

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: **House Bill 511**
Water and Sewage Disposal Companies– Rate Cases
and Proceedings

COMMITTEE: **Economic Matters**

HEARING DATE: **February 9, 2017**

SPONSORS: **Delegates Jameson et al.**

POSITION: **Favorable Report**

House Bill 511 bill authorizes the technical staff (Staff) of the Public Service Commission (PSC) to assist small water or sewage disposal companies to create a sufficient record for establishing proposed just and reasonable rates, subject to specified conditions. The availability of staff-assisted rate cases would be restricted to water and sewage disposal companies with gross annual revenues of less than \$1.0 million in the most recent calendar year. The PSC must adopt regulations to establish formal rules for these staff-assisted rate cases.

The Office of People's Counsel(OPC) recommends a FAVORABLE report on House Bill 511. By statute, OPC represents the residential class of customers in rate cases before the PSC, including the rate cases of these small companies. In OPC's experience, very small water and sewage disposal companies sometimes lack the resources and personnel to present sufficient evidence to the PSC to enable them to meet the statutory standard for "just and reasonable rates." This currently causes the PSC Staff to informally offer its assistance to get the company records

organized in such a way that the company can meet its burden of proof to show by substantial evidence that the requested increase is necessary to provide safe and adequate service. This Bill formalizes a process that is already occurring and makes clear that the PSC Staff is permitted to offer assistance for these very small companies. From OPC's perspective, this type of PSC Staff assistance actually can benefit the regulatory process and make it easier for OPC to carry out its responsibilities.

For these reasons, OPC recommends a FAVORABLE report on House Bill 511.