

LINDA FOLEY  
Legislative District 15  
Montgomery County

Environment and Transportation  
Committee

Chair, Non-Energy Utilities  
Subcommittee



The Maryland House of Delegates  
6 Bladen Street, Room 220  
Annapolis, Maryland 21401  
410-841-3052  
800-492-7122 Ext. 3052  
Linda.Foley@house.maryland.gov

THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony:** HB1164 - Water Companies, Sewage Disposal Companies, and Water and Sewage Disposal Companies – Rate Consolidation and Limited–Income Mechanisms

**Committee:** Environment and Transportation Committee

**Hearing Date:** March 3, 2026

**Position:** Favorable

Good afternoon Chair Korman, Vice Chair Guyton, and members of the Environment and Transportation Committee. For the record, I am Delegate Linda Foley and am presenting HB1164 - Water Companies, Sewage Disposal Companies, and Water and Sewage Disposal Companies – Rate Consolidation and Limited–Income Mechanisms.

HB1164 is a step toward stability, and therefore affordability.

It directs the PSC to let private water and sewer companies combine their different systems together when setting rates. Instead of a small group of neighbors paying rates to cover a large local infrastructure repair, for example, the cost would be spread to rate payers all across the company. This will make rates more stable and predictable for everyone. By spreading the costs of infrastructure and operations across a company's entire customer base, we will move away from volatile, localized price spikes toward stable, regional standards.

Additionally, the bill officially allows private water companies to create assistance programs for low-income households. This ensures that families struggling to make ends meet don't lose access to essential water and sewer services. A similar program is in place for electric utility customers.

This bill is in front of you to help solve issues with erratic costs in Western Maryland. Four communities, Glenn Oaks, Bel Air, Pinto, and Highlandtown Estates communities, are paying exorbitant prices for water. In a breakdown for a usual bill, one customer was charged nearly \$300 for about 4,300 gallons of water.<sup>1</sup> These high bills stem from costs related to renewing infrastructure and lack of regulation of small, private companies in the past. Comparatively, in other areas of Maryland, 4,000 gallons would cost anywhere from \$45-\$100.<sup>2</sup> These high costs often stem from geographical differences, and these disparities are easily solved by allowing rate consolidation across water systems owned by the same company.

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<sup>1</sup> [Water: 'A Luxury We Can't Afford'](#)

<sup>2</sup> [WSSC, Annapolis, Brunswick, MD](#)

Rate consolidation has been successful in neighboring states like Virginia and New Jersey.<sup>3</sup> In Virginia, the Hampton Road Sanitation District case study serves as powerful evidence for the level of affordability and regional efficiency that this bill can achieve. Smaller localities like Gloucester and Isle of Wight would have faced astronomical costs to meet federal mandates to update infrastructure. By shifting from a fractured, 14-locality approach to a coordinated regional strategy for wet weather management, the region projected a staggering \$1.1 billion reduction in overall cost of water quality improvements. By sharing the burden through a regional entity, we can protect ratepayers from price volatility whenever small utilities are forced to undertake massive infrastructure projects.

In Haddonfield, New Jersey, consolidation proved to be one of the most effective tools for easing the financial burden on residents. In Haddonfield, by integrating into a utility with 650,000 accounts, the costs of multi-million dollar repairs were spread across a massive customer base. Under independent operation, rates were projected to increase by 25%, but through rate consolidation, a safeguard was implemented, protecting rate payers from those spikes.

While these cases are not one to one with what is occurring in Western Maryland, they demonstrate the power of rate consolidation in increasing affordability. As private water companies acquire smaller companies, the cost of administration and regulation increases, and the costs are currently applied unequally. Through rate consolidation, most Western Marylanders will experience stability in their water rates.

The limited income mechanism in the bill already exists for electric and gas utilities. This bill extends it to water and sewer utilities. The limited income mechanism for electric and gas was adopted in 2021.<sup>4</sup> In the US, monthly water and sewer bills represent a disproportionate financial burden for low income households, as high as 40% of total earnings for those at 75% of the poverty level.<sup>5</sup> We have seen the positive impact of limited income mechanisms in the energy sector; it is only logical to bring the same relief to water and sewer services.

HB1164 is a proven solution for an urgent need, and it makes water and sewer utilities more affordable for Marylanders. I ask you for a favorable report, thank you.

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<sup>3</sup> [Virginia and New Jersey](#)

<sup>4</sup> <https://mgaleg.maryland.gov/2021RS/bills/hb/hb0606E.pdf>

<sup>5</sup> [LIHWAP Water Utility Affordability Survey Report](#)