

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 742 (Delegate M. Washington, *et al.*)  
Environment and Transportation

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Environment - Water Service Shut Off Protection Act

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This bill establishes restrictions on shutting off service and requirements that a water or sewer system service provider must take prior to shutting off service for a customer.

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Fiscal Summary

**State Effect:** The bill's changes can be handled within existing budgeted resources.

**Local Effect:** Potential significant operational and fiscal impacts on some local governments that operate water and sewer systems. Local health departments may be affected depending on the number of individuals who request certification of specified health conditions in writing. **This bill may impose a mandate on a unit of local government.**

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:**

*Temporary Shut Off Authorized*

A "provider" may shut off service temporarily for health or safety reasons or in a State or national emergency. Prior to temporary shut off, the provider must mail a notice to the premises.

“Provider” means any water or sewerage system that provides water or sewerage service in the State in accordance with Title 9 of the Environment Article.

*Notice Requirements for Shutting Off Water or Sanitary Wastewater Services for Nonpayment*

Before shutting off service for nonpayment of overdue water charges, the provider must post a delinquency notice on the door of the premises between 30 and 45 days before the date of the proposed shut off. The notice must inform the property occupant of the delinquency. Additionally, at least 10 days before the shut off, the provider must post another notice of the shut off. Among other things, the notice must contain:

- specified identifying information;
- the reason for the shut off, the amount due, and a payment deadline;
- a description of any actions a customer must take to prevent the shut off;
- contact information for the provider where the customer can inquire, enter into a payment plan, qualify for an exemption, or file a complaint;
- a description of affordability programs, installment plans, or other financial assistance that the provider offers customers; and
- a notice that the provider will postpone the shut off, if the customer provides required documentation to the provider within 30 days of receiving the notice.

At the time of the shut off, a provider must leave a notice at the premises that service has been shut off. Further, the notice must describe the process for service restoration and specified contact information of the provider where the customer may arrange to have service restored.

*Prohibitions to a Provider Shutting Off Water Services for Nonpayment*

A provider may not shut off water service for nonpayment of overdue bills if the customer or an authorized representative of the customer informs the provider that the customer or an individual residing at the premises meets one or more of the following conditions:

- the customer has a significant medical condition as certified in writing by a licensed doctor or local health department stating that the absence of water will aggravate the medical condition;
- the customer is at least age 62 or an individual residing at the premises is age 6 or younger;
- the customer has specified vision limitations; or
- the customer or an individual residing at the premises has a physical, cognitive, or medical impairment resulting from specified conditions, as certified in writing by a

licensed doctor or local health department, that prevents the exercise of normal bodily function, the ability to manage resources, or the ability of the person to protect themselves from neglect or hazardous situations without the assistance of others.

Further a provider is prohibited from shutting off water service for nonpayment if the affected property is in bankruptcy proceedings or if a certificate of sale has been issued.

### *Other Conditions*

A provider may not shut off service because a customer has failed to pay for service received at another location or at a premises occupied by another person. After giving a customer notice, a provider may shut off service (1) if the customer supplies a written, notarized statement that the premises are unoccupied or (2) if the premises are occupied and the occupant agrees in writing to shut off service.

A provider may not shut off service for nonpayment if (1) a customer claim regarding the overdue charges is under consideration by the provider; (2) the customer produces a record of payment in full of all overdue charges; (3) the customer immediately makes a payment for the full overdue amount; or (4) the customer enters into an installment plan with the provider to pay the overdue charges. However, if payment is due on undisputed charges, the provider is not prohibited from shutting off service.

### *Restoration of Service*

A provider who shuts off service at a premises must restore service on the customer's request when the cause of the shut off has been cured or payment arrangements have been made. A provider must make reasonable efforts to restore service the day a customer requests restoration when the provider must manually restore service. Further, except for reasons beyond the provider's control, service must be restored no later than the first working day after a customer's request. If a provider has remote shut off and restoration capabilities, service must be restored within 24 hours of a customer's request.

**Current Law/Background:** Public Service Commission regulations authorize a water company to deny service for the nonpayment of a bill, provided that the company has made a reasonable attempt to collect the amount owed and has provided the customer with written notice that the customer has at least five days, excluding Sundays and holidays, in which to settle the account or have service denied. A water company may only discontinue service without notice under specified circumstances, including hazardous conditions, equipment tampering, and unauthorized use of service.

A sanitary commission may disconnect water or sewer service if a water bill is unpaid for 30 days after being sent and after written notice is left on the premises or mailed to the last known address of the owner. In Allegany, Dorchester, Garrett, and Somerset counties, the sanitary commission may disconnect water service to enforce the collection of an unpaid charge that is at least 60 days overdue.

If a water bill remains unpaid to a political subdivision after 30 days, the political subdivision must notify the owner in writing that the bill is late and service will be discontinued, leave notice on the owner's property or mail the notice to the owner's last known address, and discontinue service until the owner pays the bill and a reconnection charge. If a bill for sewerage service is unpaid for 45 days, a political subdivision may disconnect water service to the property, after providing notice.

**Local Fiscal Effect:** The bill may have a significant operational and fiscal impact on some local jurisdictions that operate water and sewer systems to the extent that the bill imposes additional requirements on them. The Maryland Department of the Environment advises that Maryland has 472 community water systems that serve from 25 to 1.8 million persons each. The largest water systems may experience hundreds of main breaks per day that result in a customer service shut off to repair the break. Notifying each customer in each case may have a significant impact on utility resources.

For example, Charles County advises that expenditures increase by approximately \$101,000 annually beginning in fiscal 2017 to hire a new employee to deliver notices and make programming changes to print notices. Currently the county delivers notices by mail. Attaching a notice to a door, as required by the bill, requires significant additional staff time.

The City of Havre de Grace advises that the bill's requirements likely requires the city to hire an additional employee at a cost of approximately \$80,000 annually beginning in fiscal 2017. Further, the city anticipates a reduction in water revenues of approximately \$144,000 annually beginning in fiscal 2017.

Baltimore City advises that it provides water service to 1.8 million customers and wastewater service to 1.3 million customers. Although the city did not provide a specific cost estimate, it advises that the bill has a significant operational impact that could result in increased expenditures and reduced revenues. The city anticipates that the bill likely results in an increase in payment delinquencies and an increase in expenditures related to collections. Baltimore County similarly anticipates a significant operational impact as well as an increase in expenditures related to terminating service and collecting payments.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City; Anne Arundel, Baltimore, Charles, and Montgomery counties; City of Havre de Grace; Washington Suburban Sanitary Commission; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of the Environment; Department of Housing and Community Development; Maryland Association of County Health Officers; Department of Health and Mental Hygiene; Department of Labor, Licensing, and Regulation; State Department of Assessments and Taxation; Maryland Public Service Commission; Department of Legislative Services

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