

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1195

(Montgomery County Delegation and Prince George's County Delegation)

Environment and Transportation

Education, Energy, and the Environment

Washington Suburban Sanitary Commission - Membership, Reporting, Billing, and Planning (WSSC Planning and Reporting Act of 2025)
MC/PG 105-25

This bill alters the membership and operations of the Washington Suburban Sanitary Commission (WSSC). The bill requires WSSC to submit its long-range comprehensive financial plans and updates of commission policies to the Montgomery and Prince George's county councils and publish certain information on its website. By June 1, 2026, and every three years thereafter, the WSSC Office of the Inspector General (OIG) must undergo an external, independent peer review to assess whether the office's quality control system is effectively designed and operating in compliance with government auditing standards. The bill requires OIG to conduct a review of the efficiency and sustainability of WSSC operations and report its findings and recommendations to the General Assembly by October 1, 2027. By October 1, 2028, the Department of Legislative Services (DLS) must review OIG's report and forward its findings to the General Assembly. The bill also requires WSSC to hire a consultant to conduct, in consultation with DLS, an independent evaluation of the efficiency and sustainability of WSSC.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: WSSC can handle the bill's requirements with existing resources. WSSC revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Membership of the Commission

The bill requires the Director of the Montgomery County Department of Environmental Protection, or the director's designee, to serve as one of the WSSC commissioners appointed from Montgomery County. The individual serves as a voting member of the commission and may serve as the chair or vice chair. The individual is not required to be a registered voter of Montgomery County; does not receive any additional compensation for duties performed as a commissioner; and is exempt from the term limits set for other commissioners under statute.

Independent Evaluation on Efficiency and Sustainability

The bill requires WSSC to hire a consultant to conduct, in consultation with DLS, an independent evaluation of the efficiency and sustainability of WSSC. The evaluation must include, among other things, a review of WSSC's budgetary process, including the annual setting of rates through the relevant county councils. By October 1, 2027, the independent evaluation must be submitted to WSSC, the county councils, and the General Assembly, as specified, no later than October 1, 2027. WSSC must also publish the evaluation on its website.

Long-range Comprehensive Financial Plan

By November 1, 2025, WSSC must submit to the Montgomery and Prince George's county councils and the General Assembly a long-range comprehensive financial plan that is developed by WSSC in conjunction with an independent financial advisor and any updated commission policies related to financial management.

The long-range financial plan must include stress testing based on industry standards and test the impact of a wide range of economic conditions that may affect WSSC and its financial solvency.

By June 1, 2026, and every five years thereafter, WSSC must submit to the Montgomery and Prince George's county councils and the General Assembly an updated version of the long-range financial plan and any updated commission policies relating to financial management.

WSSC must also publish its long-range financial plan on its website.

Ad Valorem Tax Study and Report

The bill requires WSSC to work with the State Department of Assessments and Taxation and other stakeholders to assess the ad valorem taxes necessary to support WSSC debt.

By December 1, 2026, WSSC must report on the assessment to the county councils and delegations of Montgomery and Prince George's counties.

Procedural Changes and Customer High Bill Adjustments

By November 1, 2025, WSSC must report to the General Assembly on procedural changes that are being developed and finalized to enhance the customer engagement process for customers receiving high bills. By November 1, 2026, WSSC must report to the General Assembly on the full implementation of these procedural changes.

By November 1, 2026, and annually thereafter, WSSC must report to the Montgomery and Prince George's county councils on the total number of customers in the immediately preceding year that reported bills exceeding the limits for high bill adjustments under WSSC regulations.

WSSC must publish its procedural changes on its website and include this information in customer notification letters.

Review by the Office of the Inspector General

By June 1, 2026, and every three years thereafter, OIG must undergo an external, independent peer review to assess whether the office's quality control system is effectively designed and operating in compliance with generally accepted government auditing standards.

To the extent practicable, the peer review must include a review of whether the office is sufficiently independent of WSSC and an analysis of whether additional reviews and reports would help achieve the duties of the office.

OIG must submit the results of the peer review to the delegations and county councils of Montgomery and Prince George's counties and WSSC.

Each peer review must be published on the WSSC website.

Additionally, OIG is required to conduct a review of the efficiency and sustainability of WSSC operations. The study must include (1) benchmarking with other systems across a range of operating cost metrics related to the efficiency and sustainability of WSSC; (2) a

review of the effectiveness of the WSSC's capital program and its ability to maintain water and sewer distribution pipelines and processing plants that meet asset management standards; (3) a study on the commission's use of its police force; (4) an analysis on the impact of WSSC not being a government entity in the context of access to government programs that provide customer water assistance or other available funding; and (5) a review of WSSC's approach to coordinating road work with other utilities and government agencies.

