



**FISCAL YEAR 26
WATER & SEWER
RATE ANALYSIS AND
RECOMMENDATION
REPORT**

Milton, MA

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1. INTRODUCTION

For Fiscal Year 2026 (FY26), the Town of Milton, Massachusetts (Town) intends to remain consistent with recent water and sewer rate-setting methodology, which allows for a multi-tier system that encourages water conservation and shifts the cost of water and sewer to those users with larger demand on the systems.

1.1 Four Tier Structure

More than a decade ago, the Town transitioned from two tiers to four tiers in an effort to promote water conservation and help reduce future Massachusetts Water Resources Authority (MWRA) annual assessment costs. The structure was based upon a detailed breakdown and classification of varying user consumption brackets. The four-tier consumption brackets separate the billed usage into four rate blocks, which increase the billing rates for usage within the higher tiers. The consumption tiers are presented in Section 2.3.

The usage tiers have not changed since established, and the recommended rates for FY26 are similar to those in use for a decade and are intended to continue promoting water conservation throughout the Town by ensuring low volume users pay considerably lower rates per unit than the high-volume consumers. The middle tiers (as opposed to just a high and a low tier) give higher volume users a more obtainable goal for cutting usage and requires them to bear the cost of the higher demand on the system.

Many factors determine how much water any particular residential consumer uses, but large impacts include the amount of irrigation, swimming pool filling, and the use of water saving devices and techniques. Typically, the biggest determining factor in water consumption is the size of the family. A family of four will generally use more water than a family of two. Therefore, looking at the rates in terms of the cost per person can be helpful in determining whether an increase is fair and equitable. The recommendations made in this report will consider the impact on the range of Milton residents and the equity of any proposed increase.

In 2016, the Milton Board of Selectmen addressed a billing inequity question which was raised by owners of multi-unit residential buildings. Historically, these types of facilities are served by a single water meter, which would nearly always result in a Tier 4 billing rate. The Selectmen were asked to consider adjusting the total water consumption in larger multi-family facilities by dividing it by the total number of units served by the single meter. That result could then effectively lower the rate at which water is billed to a lower “effective tier”. Upon approval by the Board of Selectmen, in FY16, the Department of Public Works implemented a new billing calculation for multi-unit residential buildings containing more than four dwelling units. That billing calculation, in fact, uses the number of units to establish proportionally sized volumetric tiers, and then these tiers are used in the calculation of these customers’ bills.

1.2 Revenues and Expenses

In determining water and sewer rates the primary goal is to match revenue to expenses. Town Meeting Warrant Articles 13 and 14 represent a projection of the Town’s direct, indirect and capital expenses, as well as a projection of revenues for FY26. These tables are based on similar tables presented in previous Town Meeting Warrants, updated to include FY26 Budget approvals and the FY26 MWRA Assessment.

Article 13 for the Water Enterprise is presented below in summary form:

FY 2026 WATER	
Costs	Figures for use in Final Rate Setting
Direct Costs	\$5,770,512
Indirect Costs	\$738,675
Capital & Debt Service	\$1,515,716
Total Utility Cost	\$8,024,903
Revenues	
Rate Revenue Needed	\$7,574,903
Fund Balance Transfer	\$250,000
Non-Rate Revenue	\$200,000
Total FY26 Projected Rate Revenue	\$8,024,903

Article 14 for the Sewer Enterprise is presented below in summary form:

FY 2026 SEWER	
Costs	Figures for use in Final Rate Setting
Direct Costs	\$8,369,989
Indirect Costs	\$738,675
Capital & Debt Service	\$430,000
Total Utility Cost	\$9,538,664
Revenues	
Rate Revenue Needed	\$9,138,664
Fund Balance Transfer	\$0
Non-Rate Revenue	\$400,000
Total FY26 Projected Rate Revenue	\$9,538,664

In the above tables, Direct Costs include the Preliminary MWRA Assessments (\$4,302,618 Water, \$7,311,205 Sewer). The figures included in the Annual Town Meeting Warrant were preliminary figures from the MWRA. Rate recommendations included in this memo are based upon preliminary numbers from the MWRA and match the revenue requirements in the Annual Town Meeting Warrant. Final MWRA Assessments were released on June 9, 2025. The Final Assessments for Milton were slightly reduced from the preliminary assessments.

