

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
First Reader

House Bill 647 (Montgomery County Delegation and Prince George's
County Delegation)

Environment and Transportation

Washington Suburban Sanitary Commission - Water Leakage - Billing
MC/PG 113-19

This bill requires the Washington Suburban Sanitary Commission (WSSC) to notify an account holder after determining a specified increase in water usage. If the increase in water usage is due to a water leak and the account holder repairs the leak, WSSC must pay specified billing and collection charges due to the leakage.

Fiscal Summary

State Effect: None.

Local Effect: WSSC expenditures increase by \$1.1 million in FY 2020 to hire additional field service representatives and one-time equipment costs. Future year expenditures increase by \$766,300 in FY 2021 and \$870,300 in FY 2024. WSSC revenues decrease by approximately \$8.0 million annually beginning in FY 2020 as a result of credits issued to specified customers.

Small Business Effect: Minimal.

Analysis

Bill Summary: If water usage for an account increases by at least 200% over the usage during the preceding billing period, WSSC is required to notify an account holder within seven business days after determining the increase.

WSSC is required to direct the account holder to contact the commission by telephone and inform the account holder that a free inspection will be performed if WSSC cannot identify the reason for the increased usage based on the information provided in the phone call.

The account holder is required to repair a leak identified outside or inside their home within 30 days after the leak is identified. For a water leak identified outside the account holder's home, WSSC is required to pay the billing and collection charges for the amount of water usage that exceeds the usage based on historical daily average consumption for the period after the last meter reading. For a leak identified inside the account holder's home, WSSC is required to waive 50% of the billing and collection charges for the amount of water usage that exceeds the usage based on historical daily average consumption for the period after the last meter reading.

Current Law: WSSC's current policy is to send a courtesy letter to residential customers with an average daily consumption that is two times higher than the previous average daily consumption. The letter is intended to alert account holders of the matter before receiving a high bill.

Pursuant to WSSC's standard procedures effective March 2018, a single unit residential owner can request a high bill adjustment if they receive a bill with a daily average consumption that is at least three times the comparable daily average consumption, or current daily average consumption if comparable data is unavailable. A comparable daily average consumption is a property's daily average consumption one year earlier during the same or roughly the same period as the bill for which an adjustment is requested. In such a case, WSSC waives 50% of the water and sewer use in excess of the property's comparable daily average consumption, or current daily average consumption if the comparable data is unavailable. An account holder may only receive one high bill adjustment for one billing period in any three-year period.

A single unit commercial property account holder can also request a one-time high bill adjustment if they receive a bill with a daily average consumption that is three times that of the comparable daily average consumption or the current daily average consumption if the comparable data is unavailable. In such a case, WSSC waives 25% of the water and sewer use in excess of the comparable daily average consumption, or the current daily average consumption if the comparable data is unavailable. An account holder may receive such an adjustment only once, for one billing period.

WSSC also provides an adjustment for leaks on property and underground off-property leaks to all of its account holders. An account holder who has been billed for water lost due to an underground leak and repairs the leak with a plumber registered with WSSC may receive an adjustment. In such cases, WSSC waives up to six months of excess water and sewer use charges based on the property's comparable daily average consumption, or the current daily average consumption if the comparable data is unavailable. For underground leaks of meters located off an account holder's property, WSSC waives all excess water and user charges based on the comparable daily average consumption, or the current daily average consumption if the comparable data is unavailable.

Background: WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George’s counties. It has approximately 475,000 customer accounts, serves an area of approximately 1,000 square miles, and currently employs more than 1,500 people. The commission operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle more than 200 million gallons of wastewater per day. The commission maintains more than 5,700 miles of water main lines and over 5,500 miles of sewer main lines.

WSSC Customer Service Department

WSSC’s Customer Service Department is responsible for providing residential and commercial customers with various customer services, and the department is supported by four divisions: Customer Care, the Center of Excellence, Billing and Revenue Protection, and Customer Engagement and Advocacy. The department helps customers understand their water and sewer services including rates, water consumption, starting or stopping service, and detecting household plumbing leaks. The department also provides additional account services, such as billing adjustments and corrections, billing and collections operations, and revenue analysis management.

Local Revenues: WSSC estimates that approximately 35,000 bills per year exceed the 200% threshold specified under the bill with only a small portion of these bills presently qualifying for high bill adjustments under WSSC’s current policy. WSSC’s revenues decrease by approximately \$8.0 million annually beginning in fiscal 2020 due to customer bill adjustments required under the bill. In future years, as water rates increase, WSSC revenues will further decrease to reflect correspondingly higher credits being issued to its qualifying customers.

Local Expenditures: WSSC estimates that approximately 12,000 customers per year would be eligible for free inspections under the bill. WSSC expenditures increase by an estimated \$1.1 million in fiscal 2020 which includes salary and fringe benefits costs to hire 12 field service representatives to perform the free inspections required under the bill, as well as one-time equipment costs of \$384,000. WSSC expenditures increase by \$766,300 in fiscal 2021; \$799,500 in fiscal 2022; \$834,100 in fiscal 2023; and \$870,300 in fiscal 2024 for the annual salaries and fringe benefits of the 12 field service representatives.

Additional Information

Prior Introductions: None.

Cross File: SB 202 (Senators Pinsky and Rosapepe) - Finance.

Information Source(s): Montgomery and Prince George's counties; Washington Suburban Sanitary Commission; Department of Legislative Services

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