

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 1036

(Senator Colburn)

Education, Health, and Environmental Affairs

Environmental Matters

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**Environment - Sewerage Service - Unpaid Services**

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This bill authorizes a private water company to disconnect water service provided to a property if a bill for sewerage service provided by a political subdivision is unpaid for 45 days after being sent. The bill also authorizes a private water company to apply a reasonable reconnection charge when it reconnects water service. Finally, the bill extends the period of time, from 30 to 45 days, after which a political subdivision may disconnect water service to a property if a bill for sewerage service is unpaid.

A private water company would be required to follow the ratemaking requirements of Title 4 of the Public Utility Companies Article when applying a reasonable reconnection charge.

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**Fiscal Summary**

**State Effect:** The bill would not materially affect State operations or finances. Any increase in workload for the Public Service Commission (PSC) would be handled with existing resources.

**Local Effect:** As a result of the bill's provisions regarding private water companies, local governments could benefit from an increase in sewer service fee revenues that might otherwise be uncollectible. Any such impact cannot be reliably estimated at this time but is not anticipated to be significant. It is assumed that the extension of the time period after which a political subdivision may disconnect water service would not have a significant negative impact on local revenues.

**Small Business Effect:** Minimal. A private water company that disconnects water service as a result of the bill would be able to apply a reasonable reconnection charge when it reconnects the service.

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## Analysis

**Current Law:** If a bill for sewerage service is unpaid for 30 days after being sent, a political subdivision may disconnect water service to the property. Before doing so, the political subdivision must provide notice.

These following provisions apply when a political subdivision provides sewerage service to a property but does not provide water service to the property; and water service is provided by another political subdivision. If a political subdivision advises another political subdivision that a bill for sewerage service is unpaid for 30 days, the political subdivision informed of the unpaid bill may disconnect water service to the property. Before reconnecting water service, a political subdivision may require full payment of the sewerage bill plus a reconnection charge. “Political subdivision” means any public body of this State that owns or operates any water or sewerage system, including a county, a commission, a district, or a municipal corporation; it does not include the Washington Suburban Sanitary Commission.

Title 4 of the Public Utility Companies Article prohibits a public service company from establishing a new rate or change in rate unless it provides PSC with notice of the new rate or change in rate at least 30 days before the new rate is established or current rate is changed. A public service company is also required to publish the new rate or change in rate during that time period. Current law requires PSC to promptly institute proceedings to consider whether the proposed rate is just and reasonable and establishes procedures regarding suspension of rates, temporary rates, and valuation of rates.

**Background:** According to the Maryland Municipal League, some municipalities have extended sewer lines outside their corporate limits. In cases where water service has not been extended to those same service areas, municipalities are not able to disconnect water service to those properties in order to force payment of delinquent sewer accounts. This bill would provide affected political subdivisions with the option of asking a private water company to discontinue that water service; under current law, this capability only exists when the water service provider is another political subdivision.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment, Public Service Commission, Maryland Municipal League, Baltimore City, Harford County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2006  
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