

Watertown Water & Sewer Authority (WSA)

Understanding Water Revenue and Billing

(Plain Language Summary of Water Revenue Planning)

Why This Document Matters

The Water & Sewer Authority (WSA) not only plans for the cost of water—it must also estimate how much revenue will be collected to support the system.

This document explains in simple terms:

- How water revenue is generated
- Why revenue can vary from year to year
- How the WSA plans for stable and reliable funding

The goal is to make technical budget information easier to understand.

How the WSA Collects Revenue

Water system revenue comes from two primary sources:

1. Usage-Based Charges

- Based on how much water customers use
 - Billed in **1,000-gallon units**
 - Changes depending on overall water consumption
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2. Flat Fees (Fixed Charges)

- Charged regularly as part of water bills
- Do **not change based on usage**
- Provide a stable and predictable revenue source

Flat fees help cover:

- Billing and administration
 - Customer service
 - Regulatory compliance
 - System readiness and availability
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Why There Are Two Types of Revenue

This structure helps balance the system:

- **Usage charges** reflect actual consumption
- **Flat fees** provide stability for fixed costs

In simple terms:

Even if water usage changes, the system still has consistent funding to operate.

Why Water Revenue Can Vary

Water usage can change from year to year due to:

- Weather conditions (wet vs. dry years)
- Seasonal demand
- Changes in customer behavior

Because of this, revenue based on usage can fluctuate.

How the WSA Plans for This

To account for variability, the WSA looks at different scenarios:

Scenario 1 – Higher Usage (Recent Year Example)

- Reflects a higher level of water consumption
- Results in higher projected revenue

Scenario 2 – Long-Term Average (Planning Baseline)

- Based on a multi-year average of usage
- Provides a more stable and reliable estimate

What This Means in Practice

Depending on how much water is used:

- Revenue may be higher in some years
- Revenue may be lower in others

For planning purposes, the WSA typically relies on the **long-term average**, which helps avoid overestimating revenue.

What the Estimates Show

For the upcoming planning period:

- Estimated usage-based revenue ranges from approximately:
 - **\$1.55 million to \$1.80 million**

This difference reflects how sensitive revenue is to changes in water usage.

Why Stable Planning Matters

Using a conservative, long-term approach helps:

- Avoid budget shortfalls
- Support consistent operations
- Maintain financial stability

Flat fees also play a key role by providing steady revenue regardless of usage changes.

What These Estimates Do Not Include

These projections:

- Are **planning estimates only**
- Do not include:

- Late fees or penalties
 - Billing adjustments or credits
 - Unusual or one-time events
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What This Means for Residents

- Your bill includes both **usage-based charges and fixed fees**
 - Total system revenue depends on **overall community water use**
 - The WSA plans carefully to ensure the system remains stable and reliable
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Key Takeaway

- Water revenue comes from both **usage and fixed charges**
 - Usage-based revenue can vary from year to year
 - Long-term averages are used to support **stable and responsible planning**
 - Flat fees help ensure consistent funding for essential services
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Learn More

Residents who would like to review the full technical details can refer to:

Exhibit B – Projected Water Revenue

Additional materials are available at:

www.watertownct.org

Departments → Water & Sewer

Final Note

This summary is part of an ongoing effort to provide clear, accessible explanations of WSA operations and financial planning. The information presented is forward-looking and intended to support transparency, understanding, and informed community engagement.