

40:14B-21

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2003 **CHAPTER:** 278
NJSA: 40:14B-21 (Prohibits standby fees by water utilities)
BILL NO: A368 (Substituted for S1817)

SPONSOR(S): Wisniewski and Eagler

DATE INTRODUCED: Pre-filed

COMMITTEE: **ASSEMBLY:** Telecommunications
SENATE: Community and Urban Affairs

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY** January 12, 2004
SENATE: December 11, 2003

DATE OF APPROVAL: January, 14, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Third reprint enacted)
(Amendments during passage denoted by asterisks)

A368

[SPONSOR'S STATEMENT](#): (Begins on page 9 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENT: Yes [5-6-2002](#)
[10-31-2002](#)

LEGISLATIVE FISCAL ESTIMATE: No

S1817

[SPONSOR'S STATEMENT](#): (Begins on page 9 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)
Identical to Senate statement for A368

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)
Identical to floor statement for A368 dated 10-31-2002

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2003, CHAPTER 278, *approved January 14, 2004*
Assembly, No. 368 (*Third Reprint*)

1 **AN ACT** ²[to prohibit]prohibiting² the imposition by water utilities of
2 standby fees or charges for ¹[new]¹ ²certain ³[new²]³ fire
3 protection systems, and amending ²various² parts of the statutory
4 law.

5

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

8

9 1. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
10 read as follows:

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly floor amendments adopted May 6, 2002.

² Senate SCU committee amendments adopted October 17, 2002.

³ Senate floor amendments adopted October 31, 2002.

1 and may give weight to the characteristics of the water or water
2 services, facilities or products and, as to service outside the district,
3 any other matter affecting the cost of supplying or furnishing the same,
4 including the cost of installation of necessary physical properties.

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 any
10 ¹[new]¹ ³[²new²]³ fire protection system ²to a residential customer²
11 served by a water ²service² line of ¹[six] two¹ inches or less in
12 diameter.

13 ²Nothing in this section shall preclude a municipal authority from
14 requiring separate dedicated service lines for fire protection. A
15 municipal authority may require that fire service lines be metered.
16 Nothing in this section shall alter the liability for maintenance and
17 repair of service lines which exists on the effective date of P.L. c.
18 (C. _____)(pending before the Legislature as this bill).²

19 b. In addition to any such water service charges, a separate charge
20 in the nature of a connection fee or tapping fee, in respect of each
21 connection of any property with the water system, may be imposed
22 upon the owner or occupant of the property so connected. Such
23 connection charges shall be uniform within each class of users and the
24 amount thereof shall not exceed the actual cost of the physical
25 connection, if made by the authority, plus an amount computed in the
26 following manner to represent a fair payment toward the cost of the
27 system:

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

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

42 [c.] (3) The remainder shall be divided by the total number of
43 service units served by the authority at the end of the immediately
44 preceding fiscal year of the authority, and the results shall then be
45 apportioned to each new connector according to the number of service
46 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 produce
 5 the number of service units to be attributed.

6 c. The connection fee shall be recomputed at the end of each fiscal
 7 year of the authority, after a public hearing is held in the manner
 8 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The
 9 revised connection fee may be imposed upon those who subsequently
 10 connect in that fiscal year to the system. The combination of such
 11 connection fee or tapping fee and the aforesaid water service charges
 12 all meet the requirements of section 23 of P.L.1957, c.183
 13 (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 used
 16 for any sprinkler system required to be installed in any residential
 17 health care facility pursuant to the "Health Care Facilities Planning
 18 Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations
 19 promulgated thereunder or in any rooming or boarding house pursuant
 20 to the "Rooming and Boarding House Act of 1979," P.L.1979, c.496
 21 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing
 22 [in this amendatory act] herein shall preclude any municipal authority
 23 from charging for the actual cost of water main connection.
 24 (cf: P.L.1994, c.78, s.3)

25
 26 2. R.S.40:62-104 is amended to read as follows:

27 40:62-104. Any contract entered into [in pursuance of] pursuant
 28 to sections 40:62-96 to 40:62-105 of this title may provide for
 29 supervision, operation and maintenance of the water system and the
 30 distribution, public or private, by [both or] either party to the
 31 contract, and may further provide for the collection by either party of
 32 rates, rental or other service charges for the supplying of [such] water
 33 to the users thereof.

34 The governing body of a municipality that has established a water
 35 district and which operates a water system shall establish a rate
 36 structure that provides for uniform rates, rentals, or other service
 37 charges for water supply service and fire protection systems.

38 No municipality wherein a water district is situated may impose
 39 standby fees or charges for any ¹[new] ³[²new²]³ fire protection
 40 system ²to a residential customer² served by a water ²service² line of
 41 ¹[six] ¹two¹ inches or less in diameter.

42 ²Nothing in this section shall preclude a municipality wherein a
 43 water district is situated from requiring separate dedicated service
 44 lines for fire protection. A municipality wherein a water district is
 45 situated may require that fire service lines be metered. Nothing in this
 46 section shall alter the liability for maintenance and repair of service

1 lines which exists on the effective date of P.L. c. (C.)(pending
2 before the Legislature as this bill).²

3 (cf: R.S.40:62-104)

4

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

6 40:62-107.6. a. After any municipality shall have purchased a
7 water distribution system pursuant to sections 40:62-107.4 and
8 40:62-107.5 of this title, [it] the governing body of the municipality
9 shall be authorized to operate [such] the water distribution system as
10 nearly as may be as a part of its own system, and any schedule of rates,
11 rents, charges and penalties which [it] the governing body shall
12 thereafter fix shall be applicable to water users within both
13 municipalities, and in the collection of all [such] rates, rents, charges
14 and penalties [such] the municipality shall have all the rights and
15 remedies [which shall pertain] that may apply to private
16 [corporations] water companies supplying water to municipalities of
17 this state.

18 b. The governing body of a municipality that has purchased a water
19 distribution system shall establish a rate structure that provides for
20 uniform rates, rentals, or other service charges for water supply
21 service and fire protection systems.

22 The governing body shall not impose standby fees or charges for
23 any ¹[new] ¹ [¹new] ³fire protection system to ²a residential
24 customer² served by a water ²service² line of ¹[six] two ¹ inches or
25 less in diameter.