2. RATE DEVELOPMENT AND ANALYSIS

Presented on the following page are the four-tier rate structure calculations for both water and sewer for FY25 as well as a series of charts showing the water and sewer consumption trends from FY23– FY25. Following the rate calculation sheets are a series of charts which illustrate water consumption and sewer usage trends within the Town, based upon actual FY23 – FY25 metering data, including an analysis of impacts to typical users.

2.1 Rate Calculation

Given the variable nature of water consumption, the success of a rate structure in generating revenues to match the actual cost of providing water and sewer utilities may require mid-year adjustments. Forecasts, actual consumption, and receipts should be reviewed after six months (or two cycles of quarterly billing) to assess the position of the rate structure strategy at that point. As had occurred in the past, actual metered water use may be impacted and strongly affected by seasonal fluctuations as well as by weather related variation, which is especially true for irrigation accounts.

TOWN OF MILTON - BREAK EVEN RATE DETERMINATION

	Water	Sewer
Revenue Requirement	\$8,024,903	\$9,538,664
Total Revenue to be raised	\$8,024,903	\$9,538,664
Non rate revenues	\$200,000	\$400,000
Use of Fund Balance	\$250,000	\$0
Revenues to raise from rates	\$7,574,903	\$9,138,664

CALCULATION OF EFFECTIVE CONSUMPTION UNITS

Annualized Consumption Values

	All Users			
	W	%	S	%
Tier 1	23,237,213	26.7%	19,563,689	31.1%
Tier 2	40,242,054	46.3%	31,794,026	50.5%
Tier 3	8,070,264	9.3%	3,557,704	5.7%
Tier 4	15,345,861	17.7%	7,981,178	12.7%
SUM	86,895,392	100%	62,896,597	100%

Effective Consumption - Current Comparative Rate Structure

	All Users			
	W	%	S	%
Tier 1	23,237,213	22.3%	19,563,689	18.7%
Tier 2	48,567,997	46.6%	59,886,009	57.3%
Tier 3	10,737,161	10.3%	7,371,270	7.1%
Tier 4	21,695,872	20.8%	17,684,322	16.9%
SUM	104,238,243	100%	104,505,290	100%

Adj. Cons. 106,635,723 101,788,153

COMPARATIVE RATE CALCULATIONS

Current Rates - Comparative Assessment

	\$		Comparative	
	Water	Sewer	W	S
Tier 1	\$ 6.96	\$ 8.76	1.00	1.00
Tier 2	\$ 8.40	\$ 16.50	1.21	1.88
Tier 3	\$ 9.26	\$ 18.15	1.33	2.07
Tier 4	\$ 9.84	\$ 19.41	1.41	2.22

