater utilities are hereby prohibited from including the
126 costs of any other utility in the utilities rates, and its rates should be based on the actual costs of
127 service for different customer classes.

NOTE: The purpose of this bill is to prohibit the Public Service Commission or any separate water or wastewater utility customers of a self-supporting entity such as a water system or a wastewater system from being subsidized or charged for the costs of the acquisition and/or construction, operation, maintenance, or repair of another non-related water or wastewater system and provide that a water system rates shall not include costs of another wastewater system.

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