

## **Synopsis of Benefits of Bill to Change the Application Process for Certificates of Convenience and Necessity**

- Under current law, applicants are required to submit final engineering design materials and binding commitment letters from funding agencies with an application to the PSC for approval of a proposed project. In order for funding agencies to issue binding commitments, the funding agencies require a utility to obtain 80% of easements for a project. This forces utilities to incur substantial expenses even though the Public Service Commission may not approve a project.
- Under current law, when the Public Service Commission denies approval of a project, the applicant pays the cost of preparation of final design and obtaining interests in real property for that project, which are of little value since the project will not be built. This is wasteful of the limited funds of a utility and its ratepayers
- The Jefferson County Public Service District, which has an annual sewer budget of \$2.3 million, incurred \$2.8 million in costs on a project application which the PSC denied.
- A preliminary engineering report provides the Public Service Commission with sufficient information to determine whether a project should proceed to construction or not. The Infrastructure and Jobs Development Council decides whether to recommend funding for a project based on a preliminary engineering report.
- Final engineering materials, such as plans and specifications, often cost ten times or more as much as a preliminary engineering report for a project
- Under this bill, a utility will only incur the expense for final engineering design of a project and obtaining interests in real property when it knows the project will be built. Final engineering materials are sealed by a West Virginia licensed professional engineer and reviewed by either the West Virginia Bureau for Public Health or the West Virginia Department of Environmental Protection. PSC final design review is redundant and unnecessary.
- Because it is a more detailed product, final design documents sometimes do identify increased expenses which were not fully determined in a preliminary engineering report. This bill contains a true up process for an entity that has received a certificate of convenience and necessity to modify post-project rates without being at risk of losing its certificate of convenience and necessity, so long as the change in rates is 15% or less over the rates previously approved by the PSC.