

ASSEMBLY, No. 231

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

SYNOPSIS

Establishes uniform rates for water and sewer services for residential use based exclusively on metered consumption.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning water and sewer rates for residential use and
2 amending various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 8 of P.L.1946, c.138 (C.40:14A-8) is amended to
8 read as follows:

9 8. (a) Every sewerage authority is hereby authorized to charge
10 and collect rents, rates, fees or other charges (in **[this act]**
11 P.L.1946, c.138 (C.40:14A-1 et seq.), sometimes referred to as
12 "service charges") for direct or indirect connection with, or the use
13 or services of, the sewerage system. Such service charges may be
14 charged to and collected from any person contracting for such
15 connection or use or services or from the owner or occupant, or
16 both of them, of any real property which directly or indirectly is or
17 has been connected with the system or from or on which originates
18 or has originated sewage or other wastes which directly or
19 indirectly have entered or may enter the sewerage system, and the
20 owner of any such real property shall be liable for and shall pay
21 such service charges to the sewerage authority at the time when and
22 the place where such service charges are due and payable.

23 (b) Rents, rates, fees and charges for commercial use of
24 sewerage services, which may be payable periodically, being in the
25 nature of use or service charges, shall as nearly as the sewerage
26 authority shall deem practicable and equitable be uniform
27 throughout the district for the same type, class and amount of use or
28 service of the sewerage system **[**, except as permitted by section 1
29 of P.L.1994, c.78 (C.40:14A-8.2),**]** and may be based or computed
30 either on the consumption of water on or in connection with the real
31 property **[**, making due allowance for commercial use of water,**]** or
32 on the number and kind of water outlets on or in connection with
33 the real property, or on the number and kind of plumbing or
34 sewerage fixtures or facilities on or in connection with the real
35 property, or on the number of persons **[**residing or**]** working on or
36 otherwise connected or identified with the real property, or on the
37 capacity of the improvements on or connected with the real
38 property, or on any other factors determining the type, class and
39 amount of use or service of the sewerage system, or on any
40 combination of any such factors, and may give weight to the
41 characteristics of the sewage and other wastes and any other special
42 matter affecting the cost of treatment and disposal thereof,
43 including chlorine demand, biochemical oxygen demand,
44 concentration of solids and chemical composition. Rents, rates,
45 fees, and charges for residential use of sewerage services shall be

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 uniform throughout the district for the same type, class, and amount
2 of use or service of the sewerage system, except as permitted by
3 section 1 of P.L.1994, c.78 (C.40:14A-8.2), and shall be based or
4 computed on the metered consumption of water on or in connection
5 with the real property; provided, however, that a residential
6 customer with a separate account for outdoor water or sewerage
7 services shall not be charged sewerage disposal fees for water
8 obtained from an outdoor source or recorded by a meter dedicated
9 to the outdoor account. A sewerage authority may establish a tiered
10 system of rates, through which the authority may charge residential
11 customers different rates based upon the total metered units of
12 water consumed on or in connection with the real property in a
13 billing cycle. In addition to any such periodic service charges, a
14 separate charge in the nature of a connection fee or tapping fee, in
15 respect of each connection of any property with the sewerage
16 system, may be imposed upon the owner or occupant of the
17 property so connected. Such connection charges shall be uniform
18 within each class of users, except as provided by section 2 of
19 P.L.2005, c.29 (C.40:14A-8.30) and except as provided by section 2
20 of P.L.2005, c.173 (C.40:14A-8.4), and the amount thereof shall not
21 exceed the actual cost of the physical connection, if made by the
22 authority, plus an amount computed in the following manner to
23 represent a fair payment toward the cost of the system:

24 (1) The amount representing all debt service, including but not
25 limited to sinking funds, reserve funds, the principal and interest on
26 bonds, and the amount of any loans and interest thereon, paid by the
27 sewerage authority to defray the capital cost of developing the
28 system as of the end of the immediately preceding fiscal year of the
29 authority shall be added to all capital expenditures made by the
30 authority not funded by a bond ordinance or debt for the
31 development of the system as of the end of the immediately
32 preceding fiscal year of the authority.

