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STATE OF WEST VIRGINIA
SECRETARY OF STATE
Charleston 25305

PROPOSED RULES
STATE REGISTER FILING

FILED IN THE OFFICE OF
THE SECRETARY OF STATE
THIS DATE March 20, 1986
ADMINISTRATIVE LAW DIVISION

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AGENCY PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

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TYPE OF RULE Legislative

TITLE OF RULE MANAGEMENT AUDITS

CHAPTER 24 ARTICLE 2 SERIES IV (GAS)

AUTHORITY 24-1-7

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CHECK APPLICABLE ITEMS BELOW TO SHOW KIND OF ACTION BEING TAKEN

NEW RULE

NOTICE OF HEARING

AMENDMENTS TO EXISTING RULE

NOTICE OF AGENCY APPROVAL
(legislative rules only)

REPEAL OF EXISTING RULE

NOTICE OF AGENCY ADOPTION
(interpretive & procedural
rules only)

NOTE: ALL FILINGS REQUIRE ONLY
ONE COPY, EXCEPT FINAL
FILING OF RULES WHICH
REQUIRES AN ORIGINAL AND
A COPY.

FINAL FILING

FIRST EMERGENCY FILING

SECOND EMERGENCY FILING

Public Service Commission Of West Virginia

Michael D. Greer, Chairman
Otis D. Casto, Commissioner
Charlotte R. Lane, Commissioner



201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

NOTICE OF AGENCY ADOPTION

RULE TITLE: The Scope, Frequency and Application of Management Audits and Investigations.

RULE TYPE: Legislative

The attached rule constitutes the official rule adopted by the Public Service Commission of West Virginia on March 20, 1986, and filed with the Secretary of State.

A handwritten signature in cursive script that reads "Michael D. Greer".

Michael D. Greer
Chairman

FILED IN THE OFFICE OF
THE SECRETARY OF STATE
THIS DATE March 20, 1986
ADMINISTRATIVE SERVICES DIVISION

GENERAL ORDER NO. 223 (GAS)

IN THE MATTER OF The Scope, Frequency
and Application of Management Audits
and Investigations.

Proceeding Upon the Commission's Own Motion

FISCAL NOTE

This is a Fiscal Note issued pursuant to §§29A-3-4, 29A-3-5, 29A-3-9, and 24-1-7 of the West Virginia Code, relating to General Order No. 223. In the Matter of The Scope, Frequency and Application of Management Audits and Investigations.

I. OBJECTIVES OF THE RULE

The purpose of these rules and regulations is to establish requirements for the effectuation of the legislative mandate expressed in West Virginia Code §24-2-3. The rules and regulations relate to establishing a procedure for the conduct of formal management audits and investigations of utilities and the implementation of recommendations made as a result of such audits.

II. COST OF IMPLEMENTING THE ATTACHED PROPOSED RULES

A. Cost of Implementation for the State

The administration and enforcement of these rules will require no new personnel, equipment or supplies and will require no substantial changes in work assignments or procedures.

B. Cost of Implementation for Persons Affected by the Proposed Rule

Under the proposed rule, the Commission may have the audit performed by its Staff or contracted to an auditing firm. The utility will pay the cost of a contracted audit; however, the Commission shall include the cost in the utility's cost of service, thus allowing the utility to recover the expense from its customers.

PSC
Adm. Reg. 24-1
Series IV

III. THE EFFECT THIS MEASURE WILL HAVE ON THE COSTS AND REVENUES OF STATE GOVERNMENT (Information required by fiscal notes for either house of the Legislature)

There will be no effect on the cost and revenues of State Government except as noted in Part IV.

IV. ECONOMIC IMPACT OF THE RULES OF THE STATE OR ITS RESIDENTS

The rule provides that the audit may be performed by the Commission or contracted to an auditing firm. The utility would incur no additional costs which it could pass on to ratepayers if the audit is conducted by Staff. If the audit is contracted to a firm, the reasonable cost of conducting the audit shall be included in the utility's cost of service. The cost of the audit may be amortized over a period of years if included in the utility's cost of service. Therefore, the economic impact upon the State and its residents should be minimal, if there is any impact at all.

DATE March 20, 1986 AGENCY Public Service Commission

SIGNATURE OF AUTHORIZED REPRESENTATIVE

Michael D. Green

GENERAL ORDER NO. 222 (ELECTRIC)
GENERAL ORDER NO. 223 (GAS)
GENERAL ORDER NO. 224 (SEWER)
GENERAL ORDER NO. 225 (TELEPHONE)
GENERAL ORDER NO. 226 (WATER)

IN THE MATTER OF The Scope, Frequency
and Application of Management Audits
and Investigations.

ABSTRACT OF PROMULGATION HISTORY

The West Virginia Legislature passed Senate Bill No. 117 on March 12, 1983. Said Bill, which was effective from passage, has as one of its provisions the amendment of Section 3, Article 2, Chapter 24 of the West Virginia Code. Said amendment gives the Public Service Commission authority, in exercising its power to determine just and reasonable rates, to audit or have an audit performed of utility management practices and policies in order to determine whether or not the utility is operating with efficiency and utilizing sound management practices. The amendment further provides that the Commission adopt rules with regard to the scope, frequency and application of such management audits. The Bill was effective from passage and signed into law on March 25, 1983.

