

HOUSE BILL 409

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HB 336/17 – ENV

8lr0755

By: **Prince George’s County Delegation and Montgomery County Delegation**
Introduced and read first time: January 24, 2018
Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Service Charges**

3 **PG/MC 112–18**

4 FOR the purpose of authorizing the Washington Suburban Sanitary Commission to
5 establish certain customer classes for certain service rates or charges; requiring that
6 service rates for each customer class shall be chargeable against certain properties
7 and shall be uniform for a given class throughout the Washington Suburban
8 Sanitary District; authorizing the minimum or ready to serve charge to include a
9 certain component; altering the methods by which the minimum or ready to serve
10 charge and the service charge for water used may be based; requiring the
11 Commission to establish a Bi–County Working Group to review certain information
12 if the Commission chooses to establish certain rates; specifying the membership of
13 the working group; requiring the working group to be similar to a certain other
14 working group; requiring the working group to solicit certain input from a variety of
15 customers; requiring the working group to report recommendations to the
16 Commission and its General Manager on or before a certain date; defining a certain
17 term; providing for a delayed effective date; and generally relating to the service
18 rates of the Washington Suburban Sanitary Commission.

19 BY repealing and reenacting, with amendments,
20 Article – Public Utilities
21 Section 25–501 and 25–502(a)
22 Annotated Code of Maryland
23 (2010 Replacement Volume and 2017 Supplement)

24 Preamble

25 WHEREAS, Under current law, the Washington Suburban Sanitary Commission
26 must establish rates and charges that are uniform throughout the sanitary district; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 WHEREAS, In addition to the requirement that the Commission must establish
2 rates and charges that are uniform throughout the sanitary district, the Commission
3 should have the option to establish rates or charges by customer classes when reviewing
4 rates or charges in the future; and

5 WHEREAS, Other Maryland water and sewer providers, such as the providers in
6 Baltimore City, Charles County, Howard County, the City of Annapolis, and the City of
7 Rockville, have the authority to establish rates and charges by customer classes; and

8 WHEREAS, The Commission has been reviewing and considering alternative rate
9 structures and intends to select a new rate structure in June 2018 with likely
10 implementation in 2019; and

11 WHEREAS, During the review of other alternative rate structures, the Commission
12 has noted that the vast majority of public water and sewer providers across the country
13 similar in size and structure to the Commission have the authority to establish rates and
14 charges by customer classes; and

15 WHEREAS, The authority of the Commission to establish rates or charges by
16 customer classes includes establishing classes by meter size and also the ability to establish
17 a surcharge on residential customers in the summer to encourage water conservation; and

18 WHEREAS, The American Water Works Association's Manual of Practice M-1
19 "Principles of Water, Rates, Fees and Charges" and the Water Environment Federation's
20 Manual of Practice No. 27 "Financing and Charges for Wastewater Systems", the industry's
21 best practices manuals, include multiple examples of class-based rates, fees, and charges;
22 and

23 WHEREAS, The Commission's current customer billing system is antiquated and
24 cannot support rate structures based on customer classes; and

25 WHEREAS, The Commission expects to transition to a new customer-to-meter
26 billing system in 2019; and

27 WHEREAS, Additional information on customer accounts from the new
28 customer-to-meter billing system and a new cost of service study will be needed before the
29 Commission can consider establishing rates or charges by customer classes; and

30 WHEREAS, The Commission desires the input of a variety of stakeholders, subject
31 matter experts, and customers on potential customer classes before the Commission can
32 consider establishing rates or charges by customer classes; now, therefore,

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
34 That the Laws of Maryland read as follows:

35 **Article – Public Utilities**

1 25-501.

2 (a) **IN THIS SECTION, "CLASS" INCLUDES A CLASS BASED ON THE SIZE OF**
3 **THE METER ON THE WATER CONNECTION LEADING TO THE PROPERTY.**

4 (B) The Commission shall set [a service rate] **ONE OR MORE SERVICE RATES**
5 that the Commission considers necessary to provide funds for:

6 (1) maintaining, repairing, and operating its water supply and sewer
7 systems, including the overhead expense and depreciation allowance; and

8 (2) making any payments to the District of Columbia, as specified in this
9 title.

10 [(b)] (C) [The] **EACH** service rate:

11 (1) shall be chargeable against all properties **IN A CLASS** for a connection
12 with any line owned by the Commission;

13 (2) shall be uniform **FOR A CLASS** throughout the sanitary district; and

14 (3) may be changed as necessary.

15 (D) **THE COMMISSION MAY ESTABLISH ONE OR MORE CUSTOMER CLASSES**
16 **FOR ANY SERVICE RATE OR CHARGE ESTABLISHED UNDER THIS TITLE.**

17 [(c)] (E) (1) Notwithstanding any other law, on or before July 1, 2015, the
18 Commission shall establish a Customer Assistance Program to provide financial assistance
19 with water and sewer bills to eligible ratepayers.

20 (2) (i) The Commission shall establish income eligibility standards for
21 a ratepayer to receive financial assistance under this subsection.

22 (ii) The income eligibility standards established under this
23 paragraph shall be applied uniformly throughout the sanitary district.

24 (3) The Customer Assistance Program shall be funded from Commission
25 revenues.

26 25-502.

27 (a) (1) Except as provided in this subtitle, [the] **EACH** service rate for water
28 shall consist of:

29 (i) a minimum or a ready to serve charge, **WHICH MAY INCLUDE**
30 **AN INFRASTRUCTURE INVESTMENT COMPONENT**; and

1 (ii) a charge for water used.

2 (2) The minimum or ready to serve charge [shall] **MAY** be based on the size
3 of the meter on the water connection leading to the property **OR ON OTHER CRITERIA**
4 **DETERMINED IN ACCORDANCE WITH REGULATIONS THE COMMISSION ADOPTS.**

5 (3) The charge for water used shall be based on the amount of water
6 passing the meter during the period between the last two readings.

7 (4) The meter shall be placed on each water connection by and at the
8 expense of the Commission.

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) On or after January 1, 2020, if the Washington Suburban Sanitary
11 Commission chooses to consider establishing multiple customer classes, the Commission
12 shall establish a Bi-County Working Group to review potential customer classes and other
13 rate features or charges that could be implemented with a nonuniform rate requirement
14 for all customers in the sanitary district.

15 (b) The Bi-County Working Group established under subsection (a) of this section
16 shall:

17 (1) consist of stakeholders and subject matter experts;

18 (2) to the extent possible, be similar to the Bi-County Rate Structure
19 Working Group that was established in 2016 to undertake a structured strategic review of
20 alternative rate structures;

21 (3) solicit input from a variety of customers on potential customer classes
22 and class-based rate structures or charges; and

23 (4) report its recommendations to the Commission and the General
24 Manager of the Commission on or before July 1, 2020.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 January 1, 2020.