26 ²Nothing in this section shall preclude the governing body of a
27 municipality that has purchased a water distribution system from
28 requiring separate dedicated service lines for fire protection. The
29 governing body of a municipality that has purchased a water
30 distribution system may require that fire service lines be metered.
31 Nothing in this section shall alter the liability for maintenance and
32 repair of service lines which exists on the effective date of P.L. c.
33 (C.)(pending before the Legislature as this bill).²

34 (cf: R.S.40:62-107.6)

35

36 4. R.S.40:62-127 is amended to read as follows:

37 40:62-127. [Such] a. The water commission may prescribe and
38 change from time to time rates to be charged for water supplied by the
39 waterworks so acquired, and by any extension or enlargement thereof,
40 but rates for the same kind or class of service shall be uniform in all
41 the municipalities supplied by the waterworks[; except that no].

42 The water commission shall establish a rate structure that provides
43 for uniform water service charges for municipal water supply service
44 and fire protection systems.

45 No rates shall include the imposition of standby fees or charges for

1 any ¹[new]¹ ³[²new ²] ³ fire protection system to a residential
2 customer² served by a water ²service² line of ¹[six] two¹ inches or
3 less in diameter.

4 ²Nothing in this section shall preclude a water commission from
5 requiring separate dedicated service lines for fire protection. The
6 water commission may require that fire service lines be metered.
7 Nothing in this section shall alter the liability for maintenance and
8 repair of service lines which exists on the effective date of P.L. c.
9 (C. _____)(pending before the Legislature as this bill).²

10 No rates shall include the imposition of any fees in excess of the
11 cost of water actually used for any sprinkler system required to be
12 installed in any residential health care facility pursuant to the "Health
13 Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
14 regulations promulgated thereunder or in any rooming or boarding
15 house pursuant to the "Rooming and Boarding House Act of 1979,"
16 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
17 thereunder.

18 Nothing [in this amendatory act] herein shall preclude any
19 commission from charging for the actual cost of water main
20 connection.

21 b. The supplying of water to locations beyond the boundaries of
22 the municipalities owning the waterworks shall be basis for separate
23 classification of service to permit reasonable differentiation of rates.
24 As soon as practicable after acquiring the waterworks, rates shall be
25 prescribed, and shall be revised from time to time whenever necessary,
26 so that the waterworks shall be self-supporting, the earnings to be
27 sufficient to provide for all expenses of operation and maintenance and
28 such charges as interest, sinking fund and amortization, so as to
29 prevent any deficit to be paid by taxation from accruing. The interest,
30 sinking fund and amortization shall be construed to include:

31 [a.] (1) All service on debt heretofore or hereafter incurred by the
32 commission or by any municipality represented by the commission in
33 connection with the acquisition of such privately-owned waterworks,
34 and any extensions thereto and enlargements thereof, heretofore or
35 hereafter formally assumed by the commission or its successors, and

36 [b.] (2) All service on debt heretofore or hereafter incurred by the
37 commission or by a municipality represented by the commission, or its
38 successors, and heretofore or hereafter formally assumed by the
39 commission, or its successors, as part of any agreement with the
40 municipality relative to the acquisition, by the commission, or its
41 successors, of the ownership of or the management and control of or
42 the right to use any water supply or part thereof or interest therein or
43 any distribution system of water mains and connections, or any part
44 thereof, which any such municipality may own or control.

45 c. The provisions of this section shall be deemed a contract with
46 the holders of all obligations which shall be or may have been issued
47 for the purpose of financing such acquisitions or which heretofore

1 have been or may hereafter be issued to refund temporary bonds or
2 obligations issued for such purposes, the payment of any of which
3 obligations, and interest thereon, the commission, or its successors,
4 has heretofore or may hereafter formally assume as aforesaid.

5 d. The commission and any succeeding commission may prescribe,
6 and alter and enforce all reasonable rules and regulations for the
7 maintenance and operation of the waterworks and the collection of
8 rates.

9 (cf: P.L.1991, c.162, s.2)

10

11 5. R.S.40:62-139 is amended to read as follows:

12 40:62-139. a. The water commission may enter into a contract
13 with any person to supply ~~the~~ such the person with water for fire
14 protection; manufacturing and irrigation and other special purposes,
15 at rates or charges and upon conditions to be designated by the
16 commission. No rates or charges shall include the imposition of
17 standby fees or charges for any ¹~~new~~ ¹ ³~~new~~ ² ³ fire protection
18 system ²to a residential customer ² served by a water ² service ² line of
19 ¹~~six~~ ¹ two ¹ inches or less in diameter. Thereupon ~~the~~ such the person
20 shall pay to the commission the rate and all other charges stipulated
21 therein, instead of the usual rates charged to other customers of the
22 commission[; except that no].

23 b. No rates or charges shall include the imposition of any fees in
24 excess of the cost of water actually used for any sprinkler system
25 required to be installed in any residential health care facility pursuant
26 to the "Health Care Facilities Planning Act," P.L.1971, c.136
27 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
28 rooming or boarding house pursuant to the "Rooming and Boarding
29 House Act of 1979," [.,] P.L.1979, c.496 (C.55:13B-1 et al.) and
30 regulations promulgated thereunder.

31 c. Nothing ~~in this amendatory act~~ herein contained shall preclude
32 ~~any~~ the water commission from charging for the actual cost of water
33 main connection.

34 d. Nothing herein contained shall alter or affect the lien hereinafter
35 imposed for unpaid water rents or rates, nor change the rights of the
36 commission to collect unpaid water rates or rents in accordance with
37 the provisions hereof.

38 ²e. Nothing in this section shall preclude a water commission from
39 requiring separate dedicated service lines for fire protection. The water
40 commission may require that fire service lines be metered. Nothing in
41 this section shall alter the liability for maintenance and repair of service
42 lines which exists on the effective date of P.L. c. (c.)(pending
43 before the Legislature as this bill).²

44 (cf: P.L.1981, c.514, s.4)

45

46 6. Section 1 of P.L.1949, c.194 (C.40:62-151) is amended to read

1 as follows:

2 1. The governing body of any municipality or any water commission
3 representing two or more municipalities may fix an annual stand-by or
4 ready-to-serve service charge upon any unoccupied lot abutting upon
5 a street wherein a water main has been laid and to which the lot may
6 connect[; provided, however, no such].

7 No service charge shall be made for any lot fronting on a water
8 main which [water main] has heretofore been assessed as a local
9 improvement or for which [water main] the owners of [said] the lot
10 paid under a contract with the municipality.

