

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 528
Economic Matters

(Delegates Jameson and Mautz)

Finance

Public Utilities – Water or Sewage Disposal Systems – Rates

This bill allows the Public Service Commission (PSC), after providing notice and holding both a public hearing and an evidentiary hearing, to authorize a rate consolidation for two or more water or sewage disposal companies. The companies must have common ownership, and the rate consolidation must be in the public interest.

Fiscal Summary

State Effect: PSC can handle the bill’s requirements with existing budgeted resources.

Local Effect: None. The bill applies to small for-profit water companies and sewage disposal companies.

Small Business Effect: Minimal. The bill applies in a limited number of circumstances and may not always apply to small businesses.

Analysis

Bill Summary: “Rate consolidation” means the use of the same or similar rates or tariff schedules of rates for customers of the same class for two or more water or sewage disposal systems even if the systems are not physically interconnected.

Current Law/Background: PSC regulates the infrastructure, rates, management, and billing of 22 water and water/sewage companies in the State. Combined, these companies have approximately 11,000 residential customers. PSC’s annual reports indicate that, in most years, the commission typically reviews a small number of requests for rate adjustments from these companies, although there is some variance from year to year. PSC

also (1) reviews and authorizes new franchises for water companies, new construction, and the consolidation of water systems and (2) promulgates water conservation and safety policies.

The majority of water/sewer systems in Maryland are municipal systems whose supply, infrastructure, customer care, and rates are not regulated by PSC.

Additional Information

Prior Introductions: None.

Cross File: SB 337 (Senator Middleton) - Finance.

Information Source(s): Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2018
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