

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

**FISCAL
NOTE**

Senate Bill 535

By Senator Chapman

[Introduced January 20, 2026; referred
to the Committee on Energy, Industry, and Mining;
and then to the Committee on Finance]

1 A BILL to amend and reenact §24-1-2 of the Code of West Virginia, 1931, as amended; and to
2 amend the code by adding a new article, designated §24-2B-1, §24-2B-2, §24-2B-3, and
3 §24-2B-4, relating to imposing a one-year moratorium on approval of certain public utility
4 rate increases; defining terms; articulating legislative findings and purpose; requiring
5 comprehensive study on methods and means to reduce certain utility rates; and requiring
6 report on findings, conclusions, and recommendations of study.

Be it enacted by the Legislature of West Virginia:

ARTICLE 1. GENERAL PROVISIONS.

§24-1-2.

Definitions.

1 Except where a different meaning clearly appears from the context As used in this chapter,
2 the following words ~~when used in this chapter, shall mean~~ and phrases have the meanings
3 ascribed to them unless the context clearly indicates a different meaning.

4 "Commission" or "Public Service Commission" means the Public Service Commission of
5 West Virginia.

6 "Customer" means any person, firm, corporation, municipality, public service district, or
7 any other entity who purchases a product or services of any utility and ~~shall include~~ includes any
8 person, firm, corporation, municipality, public service district, or any other entity ~~who~~ that
9 purchases the services or product for resale.

10 "Governing body" means the municipal body charged with the authority and responsibility
11 of enacting ordinances of the municipality, as defined in §8-1-2 of this code, or a public service
12 board of a public service district, as defined in §16-13A-3 of this code.

13 "Public utility" means any person or persons, or association of persons, however
14 associated, whether incorporated or not, including municipalities, engaged in any business,
15 whether ~~or not herein~~ enumerated or not in this chapter, which is or ~~shall~~ hereafter be is later held
16 to be a public service. ~~Provided, That~~ Public utility does not include individuals or entities any
17 individual or entity owning a solar photovoltaic energy facility located on and designed to meet only

18 the electrical needs of the premises of a retail electric customer, the output of which is subject to a
19 power purchase agreement with the retail electric customer, subject to §24-2-1(a) of this code.

20 "Rate increase" means any increase in base rates, riders, surcharges, trackers, or other
21 mechanisms that result in higher charges to customers, whether temporary or permanent.

ARTICLE 2B. MORATORIUM ON RATE INCREASES.

§24-2B-1. Legislative findings and purpose.

1 (a) The Legislature finds that:

2 (1) Electric, natural gas, and water utility rates paid by residential, commercial, and
3 industrial customers in this state have increased significantly in recent years, placing a
4 disproportionate burden on households, seniors, small businesses, and economic development
5 efforts;

6 (2) West Virginia consistently ranks among the lowest states in median household income,
7 making affordability of essential utility services a matter of public interest and economic necessity;

8 (3) The Public Service Commission is charged with balancing the financial integrity of utility
9 providers with the obligation to ensure that rates are just, reasonable, and not unduly burdensome
10 to customers;

11 (4) A temporary pause in the approval of rate increases is necessary to allow for a
12 comprehensive evaluation of existing ratemaking practices, cost drivers, regulatory structures,
13 and alternative methods to reduce or stabilize utility rates.

14 (b) The purpose of this article is to impose a one-year moratorium on the commission's
15 authority to approve electric, natural gas, and water utility rate increases and to require a
16 comprehensive study of methods and means to reduce utility rates for customers in this state.

§24-2B-2. One-year moratorium on utility rate increase approvals.

1 (a) Notwithstanding any other provision of this code to the contrary, the Public Service
2 Commission may not approve nor allow to take effect any rate increase for a public utility during
3 the one-year period beginning July 1, 2026, and ending June 30, 2027.

4 (b) During the moratorium period, the commission may continue to:

5 (1) Conduct hearings, investigations, and audits;

6 (2) Require utilities to file information, reports, and data;

7 (3) Reduce rates or disallow costs; and

8 (4) Approve rate decreases or refunds.