11 No service charge shall include the imposition of standby fees or
12 charges for any ¹[new]¹ ³[²new²]³ fire protection system ²to a
13 residential customer² served by a water ²service² line of ¹[six] two¹
14 inches or less in diameter.

15 The [said] service charge shall be rendered and collected in the
16 same manner as other bills for water service are rendered and
17 collected.

18 ²Nothing in this section shall preclude the governing body of a
19 municipality or a water commission representing two or more
20 municipalities from requiring separate dedicated service lines for fire
21 protection. The municipal governing body or water commission may
22 require that fire service lines be metered. Nothing in this section shall
23 alter the liability for maintenance and repair of service lines which
24 exists on the effective date of P.L. c. (C. _____)(pending before
25 the Legislature as this bill).²

26 (cf: P.L.1949, c.194, s.1)

27

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

29 40A:31-10. a. After the commencement of operation of water
30 supply facilities, the local unit or units may prescribe and, from time
31 to time, alter rates or rentals to be charged to users of water supply
32 services. Rates or rentals being in the nature of use or service charges
33 or annual rental charges, shall be uniform and equitable for the same
34 type and class of use or service of the facilities, except as permitted by
35 section 7 of P.L.1994, c.78 (C.40A:31-10.1). Rates or rentals and
36 types and classes of use and service may be based on any factors which
37 the governing body or bodies of that local unit or units shall deem
38 proper and equitable within the region served.

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

42 No local unit may impose standby fees or charges for any ¹[new]¹
43 ³[²new²]³ fire protection system ²to a residential customer² served
44 by a water ²service² line of ¹[six] two¹ inches or less in diameter.

45 c. In fixing rates, rental and other charges for supplying water
46 services, the local unit or units shall establish a rate structure that

1 allows, within the limits of any lawful covenants made with
2 bondholders, the local unit to:

3 [a.] (1) Recover all costs of acquisition, construction or
4 operation, including the costs of raw materials, administration, real or
5 personal property, maintenance, taxes, debt service charges, fees and
6 an amount equal to any operating budget deficit occurring in the
7 immediately preceding fiscal year;

8 [b.] (2) Establish a surplus in an amount sufficient to provide for
9 the reasonable anticipation of any contingency that may affect the
10 operation of the utility, and, at the discretion of the local unit or units,
11 allow for the transfer of moneys from the budget for the water supply
12 facilities to the local budget in accordance with section 5 of P.L.1983,
13 c.111 (C.40A:4-35.1).

14 d. No local unit or units shall[, however,] impose any rates or
15 rentals in excess of the cost of water actually used for any sprinkler
16 system required to be installed in any residential health care facility
17 pursuant to the "Health Care Facilities Planning Act," P.L.1971, c.136
18 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
19 rooming or boarding house pursuant to the "Rooming and Boarding
20 House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and
21 regulations promulgated thereunder.

22 ²e. Nothing in this section shall preclude a local unit operating a
23 municipal water supply facility from requiring separate dedicated
24 service lines for fire protection. The local unit may require that fire
25 service lines be metered. Nothing in this section shall alter the liability
26 for maintenance and repair of service lines which exists on the
27 effective date of P.L. c. (C.) (pending before the Legislature
28 as this bill).²

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

30

31 8. R.S.48:19-18 is amended to read as follows:

32 48:19-18. Each water company organized under the laws of this
33 State may sell and dispose of the water issuing from its reservoirs,
34 aqueducts or pipes for such rates and pursuant to such terms and
35 conditions as are in accordance with its approved tariffs on file with
36 the Board of Public Utilities[; except that no] ¹[.

37 Each water company shall establish a rate structure that provides
38 for uniform water service charges for water supply service and fire
39 protection systems.], provided, however, as follows:¹

40 No tariff shall be approved that provides for or allows the
41 imposition of any standby fees or charges for any ¹[new] ¹ ³[²new²]³
42 fire protection system ¹to a residential customer¹ served by a water
43 service² line of ¹[six] ¹two¹ inches or less in diameter. No tariff
44 shall be approved that provides for or allows the imposition of any fees
45 in excess of the cost of water actually used for any sprinkler system
46 required to be installed in any residential health care facility pursuant

1 to the "Health Care Facilities Planning Act," P.L.1971, c.136
2 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
3 rooming or boarding house pursuant to the "Rooming and Boarding
4 House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and
5 regulations promulgated thereunder. Nothing [in this amendatory act]
6 herein shall preclude any water company from charging for the actual
7 cost of water main connection.

8 ²Nothing in this section shall preclude a water company from
9 requiring separate dedicated service lines for fire protection. The water
10 company may require that fire service lines be metered. Nothing in
11 this section shall alter the liability for maintenance and repair of service
12 lines which exists on the effective date of P.L. c. (C.)(pending
13 before the Legislature as this bill).²
14 (cf: P.L.1981, c.514, s.1)

15

16 9. This act shall take effect immediately.

17

18

19

20

21 Prohibits imposition by water utilities of standby fees or charges for
22 certain fire protection systems.

[Corrected Copy]

ASSEMBLY, No. 368

STATE OF NEW JERSEY
210th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblyman PETER C. EAGLER

District 34 (Essex and Passaic)

Co-Sponsored by:

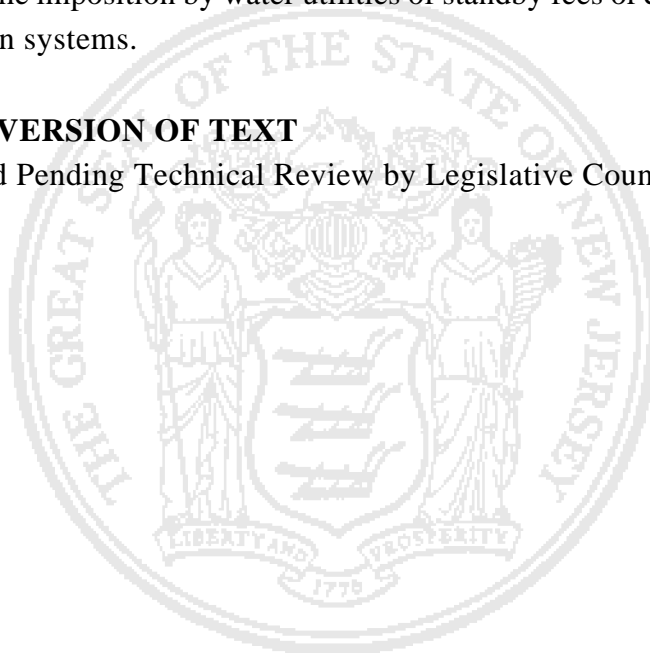
Assemblywomen Friscia, Previte, Assemblymen Green and Greenwald

SYNOPSIS

Prohibits the imposition by water utilities of standby fees or charges for new fire protection systems.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 2/1/2002)

1 AN ACT to prohibit the imposition by water utilities of standby fees or
2 charges for new fire protection systems, and amending parts of the
3 statutory law.

