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BILL NO.: **Senate Bill 397**
Public Utilities – Apartment Houses and
Commercial Buildings – Service Charges

COMMITTEE: **Senate Finance**

HEARING DATE: **February 6, 2018**

SPONSORS: **Senator Astle**

POSITION: **Informational**

Senate Bill 397 modifies existing Public Service Commission (Commission) law regarding the billing and collection of service charges from residential and business renters who are not utility account holders. Since the residential renters are not customers of the regulated utilities, the Office of People's Counsel (OPC) does not represent their interests. However, OPC is familiar with the Commission law and regulations regarding meters and billing, and offers this information to the Committee.

The Commission has authority over the use of gas and electric meters used for billing purposes.¹ The Bill addresses the circumstances where the building owner is the account holder with the gas or electric utility; the renters do not have utility accounts. Submeters measure the actual energy usage of each residential or commercial rental unit in a residential or commercial

¹ PUA § 7-301(a).

building; the leaseholder is billed based on the actual usage.² Alternatively, some building owners rely on energy allocation systems instead of submeters. These systems provide a means of approximating energy usage within a rental unit with the use of a measuring device or equipment.³ An owner must file an application with, and obtain approval from, the Commission before such a system can be used in a building to bill and collect estimated energy costs.⁴ Commission regulations require the owner to disclose specific information about the use of the energy allocation system, billing and estimated energy costs.⁵ Because of the prohibition on collection of service charges, the regulations do not require disclosure of the service charge.

Commission law limits the collection of additional service charges from submetering customers to \$1 per month.⁶ Owners using energy allocation systems are prohibited by Commission regulation from billing and collection of any service charges.⁷ Senate Bill 397 would modify both of these limitations and allow billing and collection of “actual costs per unit per month to cover administrative costs and billing.” These costs would be in addition to the monthly rent and cost of the energy attributed to the rental unit. There is no limit on the service charge, and no formula for calculating the service charges allocated to each leaseholder.

The submeters and energy allocation systems are addressed in Public Service Commission law. However, the leaseholders are not customers of the gas and electric companies. Therefore, any dispute between the leaseholder and the building owner about the operation of the

² PUA § 7-303 (a) (7).

³ PUA § 7-304 (a) (4).

⁴ PUA § 7-304 (b).

⁵ COMAR 20.26.02.03 and COMAR 20.26.03.02, .03 and .04.

⁶ PUA § 7-303 (d) (2) (iii).

⁷ COMAR 20.26.02.02B(2).

submeter or energy allocation system, or the bills, will not be heard by the Commission. Instead, the law requires the leaseholders to submit complaints to state or local consumer agencies (in the case of energy allocation systems, to the Office of Attorney General, Consumer Protection Division). With this change to the service charge limitations, a consumer complaint about the “actual cost” charged to the leaseholder would need to be submitted to those agencies for possible resolution.