33 (2) Any gifts, contributions or subsidies to the authority
34 received from, and not reimbursed or reimbursable to any federal,
35 State, county or municipal government or agency or any private
36 person, and that portion of amounts paid to the authority by a public
37 entity under a service agreement or service contract which is not
38 repaid to the public entity by the authority, shall then be subtracted.

39 (3) The remainder shall be divided by the total number of
40 service units served by the authority at the end of the immediately
41 preceding fiscal year of the authority, and the results shall then be
42 apportioned to each new connector according to the number of
43 service units attributed to that connector, to produce the connector's
44 contribution to the cost of the system. In attributing service units to
45 each connector, the estimated average daily flow of sewage for the
46 connector shall be divided by the average daily flow of sewage for
47 the average single family residence in the authority's district to
48 produce the number of service units to be attributed.

1 The connection fee shall be recomputed at the end of each fiscal
2 year of the authority, after a public hearing is held in the manner
3 prescribed in subsection (c) of this section. The revised connection
4 fee may be imposed upon those who subsequently connect in that
5 fiscal year to the system. The combination of such connection fee
6 or tapping fee and the aforesaid periodic service charges shall meet
7 the requirements of subsection (c) hereof.

8 (c) The sewerage authority shall prescribe and from time to time
9 when necessary revise a schedule of service charges, which shall
10 comply with the terms of any contract of the sewerage authority and
11 in any event shall be such that the revenues of the sewerage
12 authority will at all times be adequate to pay all expenses of
13 operation and maintenance of the sewerage system, including
14 reserves, insurance, extensions, and replacements, and to pay
15 punctually the principal of and interest on any bonds and to
16 maintain such reserves or sinking funds therefor as may be required
17 by the terms of any contract of the sewerage authority or as may be
18 deemed necessary or desirable by the sewerage authority. Said
19 schedule shall thus be prescribed and from time to time revised by
20 the sewerage authority after public hearing thereon which shall be
21 held by the sewerage authority at least 20 days after notice of the
22 proposed adjustment is mailed to the clerk of each municipality
23 serviced by the authority and publication of notice of the proposed
24 adjustment of the service charges and of the time and place of the
25 public hearing in at least two newspapers of general circulation in
26 the area serviced by the authority. The sewerage authority shall
27 provide evidence at the hearing showing that the proposed
28 adjustment of the service charges is necessary and reasonable, and
29 shall provide the opportunity for cross-examination of persons
30 offering such evidence, and a transcript of the hearing shall be made
31 and a copy thereof shall be available upon request to any interested
32 party at a reasonable fee. The sewerage authority shall likewise fix
33 and determine the time or times when and the place or places where
34 such service charges shall be due and payable and may require that
35 such service charges shall be paid in advance for periods of not
36 more than one year. A copy of such schedule of service charges in
37 effect shall at all times be kept on file at the principal office of the
38 sewerage authority and shall at all reasonable times be open to
39 public inspection.

40 (d) Any county sewerage authority may establish sewerage
41 regions in portions of the district. Rents, rates, fees and charges
42 which may be payable periodically, being in the nature of use or
43 service charges, shall as nearly as the sewerage authority shall deem
44 practicable and equitable, be uniform throughout the district for the
45 same type, class and amount of use or service of the sewerage
46 systems, except as permitted by section 1 of P.L.1994,

1 c.78 (C.40:14A-8.2), and shall meet all other requirements of
2 subsection (b) hereof.

