

Frequently Asked Questions About the June 1, 2026 Water Rate Changes

Why did my water bill increase?

Effective June 1, 2026, the District reduced the amount of water included in the minimum monthly bill from 3,000 gallons to 2,000 gallons. Customers who use more than 2,000 gallons now pay for the additional water they use.

This is the first step in a planned conversion to a rate structure that is used by most water utilities.

Why did the District change the rate structure?

The previous rate structure included several thousand gallons of water in the minimum monthly bill. Most water utilities instead charge a monthly service fee to maintain the water system and then charge customers based on the amount of water they actually use.

The District is gradually moving to this more common and transparent rate structure by reducing the included water by 1,000 gallons. At the end of the conversion, the minimum bill will be replaced with a monthly service fee, and all water usage will be billed separately.

Why is the District making this change now?

The District serves one of the fastest-growing areas in Middle Tennessee. Residential, commercial, and industrial growth continues to increase the demand for safe, reliable drinking water.

The rate changes help ensure the District can continue to operate, maintain, replace, and expand the water system while meeting the needs of both current and future customers.

Why can't the District just keep the old rates?

Operating a public water system has become significantly more expensive.

Costs continue to increase for:

- Chemicals used in water treatment
- Electricity

- Fuel
- Equipment
- Construction materials
- Replacement of aging infrastructure. The initial system installations began in 1958.
- Regulatory compliance
- Employee wages and benefits

The District must generate enough revenue to safely operate and maintain the water system while planning for future needs.

How does the District budget revenues and expenses?

The District is a governmental utility, not a for-profit business. It has no shareholders and pays no dividends.

By Tennessee law, the District must adopt a balanced budget each year. This budget must cover all operating expenses, depreciation on its infrastructure, interest on debt, and maintain sufficient revenues to meet the financial requirements of its bond agreements.

Any revenues remaining after expenses stay within the utility and are reinvested in maintaining, replacing, expanding the water system, and paying principal on long term debt.

Does the District receive tax money?

No.

The District receives no funding from city, county, state, or federal tax revenues for its operations.

The water system is funded primarily through:

- Water sales
 - Tap fees
 - Development fees
 - Bond financing for major capital projects
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Why is the District building a new water treatment plant?

The existing treatment plant has a capacity of 16 million gallons per day. Daily water demand has grown to approximately 11 to 13 million gallons per day and continues to increase as our community grows.

The new treatment plant will provide an additional 16 million gallons per day of treatment capacity, ensuring the District can continue to provide safe and reliable water service for decades to come.

Why build the new plant before the current plant reaches capacity?

Large infrastructure projects cannot be built overnight.

Planning, permitting, engineering, financing, and construction of a new treatment plant typically require seven to eight years.

If the District waited until the existing plant reached its maximum capacity before beginning construction, customers could experience water shortages before additional treatment capacity became available.

Responsible planning means building ahead of growth—not after a shortage occurs.

Why not just expand the existing treatment plant?

The District evaluated multiple alternatives.

Engineering studies determined that constructing a second treatment plant is more cost-effective than expanding the existing facility.

A second plant also improves reliability by providing redundancy, operational flexibility, and greater resilience during emergencies or maintenance.

Why doesn't new growth pay for all of these improvements?

New development helps pay for growth through tap fees, development fees, and by installing development water lines that are dedicated to the District.

However, major infrastructure such as treatment plants, transmission mains, storage tanks, and pumping facilities benefit the entire community and must be financed over many years.

Both existing and future customers benefit from these long-term investments.

Why does the District borrow money?

Major infrastructure projects cost tens or hundreds of millions of dollars and are expected to serve customers for 50 to 100 years.

Rather than asking today's customers to pay the full cost immediately, the District finances these projects through long-term bonds so that the costs are shared by the generations of customers who will benefit from the facilities.

What are bond covenants?

When the District borrows money through bonds, it agrees to certain financial requirements that help protect taxpayers and bond investors.

One of those requirements is maintaining adequate revenues to make debt payments while continuing to safely operate the water system.

These financial standards help the District maintain favorable credit and lower borrowing costs, ultimately benefiting customers.

How are rates determined?

The Board of Commissioners carefully reviews the District's operating expenses, capital improvement needs, debt obligations, and long-term financial plans before approving any rate adjustment.

The goal is to establish rates that are sufficient to provide safe, reliable water service while keeping costs as affordable as possible.

Is conserving water still important?

Yes.

Although the District is expanding its treatment capacity, water remains a valuable natural resource.

Using water efficiently helps reduce operating costs, protects our water supply, and can lower individual monthly bills.

What is the Board's commitment to customers?

The Board of Commissioners is committed to providing safe, reliable drinking water while managing the District's resources responsibly.

Every rate decision is made only after careful consideration of the District's financial needs, regulatory requirements, and the impact on our customers. The Board remains committed to operating the system efficiently and keeping rates as low as possible while ensuring the long-term reliability of the water system for future generations.