Additional Website Reporting Requirements

The bill updates the types of information that WSSC is required to report on its website and modifies provisions related to the frequency of customer billing and billing adjustments. Specifically, the commission is required to publish on its website:

- any documents relating to a bond rating received from a major credit rating agency;
- data related to the WSSC Refund Hearing Board, including (1) the number of cases filed; (2) the number of cases closed; (3) the number of cases granted; (4) the number of cases denied; (5) the refund amount requested in each case; and (6) the refund amount granted in each case;
- data related to the WSSC Dispute Resolving Board, including (1) the number of cases filed; (2) the number of cases closed; (3) the number of cases granted; (4) the number of cases denied; (5) the unpaid amount disputed in each case; and (6) the amount of relief granted in each case; and
- a copy of any stress testing completed for a long-range comprehensive financial plan.

Any data provided may not contain any personally identifiable information.

Other Provisions

The bill establishes that it is the intent of the General Assembly for WSSC to bill its customers on a fixed periodic basis, such as monthly or quarterly billing, without the use of estimated billing. The bill does not endorse a particular technology or approach to implementing the intent of the General Assembly.

The bill establishes that the budget authorization for OIG must be approved independently and without the involvement of WSSC staff.

Current Law: WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.9 million residents in Montgomery and Prince George's counties. It has more than 475,000 customer accounts, serves an area of

nearly 1,000 square miles, and has a network of 5,900 miles of drinking water pipeline and over 5,600 miles of sewer main lines.

WSSC has six commissioners: three from Montgomery County; and three from Prince George's County. Each commissioner from Prince George's County must be a resident of the sanitary district, and all commissioners must be a registered voter of the county they represent. The commissioners are appointed by their respective county executive subject to the confirmation of the county council. In Montgomery County, no more than two commissioners may be from the same political party.

The members of the commission receive the following annual salaries:

- the chair receives \$13,500,
- the vice-chair receives \$13,000, and
- a commissioner receives \$13,000.

WSSC Office of the Inspector General

The primary responsibility of OIG is to guard against fraud and waste and assure ratepayers of WSSC's financial integrity. OIG operates independently and investigates mismanagement, misconduct, fraud, waste, and abuse within WSSC programs and operations. OIG conducts audits, investigations, and management reviews of operations and programs to ensure that WSSC is operating efficiently and safely.

Billing

WSSC is authorized to bill for water and sewage usage to each property monthly, every other month, four times a year, or twice a year, as determined by WSSC.

High Bill Adjustments

Generally, under Chapter 3.20 of WSSC's Code of Regulations, if a single unit residential owner receives a bill with an average daily consumption (ADC) that is at least three times the comparable ADC, WSSC must make an adjustment at the customer's request. A comparable ADC 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 ADC, or current ADC if the comparable data is unavailable. A customer may only receive one high bill adjustment for up to two consecutive billing periods in any three-year period.

A single-unit commercial property account holder, that is not eligible for any other adjustments, can also request a one-time high bill adjustment if they receive a bill with an ADC that is three times that of the comparable ADC or the current ADC if the comparable data is unavailable. In such a case, WSSC waives 25% of the water and sewer use in excess of the comparable ADC, or the current ADC if the comparable data is unavailable. A customer may receive such an adjustment only once, for up to two consecutive billing periods.

WSSC Website

The WSSC is responsible for reporting various information to the public on a searchable website it maintains. The website must contain WSSC payment data including the name and location of each payee and the amount of the payment. A payee is defined as a person that receives from WSSC an aggregate payment of \$25,000 in a single fiscal year, not including employees or retirees of WSSC. The website must allow the user to search data for fiscal 2019 and each fiscal year thereafter for data fields including the name and location of the payee. Any information that is required to be kept confidential under federal, State, or local law is not to be included.

WSSC Financial Reports

WSSC is required to (1) publish annually in at least one newspaper in Montgomery County and one newspaper in Prince George's County a copy of its current financial statement; (2) employ a certified public accountant licensed to practice in the State to audit its books and accounts; (3) make available for public inspection during business hours at its principal office the annual audit and current financial statement; and (4) file a certified copy of its annual audit and current financial statement annually with the county executives and county councils of Montgomery and Prince George's counties, as well as to each county's Senate and House delegations to the Maryland General Assembly.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Washington Suburban Sanitary Commission; Prince George's County; Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2025
km/tso Third Reader - March 31, 2025
Revised - Amendment(s) - March 31, 2025

Analysis by: Kayvon Samadani

Direct Inquiries to:
(410) 946-5510
(301) 970-5510