



House Bill 918

Environment – Water Services – Water Affordability Program

MACo Position: **OPPOSE**

To: Environment and Transportation Committee

Date: February 24, 2017

From: Barbara Zektick

The Maryland Association of Counties (MACo) **OPPOSES** HB 918. This bill requires providers of water, wastewater, and stormwater services to cap service charges for customers who meet certain income thresholds, verify those customers' financial situations to confirm benefit eligibility, and analyze those customers' bills to confirm they are receiving the smallest bills possible, among a number of other onerous requirements. In addition, it requires regular reports from each of Maryland's hundreds of utility providers to the General Assembly, and prohibits providers from recovering additional costs in specific circumstances.

While noble in its intent, this bill prevents service providers from recovering lost revenues and increased administrative costs in some cases, and in others, transfers costs for providing water and other services onto other ratepayers. Counties often budget for water and wastewater systems using enterprise funds, meaning that they recover costs for services almost primarily through user fees. At best, this bill will result in unjustly reassigning infrastructure costs to those ineligible for the benefits offered by the program. A preferable approach would fund utility bill subsidies from sources other than the utility bills of fellow customers. Worse, if providers cannot recover costs to operate their systems, bond ratings will suffer, and critical infrastructure repairs will go unaddressed - threatening the integrity of water and wastewater systems for everyone.

In addition, even if the one-size-fits-all prescriptive terms of the bill apply in one or a few jurisdictions, they do not apply appropriately for all service providers in Maryland. Local governments currently have the autonomy to run their utility systems as most appropriate for their jurisdictions. The increased administrative burden and costs associated with providing the benefits required by this bill simply cannot be borne by many smaller service providers – nor are the qualification conditions necessarily applicable for their customer base.

Finally, the bill is unnecessary. Many jurisdictions offer credits, payment plans, and other benefits for customers experiencing hardship. Local governments are already addressing the concerns this bill seeks to address.

HB 918 threatens the ability of service providers to fund critical infrastructure, funds subsidies for utility bills on the backs of rate-paying customers, applies a one-size-fits-all scheme that fails to address the unique needs of Maryland's multitude of public utility systems, and does not target customers experiencing hardship as efficiently as utility providers already do - without statewide mandates. For these reasons, MACo **OPPOSES** HB 918 and urges an **UNFAVORABLE** report.