WATER & SEWER UPDATE | PUBLIC INFORMATION | AUGUST 2026

Understanding the Proposed Rate Changes

What is changing, why costs are rising, and how the plan will be reviewed

TOWN OF WATERTOWN
WATER & SEWER AUTHORITY
RATE INFORMATION

The proposal at a glance

The Water and Sewer Authority is considering an initial 25.5% increase to standard water fixed and usage charges and a 31% increase to standard sewer fixed and usage charges. These are proposed changes. Final action would occur only after the public hearing and Authority consideration.

25.5%
PROPOSED WATER ADJUSTMENT
fixed and usage charges

31%
PROPOSED SEWER ADJUSTMENT
fixed and usage charges

Aug. 26
PUBLIC HEARING
7:00 p.m. at Watertown High School

Why are changes being considered?

Water and sewer service is operated as a self-supporting utility. Customer charges—not property taxes—must pay for purchased water, wastewater treatment, daily operations, system repairs, debt payments, and emergency reserves. The rate study found that current revenue will not be enough to meet the full cost of service and maintain a reasonable financial cushion over the five-year planning period.

Waterbury rates are only part of the change

Waterbury's adopted FY2027 water usage rate increased from $2.65 to $3.50 per CCF (hundred cubic feet, about 748 gallons). Its sewer rate remains $3.953 per CCF. Watertown's proposed rates also support judgment-related bond payments and the WSA's other operating and financial needs.

A prior obligation requires repayment

A major new cost is long-term debt to pay the Waterbury judgment. This financing addresses previously incurred costs; it is not a new $30 million construction project.

Ongoing system reinvestment

Water mains, sewer collection lines, pumps, monitoring, security, and regulatory needs require ongoing maintenance and planned replacement.

Reserves support service continuity

The study recommends keeping about 90 days of operating costs available for emergencies, equipment failures, cash-flow timing, and unexpected cost increases.

PROPOSED PLAN
PUBLIC HEARING
BEFORE FINAL ACTION

What is not being suggested

This is not a claim that every future estimate will be exactly right. It is a proposed financial path based on current information. Actual costs, usage, financing terms, and later-year rates must be reviewed as conditions change.

YOUR BILL

How the Proposed Change Could Affect Customers

Bills include a fixed service charge and a usage charge

WATER SERVICE

- **Fixed charge:** helps pay for service availability and costs that continue even when usage is low.
- **Usage charge:** based on water used in 1,000-gallon units.
- **Usage charge:** current $4.59 to proposed $5.76 per 1,000 gallons.

SEWER SERVICE

- **Fixed charge:** supports readiness, administration, maintenance, and compliance.
- **Usage charge:** generally based on water use because homes do not have separate sewer meters.
- **Usage charge:** current $6.09 to proposed $7.98 per 1,000 gallons.

Illustrative quarterly combined bills

The examples below assume a 5/8-inch meter and include both water and sewer fixed and usage charges.

Quarterly usage	Current combined bill	Proposed initial bill	Quarterly increase	Approx. change
5,000 gallons	$159.97	$206.35	$46.38	29%
10,000 gallons	$213.37	$275.04	$61.67	29%
16,000 gallons	$334.88	$431.66	$96.78	29%
26,000 gallons	$441.68	$569.04	$127.36	29%

Examples are for explanation only. Actual bills vary by meter size, quarterly usage, customer classification, and other billing provisions. Rounding may cause small differences. In this newsletter, "fixed charge" means the charge is not calculated per 1,000 gallons; the amount may still vary by meter size or rate category.

A common residential fixed-charge example

Charge	Current	Proposed initial	Increase
Water fixed charge - 5/8-inch meter, under 12,000 gallons	$35.38	$44.40	$9.02
Sewer fixed charge - under 12,000 gallons	$71.19	$93.26	$22.07

BILL TIMING

When could the new rates appear on a bill?

If adopted at the end of August 2026, the proposed initial rates would apply only to usage after the effective date. Because customers are billed quarterly in arrears, the earliest affected bills are expected to be the bills for September through November 2026 usage.

SEWER BILLING

Why is sewer billed separate from water use?

Most properties do not have a separate sewer meter. Water use is therefore used as a practical estimate of wastewater. The Town is billed by Waterbury based on total sewer flow leaving the system. Groundwater and stormwater that enter aging sewer lines—called inflow and infiltration—can increase that total flow and raise system-wide treatment costs.

RATE COMPARISON

How Watertown compares with selected providers

NewGen compared combined quarterly water-and-sewer bills for 16 selected Connecticut utilities and service providers, using 10,000 gallons and the smallest available meter (5/8-inch).

Current Watertown: $213.37 | Proposed initial: $275.04 | Range shown: $120.28–$404.75

The proposed bill would be the fifth-highest among the 16 providers shown. This comparison provides context only: systems differ in meter charges, rate structures, debt, water sources, treatment arrangements, and services. Figures reflect rates available when NewGen prepared its June 17, 2026 presentation.

