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Water Rate Hike Reduced In Settlement

BEDMINSTER TWP. – Legal efforts by several local towns to prevent a big water rate hike have resulted in a preliminary settlement that would substantially reduce the increase.

According to a Monday, Oct. 26, press release from the mayors of seven participating municipalities, the agreement is seen as a “major victory” for local consumers.

Contributing financially to the fight against New Jersey American Water (NJAW) were Bedminster, Bernardsville, Bridgewater, Far Hills, Peapack-Gladstone, Raritan Borough and Raritan Township. Bernards Township had initially been asked to join the litigation as well but declined for financial reasons.

The effort was initiated by the Bedminster Township Committee at the start of the year after the water company filed for a rate increase with the state Board of Public Utilities (BPU) in December of 2019.

The mayors called the proposed hike “unwarranted and ill-timed” during the pandemic.

“The company decided to plow ahead with a double-digit rate increase, totally disregarding the economic impact the pandemic has had on our constituents,” the mayors said. “It was unconscionable, never mind tone deaf, for NJAW to pursue this action while consumers and business were under severe economic distress, the

likes of which we have never seen.”

“We have what I think is a good settlement,” Bernardsville Mayor Mary Jane Canose said during a Borough Council meeting Monday night. “It’s to our advantage and will really help our residents.”

According to the press release, which was sent to this newspaper by Bedminster Township, under the original NJAW proposal, residential water bills would have risen by 12 percent, resulting in a \$78 average annual increase.

In addition, automatic surcharges that would have allowed NJAW to recover investments in system improvement would have further escalated consumer bills in the coming years.

Under the terms of the proposed settlement, the water company has agreed to a “base rate increase” of 4.4 percent, effective Nov. 1, 2020, but deferred to Sept. 1, 2021, through applied bill credits and a “bottom line bill impact” of 2.4 percent versus 12 percent, calculated over the period from Nov. 1, 2020, to Sept. 1, 2022.”

The settlement still needs to be formally approved by an Administrative Law Judge and adopted by the BPU.

In the joint statement, the mayors said the towns used “a shared services approach in tackling the issue.”

“These seven scrappy municipalities took on the big dog and won,” they

said. “While we would have preferred not to spend our precious resources battling the utility giant in court, it was necessary to preserve the wallets and welfare of our residents. The investment will be paid back tenfold in the amount of savings that our residents will realize as a result of these actions.”

The effort began back on Jan. 27 when the Bedminster Township Committee voted to hire two parties to represent the township in contesting the increase.

Attorney William K. Mosca of the Bevan, Mosca, Giuditta and Zarillo law firm of Basking Ridge was hired as legal counsel through Dec. 31, at a fee not to exceed \$25,000.

Exeter Associates of Columbia, Md., an economic expert in the specialized field of public utility analysis, was also hired to do work recommended by the legal counsel at a fee not to exceed \$10,000.

Bedminster then reached out to the other towns seeking support for the effort.

New Jersey American, the largest water utility in the state, was seeking an annual revenue hike of \$87.7 million. The firm had said its request was based on “the significant investment the company has made or will make into its water and wastewater infrastructure.”