On August 21, 1985, the Commission issued General Orders 222, 223, 224, 225 and 226, initiating a rulemaking proceeding to promulgate rules effectuating the legislative mandate contained in Code §24-2-3. Adequate notice of the proposed rulemaking and copies of the proposed rules were provided to interested parties in accordance with the requirements of the August 21, 1985 Order and Code §29A-3-5. All interested parties were given the opportunity to submit written comments on the proposed rules to the Commission by 4:00 p.m., September 20, 1985.

Upon review of the comments submitted by various parties the Commission has determined that some of the proposed modifications should be adopted, and other changes made on the Commission's own initiative. Therefore, on March 20, 1986, the Commission adopted the rule hereinafter set forth as Rule 2.06 of the Rules and Regulations for the Government of Electric, Water, and Sewer Utilities and Rule 5.05 of the Rules and Regulations for the Government of Telephone Utilities as final rules establishing the procedure for management audits and investigations, to become effective sixty days after promulgation, in accordance with West Virginia Code §24-1-7.

PSC
Adm.Reg. 24-1
Series V

STATEMENT OF AUTHORITY:

These rules are legislative rules as defined in West Virginia Code §29A-1-2(d) and (i). These rules relate to the authority of the Public Service Commission of West Virginia, pursuant to West Virginia Code §§24-1-1, 24-2-1, 24-2-2, 24-2-5, 24-2-7(a), 24-2-8, 24-2-9, 24-2-13, 24-3-1, 24-3-5 and 24-3-7. The Public Service Commission is authorized to issue rules and regulations as may be necessary to carry out the provisions of Chapter 24 of the West Virginia Code, including the code sections listed above, by West Virginia Code §24-1-7.

ABSTRACT OF PROMULGATION HISTORY:

On March 16, 1977, the Commission entered an order finally adopting, as amended, the rules contained herein, excluding the subsequent amendments to the rules discussed below. The order of March 16, 1977, specified that such rules and regulations were adopted, promulgated, and issued, including the filing of the final rules in the State Register, as provided by and pursuant to Chapter 24 of the West Virginia Code and the then effective sections of the State Administrative Procedures Act.

AMENDMENTS:

RULE 2.04 UNIFORM SYSTEM OF ACCOUNTS

The proceeding which gave rise to the finally adopted rules was initiated on November 7, 1980, by the institution of a rule-making proceeding by the Commission, which included the filing of Commission-proposed rules in the State Register as required

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
LEGISLATIVE RULE
CHAPTER 24-1
SERIES V

TITLE: The Scope, Frequency and Application of Management
Audits and Investigations.

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THIS DATE March 20, 1986
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by the then effective sections of the State Administrative Procedures Act. Interested parties were given until January 6, 1981, to submit, in writing, any data, objections, suggested amendments, comments, evidence and arguments regarding the proposed rules.

On September 14, 1982, the Commission entered an order finally adopting, as amended, such rules to be effective sixty days after filing such in the State Register, which filing was made the same day.

RULE 4.01 CUSTOMER INFORMATION

The proceeding which gave rise to these finally adopted rules was initiated on November 7, 1980, by the institution of a rule-making proceeding by the Commission, which included the filing of Commission-proposed rules in the State Register as required by the then effective sections of the State Administrative Procedures Act. Interested parties were given until January 6, 1982, to submit, in writing, any data, objections, suggested amendments, comments, evidence and arguments regarding the proposed rules.

On September 14, 1982, the Commission entered an order finally adopting, as amended, such rules to be effective sixty days after filing such in the State Register, which filing was made the same day.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
LEGISLATIVE RULE
CHAPTER 24-1
SERIES V

TITLE: Rules and Regulations for the Government of Sewer
Utilities

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WEST VIRGINIA LEGISLATIVE RULE
PUBLIC SERVICE COMMISSION
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FILED
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RULES AND REGULATIONS FOR
THE GOVERNMENT OF
SEWER UTILITIES

1.00 GENERAL

- (1) Scope - These rules govern the operation and service of sewer utilities subject to the jurisdiction of the Public Service Commission pursuant to West Virginia Code §24-2-1.
- (2) Authority - West Virginia Code §§24-1-1, 24-1-7, 24-2-1, 24-2-2.
- (3) Filing Date - March 20, 1986.
- (4) Effective Date - May 19, 1986.
- (5) Filing Requirements - Pursuant to 29A-2.1 CSR§1 et seq., this series of rules and regulations of the Public Service Commission of West Virginia is being refiled in accordance with revised requirements by the Secretary of State for filing in the State Register. This refiling does not repeal any of the substantive or procedural aspects of the Commission's rules and regulations but merely represents changes in sizing and formatting of the currently effective rules and regulations. As a result of these revisions in the standard format, in particular, those rules which have evolved into terms of art in Commission practice are hereinafter incorporated into the title of each section or subsection heading of the standard format.

¹⁶
~~1-01~~ AUTHORIZATION OF RULES

- ^a (1) These rules are intended to insure adequate service to the public, to provide standards for uniform and fair charges and requirements by the utilities and their customers, and to establish the rights and responsibilities of both the utility and the customer.
- ^b (2) The adoption of these rules and regulations in no way preclude the Public Service Commission from altering or amending them in whole or in part, or from requiring

any other or additional service, equipment, facility or standard, either upon complaint or upon its own motion, or upon the application of any utility.

