

ORDER NO. 91617

Settlement Agreement for Staff-Assisted *
Rate Case for Nine Water Utilities Located *
in Southern Maryland for Authority to *
Increase its Rates and Charges for Water *
Services *
_____ *

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

Case No. 9750

Issue Date: April 18, 2025

ORDER APPROVING SETTLEMENT

Upon further proceedings in this matter, including consideration of the Joint Statement in Continued Support of the Settlement (“Joint Statement”)¹ in this case between the nine water companies owned and operated by Mr. Edward Carey Crooks in Charles and Calvert Counties Maryland (“the Water Companies”);² the Maryland Office of People’s Counsel (“OPC”); and the Commission Technical Staff (“Staff”) (collectively “the Parties”), as well as a hearing on April 10, 2025, the Commission hereby approves the Settlement, subject to the modified customer protections included in the Joint Statement and certain revisions directed herein. The Settlement rates approved in this Order shall take effect on May 1, 2025.

Accordingly, and pursuant to this Order, the Proposed Order of the Public Utility Law Judge in this matter is hereby modified.

The Commission denies the Public Utility Law Judge’s rejection of the settlement rate model and directs instead that rates be established as filed in the Settlement. The Commission agrees that without authorizing carrying costs to implement a four-year rate phase-in, as prescribed in the Proposed Order, would be confiscatory.

¹ Maillog No. 317996.

² The companies include Calvert Beach Water Company Inc., Pine Hill Water Company, Inc., Pomomkey Water Company, Inc., Pomunk Utilities, Inc., Red Hill Water Company, Inc., Tip Hill Water Company, Utilco, Western Shores Water Company, Inc., and White Plains Water Company, Inc.

The Commission reviewed the Water Companies proposed tariff provisions filed with the Joint Statement, and as provided herein directs the Water Companies to modify and refile appropriate tariff pages with the Commission.

The rules associated with re-establishment of deposits for non-payment in the Water Companies' proposed tariffs accompanying the Parties' Joint Statement do not align with Code of Maryland Regulations ("COMAR") 20.30.02.04 associated with monthly billing, which limits deposits to no more than 2/12 of estimated charges for the ensuing 12 months. Additionally, a utility may only require the re-establishment of a deposit for reasons listed under COMAR 20.30.02.03, one of which is failure to pay a bill on time twice in a 12-month period, not once. The Water Companies shall revise and refile the appropriate tariff pages accordingly. Additionally, there are various rules associated with deposits under COMAR 20.30.02 that are not included within the tariff pages, which must be adhered to regardless that they are not listed among the Water Companies' tariff pages. The Water Companies should review their internal deposit practices to ensure they are in full compliance with the provisions of COMAR 20.30.02.

The Water Companies proposed tariff pages also include language to address the Environmental Protection Agency ("EPA") Lead and Copper Rule Revisions ("LCRR") Compliance Surcharge. The Commission directs the removal of the tariff language stating that "and any credit or additional surcharge to reflect such true-up shall apply for a 12-month period beginning on a date specified by the Commission." Instead, subject to a filing by the Water Companies demonstrating the actual cost of compliance with the EPA rules covered by this surcharge for prudence, the Commission will determine the collection or refund surcharge period based on the facts at that time.

The Commission also notes that while the catch-all provision in the tariff pages refers to COMAR 20.70 by title, “Service Supplied by Water Companies,” the Water Companies are required to adhere to all COMAR provisions applicable to a water company, not just those in COMAR 20.70.

The Commission has reviewed the proposed customer notice filed with the Commission on Monday, April 14, 2025, and accepts the notice provision with one modification. The Water Companies shall include language that discloses to the customers they will switch from quarterly to monthly billing and include the timelines for paying bills under the new monthly billing arrangement to the extent they deviate from previous practices.

Finally, after reviewing the Parties’ response to the Commission’s Bench Data Request, the Commission finds that additional information is warranted regarding the Water Companies’ affiliate relationships, and directs Staff to further investigate the Water Companies’ outside service costs, and the Water Companies’ compliance with COMAR Title 20, Subtitle 40 (Affiliate Regulations). Staff is directed to report its findings and any recommendations related to this investigation to the Commission within 90 days of this Order.

IT IS THEREFORE, this 18th day of April, in the year Two Thousand Twenty-Five, by the Public Service Commission of Maryland, **ORDERED**:

(1) that the Proposed Order of the Public Utility Law Judge in this matter is modified;

(2) that the Settlement proposed by the Parties in this case is approved, with an effective date of May 1, 2025, subject to the modified customer protections included in the Parties’ Joint Statement and as specified herein; and

(3) that the Water Companies are directed to file tariffs in compliance with this Order with the effective dates prescribed herein, subject to acceptance by the Commission.

/s/ Frederick H. Hoover, Jr.

/s/ Michael T. Richard

/s/ Kumar P. Barve

/s/ Bonnie A. Suchman

Commissioners