

March 27, 2019

VIA HAND DELIVERY

The Honorable Mac Warner
Secretary of State
Suite 157-K
State Capitol
Charleston, WV 25305

Re: Enrolled Committee Substitute for House Bill 2661

Dear Secretary Warner:

Pursuant to the provisions of Section Fourteen, Article VII of the Constitution of West Virginia, I hereby disapprove and return Enrolled Committee Substitute for House Bill 2661. The bill would permit a gas utility to petition the Public Service Commission for approval of requests for proposals containing proposed incentives for the drilling of new natural gas wells and/or increasing production from existing natural gas well to procure dependable supplies of natural gas to serve gas utility customers where such dependable, lower-priced supplies of natural gas are not readily available to serve those customers. The bill would also allow utilities to defer their actual expenditures attributable to the cost reasonably necessary to convert customers to a different source of energy in the event the Public Service Commission determines that abandoning gas services is in the public interest, subject only to Public Service Commission review of whether those costs are reasonably necessary to convert each customer and are not reflected in current base rates or have not been otherwise pursuant to filings.

The bill is technically flawed because its title is defective. *See State ex rel. Davis v. Oakley*, 156 W.Va. 154, 191 S.E.2d 610 (1972) (requiring bill titles to provide notice of a bill's contents). Specifically, the title notes that a utility may make a request for incentivized drilling, but fails to note that the bill also requires the Public Service Commission to approve such request upon the sole finding that dependable, lower-priced supplies of natural gas are not available and that the winning proposal will be deemed to be the utility's reasonable cost to dependably serve at the lowest available price. The title also fails to note that the bill allows utilities to defer their expenditures for abandonment of service and conversion to another source until a future rate case or an adjustment filing, subject only to Public Service Commission review of whether those costs were reasonably necessary. Further, the bill unnecessarily constrains the Public Service Commission in its ratemaking authority and obstructs existing statutory provisions that protect natural gas customers from paying unreasonable rates.

For these reasons I must disapprove and return Enrolled Committee Substitute for House Bill 2661.

Sincerely,

Jim Justice
Governor

cc: The Hon. Roger Hanshaw
Speaker of the House of Delegates
The Hon. Mitch Carmichael
President of the Senate