Assumptions

-2.3% % Water Sales Reduction

2.6% % Sewer Sales Reduction

BREAK-EVEN RATE CALCULATION

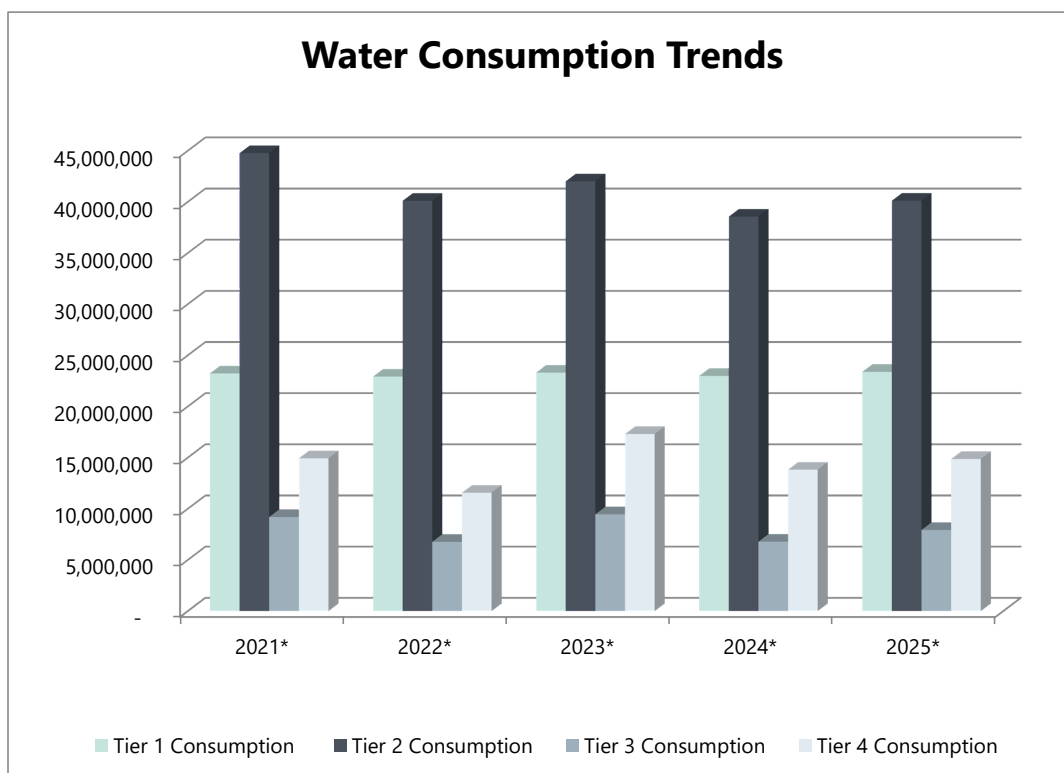
	Water	Sewer	
Billed Adjusted Volume	106,635,723	101,788,153	Current
Calculated Base Rate	7.10	8.98	

