

SENATE, No. 519

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1996

By Senator BASSANO

1 AN ACT concerning the fixing of rates charged by certain local water
2 supply facilities, amending N.J.S.40A:31-10 and supplementing
3 Title 48 of the Revised Statutes.

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

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8 1. (New section) Except as provided for certain bulk water rates
9 pursuant to N.J.S.40A:31-23 and except as provided for certain rates
10 charged for water supplied to senior citizens and disabled persons
11 pursuant to section 7 of P.L.1994, c.78 (C.40A:31-10.1), the rates,
12 fees and service charges proposed by a local unit or units operating a
13 water supply facility for supplying water to users within its jurisdiction
14 pursuant to N.J.S.40A:31-10 are subject to regulation and approval by
15 the Board of Public Utilities in accordance with R.S.48:2-21 in the
16 same manner as if the water supply facility were a public utility. In
17 addition, charges in the nature of a connection fee or tapping fee
18 imposed and calculated pursuant to N.J.S.40A:31-11 shall be subject
19 to regulation and approval by the board. As used in this section, "local
20 unit" means a municipality or county.

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

23 After the commencement of operation of water supply facilities, the
24 local unit or units may **[prescribe]** propose and, from time to time,
25 alter rates or rentals to be charged to users of water supply services
26 subject to the approval of the Board of Public Utilities. Rates or
27 rentals being in the nature of use or service charges or annual rental
28 charges, shall be uniform and equitable for the same type and class of
29 use or service of the facilities, except as permitted by section 7 of
30 P.L.1994, c.78 (C.40A:31-10.1). Rates or rentals and types and
31 classes of use and service may be based on any factors which the
32 governing body or bodies of that local unit or units shall deem proper
33 and equitable within the region served.

34 In **[fixing]** proposing rates, rental and other charges for supplying

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 water services, the local unit or units shall establish a rate structure
2 that allows, within the limits of any lawful covenants made with
3 bondholders, the local unit to:

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

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

15 No local unit or units shall, however, impose any rates or rentals in
16 excess of the cost of water actually used for any sprinkler system
17 required to be installed in any residential health care facility pursuant
18 to the "Health Care Facilities Planning Act," P.L.1979, c.136
19 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
20 rooming or boarding house pursuant to the "Rooming and Boarding
21 House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and
22 regulations promulgated thereunder.

23 c. Except as otherwise permitted by section 7 of P.L.1994, c.78
24 (C.40A:31-10.1), the rates, fees and service charges proposed by a
25 local unit or units pursuant to this section shall not become effective
26 until fixed and approved by the Board of Public Utilities in accordance
27 with R.S. 48:2-21 and any regulations adopted by the board in
28 furtherance thereof.

29 (cf: P.L.1994, c.78, s.8)

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31 3. This act shall take effect immediately, but shall remain
32 inoperative until 60 days following its enactment.

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STATEMENT

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37 This bill vests the Board of Public Utilities with the power to fix
38 and regulate rates charged by a local unit or units that operate water
39 supply facilities pursuant to N.J.S.40A:31-1 et seq., in the same
40 manner as if the facilities were public utilities.

41 The provisions of the bill do not affect certain bulk water rates
42 charged for water supplied to another local unit pursuant to
43 N.J.S.40A:31-23 or rates charged for water supplied to seniors and
44 disabled persons pursuant to section 7 of P.L.1994, c.78 (C.40A:31-
45 10.1).

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3 Vests the Board of Public Utilities with power to fix and regulate rates

4 charged by certain local water supply facilities.