THE COST STORY

Where the Pressure on Rates Is Coming From

The proposed increase is the combined result of several major cost changes

Key FY2027 cost and planning factors

$0.85	No change	$30.6M	90 days
WATER RATE INCREASE	**WATERBURY SEWER RATE**	**BOND PRINCIPAL**	**RESERVE TARGET**
per CCF: $2.65 to $3.50	$3.953 per CCF	Waterbury judgment model	25% of operating costs

Important: Waterbury's adopted unit-rate changes are only one part of Watertown's proposed rate plan. The 25.5% water and 31% sewer adjustments are intended to cover the WSA's total projected cost of service.

What changed in Waterbury's rates?

For FY2027, Waterbury increased its published water usage rate by $0.85 per CCF, or about 32%, from $2.65 to $3.50. Its combined sewer use and capital-recovery rate remains $3.953 per CCF.

Watertown's proposed customer rates also address projected Waterbury charges, annual debt payments for the judgment bond, local operations, system reinvestment, and reserves.

What the Waterbury financing means in plain language

The study models long-term borrowing to pay the Waterbury judgment. Under the model, annual debt payments are approximately $1.95 million in FY2027, $2.80 million in FY2028, $2.73 million in FY2029, $2.67 million in FY2030, and $2.60 million in FY2031. The model estimates $30.6 million in principal and about $15 million in interest over the life of the debt. The final financing cost will depend on market conditions when the bonds are issued.

What customer revenue supports

Purchased services

Drinking water and wastewater treatment purchased from the City of Waterbury at applicable rates. These charges are one part of the total cost supported by customer rates.

Daily operations

Staffing, maintenance, billing, customer service, utilities, testing, and regulatory compliance.

Debt payments

Principal and interest on current and new borrowing, including the Waterbury judgment obligation.

System reinvestment

Planned work on mains, collection lines, pumps, equipment, monitoring, security, and immediate compliance needs.

Emergency reserves

Cash available for failures, urgent repairs, revenue swings, and unexpected cost increases.

No growth assumption

The model assumes no future customer or usage growth, so rising costs are not spread over a larger customer base.

NEXT PAGE
THE COST MIX

The cost story at a glance

The next page turns the detailed cost tables into a quick visual: what share goes to debt, fixed operations, and variable operations—and how much of the debt and fixed-cost picture is connected to Waterbury.

THE COST STORY

Where the Money Goes

A simpler look at the cost mix—and the Waterbury connection

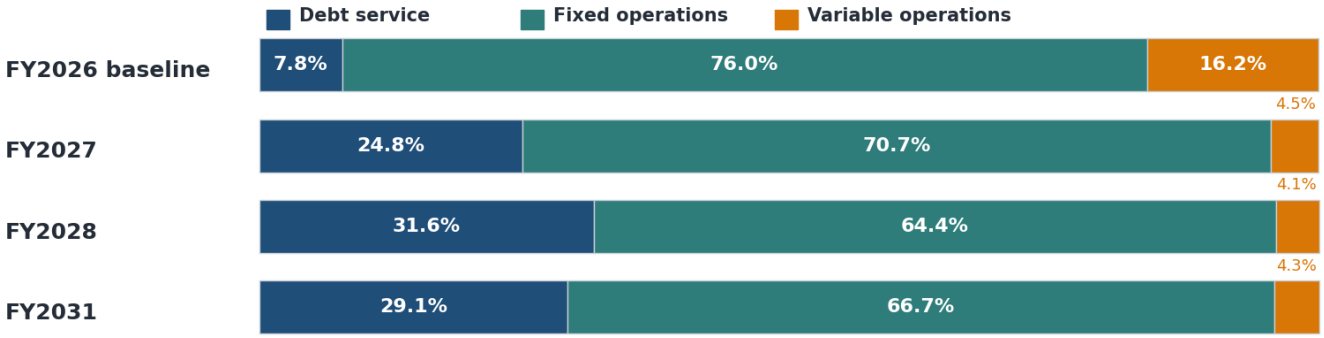
The detailed rate model contains many line items. For a clearer public view, this page groups the Water and Sewer Authority (WSA) budget into three broad pieces: debt service, fixed operations, and variable operations.

HOW TO READ THIS PAGE

This page explains the WSA budget—not how each charge on your bill is assigned.
Fixed operations are costs the model treats as continuing even when short-term usage changes. Variable operations are the costs it treats as changing with usage. For this analysis, Waterbury wholesale water and sewer-treatment charges are included under fixed operations. “FY2026 baseline” is the comparison year used in the rate study.

How the combined system cost mix changes

Approximate share of the total water-and-sewer revenue requirement (selected years)



Percentages are rounded. Fixed operations include Waterbury wholesale water and sewer-treatment charges for this breakout.