4

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

7

8 1. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
9 read as follows:

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

43 Every municipal authority that furnishes water supply services or

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

Matter underlined thus is new matter.

1 operates water supply facilities shall establish a rate structure that
2 provides for uniform water service charges for water supply service
3 and fire protection systems.

4 No municipal authority may impose standby fees or charges for any
5 new fire protection system served by a water line of six inches or less
6 in diameter.

7 b. In addition to any such water service charges, a separate charge
8 in the nature of a connection fee or tapping fee, in respect of each
9 connection of any property with the water system, may be imposed
10 upon the owner or occupant of the property so connected. Such
11 connection charges shall be uniform within each class of users and the
12 amount thereof shall not exceed the actual cost of the physical
13 connection, if made by the authority, plus an amount computed in the
14 following manner to represent a fair payment toward the cost of the
15 system:

16 [a.] (1) The amount representing all debt service, including but
17 not limited to sinking funds, reserve funds, the principal and interest
18 on bonds, and the amount of any loans and interest thereon, paid by a
19 municipal authority to defray the capital cost of developing the system
20 as of the end of the immediately preceding fiscal year of the authority
21 shall be added to all capital expenditures made by the authority not
22 funded by a bond ordinance or debt for the development of the system
23 as of the end of the immediately preceding fiscal year of the authority.

24 [b.] (2) Any gifts, contributions or subsidies to the authority
25 received from, and not reimbursed or reimbursable to any federal,
26 State, county or municipal government or agency or any private
27 person, and that portion of amounts paid to the authority by a public
28 entity under a service agreement or service contract which is not
29 repaid to the public entity by the authority, shall then be subtracted.

30 [c.] (3) The remainder shall be divided by the total number of
31 service units served by the authority at the end of the immediately
32 preceding fiscal year of the authority, and the results shall then be
33 apportioned to each new connector according to the number of service
34 units attributed to that connector, to produce the connector's
35 contribution to the cost of the system. In attributing service units to
36 each connector, the estimated average daily flow of water for the
37 connector shall be divided by the average daily flow of water to the
38 average single family residence in the authority's district, to produce
39 the number of service units to be attributed.

40 c. The connection fee shall be recomputed at the end of each fiscal
41 year of the authority, after a public hearing is held in the manner
42 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The
43 revised connection fee may be imposed upon those who subsequently
44 connect in that fiscal year to the system. The combination of such
45 connection fee or tapping fee and the aforesaid water service charges

1 shall meet the requirements of section 23 of P.L.1957, c.183
2 (C.40:14B-23).

3 d. The foregoing notwithstanding, no municipal authority shall
4 impose any charges or fees in excess of the cost of water actually used
5 for any sprinkler system required to be installed in any residential
6 health care facility pursuant to the "Health Care Facilities Planning
7 Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations
8 promulgated thereunder or in any rooming or boarding house pursuant
9 to the "Rooming and Boarding House Act of 1979," P.L.1979, c.496
10 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing
11 [in this amendatory act] herein shall preclude any municipal authority
12 from charging for the actual cost of water main connection.
13 (cf: P.L.1994, c.78, s.3)

14

15 2. R.S.40:62-104 is amended to read as follows:

16 40:62-104. Any contract entered into [in pursuance of] pursuant
17 to sections 40:62-96 to 40:62-105 of this title may provide for
18 supervision, operation and maintenance of the water system and the
19 distribution, public or private, by [both or] either party to the
20 contract, and may further provide for the collection by either party of
21 rates, rental or other service charges for the supplying of [such] water
22 to the users thereof.

23 The governing body of a municipality that has established a water
24 district and which operates a water system shall establish a rate
25 structure that provides for uniform rates, rentals, or other service
26 charges for water supply service and fire protection systems.

27 No municipality wherein a water district is situated may impose
28 standby fees or charges for any new fire protection system served by
29 a water line of six inches or less in diameter.

30 (cf: R.S.40:62-104)

31

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

33 40:62-107.6. a. After any municipality shall have purchased a
34 water distribution system pursuant to sections 40:62-107.4 and
35 40:62-107.5 of this title, [it] the governing body of the municipality
36 shall be authorized to operate [such] the water distribution system as
37 nearly as may be as a part of its own system, and any schedule of rates,
38 rents, charges and penalties which [it] the governing body shall
39 thereafter fix shall be applicable to water users within both
40 municipalities, and in the collection of all [such] rates, rents, charges
41 and penalties [such] the municipality shall have all the rights and
42 remedies [which shall pertain] that may apply to private
43 [corporations] water companies supplying water to municipalities of
44 this state.

45 b. The governing body of a municipality that has purchased a water

1 distribution system shall establish a rate structure that provides for
2 uniform rates, rentals, or other service charges for water supply
3 service and fire protection systems.

4 The governing body shall not impose standby fees or charges for
5 any new fire protection system served by a water line of six inches or
6 less in diameter.

7 (cf: R.S.40:62-107.6)

8

9 4. R.S.40:62-127 is amended to read as follows:

10 40:62-127. [Such] a. The water commission may prescribe and
11 change from time to time rates to be charged for water supplied by the
12 waterworks so acquired, and by any extension or enlargement thereof,
13 but rates for the same kind or class of service shall be uniform in all
14 the municipalities supplied by the waterworks[; except that no].

15 The water commission shall establish a rate structure that provides
16 for uniform water service charges for municipal water supply service
17 and fire protection systems.

18 No rates shall include the imposition of standby fees or charges for
19 any new fire protection system served by a water line of six inches or
20 less in diameter.

21 No rates shall include the imposition of any fees in excess of the
22 cost of water actually used for any sprinkler system required to be
23 installed in any residential health care facility pursuant to the "Health
24 Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
25 regulations promulgated thereunder or in any rooming or boarding
26 house pursuant to the "Rooming and Boarding House Act of 1979,"
27 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
28 thereunder.

