



# THE OCEAN CITY UTILITY ADVISORY COMMISSION



OCEAN CITY, NEW JERSEY

Updated January 1, 2021

## FAQ'S ABOUT YOUR WATER AND SEWER SERVICE CHARGES

Starting on January 1, 2021, each customer will see a separate line item for the Wastewater Service Charge and the Purchased Wastewater Treatment Adjustment Clause surcharge ("PSTAC charge") labeled as "Purchased Wastewater Surcharge". The Wastewater Service Charge covers NJAWC's expenses to collect wastewater, maintain the collection system, pay local, state and federal taxes, and invest in the aging infrastructure of the wastewater collection system. The PSTAC charge represents the costs the Company pays to the CMCMUA to treat and dispose of the sewage generated within Ocean City. Like the PWAC, the PSTAC charge is a **pass-through** of actual costs. **Prior to January 1, 2021, the Wastewater Service Charge and PSTAC charge were combined as the Wastewater Service Charge line item on a customer's bill. The Purchased Wastewater surcharge line item is not a new charge. Please see the FAQ's below for more information.**

### I have a problem or a question regarding my water or sewer service charges. Whom should I call?

New Jersey American Water Company ("NJAWC" or the "Company") works diligently to provide accurate monthly billings for services. If you have questions related to either your water or wastewater services, please contact NJAWC's Customer Service Center (CSC) directly at **1-800-272-1325** between the operating hours of **7 a.m. and 7 p.m.**

### I called New Jersey American Water Company regarding my water and sewer service charges, and they told me to call the city. Why?

We have worked diligently with the management of the NJAWC on this issue, and they have informed us that they have instructed their Customer Service Center (CSC) representatives to answer questions from Ocean City, NJ customers and **not** to refer them back to the city. If a customer service representative mistakenly tells you to call the city about your concern, please simply ask them if you may speak with a supervisor.

**Note:** The NJAWC Customer Service Centers (CSC) are **not** always located in the State of New Jersey. It is important that you are clear that you are calling in reference to a bill from Ocean City, New Jersey. Further the sanitary water system is **neither owned nor operated by the city**, and thus the NJAWC should be your initial point of contact to resolve any of your service and billing issues.

### How is my water rate determined?

The cost of delivering high-quality, reliable water that meets or surpasses local, state and federal laws and regulations depends on two key factors: capital investments (infrastructure) and operation and maintenance (O&M) expenses.

The calculation of the water rate uses these factors to determine the cost the Company can charge its customers.



The rates charged by the Company go through an extensive review process and are approved by the New Jersey Board of Public Utilities (NJBPU). Before the Company can charge its rates, public hearings are held at which time the public and city representatives are afforded an opportunity to speak on the proposed changes in the rates or services.

Additional information can be found on the NJBPU's website at <https://www.nj.gov/bpu/>

## How is my water rate determined?

### Key Factor Terms

- Capital Investments - New and replacement infrastructure investments in the water supply system.
- Operation and Maintenance - Expenses associated with operating and maintaining the water supply system.
  - Power Costs to pump the water from its source in the ground to the homes and businesses within the NJAWC service area or community.
  - Staffing costs, including compensation and benefits, for its service technicians, water quality specialists, meter readers, administrative personnel and others who help run the water utility on a day-to-day basis.

## What are the main components of my water bill?

- **Fixed Service Charge:** The fixed service rate is based on the size of the meter that was installed at the service address. For residential customers who have a **5/8" meter**, the fixed service charge is **\$18.50 per month**.
- **Water Charge:** The water charge is based on the water consumed (used) in between meter readings. **The rate per 1,000 gallons is \$6.8884** for all water used.
- **Purchased Water Adjustment Clause (PWAC) Surcharge:** The current PWAC rate is **\$0.5113 per 1,000 gallons**. NJAWC purchases water from a number of water purveyors to supplement its own surface water and groundwater supplies. These supplies are critical to providing a reliable source of water supply for the Company's customers. The PWAC surcharge is a ***pass-through surcharge***, which enables NJAWC to recover its cost of purchasing water from other water purveyors. The PWAC rate changes on an annual basis (**generally in April**). Since NJAWC is a regulated water utility, they are required to file for permission from the BPU each time they wish to change the PWAC rate to recover costs associated with the purchased water supply. Subsequently, the BPU performs a thorough review of the request/petition and after required public hearings either denies, modifies or approves the fee increase/decrease.

