

## CHAPTER 1D

ALLOCATION OF WATER SUPPLY COSTS FOR  
EMERGENCY WATER PROJECTS

## Authority

P.L. 1981, c.28, and P.L. 1981, c.29.

## Source and Effective Date

R.1993 d.497, effective September 13, 1993.  
See: 25 N.J.R. 2635(b), 25 N.J.R. 4595(a).

## Executive Order No. 66(1978) Expiration Date

Chapter 1D, Allocation of Water Supply Costs for Emergency Water Projects, expires on September 13, 1998.

## Chapter Historical Note

Chapter 1D, Agricultural Preserve Demonstration Program, became effective on January 26, 1977 as R.1977 d.20. See: 8 N.J.R. 506(a), 9 N.J.R. 62(b). Amendments became effective June 22, 1977 as R.1977 d.218. See: 9 N.J.R. 302(a).

Chapter 1D, Agricultural Preserve Demonstration Program, was repealed effective October 7, 1980 by R.1980 d.433. See: 12 N.J.R. 454(b), 12 N.J.R. 643(a).

Chapter 1D, Allocation of Water Supply Costs for Emergency Water Projects, became effective January 17, 1984 as R.1983 d.639. See: 15 N.J.R. 117(a), 16 N.J.R. 130(b).

Pursuant to Executive Order No. 66(1978), Chapter 1D was readopted effective November 28, 1988 as R.1988 d.589. See: 20 N.J.R. 2197(a), 20 N.J.R. 3135(a). Pursuant to Executive Order No. 66(1978), Chapter 1D was readopted as R.1993 d.497, effective September 13, 1993. See: Source and Effective Date.

See section annotations for specific rulemaking activity.

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SUBCHAPTER 1. GENERAL PROVISIONS AND  
ALLOCATION PROCEDURE

## 7:1D-1.1 Scope and authority

This chapter, adopted pursuant to P.L. 1981, c.28 and P.L. 1981, c.29, governs the allocation of costs for water emergency projects, which were funded under that same authority, among the applicable water purveyors, for reimbursement to the State.

## 7:1D-1.2 Construction

This chapter shall be liberally construed to permit the Department of Environmental Protection and Energy to discharge its statutory functions, and to effectuate the payback provision of P.L. 1981, c.28 and P.L. 1981, c.29.

Amended by R.1993 d.497, effective October 4, 1993.  
See: 25 N.J.R. 2635(a), 25 N.J.R. 4595(a).

## 7:1D-1.3 Purpose

The purpose of this chapter is to establish a repayment program for applicable water purveyors for the full cost of planning, designing, acquiring, constructing and operating the water emergency projects from which they benefited as referenced in N.J.A.C. 7:1D-1.10.

## 7:1D-1.4 Severability

If any section, subsection, provision, clause or portion of this chapter is adjudged invalid or unconstitutional by a court of competent jurisdiction, the remainder of this chapter shall not be affected thereby.

## 7:1D-1.5 Definitions

"Applicable water purveyors" means those water purveyors which benefited from the construction of the water emergency projects referenced at N.J.A.C. 7:1D-1.10.

"Department" means the Department of Environmental Protection and Energy.

"Reimbursement percentage allocation" means the formula whereby the costs of the water emergency projects funded pursuant to P.L. 1981, c.28 and P.L. 1981, c.29, are distributed among the applicable water purveyors.

Amended by R.1993 d.497, effective October 4, 1993.  
See: 25 N.J.R. 2635(a), 25 N.J.R. 4595(a).

## 7:1D-1.6 Reimbursement percentage allocation

(a) The purveyors' total daily average pumpage for 1980 is to be used as a base for the reimbursement percentage allocation, except for Commonwealth Water Company and Elizabethtown Water Company.