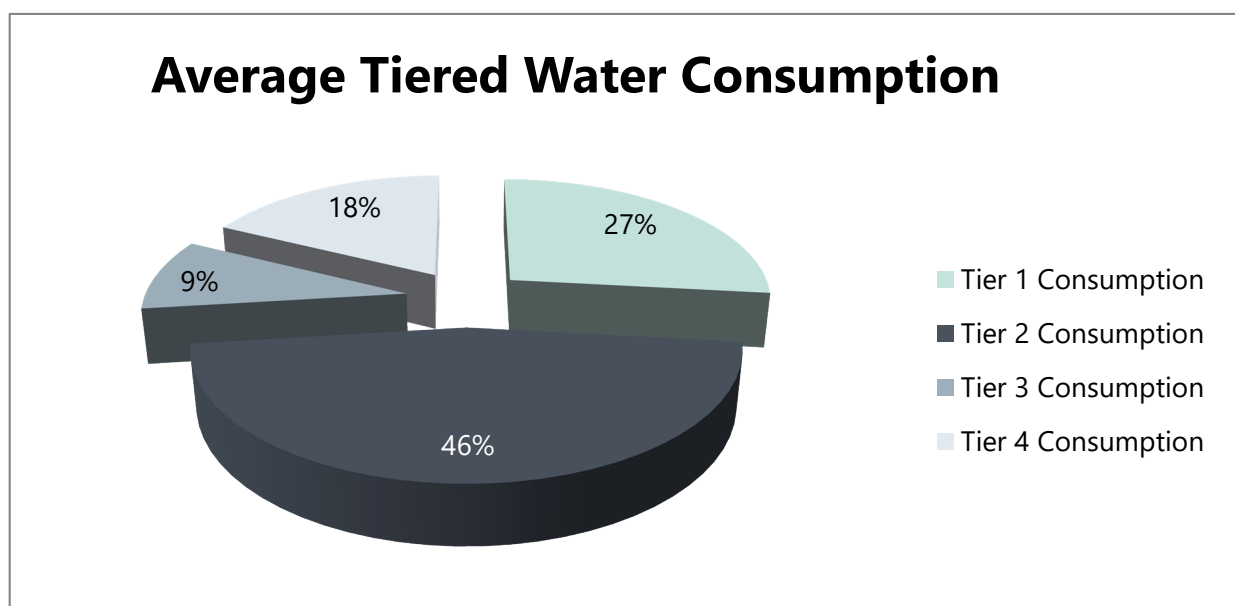
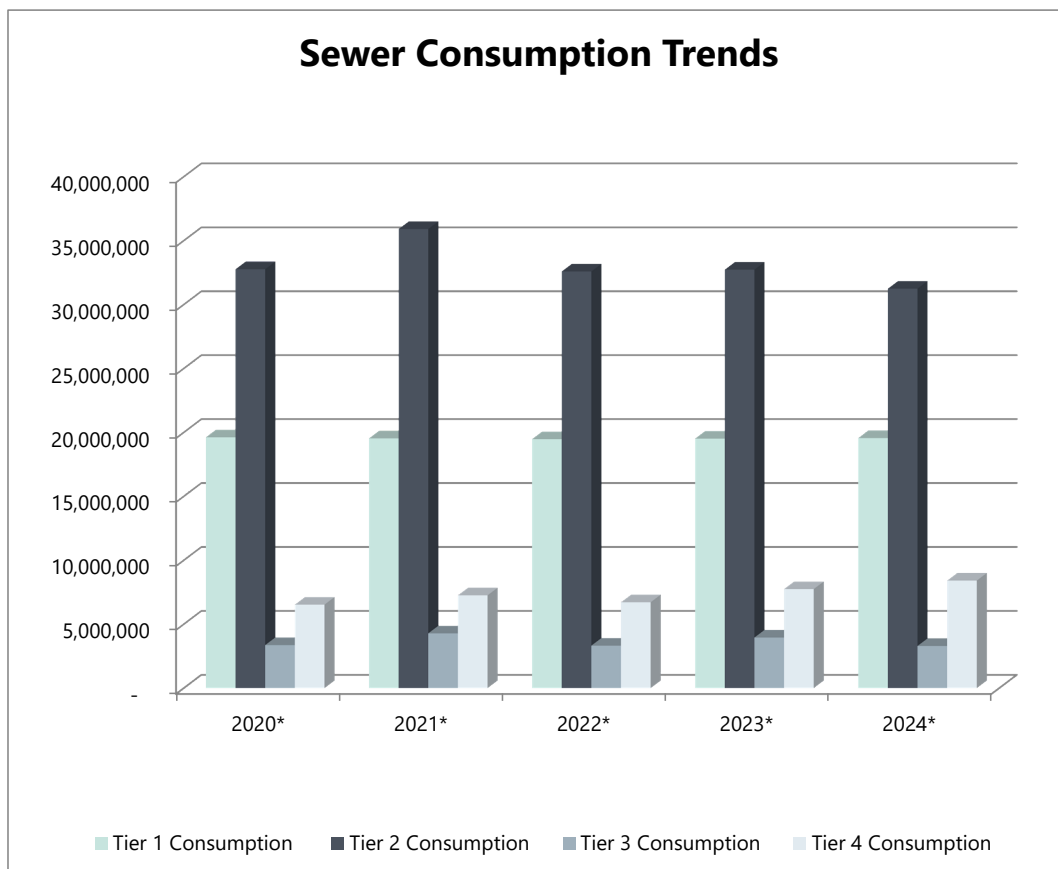
Break-even Rates

	Current Comp. %			
	W	% Change	S	% Change
Tier 1	7.10	2.0%	8.98	2.5%
Tier 2	8.57	2.0%	16.91	2.5%
Tier 3	9.45	2.1%	18.60	2.5%
Tier 4	10.04	2.0%	19.89	2.5%