9 (c) The moratorium established by this section does not apply to:

10 (1) Rate decreases;

11 (2) Refunds ordered by the commission or any court of competent jurisdiction; nor

12 (3) Rates implemented solely to comply with a final federal mandate where failure to

13 implement would result in immediate and material penalties, so long as the commission makes

14 written findings supporting that determination.

15 (d) Any rate increase approved or allowed to take effect in violation of this section is void

16 and of no force nor effect.

§24-2B-3. Study on methods to reduce utility rates.

1 (a) The Public Service Commission shall conduct a comprehensive study on methods and

2 means to reduce electric, natural gas, and water utility rates paid by customers in this state.

3 (b) The study shall include an examination of the following:

4 (1) Utility cost structure, including but not limited to:

5 (A) Capital expenditures and capital planning practices;

6 (B) Operation and maintenance costs;

7 (C) Executive compensation, staffing levels, and administrative overhead; and

8 (D) Affiliate transactions and cost allocations.

9 (2) Ratemaking policies and practices, including but not limited to:

10 (A) Use and impact of riders, trackers, and automatic adjustment mechanisms;

11 (B) Return on equity levels and capital structure assumptions;

12 (C) Depreciation schedules and asset lives; and

13 (D) Treatment of extraordinary or nonrecurring costs.

14 (3) Fuel, purchase power, and supply costs, including but not limited to:

15 (A) Fuel procurement practices and hedging strategies;

16 (B) Long-term versus short-term supply contracts; and

17 (C) Opportunities for renegotiation or competitive procurement.

18 (4) Infrastructure investment and alternatives, including but not limited to:

19 (A) Cost-effectiveness of planned infrastructure projects;

20 (B) Non-wire and non-pipeline alternatives; and

21 (C) Opportunities to defer, downsize, or eliminate capital projects without compromising
22 reliability;

23 (5) Energy efficiency and demand-side management, including but not limited to:

24 (A) Expansion of energy efficiency, conservation, and demand-response programs;

25 (B) Cost effectiveness of such programs for rate reduction; and

26 (C) Barriers to customer participation.

27 (6) Regulatory and statutory constraints, including but not limited to:

28 (A) Statutory requirements that contribute to higher rates;

29 (B) Opportunities for regulatory reform or legislative changes to reduce costs; and

30 (C) Comparison with regulatory practices in similarly situated states.

31 (7) Customer impact and equity, including but not limited to:

32 (A) Rate impact on residential, low-income, senior, and fixed-income customers;

33 (B) Rate assistance plans and programs for low-income, senior, and fixed-income
34 customers;

35 (C) Impact on small businesses and large employers; and

36 (D) Rate design alternatives that promote affordability and fairness.

37 (8) Utility financial health, including but not limited to:

38 (A) Utility earnings relative to authorized returns;

39 (B) Credit ratings and access to capital; and
40 (C) Whether rate reductions can be achieved while maintaining safe and reliable service.
41 (9) General criteria and standards for evaluation, including but not limited to whether:
42 (A) A proposed cost or investment is necessary to provide safe, adequate, and reliable
43 service;
44 (B) A cost is prudently incurred and reasonably priced;
45 (C) Lower-cost alternatives exist;
46 (D) A cost primarily benefits shareholders rather than customers;
47 (E) Rate impact can be mitigated through alternative ratemaking or regulatory approaches;
48 and
49 (F) Cost reductions can be achieved without shifting unreasonable risk to customers; and
50 (10) Any other criteria the commission determines is necessary or appropriate.

§24-2B-4. Report.

1 (a) On or before December 1, 2026, the Public Service Commission shall submit a report to
2 the Governor, Senate President, and House of Delegates Speaker regarding the study required by
3 this article.
4 (b) The report shall include the following:
5 (1) Findings and conclusions resulting from the study;
6 (2) Specific and detailed recommendations for regulatory or statutory changes, or both, to
7 reduce utility rates, including drafts of any legislation necessary to implement such changes;
8 (3) Cost-saving measures that could be implemented administratively by the commission;
9 and
10 (4) An assessment of the anticipated rate impact of any recommended measure.
11 (c) The commission shall make the report publicly available on its website.

NOTE: The purpose of this bill is to impose a one-year moratorium on utility rate increases

pending a study on reducing utility rates.

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