29 Nothing [in this amendatory act] herein shall preclude any
30 commission from charging for the actual cost of water main
31 connection.

32 b. The supplying of water to locations beyond the boundaries of
33 the municipalities owning the waterworks shall be basis for separate
34 classification of service to permit reasonable differentiation of rates.
35 As soon as practicable after acquiring the waterworks, rates shall be
36 prescribed, and shall be revised from time to time whenever necessary,
37 so that the waterworks shall be self-supporting, the earnings to be
38 sufficient to provide for all expenses of operation and maintenance and
39 such charges as interest, sinking fund and amortization, so as to
40 prevent any deficit to be paid by taxation from accruing. The interest,
41 sinking fund and amortization shall be construed to include:

42 [a.] (1) All service on debt heretofore or hereafter incurred by the
43 commission or by any municipality represented by the commission in
44 connection with the acquisition of such privately-owned waterworks,
45 and any extensions thereto and enlargements thereof, heretofore or
46 hereafter formally assumed by the commission or its successors, and

1 [b.] (2) All service on debt heretofore or hereafter incurred by the
2 commission or by a municipality represented by the commission, or its
3 successors, and heretofore or hereafter formally assumed by the
4 commission, or its successors, as part of any agreement with the
5 municipality relative to the acquisition, by the commission, or its
6 successors, of the ownership of or the management and control of or
7 the right to use any water supply or part thereof or interest therein or
8 any distribution system of water mains and connections, or any part
9 thereof, which any such municipality may own or control.

10 c. The provisions of this section shall be deemed a contract with
11 the holders of all obligations which shall be or may have been issued
12 for the purpose of financing such acquisitions or which heretofore
13 have been or may hereafter be issued to refund temporary bonds or
14 obligations issued for such purposes, the payment of any of which
15 obligations, and interest thereon, the commission, or its successors,
16 has heretofore or may hereafter formally assume as aforesaid.

17 d. The commission and any succeeding commission may prescribe,
18 and alter and enforce all reasonable rules and regulations for the
19 maintenance and operation of the waterworks and the collection of
20 rates.

21 (cf: P.L.1991, c.162, s.2)

22
23 5. R.S.40:62-139 is amended to read as follows:

24 40:62-139. a. The water commission may enter into a contract
25 with any person to supply [such] the person with water for fire
26 protection; manufacturing and irrigation and other special purposes,
27 at rates or charges and upon conditions to be designated by the
28 commission. No rates or charges shall include the imposition of
29 standby fees or charges for any new fire protection system served by
30 a water line of six inches or less in diameter. Thereupon [such] the
31 person shall pay to the commission the rate and all other charges
32 stipulated therein, instead of the usual rates charged to other
33 customers of the commission[; except that no].

34 b. No rates or charges shall include the imposition of any fees in
35 excess of the cost of water actually used for any sprinkler system
36 required to be installed in any residential health care facility pursuant
37 to the "Health Care Facilities Planning Act," P.L.1971, c.136
38 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
39 rooming or boarding house pursuant to the "Rooming and Boarding
40 House Act of 1979," [.] P.L.1979, c.496 (C.55:13B-1 et al.) and
41 regulations promulgated thereunder.

42 c. Nothing [in this amendatory act] herein contained shall preclude
43 [any] the water commission from charging for the actual cost of water
44 main connection.

45 d. Nothing herein contained shall alter or affect the lien hereinafter
46 imposed for unpaid water rents or rates, nor change the rights of the

1 commission to collect unpaid water rates or rents in accordance with
2 the provisions hereof.

3 (cf: P.L.1981, c.514, s.4)

4

5 6. Section 1 of P.L.1949, c.194 (C.40:62-151) is amended to read
6 as follows:

7 1. The governing body of any municipality or any water
8 commission representing two or more municipalities may fix an annual
9 stand-by or ready-to-serve service charge upon any unoccupied lot
10 abutting upon a street wherein a water main has been laid and to which
11 the lot may connect[; provided, however, no such].

12 No service charge shall be made for any lot fronting on a water
13 main which [water main] has heretofore been assessed as a local
14 improvement or for which [water main] the owners of [said] the lot
15 paid under a contract with the municipality.

16 No service charge shall include the imposition of standby fees or
17 charges for any new fire protection system served by a water line of
18 six inches or less in diameter.

19 The [said] service charge shall be rendered and collected in the
20 same manner as other bills for water service are rendered and
21 collected.

22 (cf: P.L.1949, c.194, s.1)

23

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

25 40A:31-10. a. After the commencement of operation of water
26 supply facilities, the local unit or units may prescribe and, from time
27 to time, alter rates or rentals to be charged to users of water supply
28 services. Rates or rentals being in the nature of use or service charges
29 or annual rental charges, shall be uniform and equitable for the same
30 type and class of use or service of the facilities, except as permitted by
31 section 7 of P.L.1994, c.78 (C.40A:31-10.1). Rates or rentals and
32 types and classes of use and service may be based on any factors which
33 the governing body or bodies of that local unit or units shall deem
34 proper and equitable within the region served.

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

38 No local unit may impose standby fees or charges for any new fire
39 protection system served by a water line of six inches or less in
40 diameter.

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

45 [a.] (1) Recover all costs of acquisition, construction or
46 operation, including the costs of raw materials, administration, real or

1 personal property, maintenance, taxes, debt service charges, fees and
2 an amount equal to any operating budget deficit occurring in the
3 immediately preceding fiscal year;

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

10 d. No local unit or units shall[, however,] impose any rates or
11 rentals in excess of the cost of water actually used for any sprinkler
12 system required to be installed in any residential health care facility
13 pursuant to the "Health Care Facilities Planning Act," P.L.1971, c.136
14 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
15 rooming or boarding house pursuant to the "Rooming and Boarding
16 House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and
17 regulations promulgated thereunder.
18 (cf: P.L.1994, c.78, s.8)

19

20 8. R.S.48:19-18 is amended to read as follows:

21 R.S.48:19-18. Each water company organized under the laws of
22 this State may sell and dispose of the water issuing from its reservoirs,
23 aqueducts or pipes for such rates and pursuant to such terms and
24 conditions as are in accordance with its approved tariffs on file with
25 the Board of Public Utilities[; except that no].

26 Each water company shall establish a rate structure that provides
27 for uniform water service charges for water supply service and fire
28 protection systems.