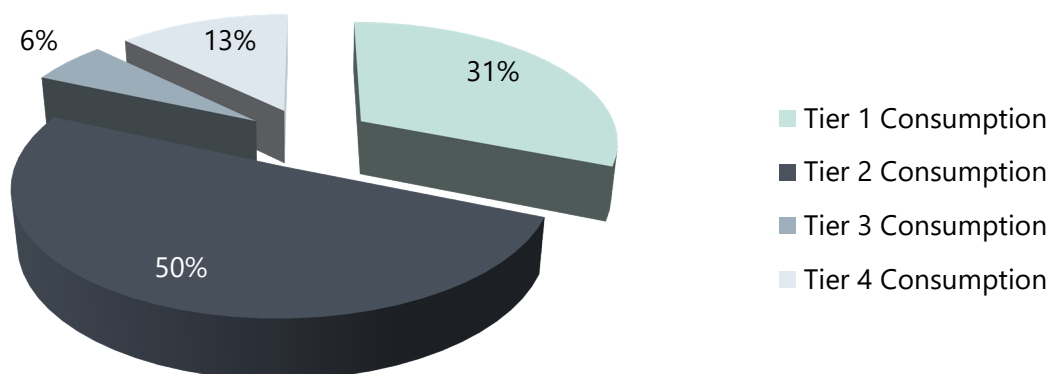
Effective Bills - quarterly

	Was	Will Be	% Change
Tier 1	\$157.20	\$160.80	2.3%
Tier 2	\$406.20	\$415.60	2.3%
Tier 3	\$1,228.50	\$1,257.10	2.3%
Tier 4	\$2,106.00	\$2,155.00	2.3%





Average Tiered Sewer Consumption



2.2 Rate Impact Analysis

To assess the true dollar impact associated with the proposed changes to the water and sewer rate tables, an impact analysis was completed based upon eight separate hypothetical customer accounts. The eight accounts were selected to give a cross section of the Town water users/families and assess the impact of the recommended rate changes for each type of user. Characteristics of each type of account are briefly described below:

- Case 1: Single adult living in Pine Tree Brook Neighborhood (using 600 CF per Quarter)
- Case 2: Two adults living in the Town Center area (using 1200 CF per Quarter)
- Case 3: Two adults with one child under the age of 16 living in Pine Tree Brook Neighborhood (using 2200 CF per Quarter)
- Case 4: Two adults and two children in the upper Canton Avenue area (using 2800 CF per Quarter)
- Case 5: Two adults and two children living in the St. Mary's Church Neighborhood (using 3600 CF per Quarter)
- Case 6: Four adults and one child living in the Town Center area (using 5300 CF per Quarter)
- Case 7: Six adults living in East Milton area (using 6000 CF per Quarter)
- Case 8: Two adults and five children living in the Columbine area (using 8300 CF per Quarter)
- MRWA: The MWRA's "average" family of four, used by communities for comparison purposes (using 3000 CF per Quarter)

2.3 Rate Discussion

The water and sewer structure calculations are based upon the same fixed revenue requirements (noted in Articles 13 and 14), the average number of water and sewer bills administered and collected during FY23 – FY25. The water rates are based upon the following: a projected water rate revenue requirement of \$7,566,903 and 86,895,392 units of billed water service. The sewer rates are based upon the following: a projected rate revenue requirement of \$9,110,955 and 62,896,597 units of billed sewer service.

Four-Tier Progressive System:

The four-tier progressive rate model breaks usage into four categories:

Tier	Usage (per Quarter)
Tier I	0 – 600 CF
Tier II	601 – 3000 CF
Tier III	3001 – 6000 CF
Tier IV	6000 + CF

The basis behind the four-tier progressive approach is that a user will pay each tier rate as their water usage progresses through the tiers. For example, (refer to the table on the following page) if a family consumes 4500 CF of water per quarter the bill would include paying the Tier I rate for the first 600 CF of usage, then the Tier II rate for the next 2400 CF of usage (601 to 3000 CF) and the Tier III rate for the remaining 3001 – 4500 CF. The average family of four (MWRA) would expect to see an average water and sewer rate increase of 2.3%, the lower volume users (Case 1) would see a rate increase of 2.3% and the high-volume users (Case 8) would see a 2.3% increase. The recommendations are intended to be equitable adjustments since it

continues to maintain Milton's overall goals of having consumers who use less water pay less per unit, encouraging conservation, and maintaining a substantial discount for fixed income elderly consumers, who generally use less water.