## Why does the New Jersey American Water Company charge for wastewater service in Ocean City?

NJAWC **owns and maintains** the wastewater collection system, pipelines and pump stations that are utilized to collect wastewater from homes and businesses in Ocean City. The wastewater collected is then transferred to the Cape May County Municipal Utilities Authority (CMCMUA) Sewage Treatment Facility located at 45<sup>th</sup> Street and West Avenue in Ocean City. The CMCMUA owns and maintains the treatment plant, pumps and pipes necessary to treat and dispose of the collected and treated sewage. Instead of customers receiving a separate bill from the CMCMUA for the cost of treating the sewage, NJAWC bills the customers on its monthly invoice for the sewage sent to CMCMUA. Each municipality that sends wastewater to the CMCMUA plant is required to pay for the volume they send to be processed. All the wastewater collected from Ocean City is sent to be processed at the CMCUA facility. Thus, all Ocean City customers bear a portion of the cost to operate the CMCMUA facility and to process the sewage on an annual basis.

Starting on January 1, 2021, each customer will see a separate line item for the Wastewater Service Charge and the Purchased Wastewater Treatment Adjustment Clause surcharge ("PSTAC charge") labeled as "Purchased Wastewater Surcharge". The Wastewater Service Charge covers NJAWC's expenses to collect wastewater, maintain the collection system, pay local, state and federal taxes, and invest in the aging infrastructure of the wastewater collection system. The PSTAC charge represents the costs the Company pays to the CMCMUA to treat and dispose of the sewage generated within Ocean City. Like the PWAC, the PSTAC charge is a ***pass-through*** of actual costs.

## What are the current wastewater rates in Ocean City?

- **Wastewater Service Charge:** The Wastewater Service Charge for a customer is determined every January 1 for the year based on the water usage for the prior July, August and September meter readings (“Summer Quarter Consumption”) but in no event will a customer be billed for less than 7,480 gallons per year for wastewater service. The current service charge is \$12.25 per 1,000 gallons of water usage billed at the property during the **prior** year’s summer quarter (**July, August and September**), but not less than 7,480 gallons, or **\$91.63 per year**. This charge is then **divided by 12** and is billed equally over the period of January through December each calendar year.
- **Sewer Usage Charge:** In addition to the above monthly Wastewater Service Charge, there is a volumetric charge of **\$2.1500 per 1,000 gallons** based on the water consumed for the current month based on the meter readings.
- **Purchased Wastewater Treatment Adjustment Clause (PSTAC) Surcharge:** Like the PWAC, the PSTAC charge is a **pass-through charge** based on actual wastewater treatment costs. The PSTAC charge reflects the costs that NJAWC pays to the CMCMUA for treating and disposing of wastewater collected in Ocean City. Each year, the PSTAC charge changes (generally in April) and may increase or decrease depending on the amount of wastewater NJAWC sends to the treatment plant and the CMCMUA’s costs associated with treatment and disposal. The current PSTAC charge is **\$26.6334 per 1,000 gallons** of water used at the property during the **prior** year’s summer quarter (**July, August and September**), but not less than 7,480 gallons, or **\$199.22 per year**. This PSTAC charge is then **divided by 12** and billed monthly from January through December each calendar year.

## What is the purpose of the purchased wastewater treatment adjustment clause (PSTAC) surcharge?

As mentioned above the PSTAC surcharge is a **pass-through charge** that enables the company to recover the expense it pays to the CMCMUA for the treatment and disposal of the wastewater. Each year, the PSTAC charge is **reset** in **January** and may **increase or decrease** depending on your prior year summer quarter consumption. The total PSTAC charge is shown as a separate line item on your bill.

## Why was the bill redesigned for the wastewater line items?

Understanding the calculation of the Ocean City wastewater rate has been a challenge for both the company and our customers. Because this is a pass-through charge, displaying the PSTAC as a separate line item in the “Other” section on the customer’s bill allows customers to better understand how much of their wastewater bill is for the pass-through PSTAC Charge and to be aware of their summer quarter consumption usage.

## Why is this year’s Sewer Service and PSTAC charge based on last year’s summer quarter (July, August and September) usage?

