

ASSEMBLY, No. 4030

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 24, 2018

Sponsored by:

Assemblyman CLINTON CALABRESE

District 36 (Bergen and Passaic)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

SYNOPSIS

Subjects county and municipal sewerage authority service rate increases to approval by Board of Public Utilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/19/2018)

1 AN ACT concerning county and municipal sewerage authority rate
2 increases and amending P.L.1946, c.138.

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

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

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 connection of any property with the sewerage system, may be
2 imposed upon the owner or occupant of the property so connected.
3 Such connection charges shall be uniform within each class of
4 users, except as provided by section 2 of P.L.2005, c.29
5 ¹[(C.40:14A-8.30)] (C.40:14A-8.3)¹ and except as provided by
6 section 2 of P.L.2005, c.173 (C.40:14A-8.4), and the amount
7 thereof shall not exceed the actual cost of the physical connection,
8 if made by the authority, plus an amount computed in the following
9 manner to represent a fair payment toward the cost of the system:

10 (1) The amount representing all debt service, including but not
11 limited to sinking funds, reserve funds, the principal and interest on
12 bonds, and the amount of any loans and interest thereon, paid by the
13 sewerage authority to defray the capital cost of developing the
14 system as of the end of the immediately preceding fiscal year of the
15 authority shall be added to all capital expenditures made by the
16 authority not funded by a bond ordinance or debt for the
17 development of the system as of the end of the immediately
18 preceding fiscal year of the authority.

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

25 (3) The remainder shall be divided by the total number of
26 service units served by the authority at the end of the immediately
27 preceding fiscal year of the authority, and the results shall then be
28 apportioned to each new connector according to the number of
29 service units attributed to that connector, to produce the connector's
30 contribution to the cost of the system. In attributing service units to
31 each connector, the estimated average daily flow of sewage for the
32 connector shall be divided by the average daily flow of sewage for
33 the average single family residence in the authority's district to
34 produce the number of service units to be attributed.

35 The connection fee shall be recomputed at the end of each fiscal
36 year of the authority, after a public hearing is held in the manner
37 prescribed in subsection (c) of this section. The revised connection
38 fee may be imposed upon those who subsequently connect in that
39 fiscal year to the system. The combination of such connection fee
40 or tapping fee and the aforesaid periodic service charges shall meet
41 the requirements of subsection (c) hereof.

42 (c) The sewerage authority shall prescribe and from time to time
43 when necessary revise a schedule of service charges, which shall
44 comply with the terms of any contract of the sewerage authority and
45 in any event shall be such that the revenues of the sewerage
46 authority will at all times be adequate to pay all expenses of
47 operation and maintenance of the sewerage system, including
48 reserves, insurance, extensions, and replacements, and to pay

1 punctually the principal of and interest on any bonds and to
2 maintain such reserves or sinking funds therefor as may be required
3 by the terms of any contract of the sewerage authority or as may be
4 deemed necessary or desirable by the sewerage authority. Said
5 schedule shall thus be prescribed and from time to time revised by
6 the sewerage authority after public hearing thereon which shall be
7 held by the sewerage authority at least 20 days after notice of the
8 proposed adjustment is mailed to the clerk of each municipality
9 serviced by the authority and publication of notice of the proposed
10 adjustment of the service charges and of the time and place of the
11 public hearing in at least two newspapers of general circulation in
12 the area serviced by the authority. The sewerage authority shall
13 provide evidence at the hearing showing that the proposed
14 adjustment of the service charges is necessary and reasonable, and
15 shall provide the opportunity for cross-examination of persons
16 offering such evidence, and a transcript of the hearing shall be made
17 and a copy thereof shall be available upon request to any interested
18 party at a reasonable fee. The sewerage authority shall likewise fix
19 and determine the time or times when and the place or places where
20 such service charges shall be due and payable and may require that
21 such service charges shall be paid in advance for periods of not
22 more than one year. A copy of such schedule of service charges in
23 effect shall at all times be kept on file at the principal office of the
24 sewerage authority and shall at all reasonable times be open to
25 public inspection.

26 Notwithstanding the provisions of section 35 of P.L.1946, c. 138
27 (C.40:14A-35) or the provisions of any other law, rule, or
28 regulation to the contrary, no increase to a rent, rate, fee or other
29 charge, imposed by a sewerage authority, that is included in a
30 proposed revision under this subsection shall take effect until the
31 increase is approved by the Board of Public Utilities following the
32 public hearing as required hereinabove. The board shall approve
33 such an increase only if it is reasonable and necessary to meet the
34 operating costs of the authority and to recover the cost of such
35 capital investment as is necessary to ensure the continuing
36 operation and optimal efficiency of the authority. In making its
37 determination of the reasonableness of the increase, the board shall
38 consider the amount of the increase and the extent of the potential
39 economic hardship the increase would impose upon affected
40 ratepayers. The approval powers accorded under this subsection
41 shall not be so exercised as to affect in any way the covenants
42 contained in the bond indentures of the authority.

43 (d) Any county sewerage authority may establish sewerage
44 regions in portions of the district. Rents, rates, fees and charges
45 which may be payable periodically, being in the nature of use or
46 service charges, shall as nearly as the sewerage authority shall deem
47 practicable and equitable, be uniform throughout the district for the
48 same type, class and amount of use or service of the sewerage

1 systems, except as permitted by section 1 of P.L.1994, c.78
2 (C.40:14A-8.2), and shall meet all other requirements of subsection
3 (b) hereof.
4 (cf: P.L.2005, c.173, s.1)

5
6 2. This act shall take effect immediately, but section 1 shall be
7 inoperative until the 90th day after the date of enactment; the Board
8 of Public Utilities may take such anticipatory administrative action
9 in advance thereof as shall be necessary for the implementation of
10 this act.

11
12
13 STATEMENT
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15 This bill would subject rate increases by sewerage authorities
16 created pursuant to the “sewerage authorities law” P.L.1946, c.138
17 (C.40:14A-1 et seq.) to approval by the Board of Public Utilities
18 (“the board”). The board would only approve an increase that it
19 determines to be reasonable and necessary to meet the authority’s
20 operating costs and the cost of such capital investment as is
21 necessary to ensure the continuing operation and optimal efficiency
22 of the authority. In making its determination of the reasonableness
23 of the increase, the board would consider the amount of the increase
24 and the extent of the potential economic hardship the increase
25 would impose upon affected ratepayers.