- (3) These rules will not relieve in any way a utility from any of its duties under the laws of this State.

1.7
1.02 APPLICATION OF RULES

- (1) These rules apply to all sewerage utilities as defined in Regulation 1.03.
- (2) If hardship results from the application of any rule herein prescribed, or if unusual difficulty is involved in immediately complying with any rule, application may be made to the Commission for the modification of the particular rule or for temporary exemption from its provision. No application for such modification or exemption will be considered by the Commission unless there is submitted therewith a full and complete justification for such action.

1.8
1.03 DEFINITIONS

- (1) Commission - Whenever in these rules and regulations the words "Commission" or "Public Service Commission" appear, such word, or words, shall, unless a different intent clearly appears from the context, be taken to mean the Public Service Commission of West Virginia.
- (2) A "Governmental Unit" is any municipality or other political sub-division or agency of the State of West Virginia or the Federal Government.
- (3) A "Customer" is any person, firm, corporation or governmental unit served by the utility.
- (4) An "Applicant" is any person, firm, corporation or governmental unit who has made an application for sewer service.
- (5) "Sewer Main" means sewer pipe owned, operated, or maintained by the utility which is used for the purpose of collection of sewage from which service connections with customers are taken.
- (6) "Utility Service Pipe" shall be that portion of the service pipe between the sewer main and the property

line, right-of-way or easement line, installed at the cost and expense of the utility.

- (7) "Customer's Service Pipe" shall be that portion of the service pipe from the end of the utility's service pipe to the structure or premises, installed at the cost and expense of the customer.
- (8) A "Temporary Service Connection" is one which is installed for temporary use, provided that the customer's premises is located on a lot having a curb line abutting on that part of a street or public right-of-way in which there is located a sewer main of the utility extending for the total frontage of the lot on said street or right-of-way, unless otherwise agreed to by the utility.
- (9) "Public Utility" - Except where a different meaning clearly appears from the context, the word, or words, "Utility" or "Public Utility" when used in these rules and regulations shall mean and include any person or persons, or association of persons, however associated, whether incorporated or not, including municipalities, engaged in business of collecting, transporting, and treating sewage.
- (10) "Service Connection" - The term "service connection" shall be defined to mean the utility's pipe and appurtenances which connect any sewer main in a public right-of-way, street, alley, or private right-of-way with the inlet connection of a customer's service line at the property line.

2.00 RECORDS, REPORTS AND OTHER INFORMATION TO BE SUPPLIED TO THE COMMISSION

2.01 RECORDS AND REPORTS

- (1) Preservation of Records - All records required by these rules shall be preserved by the utility in accordance with General Order No. 117-C of the Public Service Commission of West Virginia, issued September 25, 1972, and entitled "In the Matter of Regulations to Govern the Preservation of Records" to the extent that such order applies to sewerage facilities.

(2) Location of Records -

- (a) Such records should be kept at the office or offices of the utility in West Virginia and shall be available during the regular business hours for examination by the Commission or its duly authorized representative.
 - (b) If kept outside the State, they shall be brought to the utility's office in West Virginia upon request of the Commission, or the utility may be required to pay the reasonable traveling expenses of such Commission employees assigned to the work when it is necessary to examine the records.
- (3) Reports to the Commission - Each utility shall furnish and report to the Commission, when called upon to do so by the Secretary, Director of the Division of Accounts, Finance and Rates, or Director of the Division of Engineering of the Commission, any other and further information in its or their possession respecting rates or practices in conducting its or their service, which may from time to time be required by this Commission, and without formal order of the Commission authorizing such request for said information.

2.02 FILING OF RATE SCHEDULES

- (1) Filing Required - All schedules, rules, regulations, special contracts and other charges for the collection, transportation, and treatment of sewage, shall be filed by each utility in the office of the Secretary of the Commission before they become effective.
- (2) Manner of Filing - Tariffs containing all the rates, rules and regulations of each utility shall be filed in the manner prescribed by the Commission in "Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle", effective _____, 1977, and any amendments or modifications thereafter made by the Commission.
- (3) Forms for Filing - The Commission will, upon application, furnish proper blanks to be used for the filing of tariffs and any changes thereof and additions thereto.

(4) Utility's Special Rules -

- (a) A utility desiring to establish any rule or requirements supplementing the rules of the Commission shall first make application to the Commission for authority for such rule or rules, clearly stating in its application the reasons for such establishment.
 - (b) On and after ninety (90) days from the effective date of these rules and regulations, any utility's special rules and regulations now on file with the Commission which conflict with these rules, will become null and void, unless they have been ratified and approved by the Commission.
- (5) Exemption - A customer who has complied with the rules of the Commission shall not be denied service for failure to comply with the rules of the utility that have been approved by the Commission.

2.03 FINANCIAL AND STATISTICAL REPORT

- (1) (a) Each utility shall file annually a financial and statistical report upon forms to be furnished by the Commission, or in lieu thereof, upon forms approved by the Commission.
 - (b) Said report shall be based upon the accounts set up in conformity with the Commission's order and rules as set out in Regulation 2.04 of these rules.
 - (c) This report shall be filed on or before March 31st of the year succeeding the year covered by the report.
 - (d) For good cause shown, the Commission will grant, through its Secretary, a reasonable extension of time upon application therefor, in writing, to the Secretary, such application to be made before the expiration of the time for filing of such report.
- (2) Exception - Municipally or governmentally owned sewerage utilities having a fiscal year ending June 30th, shall file their annual financial and statistical reports on or before September 30th of the succeeding fiscal year covered by the report.