What stands out?

8% → 25%
Debt grows quickly
Debt service rises from 7.8% of combined costs in the FY2026 baseline to 24.8% in FY2027, then stays near 29%–32% in the later forecast years.

About ⅔
Fixed costs remain largest
Fixed operations continue to be the largest share of the system, accounting for roughly 64%–71% of costs during FY2027–FY2031.

About 4%
Classified as variable
The share classified as variable operations declines from 16.2% in the FY2026 baseline to about 4%–5% beginning in FY2027. Waterbury wholesale charges are included in fixed operations for this breakout.

The Waterbury connection

19%–24%
Judgment debt share
Beginning in FY2027, roughly one-fifth to one-quarter of all combined debt service is tied to the Waterbury judgment.

≈63%
Water fixed costs
From FY2027 onward, Waterbury wholesale water charges make up about 63% of the Water Fund’s fixed operating costs.

≈82%
Sewer fixed costs
From FY2027 onward, Waterbury wholesale sewer charges make up about 82% of the Sewer Fund’s fixed operating costs.

Combined view: Waterbury wholesale charges account for about 75% of the system’s combined fixed operating costs from FY2027 onward.

READ THIS SEPARATELY

These percentages answer two different questions.
The cost-mix graphic divides the total revenue requirement. The Waterbury figures below use narrower totals—total debt service or fixed operating costs—so they should not be added to the graphic above.

The figures are planning-model estimates. Actual wholesale charges, financing terms, operating results, and later-year rates will be reviewed annually and may change.

LOOKING AHEAD

The Multi-Year Plan and Annual Review Process

Planned rates must be tested against actual results each year

ANNUAL REVIEW LATER-YEAR RATES ARE NOT AUTOMATIC

Planned does not mean the forecast will be accepted without review

The current proposal includes a multi-year planning path. The Authority's annual review is intended to determine whether later-year assumptions are still reasonable and whether planned rates should be maintained, reduced, delayed, or otherwise modified through formal action.

The current five-year planning path

Fiscal year	Water planning assumption	Sewer planning assumption	Status
Initial / FY2027	25.5%	31%	Proposed for public hearing
FY2028	25.5%	31%	Planned; subject to annual review
FY2029	25.5%	31%	Planned; subject to annual review
FY2030	3%	3%	Planned; subject to annual review
FY2031	3%	3%	Planned; subject to annual review

Percentages apply to standard fixed service charges and usage charges. Special classifications may vary under applicable agreements or law. Each percentage is an annual planning assumption and, if later adopted, would be applied to the then-current rate—not to the original FY2026 rate.

What should be reviewed each year?

1 Actual wholesale water and sewer costs

2 Operating and maintenance results

3 Customer usage and revenue collected

4 Debt payments and final financing terms

5 Capital projects completed and still needed

6 Reserve balance and 90-day target

7 Changes in regulations or system conditions

8 Whether the planned rate change is still justified

What residents should expect from the public information process

- **Plain-language explanations:** technical reports should be paired with summaries and FAQs.
- **Actual-versus-plan reporting:** show what changed from the prior forecast and why.
- **Clear cost categories:** separate debt service, fixed operations, and costs classified as variable.
- **Customer examples:** show the effect at several usage levels and meter sizes.
- **Advance access to materials:** post hearing documents and supporting information for review.
- **Public discussion before action:** provide a meaningful opportunity for questions and comments.

Other financial matters under review

The Town Council and Water and Sewer Authority are reviewing certain cost-allocation and billing matters involving the Watertown Fire District and the City of Waterbury. No final determinations have been made. The rate proposal uses the costs and revenues currently included in the rate study. Any material change resulting from these reviews would be considered in a future rate review and any required public process.

How to participate

Public Hearing: Wednesday, August 26, 2026, at 7:00 p.m. at Watertown High School, 324 French Street. Hearing materials will be available at least 10 days before the hearing through the Town Clerk, the WSA office, and www.watertownct.org (Departments → Water & Sewer Authority → Rate & Financial Planning Updates). Written comments may be sent to the Watertown Water & Sewer Authority, Attn: Chairman, 747 French Street, Oakville, CT 06779, or emailed to wsa-info@watertownct.org.

BOTTOM LINE: This proposal has real effects on ratepayer bills. The purpose of the public process is to put the numbers, assumptions, customer effects, and long-term obligations in one place so ratepayers have what they need to weigh affordability against the Authority's financial and service-reliability obligations, and to raise questions before the Authority takes final action.

This newsletter is a plain-language summary; the official public-hearing notice and proposed rate schedule govern. Sources: June 17, 2026 NewGen rate-study presentation, including the customer bill-comparison slides; City of Waterbury FY2027 adopted water and sewer rate schedules; materials prepared for the August 26, 2026 hearing; and the Watertown cost-breakdown analysis. Figures are estimates and remain subject to public review and final Authority action.