29 No tariff shall be approved that provides for or allows the
30 imposition of any standby fees or charges for any new fire protection
31 system served by a water line of six inches or less in diameter.

32 No tariff shall be approved that provides for or allows the
33 imposition of any fees in excess of the cost of water actually used for
34 any sprinkler system required to be installed in any residential health
35 care facility pursuant to the "Health Care Facilities Planning Act,"
36 P.L.1971, c.136 (C. 26:2H-1 et seq.) and regulations promulgated
37 thereunder or in any rooming or boarding house pursuant to the
38 "Rooming and Boarding House Act of 1979," P.L.1979, c.496
39 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing
40 [in this amendatory act] herein shall preclude any water company
41 from charging for the actual cost of water main connection.

42 (cf: P.L.1981, c.514, s.1)

43

44 9. This act shall take effect immediately.

1 STATEMENT

2

3 This bill would prohibit the imposition by any public or private
4 water purveyor of standby fees or charges for any new fire protection
5 system served by a water line of six inches in diameter or smaller.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 368

STATE OF NEW JERSEY

DATED: JANUARY 31, 2002

The Assembly Telecommunications and Utilities Committee reports favorably Assembly Bill No. 368.

As reported, this bill would prohibit the imposition of any public or private water purveyor of standby fees or charges for any new fire protection system served by a water line of six inches in diameter or smaller.

Technical review was performed on this pre-filed bill, as required by Joint Rule 18A of the Senate and General Assembly.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 368

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 17, 2002

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 368 (1R) with committee amendments.

As amended by the committee, this bill would prohibit the imposition by certain public and private water purveyors of standby fees or charges for any new fire protection system to a residential customer served by a water service line of two inches in diameter or smaller. In addition, the bill would prohibit the approval of tariffs for a water company, subject to the Board of Public Utilities, that provide for or allow for the imposition of any standby fees or charges for any new fire protection system to residential customers served by a water service line of two inches or less in diameter.

The committee amended the bill to limit its application to new fire protection systems serving residential customers. Prior to this amendment the bill would have been applicable to all fire protection systems. The committee also added language to the bill to ensure that water purveyors are not precluded by the bill from requiring separate dedicated service lines for fire protection and that they may require fire service lines to be metered. Finally, the committee amendments provide that the bill does not alter the liability for maintenance and repair of service lines as currently provided under law.

As amended, this bill is identical to Senate Bill No. 1817 with Senate Committee Amendments, which also was reported by this committee on October 17, 2002.

STATEMENT TO
ASSEMBLY, No. 368

with Assembly Floor Amendments
(Proposed By Assemblymen WISNIEWSKI and EAGLER)

ADOPTED: MAY 6, 2002

These amendments would prohibit the imposition by certain public and private water purveyors of standby fees or charges for any fire protection system served by a water line of two inches in diameter or smaller. The amendments would also prohibit the approval of tariffs for a water company, subject to the Board of Public Utilities, that provide for or allow for the imposition of any standby fees or charges for any fire protection system to residential customers served by a water line of two inches or less in diameter.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 368

with Senate Floor Amendments
(Proposed By Senator BUCCO)

ADOPTED: OCTOBER 31, 2002

These proposed amendments would prohibit the imposition of standby fees or charges for any fire protection system to a residential customer served by a water service line of two inches or less in diameter. The bill in its current form would prohibit the imposition of standby fees or charges for any new fire protection system to a residential customer served by a water service line of two inches or less in diameter.

SENATE, No. 1817

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED SEPTEMBER 19, 2002

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator LEONARD T. CONNORS, JR.

District 9 (Atlantic, Burlington and Ocean)

SYNOPSIS

Prohibits the imposition by water utilities of standby fees or charges for fire protection systems.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/1/2002)

S1817 BUCCO, CONNORS

2

1 AN ACT to prohibit the imposition by water utilities of standby fees or
2 charges for fire protection systems, and amending parts of the
3 statutory law.

4

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

7

8 1. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
9 read as follows:

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

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

Matter underlined thus is new matter.

1 Every municipal authority that furnishes water supply services or
2 operates water supply facilities shall establish a rate structure that
3 provides for uniform water service charges for water supply service
4 and fire protection systems.

5 No municipal authority may impose standby fees or charges for any
6 fire protection system served by a water line of two inches or less in
7 diameter.

8 b. In addition to any such water service charges, a separate charge
9 in the nature of a connection fee or tapping fee, in respect of each
10 connection of any property with the water system, may be imposed
11 upon the owner or occupant of the property so connected. Such
12 connection charges shall be uniform within each class of users and the
13 amount thereof shall not exceed the actual cost of the physical
14 connection, if made by the authority, plus an amount computed in the
15 following manner to represent a fair payment toward the cost of the
16 system:

17 [a.] (1) The amount representing all debt service, including but
18 not limited to sinking funds, reserve funds, the principal and interest
19 on bonds, and the amount of any loans and interest thereon, paid by a
20 municipal authority to defray the capital cost of developing the system
21 as of the end of the immediately preceding fiscal year of the authority
22 shall be added to all capital expenditures made by the authority not
23 funded by a bond ordinance or debt for the development of the system
24 as of the end of the immediately preceding fiscal year of the authority.

25 [b.] (2) Any gifts, contributions or subsidies to the authority
26 received from, and not reimbursed or reimbursable to any federal,
27 State, county or municipal government or agency or any private
28 person, and that portion of amounts paid to the authority by a public
29 entity under a service agreement or service contract which is not
30 repaid to the public entity by the authority, shall then be subtracted.

31 [c.] (3) The remainder shall be divided by the total number of
32 service units served by the authority at the end of the immediately
33 preceding fiscal year of the authority, and the results shall then be
34 apportioned to each new connector according to the number of service
35 units attributed to that connector, to produce the connector's
36 contribution to the cost of the system. In attributing service units to
37 each connector, the estimated average daily flow of water for the
38 connector shall be divided by the average daily flow of water to the
39 average single family residence in the authority's district, to produce
40 the number of service units to be attributed.

41 c. The connection fee shall be recomputed at the end of each fiscal
42 year of the authority, after a public hearing is held in the manner
43 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The
44 revised connection fee may be imposed upon those who subsequently
45 connect in that fiscal year to the system. The combination of such
46 connection fee or tapping fee and the aforesaid water service charges

1 all meet the requirements of section 23 of P.L.1957, c.183
2 (C.40:14B-23).