2.04 UNIFORM SYSTEM OF ACCOUNTS

All sewerage utilities are required to keep their accounts and records in conformity with the Uniform System of Accounts for Sewer Utilities as prescribed by the Commission and made effective in 1958. Each utility shall keep its accounts in accordance with its own proper classification.

2.05 MAPS AND RECORDS

- (1) Each utility shall keep on file all available maps, plans, and records showing the entire layout of every pumping station, treatment plant, transmission and collection line, customer's service, and other facilities used in the collection and treatment of sewage.
- (2) In the case of new construction or property acquired by others, the addition to such maps and records should be made by the end of the next calendar year, following the year in which the construction is done on property acquired. All drawings shall be made to a uniform scale.
- (3) In general, where present plans of existing facilities are not entirely up-to-date, special surveys to locate any plant or facilities will not be required.

2.06 MANAGEMENT AUDITS

- (1) Scope -

To establish a procedure for examination of management practices and policies to determine whether the entity being audited is operating with efficiency and utilizing sound management practices. The purpose of a management audit is to disclose operating areas that are efficient or inefficient, to identify areas for improvement, and to form recommendations for changes. The results of a management audit and the response of the utility to the recommendations and implementation plans developed pursuant to a management audit may be a factor in determining just and reasonable rates, as set out herein.

(2) Types of Management Audits -

The following types of management audit, which vary in scope, may be directed and utilized by the Commission:

- (a) Comprehensive - an investigation characterized by an extensive, detailed analysis of a utility's management and operations.
- (b) Reconnaissance - a broad review, similar in scope to a comprehensive audit, but in less detail. The objective of this type of audit is to identify specific areas for more intensive investigation based upon the magnitude of the problem identified or the potential benefits to be derived.
- (c) Focused - an in-depth investigation of one or several specific areas of a utility's management and operations.

(3) Frequency -

The Commission shall order a management audit of any utility under its jurisdiction whenever the Commission deems it necessary to investigate the operational efficiency of the utility. Such factors as the cost of the management audit and the potential benefits of such audit may be taken into consideration. The Commission may accept or request a management audit performed under the rules of another jurisdiction in satisfaction of this rule when that audit is of the scope contemplated by the Commission, conforms to the standards herein set forth and covers the utility's service functions in its West Virginia jurisdiction.

(4) Conduct and Control -

- (a) The Commission may choose to have the audit performed by its Staff or contracted to a qualified outside auditing firm. In the latter case, the Commission may supervise the selection process. If the management audit is to be conducted by an auditing firm, the Commission's order initiating the audit shall include provision for the development of the request for proposal (RFP), the consultant selection process and Staff's assistance and supervision during the audit.

- (b) The Commission may impose eligibility restrictions upon contractors relating to past, current, and post-audit relationships with the utility.
- (c) The utility is expected to cooperate to the fullest extent with the performer of a Commission ordered management audit. A responsible employee shall be appointed by the utility as its management audit coordinator, who shall be responsible to assist in the efficient performance of the management audit.

(5) Costs -

It shall be the responsibility of the audited utility to pay for a contracted audit. The Commission shall include the reasonable cost of conducting the contracted management audit in the cost of service of the utility. The Commission may allow such costs to be recovered in the utility's next general rate case following completion of the audit, or the Commission may order such costs to be amortized over a reasonable period of years, considering the impact of these costs on both the utility and its customers.

(6) Implementation of Recommendations -

(a) Draft report.

- 1. Upon completion of the audit a draft report shall be submitted to the utility for comments.
- 2. The auditor and Company representatives shall conduct a draft review meeting subsequent to the distribution of the draft review report.

(b) Final report.

- 1. A final report shall be submitted to the Commission no later than thirty days after the submission of the draft report to the utility.
- 2. Within thirty days of the final submission of the management audit report, the utility shall file a document detailing its position on each audit recommendation. This document

must state which recommendations are acceptable to the utility and the nature of the utility's disagreement with any recommendations.

- (c) The Commission may, after hearing, issue an order prescribing the recommendations which should be adopted by the utility.
- (d) The utility shall file detailed implementation plans for the Commission's review and approval within the time specified in the Commission's order prescribing which recommendations the utility should adopt. The utility shall not deviate from an approved implementation plan without prior notice to the Commission which specifically states the utility's reasons for departing from the approved plan.
- (e) At the direction of the Commission, a follow-up audit may be performed to review the progress of the utility in implementing the approved plans and the results of previously performed management audits.
- (f) A management audit report and implementation plan adopted pursuant thereto and any follow-up audit may be used by parties in a general rate case subsequent to the management audit. Such audits and implementation plans may be a factor in the determination of just and reasonable rates if introduced as an exhibit and subjected to normal due process procedures.
- (g) The Commission may grant an extension of the time limits established in this section upon a showing of good cause for such extension.

