

KUMAR P. BARVE
CHAIR



FREDERICK H. HOOVER, JR.
BONNIE A. SUCHMAN
ODOGWU OBI LINTON
RYAN C. MCLEAN

PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: HB 1164 - Favorable with Amendment – Water Companies, Sewage Disposal Companies, and Water and Sewage Disposal Companies - Limited-Income Mechanisms

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) requests a favorable report on HB 1164 with consideration of the technical amendments detailed below. The Commission supports the legislation’s goal of exploring whether a limited-income mechanism can feasibly be used for customers of water and sewage companies to ease the burden of high water bills for low income customers. The Commission has been working with the House Sponsor of this bill to ensure it can be implemented effectively, and the technical amendments outlined below are the result of these continuing conversations.

The Commission has noted that the current limited-income mechanism design and process that was recently approved by the Commission for electric and gas companies¹ may not be implementable by water utilities because the mechanism relies on a relatively large customer base to alleviate the effects of bill cross-subsidization. HB 1164’s prescribed feasibility study for a limited-income mechanism specific to water utilities will give the Commission the opportunity to evaluate potential formulations that could work for those companies.

As currently drafted, the bill’s proposed amendments to the low-income mechanism statute may inadvertently conflict with the purpose of the feasibility study. The bill adds water and sewage companies to the definition of a “utility company,” which would likely require those companies to use the limited-income mechanism approved for electric and gas companies. In order to avoid this potential conflict, the Commission recommends removing water and sewage companies from the definition of a utility company, and instead adding the following language to the statute:

“The Commission may require a water company, sewage disposal company, or a water and sewage disposal company to adopt a limited–income mechanism subject to the approval of the Commission in the same manner as a utility company in accordance with this section.”

¹ *Limited Income Mechanisms for Utility Customers*, Order No. 91290 on Limited income Mechanism, PSC Administrative Docket PC 59 (2026).

This addition will ensure the Commission is authorized to proceed with allowing limited-income mechanisms for water and sewage companies in an effective form if they are deemed feasible.

Thank you for the opportunity to provide this testimony. Please contact Niki Wiggins, Director of Legislative Affairs, at niki.wiggins@maryland.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar", with a stylized flourish extending to the right.

Kumar P. Barve
Chair, Maryland Public Service Commission