



SOUTH ORANGE WATER SYSTEM REFERENDUM FREQUENTLY ASKED QUESTIONS (FAQS)

The South Orange water system needs significant upgrades, with much of the system being over 100 years old. The investment required to repair and modernize the Village’s water system will come at a significant cost to customers if South Orange maintains ownership and raises rates or borrows money to fund the needed investment.

With your support of the South Orange water system referendum, your water provider, New Jersey American Water, will ensure rate predictability and take ownership of the system. This will result in a \$69.7 million investment in South Orange that includes a \$19.7 million payment to purchase the water system, which the Village will use to pay off all utility debt and a portion of municipal debt, and a \$50 million investment to repair and modernize the water system infrastructure.

For more information on the referendum please visit: VoteYesSouthOrange.com

What will happen to my water rates if I vote “Yes”?

Upon closing of the sale and after regulatory approval (likely in 2025), a five-year rate plan will begin so customers can know what to expect while critical system improvements are made. Upon the transition to New Jersey American Water ownership, rates will be held at the Village’s current rate for two years. Then, rates will increase modestly, 3% per year, for the next three years.

Five-Year Rate Plan Under New Jersey American Water Ownership					
Year	1	2	3	4	5
Rate Increase	0%	0%	3%	3%	3%

I understand the five-year rate plan proposed by New Jersey American Water, but what will happen to rates after that? Won’t New Jersey American Water just raise rates to recoup their investment?

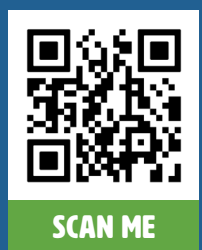
Water rates will become more predictable in both the short- and long-term under New Jersey American Water ownership. New Jersey American Water’s large customer base will help mitigate rate increases for South Orange customers as investments are made in the water system.

After the five-year rate plan concludes, your water rates will change with the timing of New Jersey American Water’s general rate cases. New Jersey American Water’s rates are regulated by the New Jersey Board of Public Utilities (NJBP), the same way your water, electric, and natural gas rates are. Water rates are set by the NJBP after a lengthy and thorough regulatory process. This public process involves input from many stakeholders including customers, the NJBP and the Division of Rate Counsel.



VOTE YES ON THE WATER SYSTEM REFERENDUM
to prioritize infrastructure investment with predictable rates.

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VoteYesSouthOrange.com



Will the sale of the water system impact my property taxes or rent at all?

If the referendum is approved, the \$19.7 million purchase price will be used by the Village to pay off all utility debt, with the remainder being applied to municipal debt.

The Village must use the \$19.7 million to address debt, freeing up funds in the budget for other purposes. Whether you are a homeowner paying property taxes directly, or a renter paying property taxes indirectly through your rent, the sale benefits you as a South Orange resident.

How will I be billed for water?

Customers will be billed monthly based on their water usage. Monthly billing provides customers with smaller bills and makes it easier, especially for those on fixed incomes, to include the cost of water service into their monthly household budget.

In addition, South Orange customers will have access to the conveniences of New Jersey American Water's online, paperless billing and auto bill pay features. Qualifying customers can also take advantage of our customer bill paying assistance program.

Will New Jersey American Water understand our local needs?

New Jersey American Water will operate and manage the Village's water system from our nearby Short Hills Operations Center, which includes employees that are already familiar with the system, and will continue to supply water from the company's state-of-the-art Canoe Brook Water Treatment facility in Millburn.

Is the South Orange water system an asset to our Village?

The system is a liability for the Village, not an asset. The investment required to repair and modernize the Village's aging water system will come at a tremendous cost to customers if South Orange keeps the system.

Approving this referendum will eliminate the financial and operational risks of maintaining and operating a water system, allowing the Village to focus on other projects and allocate the budget to other needs.

Will all customer lead lines be replaced? If so, when will this occur?

New Jersey American Water is committed to replacing all lead service lines, both customer-owned and utility-owned, ahead of the New Jersey Department of Environmental Protection's 2031 deadline. Following the acquisition, the identification and replacement process will commence immediately.

New Jersey American Water offers this replacement service at no direct upfront cost to customers, ensuring a seamless and coordinated approach that includes strong municipal and customer communication to guide residents through every step of the process.

New Jersey American Water would apply the Company's BPU-approved Lead Service Line Replacement (LSLR) Surcharge to South Orange Village rates for the recovery of costs for the replacement of customer-owned lead service lines. The current LSLR surcharge is \$0.8791 per 1,000 gallons. For the average South Orange Village customer that uses 6,500 gallons a month, the surcharge would be \$5.71 on their monthly bill. This cost is significantly less than if a customer was to pay a private contractor out-of-pocket for the replacement of their lead service line (typically \$5K-10K per line).

For more information regarding New Jersey American Water's Lead Service Line Replacement Program please visit: www.njamwaterlsr.com.



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