3.00 METER REQUIREMENTS

In general, sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. In cases where a significant volume of the water delivered to the premises is not returned to the sanitary sewer system or water from another source is discharged to the sanitary sewer system the customer may request, or the utility may

require, special flow measuring devices to properly measure the volume of waste water entering the sanitary sewer system. Such special flow measuring devices shall be furnished, installed, and maintained by and at the expense of the customer with the approval of the utility. In some situations suitable formulae may be used to determine waste water flow in lieu of special metering devices. Such formulae shall be approved by both the customer and the utility and subject to the approval of the West Virginia Public Service Commission.

Maggie
4.00 CUSTOMER RELATIONS

OK
4.01 CUSTOMER INFORMATION

OK
7.0
(a) Rates Available - A utility shall, when application is first made for sewer service, furnish to the applicant, upon request, information regarding the schedule of rates which will be applicable to his requirements.

OK
(b) Posting of Law, Rates, Rules and Regulations -

OK
(1) Every utility shall provide in its business office, near the cashier's window, where it may be available to the public, the following:

- OK*
7.0
- A A copy of the rates, rules and regulations of the utility, and of forms of contracts and applications applicable to the territory served from that office;
 - B A copy of the Public Service Commission Law of this State; and
 - C 3. A copy of these rules and regulations.

OK
(2) A suitable placard in large type shall be placed near the cashier's window giving information to customers that a copy of the law, the rules and regulations of the Public Service Commission, and the schedules of rates are available for their inspection.

4.01A APPLICATION FOR SEWER SERVICE

(1) All customers desiring sewer service must make written application at the office of the utility

on printed forms provided therefor.

- (2) Any change in the identity of the contracting customer at a premises will require a new application for sewer service, and the utility may, after reasonable notice, discontinue sewer service until such new application has been made and accepted, but the former customer shall remain liable for sewer service furnished to said premises until he has given notice in writing to the utility to discontinue sewer service.

4.02 CUSTOMER DEPOSITS

(1) Security Deposits

- (a) Security Deposit - A utility may require the applicant or customer to make a deposit as a guarantee of the payment for sewer service. Such deposit shall not be more than one-twelfth (1/12) of the annual estimated charge for residential service and one sixth (1/6) for all other service to secure the utility from loss. The utility shall not be bound to supply sewer service until the above condition is fulfilled. After the customer has paid for service for twelve consecutive months, the utility shall promptly and automatically refund the deposit plus accrued interest. Calculation of the above twelve months period shall commence from the first regular payment or following the payment of a past due bill or bills. Interest at the rate of eight (8) percent per annum shall be paid from the date of deposit until refund date. The utility shall have a reasonable time, not to exceed thirty (30) days, to ascertain that the obligations of the customer have been fully performed before being required to return any deposit in the case where there has not been an automatic refund.
- (b) Provided, however, that this rule shall not affect residential customer security deposits required by a utility prior to the passage of West Virginia Code §24-3-8 on March 12, 1983.
- (c) Record of Deposit - Each utility holding a cash deposit shall keep a record showing: (i) the name and current address of each depositor; (ii) the

amount and date of the deposit; and (iii) each transaction concerning the deposit.

- (d) The Receipt - Concurrently with receiving a cash deposit, the utility shall deliver to the applicant for service, or customer, a receipt showing: (i) the date thereof, (ii) the name of the applicant or customer and the address of the premises served or to be served, (iii) the service furnished or to be furnished; and (iv) the amount of the deposit and the rate of interest to be paid thereon. Each utility shall provide automatic means to refund the deposit of a customer, when he is so entitled, if the original receipt cannot be produced. A receipt or proof of payment will not be necessary under the provisions for an automatic refund.
- (e) Unclaimed Deposits - Should a utility have retained, through no fault of its own, deposits made by customers whose service has been discontinued, it shall, on or before the first day of March, in each year, publish a list of such depositors in a newspaper of general circulation in the county in which it operates and in which the deposits were made, showing as of the thirty-first day of December immediately preceding, the amount of each such deposit, together with the interest due thereon, and notifying depositors listed therein that their deposits, together with accrued interest, are being held to their credit and will be returned upon request. The utility will not be liable for any interest on such deposits after publication of such lists. Deposits remaining in the hands of the utility upon the completion of the above procedure shall be considered as derelict property and shall escheat to the State of West Virginia under the provisions of the Code of West Virginia, Chapter 34, Article 2.

(2) Guaranty Agreement

- (a) A utility may accept, in lieu of the cash deposit, a guaranty agreement signed by a financially responsible guarantor, whereby payment of a specified sum, not exceeding the cash deposit aforesaid, is guaranteed. The guarantor shall

receive copies of disconnection notices sent to the customer whose account has been guaranteed. Provided, however, that the limitations herein fixed upon the terms of a guaranty agreement shall not apply to industrial customers.

- (b) Guaranty agreements shall terminate after the customer has satisfactorily paid bills for service for twelve consecutive months, or when a customer gives notice to the utility of the discontinuance of service at the location covered by the guaranty agreement, or three months after discontinuance of service where no notice was given, or at the guarantor's request upon thirty (30) days' written notice to the utility. In any case, after the automatic termination of a security agreement, where experience indicates that a cash deposit or a new guaranty agreement is reasonably necessary to secure the utility from loss, a cash deposit or a new guaranty agreement may be required upon written notice to the customer.
- (c) Application in Cash to Receiver or Trustee - The aforesaid provisions shall apply in the case of a receiver or trustee, operating under court order a business requiring utility service.