3 d. The foregoing notwithstanding, no municipal authority shall
4 impose any charges or fees in excess of the cost of water actually used
5 for any sprinkler system required to be installed in any residential
6 health care facility pursuant to the "Health Care Facilities Planning
7 Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations
8 promulgated thereunder or in any rooming or boarding house pursuant
9 to the "Rooming and Boarding House Act of 1979," P.L.1979, c.496
10 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing
11 [in this amendatory act] herein shall preclude any municipal authority
12 from charging for the actual cost of water main connection.
13 (cf: P.L.1994, c.78, s.3)

14

15 2. R.S.40:62-104 is amended to read as follows:

16 40:62-104. Any contract entered into [in pursuance of] pursuant
17 to sections 40:62-96 to 40:62-105 of this title may provide for
18 supervision, operation and maintenance of the water system and the
19 distribution, public or private, by [both or] either party to the
20 contract, and may further provide for the collection by either party of
21 rates, rental or other service charges for the supplying of [such] water
22 to the users thereof.

23 The governing body of a municipality that has established a water
24 district and which operates a water system shall establish a rate
25 structure that provides for uniform rates, rentals, or other service
26 charges for water supply service and fire protection systems.

27 No municipality wherein a water district is situated may impose
28 standby fees or charges for any fire protection system served by a
29 water line of two inches or less in diameter.

30 (cf: R.S.40:62-104)

31

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

33 40:62-107.6. a. After any municipality shall have purchased a
34 water distribution system pursuant to sections 40:62-107.4 and
35 40:62-107.5 of this title, [it] the governing body of the municipality
36 shall be authorized to operate [such] the water distribution system as
37 nearly as may be as a part of its own system, and any schedule of rates,
38 rents, charges and penalties which [it] the governing body shall
39 thereafter fix shall be applicable to water users within both
40 municipalities, and in the collection of all [such] rates, rents, charges
41 and penalties [such] the municipality shall have all the rights and
42 remedies [which shall pertain] that may apply to private
43 [corporations] water companies supplying water to municipalities of
44 this state.

1 **b. The governing body of a municipality that has purchased a water**
2 **distribution system shall establish a rate structure that provides for**
3 **uniform rates, rentals, or other service charges for water supply**
4 **service and fire protection systems.**

5 **The governing body shall not impose standby fees or charges for**
6 **any fire protection system served by a water line of two inches or less**
7 **in diameter.**

8 (cf: R.S.40:62-107.6)

9
10 4. R.S.40:62-127 is amended to read as follows:

11 40:62-127. **[Such] a. The water** commission may prescribe and
12 change from time to time rates to be charged for water supplied by the
13 waterworks so acquired, and by any extension or enlargement thereof,
14 but rates for the same kind or class of service shall be uniform in all
15 the municipalities supplied by the waterworks[; except that no].

16 **The water commission shall establish a rate structure that provides**
17 **for uniform water service charges for municipal water supply service**
18 **and fire protection systems.**

19 **No rates shall include the imposition of standby fees or charges for**
20 **any fire protection system served by a water line of two inches or less**
21 **in diameter.**

22 **No** rates shall include the imposition of any fees in excess of the
23 cost of water actually used for any sprinkler system required to be
24 installed in any residential health care facility pursuant to the "Health
25 Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
26 regulations promulgated thereunder or in any rooming or boarding
27 house pursuant to the "Rooming and Boarding House Act of 1979,"
28 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
29 thereunder.

30 Nothing **[in this amendatory act] herein** shall preclude any
31 commission from charging for the actual cost of water main
32 connection.

33 **b.** The supplying of water to locations beyond the boundaries of
34 the municipalities owning the waterworks shall be basis for separate
35 classification of service to permit reasonable differentiation of rates.
36 As soon as practicable after acquiring the waterworks, rates shall be
37 prescribed, and shall be revised from time to time whenever necessary,
38 so that the waterworks shall be self-supporting, the earnings to be
39 sufficient to provide for all expenses of operation and maintenance and
40 such charges as interest, sinking fund and amortization, so as to
41 prevent any deficit to be paid by taxation from accruing. The interest,
42 sinking fund and amortization shall be construed to include:

43 **[a.] (1)** All service on debt heretofore or hereafter incurred by the
44 commission or by any municipality represented by the commission in
45 connection with the acquisition of such privately-owned waterworks,
46 and any extensions thereto and enlargements thereof, heretofore or

1 hereafter formally assumed by the commission or its successors, and
2 [b.] (2) All service on debt heretofore or hereafter incurred by the
3 commission or by a municipality represented by the commission, or its
4 successors, and heretofore or hereafter formally assumed by the
5 commission, or its successors, as part of any agreement with the
6 municipality relative to the acquisition, by the commission, or its
7 successors, of the ownership of or the management and control of or
8 the right to use any water supply or part thereof or interest therein or
9 any distribution system of water mains and connections, or any part
10 thereof, which any such municipality may own or control.

11 c. The provisions of this section shall be deemed a contract with
12 the holders of all obligations which shall be or may have been issued
13 for the purpose of financing such acquisitions or which heretofore
14 have been or may hereafter be issued to refund temporary bonds or
15 obligations issued for such purposes, the payment of any of which
16 obligations, and interest thereon, the commission, or its successors,
17 has heretofore or may hereafter formally assume as aforesaid.

18 d. The commission and any succeeding commission may prescribe,
19 and alter and enforce all reasonable rules and regulations for the
20 maintenance and operation of the waterworks and the collection of
21 rates.

22 (cf: P.L.1991, c.162, s.2)

23

24 5. R.S.40:62-139 is amended to read as follows:

25 40:62-139. a. The water commission may enter into a contract
26 with any person to supply [such] the person with water for fire
27 protection; manufacturing and irrigation and other special purposes,
28 at rates or charges and upon conditions to be designated by the
29 commission. No rates or charges shall include the imposition of
30 standby fees or charges for any fire protection system served by a
31 water line of two inches or less in diameter. Thereupon [such] the
32 person shall pay to the commission the rate and all other charges
33 stipulated therein, instead of the usual rates charged to other
34 customers of the commission[; except that no].