3 (cf: P.L.2005, c.173, s.1)

4
5 2. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
6 read as follows:

7 21. a. Every municipal authority is hereby authorized to charge
8 and collect rents, rates, fees or other charges (in **[this act]**
9 P.L.1957, c.183 (C.40:14B-1 et seq.), sometimes referred to as
10 "water service charges") for direct or indirect connection with, or
11 the use, products or services of, the water system, or for sale of
12 water or water supply services, water supply facilities or products.
13 Such water service charges may be charged to and collected from
14 any person contracting for such connection or use, products or
15 services or for such sale or from the owner or occupant, or both of
16 them, of any real property which directly or indirectly is or has been
17 connected with the water system or to which directly or indirectly
18 has been supplied or furnished such use, products or services of the
19 water system or water or water supply services, water supply
20 facilities or products, and the owner of any such real property shall
21 be liable for and shall pay such water service charges to the
22 municipal authority at the time when and place where such water
23 service charges are due and payable. Such rents, rates, fees and
24 charges for commercial use of water services shall as nearly as the
25 municipal authority shall deem practicable and equitable be uniform
26 throughout the district for the same type, class and amount of use,
27 products or services of the water system **[**, except as permitted by
28 section 1 of P.L.1992, c.215 (C.40:14B-22.2),**]** and may be based or
29 computed either on the consumption of water on or in connection
30 with the real property, or on the number and kind of water outlets
31 on or in connection with the real property, or on the number and
32 kind of plumbing fixtures or facilities on or in connection with the
33 real property, or on the number of persons **[residing or]** working on
34 or otherwise connected or identified with the real property, or on
35 the capacity of the improvements on or connected with the real
36 property, or on any other factors determining the type, class and
37 amount of use, products or services of the water system supplied or
38 furnished, or on any combination of such factors, and may give
39 weight to the characteristics of the water or water services, facilities
40 or products and, as to service outside the district, any other matter
41 affecting the cost of supplying or furnishing the same, including the
42 cost of installation of necessary physical properties. Rents, rates,
43 fees, and charges for residential use of water services shall be
44 uniform throughout the district for the same type, class, and amount
45 of use, products, or services of the water system, except as
46 permitted by section 1 of P.L.1992, c.215 (C.40:14B-22.2), and
47 shall be based or computed on the metered consumption of water on
48 or in connection with the real property. A municipal authority may

1 establish a tiered system of rates, through which the authority may
2 charge different rates based upon the total metered units of water
3 consumed on or in connection with the real property in a billing
4 cycle.

5 Every municipal authority that furnishes water supply services or
6 operates water supply facilities shall establish a rate structure that
7 provides for uniform water service charges for water supply service
8 and fire protection systems.

9 No municipal authority may impose standby fees or charges for
10 any fire protection system to a residential customer served by a
11 water service line of two inches or less in diameter.

12 Nothing in this section shall preclude a municipal authority from
13 requiring separate dedicated service lines for fire protection. A
14 municipal authority may require that fire service lines be metered.
15 Nothing in this section shall alter the liability for maintenance and
16 repair of service lines which exists on the effective date of
17 P.L.2003, c.278.

18 b. In addition to any such water service charges, a separate
19 charge in the nature of a connection fee or tapping fee, in respect of
20 each connection of any property with the water system, may be
21 imposed upon the owner or occupant of the property so connected.
22 Such connection charges shall be uniform within each class of
23 users, except as provided by section 5 of P.L.2005, c.29 (C.40:14B-
24 22.3) and except as provided by section 5 of P.L.2005,
25 c.173 (C.40:14B-22.4), and the amount thereof shall not exceed the
26 actual cost of the physical connection, if made by the authority, plus
27 an amount computed in the following manner to represent a fair
28 payment toward the cost of the system:

29 (1) The amount representing all debt service, including but not
30 limited to sinking funds, reserve funds, the principal and interest on
31 bonds, and the amount of any loans and interest thereon, paid by a
32 municipal authority to defray the capital cost of developing the
33 system as of the end of the immediately preceding fiscal year of the
34 authority shall be added to all capital expenditures made by the
35 authority not funded by a bond ordinance or debt for the
36 development of the system as of the end of the immediately
37 preceding fiscal year of the authority.

