

## Points for Discussion about the Pennington Borough Water Rate Increase Relative to Operating the Water Utility in Compliance with State of New Jersey Laws and Requirements

Delivering water that is safe for drinking and available for critical needs like fire-fighting is an essential service that the Pennington Water Department (PDW) has been delivering since 1923.

The Pennington Borough Water Department is a public water system under the federal and state Safe Drinking Water Acts, both of which ensure the protection of public health and the environment.

Under these laws, water systems have an obligation to maintain the financial, technical and managerial capacity to provide safe drinking water.

Providing safe drinking water requires not only operation, maintenance and monitoring but also the continued investment in the assets that comprise the system.

These assets include the system's physical infrastructure, its source water (in our case groundwater), and its human resources.

**In order to provide a level of service consistent with the obligations required by law, and to deliver reliable service, the systems must ensure stable funding, especially as obligations change and assets age.**

To do this, systems determine costs and revenue and set aside a reserve to manage existing and future needs. If the reserve is too low or the costs exceed revenues, a rate increase is warranted.

This analysis should be done routinely as obligations and costs change.

Since the last rate amendment, in 2017 the system has taken many steps to ensure that aging infrastructure is maintained or replaced so as to prevent interruptions in service and protect public health.

***It is important to note that the Pennington Water Department has instituted State-mandated requirements without adjusting the water rates to cover the cost of the mandated requirements.***

For example, in 2017 the New Jersey Legislature enacted the **Water Quality Accountability Act** mandating the best practices that ensure continued system function including, evaluation, planning, and security measures. The initial requirements of the WQAA were phased in over time, but the obligations are continual.

In compliance with the Act, in 2017 the Pennington Water Department developed a formal **Asset Management Plan**, including mapping of all water mains, hydrants and valves. Such plans, which are living documents, help communities address and plan for anticipated and unexpected needs by evaluating physical, managerial, and financial conditions.

As per the Act, the Water Department also tests and exercises all its water main valves annually. An emergency, such as a fire or water main break, is no time to discover that a valve is inoperable.

During testing, deficiencies are identified and corrective actions are planned and executed.

Hydrants are also exercised, tested and flushed regularly. This process provides data concerning flow rates, which are critical for fire-fighting. Hydrants are also key to maintaining water quality through our annual flushing program.

The Asset Plan is also forward looking. PWD has a water main renewal program designed to achieve a 150-year replacement cycle.

The Pennington Water Department is accountable to the State for the elements of its Asset Management Plan. This means that at least once every 3 years, the Water Department must provide a report identifying the infrastructure improvements and costs of that have been accomplished and those that are planned. This report must be provided to the Department of Environmental Protection, which evaluates system operations with respect to the delivery of safe drinking water, and to the Department of Community Affairs, for fiscal review.

In addition, the Water Department is also required to comply with monitoring associated with new drinking water standards to address emerging contaminants, as well as the **new law aimed at eliminating lead containing service lines statewide**.

***The current rates do not reflect these new requirements or obligations.***

Given the importance of drinking water quality and the obligation a water system has to protect public health through the provision safe drinking water and reliable service, an obligation the Council takes very seriously, coupled with the mandate that our utilities maintain the financial, technical and managerial capacity to provide the level of service expected by residents, the Council has determined that a rate increase is necessary at this time.