4.03 BILLING INFORMATION

- (1) All bills for sewerage service shall state whether the charge is based upon quantities of water consumed at the premises, flat rate or other charge.
- (2) Bills shall be rendered periodically, and they shall show the readings of the water meter at the beginning and end of the period for which the bill is rendered, the date of the water meter readings, the number of cubic feet or gallons of water supplied, and the authorized rate.
- (3) Opening and closing bills, monthly or quarterly, for sewer service rendered for periods of five days more or five days less than the normal billing period will be computed in accordance with the rate applicable to that service, by the amount of sewer blocks, and the minimum charge as set forth in that rate will be prorated on the basis of the number of days in the period in

question, to the total number of days in the normal period.

- (4) Utilities desiring to adopt mechanical billing of such nature as to render compliance with all the terms of paragraph 2 impractical, may make application to the Commission for relief from part of these terms. After consideration of the reasons given when asking for relief, the Commission may allow the omission of part of these requirements.
- (5) On all bills which include any other items than a definite authorized sewer rate, the other factors used in computing the bill shall be clearly stated so that the amount may be readily verified from the information appearing upon the bill.
- (6) Each bill shall bear upon its face the latest date upon which it may be paid without penalty. On all accounts not paid in full within twenty (20) days of the billing date, a penalty of ten percent (10%) may be added to the net amount shown. This provision must be included in the utility's tariff filed with the Commission.

4.04 CUSTOMER DISCONTINUANCE OF SERVICE

Any customer desiring service discontinued shall give at least twenty-four (24) hours' notice thereof to the utility, unless a longer or shorter period shall be incorporated in any standard or special contract mutually agreed upon. Until the utility shall have such notice, the customer may be held responsible for all service rendered.

4.05 UTILITY DISCONTINUANCE OF SERVICE

Consideration of health and sanitation require that sewer service should not be discontinued because of non-payment of service charges unless the utility has first acquired the approval of the Public Service Commission. The sewer utility shall make use of such legal remedies as may be available for the collection of delinquent accounts prior to application to the Public Service Commission for other relief.

4.06 REFUSAL TO SERVE APPLICANTS

- (1) Non-compliance with Rules and Regulations - Any utility may decline to serve an applicant until he has complied

with State and municipal regulations governing sewer service and the approved rules and regulations of the utility.

- (2) Applicant's Facilities Inadequate - The utility may refuse to serve an applicant if the applicant's installation of sewer piping is hazardous or of such character that satisfactory service cannot be given.
- (3) Applicant's Recourse - In the event that the utility shall refuse to serve an applicant under the provisions of this rule, or any other rule incorporated herein, the utility shall inform the applicant of the basis of its refusal, and the applicant may apply to the Consumer Relations Department of the Public Service Commission for a ruling thereon. The refusal must be in writing with a copy sent to the Consumer Relations Department of the Public Service Commission.

4.07 ACCESS TO PROPERTY

- (1) The utility shall, at all reasonable times, have access to service connections and other property owned by it on customer's premises for purpose of inspection, maintenance and operation.
- (2) Every employee, whose duties require him to enter the customer's premises, shall wear a distinguishing uniform or other insignia identifying him as an employee of the utility.

4.08 SERVICE INTERRUPTIONS

- (1) Record - Each utility shall keep a record of all interruptions of service upon its entire system or major divisions thereof, including a statement of time, duration and cause of such interruptions.
- (2) Notice Required - The State Department of Health, the Public Service Commission and every customer affected shall be notified in advance of any contemplated work which will result in interruption of service for any duration that may cause a health hazard, but such notice shall not be required in case of interruption due to accident, the elements, public enemies, strikes or order of court which are beyond the control of the utility.

4.09 COMPLAINTS

- (1) Investigation of Complaints - Each utility shall make a full and prompt investigation of all complaints made to it by its customers, either directly or through the Commission.
- (2) Record of Complaints - The utility shall keep a record of all complaints received, which record shall show the name and address of the complainant, the date and character of the complaint, and the adjustment or disposal made thereof.
- (3) Disposition of Records - Records of complaints shall not be destroyed until a summary has been prepared for permanent record, showing the character of complaints made, the number of each type received in each month, and the disposition of the complaints.

4.10 DISPUTED BILLS

In the event of a dispute between the customer and the utility respecting any bill, the utility shall make forthwith such investigation as shall be required by the particular case, and report the result thereof to the customer. In the event that the complaint is not adjusted, the utility shall notify the customer that he has the privilege of appeal to the Public Service Commission.

5.00 ENGINEERING REQUIREMENTS

5.01 ADEQUACY OF FACILITIES

- (1) The collecting system of every sewerage utility shall be designed, constructed, maintained and operated so as to be able to receive and transport the sewage from its customers' outlets to its treatment plant without delay.
- (2) Where the terrain is such that pumping or lift stations must be provided, such facilities must have the approval of the State Department of Health and operated under the rules of the State Department of Health.
- (3) When a new sewerage utility proposes to construct and operate a sewer service business, its entire plant layout shall be approved by the State Department of

Health and the Water Resources Division of the Department of Natural Resources.