38 (2) Any gifts, contributions or subsidies to the authority
39 received from, and not reimbursed or reimbursable to any federal,
40 State, county or municipal government or agency or any private
41 person, and that portion of amounts paid to the authority by a public
42 entity under a service agreement or service contract which is not
43 repaid to the public entity by the authority, shall then be subtracted.

44 (3) The remainder shall be divided by the total number of
45 service units served by the authority at the end of the immediately
46 preceding fiscal year of the authority, and the results shall then be
47 apportioned to each new connector according to the number of
48 service units attributed to that connector, to produce the connector's

1 contribution to the cost of the system. In attributing service units to
2 each connector, the estimated average daily flow of water for the
3 connector shall be divided by the average daily flow of water to the
4 average single family residence in the authority's district, to
5 produce the number of service units to be attributed.

6 c. The connection fee shall be recomputed at the end of each
7 fiscal year of the authority, after a public hearing is held in the
8 manner prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23).
9 The revised connection fee may be imposed upon those who
10 subsequently connect in that fiscal year to the system. The
11 combination of such connection fee or tapping fee and the aforesaid
12 water service charges all meet the requirements of section 23 of
13 P.L.1957, c.183 (C.40:14B-23).

14 d. The foregoing notwithstanding, no municipal authority shall
15 impose any charges or fees in excess of the cost of water actually
16 used for any sprinkler system required to be installed in any
17 residential health care facility pursuant to the "Health Care
18 Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
19 regulations promulgated thereunder or in any rooming or boarding
20 house pursuant to the "Rooming and Boarding House Act of 1979,"
21 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
22 thereunder. Nothing herein shall preclude any municipal authority
23 from charging for the actual cost of water main connections, except
24 as provided by section 5 of P.L.2005, c.29 (C.40:14B-22.3) and
25 except as provided by section 5 of P.L.2005, c.173 (C.40:14B-
26 22.4).

27 (cf: P.L.2005, c.173, s.3)

28
29 3. Section 22 of P.L.1957, c.183 (C.40:14B-22) is amended to
30 read as follows:

31 22. Every municipal authority is hereby authorized to charge and
32 collect rents, rates, fees or other charges (in **【this act】** P.L.1957,
33 c.183 (C.40:14B-1 et seq.), sometimes referred to as "sewerage
34 service charges") for direct or indirect connection with, or the use
35 or services of, the sewerage system. Such sewerage service charges
36 may be charged to and collected from any person contracting for
37 such connection or use or services or from the owner or occupant,
38 or both of them, of any real property which directly or indirectly is
39 or has been connected with the sewerage system or from or on
40 which originates or has originated sewage or other wastes which
41 directly or indirectly have entered or may enter the sewerage
42 system, and the owner of any such real property shall be liable for
43 and shall pay such sewerage service charges to the municipal
44 authority at the time when and place where such sewerage service
45 charges are due and payable. Such rents, rates, fees and charges for
46 commercial use of sewerage services, being in the nature of use or
47 service charges, shall as nearly as the municipal authority shall
48 deem practicable and equitable be uniform throughout the district

