



# OCEAN CITY UTILITY ADVISORY COMMISSION

## OCEAN CITY, NEW JERSEY



Updated July 1, 2021

## FAQ'S ABOUT YOUR WATER & WASTEWATER SERVICES

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 to 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 & 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, it's just now been broken out separately on the bill to provide more transparency of these associated costs. Please see the FAQ's below for more detailed information.***

### I have a problem or question about my water or wastewater services, who should I call?

New Jersey-American Water Company ("NJAWC" or the "Company") works diligently to provide accurate monthly billings for their services. If you have questions related to either your water or wastewater services, please contact NJAWC's Customer Service Center directly @ **1-(800)-272-1325** during the operating hours of **7:00 AM - 7:00 PM**.

### I called New Jersey American Water Company about my water & wastewater service, and they told me to call the City. Why?

We have worked diligently with the management of 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 customers and not to refer them back to the City itself. If a customer service representative mistakenly tells you to call the City about your concern, please simply just ask them if you may speak with a supervisor.

### How is my water rate determined?

The cost of delivering high-quality, reliable water service that meets or surpasses local, state and federal laws and regulations depends on two key factors, Capital Investments (Infrastructure) and Operation & 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 change 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 rates or services.

*Additional information can be found on the NJBPU website @ <https://www.nj.gov/bpu/>.*

## How is my water rate determined? (Continued)

### **Key Factor Terms:**

- Capital Investments - New & replacement infrastructure investments in the water supply system.
- Operation & 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 **\$0.4221 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 NJBPU each time they wish to change the PWAC rate to recover costs associated with the purchased water supply. Subsequently, the NJBPU performs a thorough review of the request/petition and after required public hearings can either deny, modify or approve the fee increase/decrease.

## Why does NJAWC charge for wastewater service in Ocean City?

NJAWC **owns & 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) Wastewater Treatment Facility located at 45<sup>th</sup> Street & 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 wastewater. Instead of customers receiving a separate bill from the CMCMUA for the cost of treating the wastewater, 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 CMCMUA 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 & 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 & 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 **\$33.9147 per 1,000 gallons** of water used at the property during the **prior** year's summer quarter (**July, August & September**), **but not less than 7,480 gallons, or \$253.68 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*** which 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's summer quarter consumption. The total PSTAC charge is shown as a separate line item on your bill.

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

Understanding the calculation of the Ocean City wastewater rate has been a challenge for both our Company and the 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 the ratepayer to better understand how much of their wastewater bill is for the pass-through PSTAC charge, and to be more conscious of their summer quarter consumption usage.

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

The CMCMUA built the 45<sup>th</sup> Street Wastewater Treatment Facility in the mid 1970's 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 wastewater treatment facility during the summer quarter (July, August & September). Thus, NJAWC calculates the passed-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 wastewater services 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 only be a seasonal resident and do 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 & PSTAC charge are based on the water usage billed during the **prior** summer quarter (July, August & September) and covers 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 1970's, both the City and the Company agreed on an equitable billing plan that would permit the payments to be spread out equally over a 12-month period, so that customers are billed **1/12<sup>th</sup>** of this charge each month throughout the calendar year. Thus a budgeted plan was established on the ratepayer's behalf.

For the average property owner, it is more advantageous to have the payments spread out equally. This affords the customer an opportunity to budget the cost over the entire calendar year. In a 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** Ocean City customer base is on the budget plan, which was negotiated on your behalf by City representatives at the time the new processing plant was built in the mid 1970's.

It is imperative that customers remain conscious of their intended water use during the summer quarter (**July, August & September**). Overly high water usage during this established 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 & 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 \$253.68 per year or \$21.14 per month** will be billed to your account **for a total monthly bill of \$28.78**.
2. If your total water usage recorded during the prior summer quarter (**July, August & September**) is **greater** than **7,480 gallons**, then you must multiply the total water used by the rate of **\$12.25 (service)** and **\$33.9147 (PSTAC charge)** per 1,000 gallons.
3. Divide the 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)
	24	(thousand gallons for the summer quarter)

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

**PSTAC Charge** -  $24 \times \$33.9147$  (rate per 1,000 gallons) =  $\$813.95$  annual or  $\$813.95 / 12$  months =  $\$67.83$  per month

In addition to the monthly Service Charge and PSTAC charge, above of \$92.33 (\$24.50 + \$67.83, respectively), the customer will be billed the actual 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 ( $5.4 \times \$2.1500$ ), in addition to the \$92.33 in the above sample for a total monthly sewer bill of \$103.94.

# WATER SAVING TIPS FOR AROUND THE HOME

Reduce use by over 50%



REPLACE  
WASHERS



FIX  
LEAKS



TAKE  
SHORTER  
SHOWERS



IRRIGATE  
LAWN  
1" MAX  
WEEKLY



USE A  
CAR WASH  
NOT A HOSE



INSTALL  
LOW-FLUSH  
TOILETS



INSTALL  
EFFICIENT  
APPLIANCES



RUN DISH  
WASHER  
ONLY  
WHEN FULL



DRIP-IRRIGATE  
LANDSCAPE  
BEDS



COLLECT  
RAIN  
WATER