35 b. No rates or charges shall include the imposition of any fees in
36 excess of the cost of water actually used for any sprinkler system
37 required to be installed in any residential health care facility pursuant
38 to the "Health Care Facilities Planning Act," P.L.1971, c.136
39 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
40 rooming or boarding house pursuant to the "Rooming and Boarding
41 House Act of 1979," [.] P.L.1979, c.496 (C.55:13B-1 et al.) and
42 regulations promulgated thereunder.

43 c. Nothing [in this amendatory act] herein contained shall preclude
44 [any] the water commission from charging for the actual cost of water
45 main connection.

S1817 BUCCO, CONNORS

7

1 d. Nothing herein contained shall alter or affect the lien hereinafter
2 imposed for unpaid water rents or rates, nor change the rights of the
3 commission to collect unpaid water rates or rents in accordance with
4 the provisions hereof.

5 (cf: P.L.1981, c.514, s.4)

6

7 6. Section 1 of P.L.1949, c.194 (C.40:62-151) is amended to read
8 as follows:

9 1. The governing body of any municipality or any water
10 commission representing two or more municipalities may fix an annual
11 stand-by or ready-to-serve service charge upon any unoccupied lot
12 abutting upon a street wherein a water main has been laid and to which
13 the lot may connect[; provided, however, no such].

14 No service charge shall be made for any lot fronting on a water
15 main which [water main] has heretofore been assessed as a local
16 improvement or for which [water main] the owners of [said] the lot
17 paid under a contract with the municipality.

18 No service charge shall include the imposition of standby fees or
19 charges for any fire protection system served by a water line of two
20 inches or less in diameter.

21 The [said] service charge shall be rendered and collected in the
22 same manner as other bills for water service are rendered and
23 collected.

24 (cf: P.L.1949, c.194, s.1)

25

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

27 40A:31-10. a. After the commencement of operation of water
28 supply facilities, the local unit or units may prescribe and, from time
29 to time, alter rates or rentals to be charged to users of water supply
30 services. Rates or rentals being in the nature of use or service charges
31 or annual rental charges, shall be uniform and equitable for the same
32 type and class of use or service of the facilities, except as permitted by
33 section 7 of P.L.1994, c.78 (C.40A:31-10.1). Rates or rentals and
34 types and classes of use and service may be based on any factors which
35 the governing body or bodies of that local unit or units shall deem
36 proper and equitable within the region served.

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

40 No local unit may impose standby fees or charges for any fire
41 protection system served by a water line of two inches or less in
42 diameter.

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

1 [a.] (1) Recover all costs of acquisition, construction or
2 operation, including the costs of raw materials, administration, real or
3 personal property, maintenance, taxes, debt service charges, fees and
4 an amount equal to any operating budget deficit occurring in the
5 immediately preceding fiscal year;

6 [b.] (2) Establish a surplus in an amount sufficient to provide for
7 the reasonable anticipation of any contingency that may affect the
8 operation of the utility, and, at the discretion of the local unit or units,
9 allow for the transfer of moneys from the budget for the water supply
10 facilities to the local budget in accordance with section 5 of P.L.1983,
11 c.111 (C.40A:4-35.1).

12 d. No local unit or units shall[, however,] impose any rates or
13 rentals in excess of the cost of water actually used for any sprinkler
14 system required to be installed in any residential health care facility
15 pursuant to the "Health Care Facilities Planning Act," P.L.1971, c.136
16 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any
17 rooming or boarding house pursuant to the "Rooming and Boarding
18 House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and
19 regulations promulgated thereunder.
20 (cf: P.L.1994, c.78, s.8)

21

22 8. R.S.48:19-18 is amended to read as follows:

23 48:19-18. Each water company organized under the laws of this
24 State may sell and dispose of the water issuing from its reservoirs,
25 aqueducts or pipes for such rates and pursuant to such terms and
26 conditions as are in accordance with its approved tariffs on file with
27 the Board of Public Utilities[; except that no], provided, however, as
28 follows:

29 No tariff shall be approved that provides for or allows the
30 imposition of any standby fees or charges for any fire protection
31 system to a residential customer served by a water line of two inches
32 or less in diameter.

33 No tariff shall be approved that provides for or allows the
34 imposition of any fees in excess of the cost of water actually used for
35 any sprinkler system required to be installed in any residential health
36 care facility pursuant to the "Health Care Facilities Planning Act,"
37 P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations promulgated
38 thereunder or in any rooming or boarding house pursuant to the
39 "Rooming and Boarding House Act of 1979," P.L.1979, c.496
40 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing
41 [in this amendatory act] herein shall preclude any water company
42 from charging for the actual cost of water main connection.

43 (cf: P.L.1981, c.514, s.1)

44

45 9. This act shall take effect immediately.

STATEMENT

1
2
3
4
5
6
7
8
9
10

This bill prohibits the imposition by certain public and private water purveyors of standby fees or charges for any fire protection system served by a water line of two inches in diameter or smaller. In addition, the bill prohibits the approval of tariffs for a water company, subject to the Board of Public Utilities, that provide for or allow for the imposition of any standby fees or charges for any fire protection system to residential customers served by a water line of two inches or less in diameter.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1817

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 17, 2002

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 1817.

As amended by the committee, this bill would prohibit the imposition by certain public and private water purveyors of standby fees or charges for any new fire protection system to a residential customer served by a water service line of two inches in diameter or smaller. In addition, the bill would prohibit the approval of tariffs for a water company, subject to the Board of Public Utilities, that provide for or allow for the imposition of any standby fees or charges for any new fire protection system to residential customers served by a water service line of two inches or less in diameter.

The committee amended the bill to limit its application to new fire protection systems serving residential customers. Prior to this amendment the bill would have been applicable to all fire protection systems. The committee also added language to the bill to ensure that water purveyors are not precluded by the bill from requiring separate dedicated service lines for fire protection and that they may require fire service lines to be metered. Finally, the committee amendments provide that the bill does not alter the liability for maintenance and repair of service lines as currently provided under law.

As amended, this bill is identical to Assembly Bill No. 368 (1R) with Senate Committee Amendments, which also was reported by this committee on October 17, 2002.

STATEMENT TO

[First Reprint]

SENATE, No. 1817

with Senate Floor Amendments
(Proposed By Senator BUCCO)

ADOPTED: OCTOBER 31, 2002

These proposed amendments would prohibit the imposition of standby fees or charges for any fire protection system to a residential customer served by a water service line of two inches or less in diameter. The bill in its current form would prohibit the imposition of standby fees or charges for any new fire protection system to a residential customer served by a water service line of two inches or less in diameter.