1 for the same type, class and amount of use or service of the
2 sewerage system [, except as permitted by section 1 of P.L.1992,
3 c.215 (C.40:14B-22.2),] and may be based or computed either on
4 the consumption of water on or in connection with the real property
5 [, making due allowance for commercial use of water,] or on the
6 number and kind of water outlets on or in connection with the real
7 property, or on the number and kind of plumbing or sewerage
8 fixtures or facilities on or in connection with the real property, or on
9 the number of persons [residing or] working on or otherwise
10 connected or identified with the real property, or on the capacity of
11 the improvements on or connected with the real property, or on any
12 other factors determining the type, class and amount of use or
13 service of the sewerage system, or on any combination of any such
14 factors, and may give weight to the characteristics of the sewage
15 and other wastes and any other special matter affecting the cost of
16 treatment and disposal of the same, including chlorine demand,
17 biochemical oxygen demand, concentration of solids and chemical
18 composition, and, as to service outside the district, the cost of
19 installation of necessary physical properties. Rents, rates, fees, and
20 charges for residential use of sewerage services shall be uniform
21 throughout the district for the same type, class, and amount of use,
22 products, or services of the water system, except as permitted by
23 section 1 of P.L.1992, c.215 (C.40:14B-22.2), and shall be based or
24 computed on the metered consumption of water on or in connection
25 with the real property; provided, however, that a residential
26 customer with a separate account for outdoor water services shall
27 not be charged sewerage disposal fees for water obtained for
28 outdoor use or recorded by a meter dedicated to the outdoor
29 account. In addition to any such sewerage service charges, a
30 separate charge in the nature of a connection fee or tapping fee, in
31 respect of each connection of any property with the sewerage
32 system, may be imposed upon the owner or occupant of the
33 property so connected. Such connection charges shall be uniform
34 within each class of users, except as provided by section 5 of
35 P.L.2005, c.29 (C.40:14B-22.3) and except as provided by section 5
36 of P.L.2005, c.173 (C.44:14B-22.4), and the amount thereof shall
37 not exceed the actual cost of the physical connection, if made by the
38 authority, plus an amount computed in the following manner to
39 represent a fair payment towards the cost of the system:

40 a. The amount representing all debt service, including but not
41 limited to sinking funds, reserve funds, the principal and interest on
42 bonds, and the amount of any loans and the interest thereon, paid by
43 the municipal authority to defray the capital cost of developing the
44 system as of the end of the immediately preceding fiscal year of the
45 authority shall be added to all capital expenditures made by a
46 municipal authority not funded by a bond ordinance or debt for the
47 development of the system as of the end of the immediately
48 preceding fiscal year of the authority.

1 b. Any gifts, contributions or subsidies to the authority
2 received from, and not reimbursed or reimbursable to, any federal,
3 State, county or municipal government or agency or any private
4 person, and that portion of amounts paid to the authority by a public
5 entity under a service agreement or service contract which is not
6 repaid to the public entity by the authority, shall then be subtracted.

7 c. The remainder shall be divided by the total number of
8 service units served by the authority at the end of the immediately
9 preceding fiscal year of the authority, and the results shall then be
10 apportioned to each new connector according to the number of
11 service units attributed to that connector. In attributing service
12 units to each connector, the estimated average daily flow of sewage
13 for the connector shall be divided by the average daily flow of
14 sewage from the average single family residence in the authority's
15 district, to produce the number of service units to be attributed.

16 The connection fee shall be recomputed at the end of each fiscal
17 year of the authority, after a public hearing is held in the manner
18 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The
19 revised connection fee may be imposed upon those who
20 subsequently connect in that fiscal year to the system.

21 The combination of such connection fee or tapping fee and the
22 aforesaid sewerage service charges shall meet the requirements of
23 section 23 of P.L.1957, c.183 (C.40:14B-23).

24 (cf: P.L.2005, c.173, s.4)

25

26 4. R.S.40:62-107 is amended to read as follows:

27 40:62-107. The governing body of any municipality owning its
28 water and sewer systems and operating the same as one utility may
29 fix a combination water and sewer rental in the same manner as a
30 municipal authority pursuant to the provisions of sections 21 and 22
31 of P.L.1957, c.183 (C.40:14B-21 and C.40:14B-22) concerning the
32 computation of rates and rentals, and in case prompt payment of
33 said combined rent is not made according to the regulations adopted
34 by said governing body cause said water to be shut off from such
35 houses, tenements, buildings or other premises so supplied and not
36 to turn the same on again until all arrears, with interest and
37 penalties, shall be fully paid.