Four-Tier Quarterly Rate Impact Analysis

Four-Tier Quarterly Rate Impact Analysis										
Rate		Case 1	Case 2	Case 3	Case 4	MWRA	Case 5	Case 6	Case 7	Case 8
People in Household		1	2	3	4	4	4	5	6	7
Quarterly Consumption (hcf)		600	1,200	2,200	2,800	3,000	3,600	5,300	6,000	8,600
Highest Billing Tier		T1	T2	T2	T2	T2	T3	T3	T3	T4
Existing FY25 Water Rates	T1	\$6.96	\$41.76	\$92.16	\$176.16	\$226.56	\$243.36	\$298.92	\$456.34	\$521.16
	T2	\$8.40								
	T3	\$9.26								
	T4	\$9.84								
Recommended FY26 Water Rates	T1	\$7.10	\$42.60	\$94.02	\$179.72	\$231.14	\$248.28	\$304.98	\$465.63	\$531.78
	T2	\$8.57								
	T3	\$9.45								
	T4	\$10.04								
Existing FY25 Sewer Rates	T1	\$8.76	\$52.56	\$151.56	\$316.56	\$415.56	\$448.56	\$557.46	\$866.01	\$993.06
	T2	\$16.50								
	T3	\$18.15								
	T4	\$19.41								
Recommended FY26 Sewer Rates	T1	\$8.98	\$53.88	\$155.34	\$324.44	\$425.90	\$459.72	\$571.32	\$887.52	\$1,017.72
	T2	\$16.91								
	T3	\$18.60								
	T4	\$19.89								
Quarterly Total with Existing FY25 W&S Rates		\$94.32	\$243.72	\$492.72	\$642.12	\$691.92	\$856.38	\$1,322.35	\$1,514.22	\$2,274.72
Quarterly Total with Recommended FY26 W&S Rates		\$96.48	\$249.36	\$504.16	\$657.04	\$708.00	\$876.30	\$1,353.15	\$1,549.50	\$2,327.68
Total Quarterly Household Increase		\$2.16	\$5.64	\$11.44	\$14.92	\$16.08	\$19.92	\$30.80	\$35.28	\$52.96
Percent Household Increase		2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Total Per-Person increase		\$2.16	\$2.82	\$3.81	\$3.73	\$4.02	\$4.98	\$6.16	\$5.88	\$7.57
Water Existing Average Rate (per CF)		\$0.070	\$0.077	\$0.080	\$0.081	\$0.081	\$0.083	\$0.086	\$0.087	\$0.090
Water Recommended Average Rate (per CF)		\$0.071	\$0.078	\$0.082	\$0.083	\$0.083	\$0.085	\$0.088	\$0.089	\$0.092
Sewer Existing Average Rate (per CF)		\$0.088	\$0.126	\$0.144	\$0.148	\$0.150	\$0.155	\$0.163	\$0.166	\$0.174
Sewer Recommended Average Rate (per CF)		\$0.090	\$0.129	\$0.147	\$0.152	\$0.153	\$0.159	\$0.167	\$0.170	\$0.178
<p>MWRA Average Family of Four FY24 Cost for a Family of four (4) was \$504.38 per Quarter FY25 Cost for a Family of four (4) is \$517.19 per Quarter which is a 2.5% overall increase (\$3.20 per person/per quarter)</p> <p>FY26 Lowest Demand (Tier 1) Users will see a 2.3% rate increase FY26 Highest Demand (Tier 4) Users will see a 2.3% rate increase</p>										

3. RECOMMENDATION

Based upon the Fiscal Year 2026 revenue requirements and the historical consumption patterns, the Department of Public Works recommends the following four-tier water and sewer rates as a result of this analysis.

Cubic Feet	FY2026 Water Rate	FY2026 Sewer Rate
0 – 600 CF	\$7.10	\$8.98
601 – 3,000 CF	\$8.57	\$16.91
3,001 – 6,000 CF	\$9.45	\$18.60
6,000 + CF	\$10.04	\$19.89



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