(b) The benefit percentages for the purposes of allocating reimbursement obligations among the applicable water purveyors are as follows:

Purveyor	Total Pumpage	Pumping for Settlement Purpose	Reimbursement Percentage Share
North Jersey District Water Supply Commission	100 mgd	100 mgd	24.45%
Hackensack Water Company	100	100	24.45%
Jersey City Water Department	65	65	15.8925
Elizabethtown Water Company	128 (98 surface water)	23	5.6225
Commonwealth Water Company	36	11	2.69
Passaic Valley Water Commission	45†	45	11.0025
Newark Water Department	65† (approx.)	<u>65</u> <u>409 mgd</u>	<u>15.8925</u> <u>100.00%</u>

† Exclusive of water from North Jersey District Water Supply Commission.

#### 7:1D-1.7 Interest cost determination

The purveyors shall pay interest at the rate of 9.2 percent upon the unpaid balance of the principal cost. Such interest rate shall be applied to the reimbursement percentage allocation of the principal cost to be borne by each purveyor, upon the effective date of this chapter.

#### 7:1D-1.8 Payback period and annual accounting

(a) Reimbursement for the projects can be calculated on the basis of repaying the costs in equal payments over a 10-year period. This period shall be used for the purposes of computing the total principal and interest costs, and such computation shall be made in a manner which will permit each purveyor to make payments over the course of such payback period. Any cost overruns shall be compensated for by continued equal payments until the debts are satisfied.

(b) The payback period shall commence upon there being in place and in effect a rate permitting each purveyor to recover the full amount of said charge through such rate.

1. No purveyor shall be obligated to make any payment until such a rate is in effect for all applicable water purveyors or one year from the effective date of this chapter, whichever occurs first.

2. Within 60 days after the effective date of this chapter, the purveyors shall make appropriate application to the Board of Regulatory Commissioners for inclusion of the reimbursement costs in their respective rate schedules.

(c) Purveyors shall make quarterly payments to the State during the payback period, upon commencement of the payback period.

(d) The Department shall make an annual accounting to all NEW purveyors of payments made by each purveyor pursuant to the repayment program.

Amended by R.1993 d.497, effective October 4, 1993.  
See: 25 N.J.R. 2635(a), 25 N.J.R. 4595(a).

#### 7:1D-1.9 Rate treatment

For rates subject to the jurisdiction of the Board of Regulatory Commissioners, the costs of the reimbursement shall be recovered from customers in proportion to their water usage. Approval of said rates by the Board of Regulatory Commissioners shall be sought by the applicable purveyors in the manner prescribed by regulation and statute. (See N.J.A.C. 14:1-5.12 and N.J.S.A. 48:2-21.)

Amended by R.1993 d.497, effective October 4, 1993.  
See: 25 N.J.R. 2635(a), 25 N.J.R. 4595(a).

#### 7:1D-1.10 Water emergency projects

(a) Projects for which reimbursement shall be made and the costs of each of such projects, shall be the following:

	Total State Expenditure	Open Balance
1. Bolster Interconnection between Elizabethtown Water Company and the Newark System:	\$ 6,394,984.17	0
2. George Washington Bridge Interconnection:	\$ 5,331,903.13	\$273,407.06
3. Great Notch Interconnection Multiple Exchange Facilities:	\$ 2,500,000.00	0
4. Passaic Valley Water Commission Treatment Plant Improvement	\$ 400,000.00	0
Total (Principal Cost):	<u>\$15,226,887.30</u>	<u>\$273,407.06</u>

(b) The costs in (a) above shall be subject to adjustment, by the Department, after assessment of adequate substantiating documentation.

(c) An additional \$600,000.00 is the direct responsibility of the Passaic Valley Water Commission based on the Memorandum of Agreement, dated April 30, 1981 between the Department and the Passaic Valley Water Commission.

#### 7:1D-1.11 State reservation of rights

The State reserves all rights as it may have by law to seek reimbursement for the costs of the following projects but not limited thereto: Lake Hopatcong, Wawayanda Reservoir, Mount Hope Mine Projects, and the Delaware and Raritan Canal pumping station, and the design of the Raritan-Passaic Interconnection.