38 (cf: R.S.40:62-107)

39

40 5. R.S.40:62-107.6 is amended to read as follows:

41 40:62-107.6. a. After any municipality shall have purchased a
42 water distribution system pursuant to sections 40:62-107.4 and
43 40:62-107.5 of this title, the governing body of the municipality
44 shall be authorized to operate the water distribution system as
45 nearly as may be as a part of its own system, and any schedule of
46 rates, rents, charges and penalties which the governing body shall
47 thereafter fix shall be applicable to water users within both
48 municipalities, and in the collection of all rates, rents, charges and

1 penalties the municipality shall have all the rights and remedies that
2 may apply to private water companies supplying water to
3 municipalities of this State.

4 b. The governing body of a municipality that has purchased a
5 water distribution system shall establish a rate structure that
6 provides for uniform rates, rentals, or other service charges for
7 water supply service and fire protection systems in the same manner
8 as a municipal authority pursuant to the provisions of section 21 of
9 P.L.1957, c.183 (C.40:14B-21) concerning the computation of rates
10 and rentals.

11 The governing body shall not impose standby fees or charges for
12 any fire protection system to a residential customer served by a
13 water service line of two inches or less in diameter.

14 Nothing in this section shall preclude the governing body of a
15 municipality that has purchased a water distribution system from
16 requiring separate dedicated service lines for fire protection. The
17 governing body of a municipality that has purchased a water
18 distribution system may require that fire service lines be metered.
19 Nothing in this section shall alter the liability for maintenance and
20 repair of service lines which exists on the effective date of
21 P.L.2003, c.278.

22 (cf: P.L.2003, c.278, s.3)

23

24 6. R.S.40:62-127 is amended to read as follows:

25 40:62-127. a. The water commission may prescribe and change
26 from time to time rates to be charged for water supplied by the
27 waterworks so acquired, and by any extension or enlargement
28 thereof, but rates for the same kind or class of service shall be
29 calculated in the same manner as a municipal authority pursuant to
30 the provisions of section 21 of P.L.1957, c.183 (C.40:14B-21)
31 concerning the computation of rates and rentals and uniform in all
32 the municipalities supplied by the waterworks.

33 The water commission shall establish a rate structure that
34 provides for uniform water service charges for municipal water
35 supply service and fire protection systems.

36 No rates shall include the imposition of standby fees or charges
37 for any fire protection system to a residential customer served by a
38 water service line of two inches or less in diameter.

39 Nothing in this section shall preclude a water commission from
40 requiring separate dedicated service lines for fire protection. The
41 water commission may require that fire service lines be metered.
42 Nothing in this section shall alter the liability for maintenance and
43 repair of service lines which exists on the effective date of
44 P.L.2003, c.278.

45 No rates shall include the imposition of any fees in excess of the
46 cost of water actually used for any sprinkler system required to be
47 installed in any residential health care facility pursuant to the
48 "Health Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1

1 et seq.) and regulations promulgated thereunder or in any rooming
2 or boarding house pursuant to the "Rooming and Boarding House
3 Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and regulations
4 promulgated thereunder.

5 Nothing herein shall preclude any commission from charging for
6 the actual cost of water main connection.

7 b. The supplying of water to locations beyond the boundaries
8 of the municipalities owning the waterworks shall be basis for
9 separate classification of service to permit reasonable
10 differentiation of rates. As soon as practicable after acquiring the
11 waterworks, rates shall be prescribed, and shall be revised from
12 time to time whenever necessary, so that the waterworks shall be
13 self-supporting, the earnings to be sufficient to provide for all
14 expenses of operation and maintenance and such charges as interest,
15 sinking fund and amortization, so as to prevent any deficit to be
16 paid by taxation from accruing. The interest, sinking fund and
17 amortization shall be construed to include:

18 (1) All service on debt heretofore or hereafter incurred by the
19 commission or by any municipality represented by the commission
20 in connection with the acquisition of such privately-owned
21 waterworks, and any extensions thereto and enlargements thereof,
22 heretofore or hereafter formally assumed by the commission or its
23 successors, and

24 (2) All service on debt heretofore or hereafter incurred by the
25 commission or by a municipality represented by the commission, or
26 its successors, and heretofore or hereafter formally assumed by the
27 commission, or its successors, as part of any agreement with the
28 municipality relative to the acquisition, by the commission, or its
29 successors, of the ownership of or the management and control of or
30 the right to use any water supply or part thereof or interest therein
31 or any distribution system of water mains and connections, or any
32 part thereof, which any such municipality may own or control.