The CMCMUA designed and built the 45<sup>th</sup> Street Waste Water Treatment Facility in the mid-1970s to handle the tremendous peak flows Ocean City generates during the summer months and to handle the future growth and development of the community. The CMCMUA develops its annual user charge based on the previous year’s sewage flows to the waste treatment facility during the summer quarter (**July, August and September**). Thus New Jersey American Water Company (NJAWC) calculates the pass-through PSTAC Charge on the same basis. NJAWC also utilizes the same methodology to calculate its Wastewater Service Charge, billing customers in the current year based on the **prior** year’s summer consumption. In both cases, the use of the prior year’s usage allows these charges to be billed equally over a 12-month period.

## Why am I being billed for sewer service charges, when I am not there or utilizing the property?

Wastewater services are billed to **all** customers, regardless of the volume of water utilized that month. You may be only a seasonal resident and not utilize the water service or experience any water volume use during certain months of the year, but you are still responsible for the wastewater services monthly. The annual Wastewater Service Charge and PSTAC Charge are based on the water usage billed during the **prior** summer quarter (**July, August and September**) and cover the costs associated in providing reliable wastewater service to the community.

NJAWC is sensitive to the impact on its customers if the full amount of wastewater service used was due only once a year. The Company realizes that such a charge could be burdensome to some customers. Thus, in the mid 1970s, both the city and the company agreed on a equable billing plan that would permit the payments to be spread out equally over a 12-month period, so that customers are billed 1/12th of this charge each month throughout the calendar year.

For the average property owner, it more advantageous to have the payments spread out equally. This affords the customer the opportunity to budget the cost over the entire calendar year. In this way, it is a type of budget billing plan, similar to what is currently offered by other public utilities for the services that they provide. The difference is that the entire city customer base is on the same budget plan, which was negotiated on your behalf by city representatives at the time the new processing plant was built in the mid-1970s.

It is imperative that customers remain conscious of their intended water use during the summer quarter (July, August and September). Overly high water usage during this time period will dramatically affect your wastewater service bills in the coming calendar year.

## The Sewer Service Charge Calculations

1. To calculate your sewer service charge, add up your total water usage recorded during the prior summer quarter (July, August and September). If that total is less than **7,480 gallons**, then the **minimum service charge of \$91.63 per year or \$7.64 per month** and the PSTAC Charge of **\$199.22 per year or \$16.60 per month** will be billed to your account for a total monthly bill of **\$24.24**.
2. If your total monthly water usage recorded during the prior summer quarter (July, August and September) is greater than **7,480 gallons**, then you must multiply the total water used by the rate of **\$12.25 (service) and \$26.6334 (PSTAC charge)** per 1,000 gallons.
3. Divide that amount determined in (2) above by 12 for your monthly sewer service charge.

### *Sample of the Ocean City Sewer Charge Calculations*

July	9	(thousand gallons)
August	8	(thousand gallons)
+ September	7	(thousand gallons)
	<u>24</u>	(thousand gallons for the summer quarter)

**Sewer Service Charge - 24 x \$12.25 (rate per 1,000 gallons) = \$294.00 annual or \$294.00 / 12 months = \$24.50 per month**

**PSTAC Charge – 24 x \$26.6334 (rate per 1,000 gallons) = \$639.20 annual or \$639.20 / 12 months = \$53.27 per month**

In addition to the monthly Sewer Service Charge and the PSTAC Charge above of \$77.77 (\$24.50 + \$53.27, respectively), the customer will be billed the actual water volume charge on the current month's water usage at **\$2.1500 per 1,000 gallons**. Therefore, if the customer's water usage for the current month is 5,400 gallons, then the customer will be billed \$11.61 (5.4 x \$2.1500), in addition to the \$77.77 in the above sample for a total monthly sewer bill of \$89.38.

# WATER SAVING TIPS FOR AROUND THE HOME

Reduce use by over 50%



**REPLACE  
WASHERS**



**INSTALL  
LOW-FLUSH  
TOILETS**



**FIX  
LEAKS**



**INSTALL  
EFFICIENT  
APPLIANCES**



**TAKE  
SHORTER  
SHOWERS**



**RUN DISH  
WASHER  
ONLY  
WHEN FULL**



**IRRIGATE  
LAWN  
1" MAX  
WEEKLY**



**DRIP-IRRIGATE  
LANDSCAPE  
BEDS**



**USE A  
CAR WASH  
NOT A HOSE**



**COLLECT  
RAIN  
WATER**