- (4) Construction and Maintenance of Plant - Each utility shall at all times construct and maintain its entire plant and system in such condition that it will furnish safe, adequate and continuous service.
- (5) Inspection of Plant - Each utility shall inspect its plant and facilities in such manner and with such frequency as may be necessary to insure a reasonably complete knowledge as to their conditions and adequacy at all times. Such inspections must comply with the legally applicable requirements of the Minimum Federal Safety Standards (Federal Occupational Health and Safety Administration) and the State Department of Health.
- (6) Records of Conditions - Records necessary for the proper maintenance of the system and in accordance with the State Department of Health and the Minimum Federal Safety Standards shall be kept of the conditions found. In special cases, a more complete record may be specified by the Commission.
- (7) Records of Operation - Each utility shall keep a record of the operation of its plant, which, so far as practical, shall show such details of plant operation as may be necessary to substantially reproduce its daily operations. The records shall also be maintained in accordance with the requirements of the Minimum Safety Standards and the State Department of Health.
- (8) Report to Commission - Each utility shall, upon request of the Commission, file with the Commission a statement regarding the condition and adequacy of its plant, equipment, and facilities, and of its operations and service in such form as the Commission may require.

5.02 SERVICE LINES

- (1) The utility shall install and maintain that portion of a customer's service line from the main to the boundary line of the easement, public road, street or right-of-way under which said main may be located.

- (2) The customer shall install and maintain that portion of the service line from the end of the utility's portion into the premises served.
- (3) The utility shall determine the location of that portion of the service line installed and maintained by it.
- (4) The portion of the service line installed and maintained by the customer shall conform to all reasonable rules and regulations of the utility.
- (5) Availability Defined - Sewer service will be deemed available to a customer when a main is installed and maintained by the utility in such location and at such distance from the user's premises as may be provided by city ordinance or by the rules of the utility; provided, however, that service shall not be deemed to be available unless the sewage will flow by gravity from the discharge point of the customer's premises into the utility's facilities.

5.03 EXTENSION OF SYSTEM

- (1) A sewer utility, whether municipally or privately owned, is under a public service obligation to extend its plant and facilities to serve new customers within its service area who may apply for service.
- (2) Extensions shall be made in all cases in which public convenience and necessity require the service, construction problems are not unusual or burdensome, and the extensions appear to be economically feasible.
- (3) For any proposed extension of mains, a reasonable relationship should exist between the per customer investment for serving new customers and the per customer investment for serving old customers.
- (4) Extension for General Sewer Service -
 - (a) The utility will, upon written request for service by a prospective customer or group of prospective customers located in the same neighborhood, determine the necessary size of main required to give service and make an estimate of the cost of the proposed extension including pipe, manholes, fittings, all other necessary materials, and all

other costs such as labor and permits. The length of the extension required shall be that length required to extend from the new proposed service area to the nearest main having sufficient excess capacity to provide service.

- (b) Where the cost of the extension does not exceed three and one-half (3-1/2) times the estimated normal annual revenue from prospective customers whose service lines will immediately be connected directly to the extension and from whom the utility has received applications for service upon forms provided by the utility for this purpose, the utility will install, at its own cost and expense, the necessary extension, provided that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

(5) Extensions Subject to Customer Cost Participation -

If the estimated cost of the proposed extension required in order to furnish general sewer service exceeds three and one-half (3-1/2) times the utility's estimate of immediate normal annual revenue, such extension will be made if the applicant or the applicant's authorized agent shall contract for such extension and shall deposit in advance with the utility the estimated cost of the extension over and above the free extension limit at end of each fiscal year. The utility will, in such case, for each bona fide customer directly connected to the extension between its original beginning and original terminus within a period of ten (10) years from the making of such extension, refund to the original depositor or depositors an amount equal to three and one-half (3-1/2) times the annual revenue of the new customer, but in no event shall the aggregate refund made to any depositor exceed the original deposit of such depositor.

(6) Adjustment of Cost of Extension -

Should the actual cost of the extension be less than the estimated cost, the utility will refund the difference as soon as the actual cost has been ascertained. When the actual cost of the extension exceeds the estimate cost then the utility will bill

the depositor for the difference between the estimated and the actual cost.

- 1 (a) In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be used; provided, however, that the estimated cost to the customer or customers shall not be based on a pipe diameter in excess of the size of main from which the extension is to be made, unless actual use estimated for the proposed customer or customers required a larger pipe.
- 2 (b) No interest will be paid by the utility on the applicant's payment or on any unrefunded balances.
- 3 (c) At the expiration of said ten (10) year period, the refund account will be closed, and no further refunds will be made.
- 4 (d) Extensions made under this rule shall be and remain the property of the utility.
- 5 (e) The utility reserves the right to further extend its sewer mains from and beyond the terminus of each sewer main extension made under this rule, and the depositor or the depositor's agent paying for an extension shall not be entitled to any refund for the attaching of customers to any further extension or branch mains so installed.
- 6 (f) In determining the length of main extensions or of pipe lines to be installed in an urban area when land is subdivided in lots, the main shall be extended to fully cover the frontage of the property or one-hundred lineal feet, whichever is the lesser, and if the last lot to be served is a corner lot, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street. In rural areas or open land areas, the extension required will be that length necessary to adequately serve the applicant or one-hundred lineal feet, whichever is the greater.
- 7 (g) Before sewer lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the

established sub-grade as determined by the agency having jurisdiction.