33 c. The provisions of this section shall be deemed a contract
34 with the holders of all obligations which shall be or may have been
35 issued for the purpose of financing such acquisitions or which
36 heretofore have been or may hereafter be issued to refund
37 temporary bonds or obligations issued for such purposes, the
38 payment of any of which obligations, and interest thereon, the
39 commission, or its successors, has heretofore or may hereafter
40 formally assume as aforesaid.

41 d. The commission and any succeeding commission may
42 prescribe, and alter and enforce all reasonable rules and regulations
43 for the maintenance and operation of the waterworks and the
44 collection of rates.

45 (cf: P.L.2003. c.278, s.4)

46

47 7. N.J.S.40A:26A-10 is amended to read as follows:

1 40A:26A-10. After the commencement of operation of sewerage
2 facilities, the local unit or units may prescribe and, from time to
3 time, alter rates or rentals to be charged to users of sewerage
4 services. Rates or rentals being in the nature of use or service
5 charges or annual rental charges, shall be uniform and equitable for
6 the same types and classes of use and service of the facilities,
7 except as permitted by section 5 of P.L.1994, c.78 (C.40A:26A-
8 10.1). Rates or rentals and types and classes of use and service for
9 commercial purposes may be based on any factors which the
10 governing body or bodies of that local unit or units shall deem
11 proper and equitable within the region served. Rates or rentals for
12 residential use shall be based or computed on the metered
13 consumption of water on or in connection with the real property;
14 provided, however, that a residential customer with a separate
15 account for outdoor water services shall not be charged sewerage
16 disposal fees for water obtained for outdoor use or recorded by a
17 meter dedicated to the outdoor account. A local unit may establish
18 a tiered system of rates, through which the local unit may charge
19 different rates based upon the total metered units of water
20 consumed on or in connection with the real property in a billing
21 cycle.

22 In fixing rates, rental and other charges for supplying sewerage
23 services, the local unit or units shall establish a rate structure that
24 allows, within the limits of any lawful covenants made with
25 bondholders, the local unit to:

26 a. Recover all costs of acquisition, construction or operation,
27 including the costs of raw materials, administration, real or personal
28 property, maintenance, taxes, debt service charges, fees and an
29 amount equal to any operating budget deficit occurring in the
30 immediately preceding fiscal year;

31 b. Establish a surplus in an amount sufficient to provide for the
32 reasonable anticipation of any contingency that may affect the
33 operating of the sewerage facility, and, at the discretion of the local
34 unit or units, allow for the transfer of moneys from the budget for
35 the sewerage facilities to the local budget in accordance with
36 section 5 of P.L.1983, c.111 (C.40A:4-35.1).
37 (cf: P.L.1994, c.78, s.6)
38

39 8. N.J.S.40A:31-10 is amended to read as follows:

40 40A:31-10. a. After the commencement of operation of water
41 supply facilities, the local unit or units may prescribe and, from
42 time to time, alter rates or rentals to be charged to users of water
43 supply services. Rates or rentals being in the nature of use or
44 service charges or annual rental charges, shall be uniform and
45 equitable for the same type and class of use or service of the
46 facilities, except as permitted by section 7 of P.L.1994,
47 c.78 (C.40A:31-10.1). Rates or rentals and types and classes of use
48 and service for commercial use may be based on any factors which

1 the governing body or bodies of that local unit or units shall deem
2 proper and equitable within the region served. Rates or rentals for
3 residential use shall be based or computed on the metered
4 consumption of water on or in connection with the real property. A
5 local unit may establish a tiered system of rates, through which the
6 local unit may charge different rates based upon the total metered
7 units of water consumed on or in connection with the real property
8 in a billing cycle.

