

HOUSE BILL 1168

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HB 409/18 – ENV

5lr1067

By: **Montgomery County Delegation and Prince George’s County Delegation**

Introduced and read first time: February 6, 2025

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 2, 2025

CHAPTER _____

1 AN ACT concerning

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

3 **MC/PG 112–25**

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 assessed by the
9 Washington Suburban Sanitary Commission to include a certain component;
10 ~~altering the criteria on which the minimum or ready to serve charge may be based~~
11 authorizing the Commission to create certain customer classes for minimum or ready
12 to serve charges; and generally relating to the service rates of the Washington
13 Suburban Sanitary Commission.

14 BY repealing and reenacting, with amendments,
15 Article – Public Utilities
16 Section ~~25–501~~ and 25–502(a)
17 Annotated Code of Maryland
18 (2020 Replacement Volume and 2024 Supplement)

19 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, The Washington Suburban Sanitary Commission service rate for water
2 is required to have a minimum or a ready to serve charge under § 25-502(a) of the Public
3 Utilities Article; and

4 WHEREAS, The ready to serve charge consists of two components: an account
5 maintenance fee and an infrastructure investment fee; and

6 WHEREAS, The Attorney General stated in 2008 that the Washington Suburban
7 Sanitary Commission has the authority to adopt an infrastructure investment fee in
8 addition to an account maintenance fee; and

9 WHEREAS, The Washington Suburban Sanitary Commission adopted an
10 infrastructure investment fee effective July 1, 2015; and

11 WHEREAS, Due to fire code requirements enacted by Montgomery County and
12 Prince George's County for sprinkler systems in certain homes, a small number of
13 residential homes in the sanitary district are required to receive 1.5-inch meters to
14 accommodate the water flow of the required sprinkler systems; and

15 WHEREAS, Current law requires the Washington Suburban Sanitary Commission
16 to set the ready to serve charge based on meter size and not by customer class such as
17 residential, commercial, or industrial; and

18 WHEREAS, As a result, residential customers with 1.5-inch meters pay almost
19 seven times the amount of the ready to serve charge paid by other residential customers
20 because of the statutory requirement that this charge be based on meter size; and

21 WHEREAS, The Washington Suburban Sanitary Commission desires to correct this
22 inequity by seeking the authority to create customer classes within any given meter size
23 for the ready to serve charge; now, therefore,

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

26 ~~WHEREAS, Other Maryland water and sewer providers, such as the providers in~~
27 ~~Baltimore City, Howard County, and the City of Rockville, have the authority to establish~~
28 ~~rates and charges by customer classes; and~~

29 ~~WHEREAS, The Commission has been reviewing and considering alternative rate~~
30 ~~structures over the last several years; and~~

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

~~WHEREAS, Establishing rates and charges by class allows for a more equitable recovery of costs from customers, based on the demands that they place on the water and sewer systems; and~~

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

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

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

Article – Public Utilities

~~25-501.~~

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

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

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

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

~~(b) (C) [The] EACH service rate:~~

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

~~(2) shall be uniform FOR THE CLASS throughout the sanitary district; and~~

~~(3) may be changed as necessary.~~

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

~~25-502.~~

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

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

5 (ii) a charge for water used.

6 (2) (I) The minimum or ready to serve charge [shall] ~~MAY~~ be based on
7 the size of the meter on the water connection leading to [the] A property ~~OR ON OTHER~~
8 ~~CRITERIA DETERMINED IN ACCORDANCE WITH REGULATIONS THE COMMISSION~~
9 ~~ADOPTS.~~

10 (II) THE COMMISSION MAY CREATE CUSTOMER CLASSES
11 WITHIN ANY METER SIZE FOR THE MINIMUM OR READY TO SERVE CHARGE.

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

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
17 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.