

# EXHIBIT D — FY 2026–2027 PROJECTED SEWER REVENUE

## Watertown Water & Sewer Authority (Budget Projection)

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### Purpose

To project anticipated FY 2026–2027 **sewer revenue**, including both **usage-based charges and flat fees**, based on historical metered flows and differentiated rates, and to present:

1. A revenue projection for WSA retail customers (primary revenue base) at \$6.09 per 1,000 gallons; and
  2. A separate, contextual revenue estimate for the Watertown Fire District (WFD) as a single wholesale customer at \$5.285 per 1,000 gallons; so the Authority can clearly understand relative revenue contributions and the balance between **variable and fixed revenue sources** for budgeting and rate planning.
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### Rate Assumptions (FY 2026–27)

- **WSA Retail Customers:** \$6.09 per 1,000 gallons
- **Watertown Fire District (WFD):** \$5.285 per 1,000 gallons

*(WFD remains on the current Waterbury rate; retail customers are modeled at the rate set in August 2025.)*

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### Utility Conversion Standard

- 1 unit of 100 cubic feet (CCF) = **748 gallons**
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### Corrected Historical Basis for Projection

The figure of **6,132,135 CCF** represents a **six-year average of system flow (2019–2024)** rather than a single year. To create a one-year budget projection, this amount is divided by six:

$$6,132,135 \div 6 = \boxed{1,022,022.5 \text{ CCF per year}}$$

This becomes the **systemwide annual baseline** for FY 2026–27 projections.

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*Water and sewer projections rely on multi-year historical averages. Differences in averaging periods reflect data availability and system characteristics rather than policy differences.*

## Systemwide Flow Baseline (One-Year Equivalent)

Convert to gallons:

$$1,022,022.5 \times 748 = 764,472,830 \text{ gallons}$$

Convert to 1,000-gallon units:

$$764,472,830 \div 1,000 = 764,472.83 \text{ units}$$

This volume is then allocated between WFD (single customer) and WSA retail customers.

In addition to usage-based sewer charges, the Authority generates recurring revenue through sewer flat fees assessed as part of the regular billing process. These flat charges provide a stable and predictable revenue source that is independent of annual sewer flow volumes and supports fixed operating costs that do not vary with usage, including administration, billing, regulatory compliance, and system readiness expenses.

Historical sewer flat-fee revenue has remained relatively stable over time, as summarized below:

Fiscal Year	Billed Sewer Flats
2018–2019	\$1,604,856.77
2019–2020	\$1,593,333.80
2020–2021	\$1,565,444.56
2021–2022	\$1,478,047.72
2022–2023	\$1,472,916.43
2023–2024	\$1,476,425.46
2024–2025	\$1,495,393.65

Sewer flat-fee revenue averages approximately \$1.5 million annually and is budgeted with usage-based sewer revenue presented in this exhibit.

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## Contextual Baseline — WFD as a Single Customer

Historical WFD seven-year average flow:

$$262,313,414 \text{ gallons per year}$$

Convert to CCF for system comparison:

$$262,313,414 \div 748 = \approx 350,686 \text{ CCF}$$

Convert to 1,000-gallon units:

$$262,313,414 \div 1,000 = 262,313.414 \text{ units}$$

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**Projected FY 2026–27 WFD revenue (at \$5.285 per gallon):**

$$262,313.414 \times 5.285 = \approx \$1,386,326$$

This represents WFD’s **typical annual revenue contribution** based on its long-term average flow and its existing rate.

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**Primary Revenue Source — WSA Retail Customers**

**Step 1 — Remove WFD from System Baseline**

System baseline: **1,022,022.5 CCF**

Less WFD equivalent: **350,686 CCF**

671,336.5 CCF (WSA retail projection)
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**Step 2 — Convert Retail Flow to Revenue**

Convert to gallons:

$$671,336.5 \times 748 = \mathbf{502,172,942 \text{ gallons}}$$

Convert to 1,000-gallon units:

$$502,172,942 \div 1,000 = \mathbf{502,172.94 \text{ units}}$$

**Projected FY 2026–27 retail revenue (at \$6.09):**

$$502,172.94 \times 6.09 = \approx \mathbf{\$3,058,233}$$

**Budget significance:**

$\approx$  **\$3.06 million** represents the projected core revenue base from WSA retail customers in FY 2026–27.

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**Total Projected FY 2026–27 Sewer Revenue**

Item	WSA Retail Customers	WFD (Single Customer)	Total System
Usage (CCF basis)	671,336.5	350,686	1,022,022.5
Equivalent gallons	502,172,942	262,313,414	764,468,830
1,000-gal units	502,172.94	262,313.414	764,468.83

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<b>Item</b>	<b>WSA Retail Customers</b>	<b>WFD (Single Customer)</b>	<b>Total System</b>
Applied rate	<b>\$6.09</b>	<b>\$5.285</b>	Mixed
<b>Projected FY 26–27 revenue</b>	<b>≈ \$3,058,233</b>	<b>≈ \$1,386,326</b>	<b>≈ \$4,444,559</b>

*(Totals may not sum exactly due to rounding.)*

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### **Budget Interpretation and Planning Considerations for the Authority**

- The projection is properly based on a **one-year equivalent of a six-year historical average (2019–2024)**.
- **WSA retail customers are the primary revenue source** for FY 2026–27 under the proposed \$6.09 rate.
- **WFD is treated as one large wholesale customer** and remains at **\$5.285 per 1,000 gallons**, consistent with its existing rate.
- Fixed costs are supported by flat-fee revenue, which has historically demonstrated stability and gradual growth and is currently budgeted at **\$1,526,631 within the Sewer Charges line item**.
- This differential rate structure explains why total projected revenue is not simply the system flow multiplied by a single rate.
- *Actual FY 2026–27 revenue will vary with realized flow*; this exhibit represents a reasonable planning estimate grounded in historical data.

All revenue projections reflect planning estimates only and exclude adjustments, penalties, credits, reconciliations, or extraordinary events.

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#### **Prepared for:**

**Watertown Water & Sewer Authority**  
 FY 2026–27 Budget & Financial Review

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