- 8 (h) This rule shall not be construed as prohibiting the utility from providing an alternate plan for main extensions so long as no discrimination is practiced between customers whose service requirements are similar.
- 9 (i) Contract for Service - The utility shall not be required to make free extensions or refunds as described in this rule unless those to be served by such extensions shall guarantee to the utility that they will take the service at their premises within thirty (30) days after service is available.
- 10 (j) Construction Conditions - Construction of line extensions, as provided in this rule, will be undertaken promptly after all negotiations have been completed and necessary right-of-way agreements or rights of entry have been delivered to the utility.
- 11 (k) Right-of-Way - With respect to the item "Right-of-Way", it is not the purpose of this rule to require the utility to build extensions over private rights-of-way. If the construction of an extension involves the use of private right-of-way, then the prospective customer, whenever reasonably possible, shall secure the right-of-way and deliver it to the utility free of cost before construction of the extension is started.

If, however, it is not reasonably possible for the prospective customer or customers to secure the right-of-way, and the construction of an extension involves the utility's incurring expense for right-of-way easements, either by purchase or condemnation, such costs shall be added to the total cost of the extension.

5.04 SERVICE CONNECTIONS

- (1) Where its mains are now or may hereafter be installed, the utility will install the service line and

appurtenances between the main in the street up to the property line or right-of-way at or near 90 degrees to the main, provided that the service pipe is required for the immediate and continuous use for general service to premises abutting the public street or right-of-way in which such mains are located; and all such service pipes and appurtenances shall be installed only by the utility unless by prior written agreement.

- (2) The utility shall not make any charge for furnishing and installing any permanent service connection, unless the utility has prior approval of the Public Service Commission for establishing a tap-on or connection fee.
- (3) Temporary service connections for construction or other temporary purposes shall be installed by the utility at the cost of the applicant.
- (4) Each utility shall adopt standard methods of installation where practicable. Such method shall be set out with a written description and with drawing to the extent necessary to a clear understanding of the requirement; all of which shall be submitted to the Commission for its information.
- (5) Service pipes servicing a premise shall not pass through or across any premises or property other than that to be serviced nor across any portion of the property that could practicably be sold separately from the immediate premise serviced and no pipes or plumbing in any premises shall be extended therefrom to adjacent or other premises.
- (6) The utility will make all connections to its collection mains and will specify the size, kind, quality and location of all materials used in the service line.
- (7) The utility's service pipe from the main to the property line or right-of-way will be furnished, installed and maintained by the utility and shall remain under its sole control and jurisdiction.
- (8) The utility will not, at its own cost and expense, be required to either install or maintain service pipes for temporary service connections.
- (9) The customer's service pipe from the point of service to the customer's premises shall be installed in a

workmanlike manner and shall be furnished, installed and maintained by the customer at his own expense and risk.

- (10) The customer's service pipe and all connections and fixtures attached thereto shall be subject to the inspection of the utility before use, and all premises, including any and all fixtures within the said premises, shall at all reasonable hours be subject to inspection by a duly authorized employee of the utility.
- (11) The customer's service pipe shall be laid below the frost line at all points and shall be placed on firm and continuous earth so as to give unyielding and permanent support; shall not be laid in driveways nor pass through premises other than that to be serviced; and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein gas pipe, water pipe, or other facilities, public or private, are or are to be installed.
- (12) The customer shall install his service pipe to the point of service as designated by the Manager or other authorized employee of the utility, after which the utility will install the service from the main to the designated point of service.
- (13) Where the utility's service pipe is already installed to the point of service, the customer shall connect with the service pipe as installed.
- (14) The customer shall not be expected to make all changes in the customer's service pipe required on account of changes of grade, relocation of mains, and other causes not related to the customer, said changes shall be accomplished by the utility at its expense.
- (15) No fixture shall be attached to, or any branch made in, the service pipe between the service point and the main.
- (16) There shall be no more than one service pipe required to service a single premise and each premise shall be supplied through an independent service pipe, unless otherwise approved by the utility in writing.

- (17) Customer's service pipes must be kept and maintained in good condition and free from all leaks and defects at the customer's cost and expense.
- (18) No plumber, customer, company owner or any of his agents shall connect to the utility's main or to any service pipe, or extend the pipes therefrom to any premises for the purpose of securing sewer service, until application has been made therefor to the utility as provided in these Rules and Regulations, and permission for doing so has been granted by the utility in writing.

6.00 SAFETY REQUIREMENTS

6.01 ACCIDENTS

- (1) Records - Each utility shall keep a record of every accident occurring in connection with the operation of its treatment plant, property and equipment whereby any person shall have been killed or seriously injured, or any substantial amount of property damaged or destroyed, with a full statement of the cause of such accident and the precautions taken to prevent similar accidents in the future.
- (2) Electric Shock - Each utility shall instruct those of its employees engaged in electrical work in the practice and use of accepted rules and proper procedure for resuscitation from electric shock.
- (3) Asphyxiation - Each utility shall inform those of its employees who must work in manholes and pits of the dangers of asphyxiation and instruct them in the practice and use of accepted rules for detection of dangerous gases, as well as the proper procedure for treating victims.