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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

WSSC Transparency and Reform Act of 2025 (HB 1195)

Testimony of Delegate Marc Korman - Favorable

Thank you, Madame Vice Chair, and colleagues on the Environment and Transportation Committee. I come before you to discuss the WSSC Transparency and Reform Act of 2025 (HB 1195). This bill has been voted out of the Montgomery and Prince George's County Delegation unanimously.

This bill is the result of numerous constituent cases and inquiries my office—and likely your offices—have had regarding WSSC. These constituent concerns include surprisingly high bills that arise both from inconsistent billing periods and unexplainable costs that WSSC can sometimes correct through the use of the Refund Hearing Board—where our constituents can try to get repaid for incorrect bills they have already paid for—and the Dispute Resolution Board—where our constituents can challenge incorrect bills before paying. Another significant constituent concern relates to WSSC's rates. For the coming year, WSSC management sought an over 12% increase in rates. The Montgomery and Prince George's County Councils are moving forward with a smaller increase, but it still appears to be in the double digits. And this is just for the rates, not any of the other charges you see on your water bill. I know infrastructure is costly, and we must pay for our needs, but this level of increase is not sustainable. Finally, there is a unique constituent concern in my district where WSSC is renegeing on a 30-year-old arrangement relating to land it is holding for potential future water facilities.

The bill starts by seeking to improve transparency at WSSC. For example, the bill requires the posting of statistics of the Refund Hearing Board and the Dispute Resolution Board to be posted annually on their website to provide full transparency behind how many cases are filed, closed, granted, denied, the amount of refunds requested, and the amount of refunds granted. This information will provide the public with a full picture of how WSSC is handling the refund/dispute process. Similarly, the bill requires that WSSC post its bond rating agency reports and some of the other reports required by the bill on its website for all to see.

The bill also requires WSSC to think more about its long-term sustainability by requiring that WSSC undertake long-range planning and stress test scenarios for a range of economic conditions and funding options. The plan is developed in conjunction with an independent financial advisor. Current law backs WSSC's debt with a potential ad valorem tax on our constituents. This planning exercise will require WSSC to think about how its operating budgets, capital budgets, and debt services can be supported without resorting to ad valorem taxes as well

as a range of such taxes. There has been great discussion around the provision of the bill as related to the impact it may have on its bond rating. Currently, there is an existing legislative backstop for WSSC debt via ad valorem (property) taxes. This provision would require reporting on the level of ad valorem taxes that would be necessary to support WSSC debt, although no such taxes are currently planned. Back in 2007, during the recession, WSSC had a similar report that did not have an impact on WSSC's ability to deliver services. The study of the use of ad valorem taxes should cause no concern to bond rating agencies as it shows WSSC's ability to maintain financial stability.

In addition, the bill contains further reforms, such as stating our intent that WSSC shift to a fixed period billing cycle, similar to our electric utilities. The bill is technology-neutral. Looking at my own four most recent WSSC bills, they range from a 59-day billing cycle to a 125-day cycle. And I know less recent bills have had far longer periods. Oftentimes, we can actually address a constituent inquiry about a high bill by noting to the constituent that the current bill covers double, triple, or quadruple the time range as a prior bill, but this is quite confusing. This provision provides much-needed billing stability for our constituents.

Furthermore, in order to protect our constituents' interests, we had a provision that removed the cap on the number of High Bill Adjustments WSSC can make, that has been amended with a focus on reporting of how many customers had bills that exceeded the limits on high bill adjustments. There is also a requirement to report on the procedural changes WSSC is planning to enhance the customer engagement process for high bills and the implementation of those changes.

In order to ensure better oversight of WSSC, this bill makes one of Montgomery County's three commissioners the Director of our Department of Environmental Protection. The bill has been amended to clarify that the County Executive is given the discretion to make this change at the conclusion of either of the next two current commissioner terms and that the Director can serve as chair or vice chair and removes county residency requirements. This allows subject matter experts who know our county well to be able to weigh in on the decisions that directly impact our constituents. The bill makes no change to the Prince George's members of the Commission.

Another provision of the bill addresses oversight of the legislatively-established Office of the Inspector General. The bill removes WSSC management from the Inspector General's budget process, ensuring that they are truly independent in expressing the needs of their office. This bill requires that there be a triennial peer review of the WSSC Inspector General. The bill also directs that the Inspector General review benchmarking to other systems, effectiveness of capital programming, the WSSC police force, and road work coordination. This allows the Inspector General to conduct a review that increases the efficiency of WSSC as an agency. We all want WSSC to work the best it can for our constituents.

As noted above, the bill also addresses a concern that is unique to my constituents that is currently being negotiated with WSSC on the Avenel-provisions of the bill impacting District 16. This provision of the bill will ensure that WSSC lives up to its commitments and engages in the appropriate dispute-resolution process.

Improvements, reforms, and increased transparency are all important, but there needs to be further understanding and improvement of WSSC going forward. Therefore, the bill requires the WSSC, in coordination with the Department of Legislative Services, to hire a third-party

consultant to review the efficiency and sustainability of WSSC. This review will include a number of requirements that all aim to help us determine how to increase the efficiency of WSSC and ensure its long-term sustainability. I have shared the bill with that office. The independent evaluation would include a review of the WSSC budgetary process, the Public Service Commission's role, and the process for entering consent decrees.

The WSSC Transparency and Reform Act of 2025 will provide stability and increased transparency for ratepayers. I understand that our offices deal with issues relating to WSSC daily. These proposed reforms and changes are aimed at improving the experience our constituents have with WSSC and, in turn, a better experience with the government as a whole. I urge a favorable report.