9 b. Every local unit operating a municipal water supply facility
10 shall establish a rate structure that provides for uniform rates,
11 rentals, or other charges for water supply service and fire protection
12 systems.

13 No local unit may impose standby fees or charges for any fire
14 protection system to a residential customer served by a water
15 service line of two inches or less in diameter.

16 c. In fixing rates, rental and other charges for supplying water
17 services, the local unit or units shall establish a rate structure that
18 allows, within the limits of any lawful covenants made with
19 bondholders, the local unit to:

20 (1) Recover all costs of acquisition, construction or operation,
21 including the costs of raw materials, administration, real or personal
22 property, maintenance, taxes, debt service charges, fees and an
23 amount equal to any operating budget deficit occurring in the
24 immediately preceding fiscal year;

25 (2) Establish a surplus in an amount sufficient to provide for the
26 reasonable anticipation of any contingency that may affect the
27 operation of the utility, and, at the discretion of the local unit or
28 units, allow for the transfer of moneys from the budget for the water
29 supply facilities to the local budget in accordance with section 5 of
30 P.L.1983, c.111 (C.40A:4-35.1).

31 d. No local unit or units shall impose any rates or rentals in
32 excess of the cost of water actually used for any sprinkler system
33 required to be installed in any residential health care facility
34 pursuant to the "Health Care Facilities Planning Act," P.L.1971,
35 c.136 (C.26:2H-1 et seq.) and regulations promulgated thereunder
36 or in any rooming or boarding house pursuant to the "Rooming and
37 Boarding House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.)
38 and regulations promulgated thereunder.

39 e. Nothing in this section shall preclude a local unit operating a
40 municipal water supply facility from requiring separate dedicated
41 service lines for fire protection. The local unit may require that fire
42 service lines be metered. Nothing in this section shall alter the
43 liability for maintenance and repair of service lines which exists on
44 the effective date of P.L.2003, c.278.

45 (cf: P.L.2003, c.278, s.7)

46
47 9. This act shall take effect immediately, but shall remain
48 inoperative with respect to municipal authorities and municipalities

1 that do not have meters installed on the effective date of this act; in
2 which case the provisions of this act shall become operative as soon
3 as technically feasible but not later than the first day of the fourth
4 year next following enactment.

5

6

7

STATEMENT

8

9 This bill requires local public authorities that charge for water
10 and sewer services to base residential customers' bills exclusively
11 upon metered consumption. Under current law, local public
12 authorities providing water and sewer services may establish
13 charges for those services based on any number of factors,
14 including consumption, the number and type of water outlets, the
15 number and type of plumbing fixtures or facilities, the number of
16 persons residing on the property, the capacity of fixtures, or any
17 other factors determining the type, class, and amount of water or
18 sewer use. In addition, this bill permits local public authorities and
19 local units to establish a tiered system of rates, through which a
20 local unit may charge different rates based upon the total metered
21 units of water consumed on or in connection with the real property
22 in a billing cycle. The bill exempts residential customers with
23 separate outdoor water or sewer accounts from charges for sewer
24 disposal services recorded by meters tied to the outdoor account or
25 that resulted from the disposal of water obtained from an outdoor
26 source. Essentially, a resident with a separate outdoor account is
27 not to be responsible for sewer service charges related to the
28 resident's use of water from an outdoor source.

29 This bill takes effect immediately, except with respect to local
30 public authorities and local units that do not have meters installed
31 on the effective date of this bill. For those entities, the provisions
32 of the bill are to become operative as soon as technically feasible,
33 but not later than the first day of the fourth year next following
34 enactment.