

Bill No.: \_\_\_\_\_  
Requested: \_\_\_\_\_  
Committee: \_\_\_\_\_

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

A BILL ENTITLED

1 AN ACT concerning

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

3 **PG/MC 112–18**

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 to include a  
9 certain component; altering the methods by which the minimum or ready to serve  
10 charge and the service charge for water used may be based; requiring the  
11 Commission to establish a Bi–County Working Group to review certain information  
12 if the Commission chooses to establish certain rates; specifying the membership of  
13 the working group; requiring the working group to be similar to a certain other  
14 working group; requiring the working group to solicit certain input from a variety of  
15 customers; requiring the working group to report recommendations to the  
16 Commission and its General Manager on or before a certain date; defining a certain  
17 term; providing for a delayed effective date; and generally relating to the service  
18 rates of the Washington Suburban Sanitary Commission.

19 BY repealing and reenacting, with amendments,  
20 Article – Public Utilities

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1 Section 25–501 and 25–502(a)  
2 Annotated Code of Maryland  
3 (2010 Replacement Volume and 2017 Supplement)

4 Preamble

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

7 WHEREAS, In addition to the requirement that the Commission must establish  
8 rates and charges that are uniform throughout the sanitary district, the Commission  
9 should have the option to establish rates or charges by customer classes when reviewing  
10 rates or charges in the future; and

11 WHEREAS, Other Maryland water and sewer providers, such as the providers in  
12 Baltimore City, Charles County, Howard County, the City of Annapolis, and the City of  
13 Rockville, have the authority to establish rates and charges by customer classes; and

14 WHEREAS, The Commission has been reviewing and considering alternative rate  
15 structures and intends to select a new rate structure in June 2018 with likely  
16 implementation in 2019; and

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

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

24 WHEREAS, The American Water Works Association’s Manual of Practice M–1  
25 “Principles of Water, Rates, Fees and Charges” and the Water Environment Federation’s  
26 Manual of Practice No. 27 “Financing and Charges for Wastewater Systems”, the industry’s  
27 best practices manuals, include multiple examples of class–based rates, fees, and charges;  
28 and

29 WHEREAS, The Commission’s current customer billing system is antiquated and

1 cannot support rate structures based on customer classes; and

2 WHEREAS, The Commission expects to transition to a new customer-to-meter  
3 billing system in 2019; and

4 WHEREAS, Additional information on customer accounts from the new  
5 customer-to-meter billing system and a new cost of service study will be needed before the  
6 Commission can consider establishing rates or charges by customer classes; and

7 WHEREAS, The Commission desires the input of a variety of stakeholders, subject  
8 matter experts, and customers on potential customer classes before the Commission can  
9 consider establishing rates or charges by customer classes; now, therefore,

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

12 **Article – Public Utilities**

13 25–501.

14 (a) **IN THIS SECTION, “CLASS” INCLUDES A CLASS BASED ON THE SIZE OF**  
15 **THE METER ON THE WATER CONNECTION LEADING TO THE PROPERTY.**

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

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

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

22 [(b)] (c) [The] **EACH** service rate:

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

25 (2) shall be uniform **FOR A CLASS** throughout the sanitary district; and

1           (3)     may be changed as necessary.

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

4           **[(c)] (E)**     (1)     Notwithstanding any other law, on or before July 1, 2015, the  
5 Commission shall establish a Customer Assistance Program to provide financial assistance  
6 with water and sewer bills to eligible ratepayers.

7                     (2)     (i)     The Commission shall establish income eligibility standards for  
8 a ratepayer to receive financial assistance under this subsection.

9                             (ii)    The income eligibility standards established under this  
10 paragraph shall be applied uniformly throughout the sanitary district.

11                    (3)     The Customer Assistance Program shall be funded from Commission  
12 revenues.

13 25–502.

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

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

18                             (ii)    a charge for water used.

19                    (2)     The minimum or ready to serve charge **[shall] MAY** be based on the size  
20 of the meter on the water connection leading to the property **OR ON OTHER CRITERIA**  
21 **DETERMINED IN ACCORDANCE WITH REGULATIONS THE COMMISSION ADOPTS.**

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That:

2 (a) On or after January 1, 2020, if the Washington Suburban Sanitary  
3 Commission chooses to consider establishing multiple customer classes, the Commission  
4 shall establish a Bi-County Working Group to review potential customer classes and other  
5 rate features or charges that could be implemented with a nonuniform rate requirement  
6 for all customers in the sanitary district.

7 (b) The Bi-County Working Group established under subsection (a) of this section  
8 shall:

9 (1) consist of stakeholders and subject matter experts;

10 (2) to the extent possible, be similar to the Bi-County Rate Structure  
11 Working Group that was established in 2016 to undertake a structured strategic review of  
12 alternative rate structures;

13 (3) solicit input from a variety of customers on potential customer classes  
14 and class-based rate structures or charges; and

15 (4) report its recommendations to the Commission and the General  
16 Manager of the Commission on or before July 1, 2020.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 January 1, 2020.