

EXHIBIT A — FY 2026–2027 PROJECTED WATER COST

Watertown Water & Sewer Authority (Seven-Year Historical Average Methodology)

1. Purpose

This exhibit presents the FY 2026–2027 projected cost of purchased water supply for the Watertown Water & Sewer Authority (“Authority”) using a **single, consistent planning benchmark** based on documented historical system usage. The purpose of this exhibit is to support budget adoption with a methodology that is transparent, repeatable, and grounded in multi-year operational data.

This exhibit addresses **water supply cost (expense) only**. Projected water revenues are presented separately in Exhibit B.

2. Planning Methodology

For FY 2026–2027, the Authority has elected to use a **seven-year historical average of actual metered usage** as the sole planning benchmark for water cost estimation.

The seven-year average approach:

- Smooths year-to-year variability caused by weather and consumption patterns;
 - Avoids over-reliance on any single anomalous year;
 - Reflects long-term system demand rather than short-term fluctuations; and
 - Supports rate stability and defensible budget planning.
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3. Historical Usage Basis

Actual metered water usage from the Authority’s **Fern Hill** and **Straits Hill** systems was reviewed for the seven most recent completed years (2019–2025). These systems comprise the core of the Authority’s retail water demand.

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

Combined Fern Hill and Straits Usage

Year	Total Amount Billed	Usage (100 cu. ft.)
2025	\$1,479,138.11	373,431
2024	\$1,331,210.60	456,676
2023	\$1,366,735.70	466,806
2022	\$1,406,283.52	493,595
2021	\$1,187,296.67	433,396
2020	\$1,356,674.05	465,556
2019	\$1,319,719.26	474,982

Seven-Year Average Usage: 452,063 CCF per year (rounded)

This average represents the Authority's long-term retail water demand and forms the sole basis for the FY 2026–2027 water cost projection.

4. Rate and Conversion Standards

Water Supply Rate (FY 2026–2027 Planning Assumption)

- \$3.90 per 1,000 gallons (full-year equivalent rate)

Utility Conversion Standards

- 1 unit of 100 cubic feet (CCF) = 748 gallons
- 1,000 gallons = 1 billing unit

These standards are applied consistently across all calculations.

5. Cost Calculation Method

The projected annual water supply cost is calculated as follows:

1. **Convert CCF to gallons**
 $452,063 \text{ CCF} \times 748 = 338,143,231 \text{ gallons}$
2. **Convert gallons to billing units**
 $338,143,231 \div 1,000 = 338,143.23 \text{ units}$

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

3. **Apply adopted water supply rate**
 $338,143.23 \times \$3.90 = \$1,318,759$

(Rounded to the nearest dollar.)

6. FY 2026–2027 Projected Water Cost

Item	Amount
Seven-Year Average Usage	452,063 CCF
Annual Gallons	338,143,231
1,000-Gallon Billing Units	338,143.23
Rate per 1,000 Gallons	\$3.90
Estimated FY 26–27 Water Cost	\$1,318,759

7. Budget Interpretation

The projected FY 2026–2027 water supply cost of **approximately \$1.32 million** reflects the Authority’s long-term average system demand rather than short-term consumption variability. This approach supports stable budgeting and minimizes the risk of over- or under-estimating water supply expense in any single fiscal year.

This estimate reflects **usage-based water supply charges only** and excludes fixed customer charges, billing adjustments, penalties, credits, or future reconciliations.

All projections presented herein represent planning estimates only and exclude adjustments, penalties, credits, reconciliations, or extraordinary events.

8. Customer Scope

This analysis reflects **WSA retail system usage only**.

Water usage attributable to the **Watertown Fire District** is excluded from this exhibit.

Prepared for:

Watertown Water & Sewer Authority
FY 2026–2027 Budget Deliberations

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