BUDGETS FOR THE FISCAL YEAR ENDING MAY 31st

2026

SUFFOLK COUNTY
SCWA
WATER AUTHORITY

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A MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Suffolk County Water Authority is one of the top public water providers in the United States. We maintain the best credit rating of any public authority in New York State and our state-of-the-art Water Quality Testing Laboratory is a model to others around the country.

The operating and capital budgets in the following pages reflect the expertise of our management and our dedication to making continuous investments to improve our operations and water infrastructure. With funds provided in these budgets, we will:

- **Conduct environmental review and break ground for a transmission line that will bring high quality drinking water to the North Fork's Town of Southold**
- **Extend water main to serve homes with contaminated private wells in areas around Suffolk County including, Calverton, Westhampton and Medford**
- **Replace aging and undersized cast iron water main with larger, reliable ductile iron pipe that will last more than 100 years**
- **Construct advanced oxidation process treatment and granular activated carbon systems to remove the emerging contaminants 1,4-dioxane and PFAS and to ensure the highest quality drinking water**
- **Proactively replace wells to ensure that water supply capabilities remain reliable throughout Suffolk County**
- **Strengthen cyber security measures by adding additional layers of hardware and software**
- **Construct a state-of-the-art Construction Maintenance building and enhance the Oakdale campus to improve workspaces for employees and the experience for visitors**

SCWA is well run and efficient in its management; with these investments and many more, we continue to maintain rates that are among the lowest on Long Island.

We are extremely proud of the men and women of the Authority and the work they do every day to ensure that Suffolk residents always have reliable and safe drinking water.

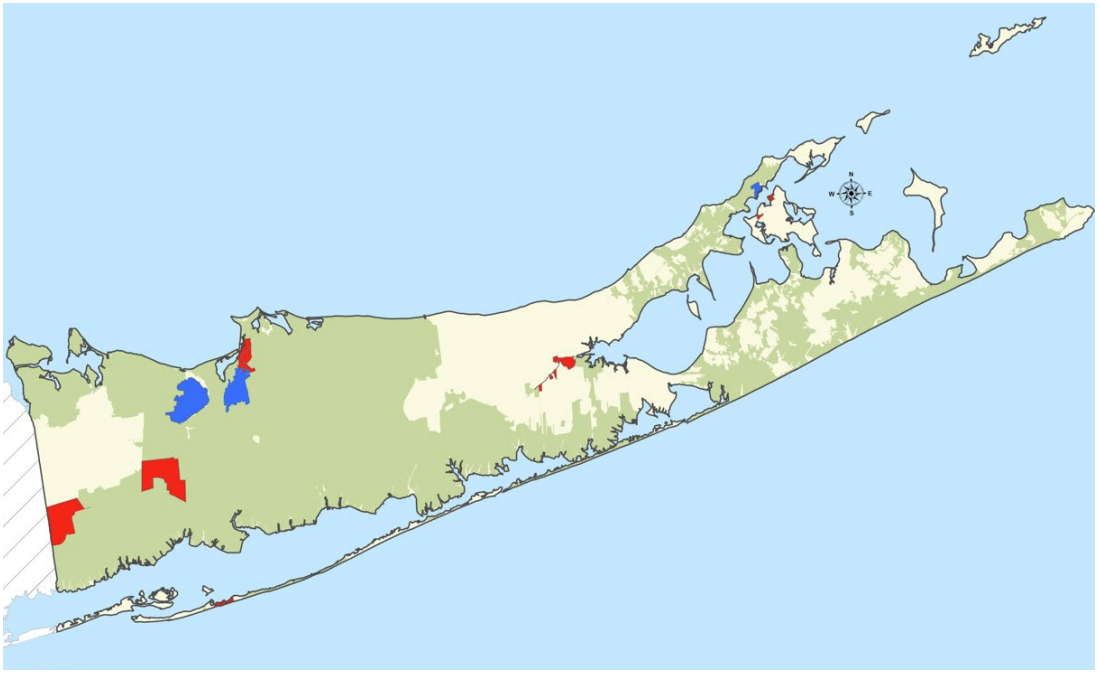
Please feel free to contact us with any questions about SCWA's finances.

Sincerely,

Charles A. Lefkowitz, Chairman
Suffolk County Water Authority

Jeffrey W. Szabo, Chief Executive Officer
Suffolk County Water Authority

SERVICE TERRITORY



Areas served by SCWA

Areas not served by SCWA

Water districts managed by SCWA (Brentwood, Fair Harbor, Stony Brook, East Farmingdale, Riverside, Dering Harbor, West Neck)

SCWA wholesale water customers (Greenport, Saint James, Smithtown)

The Suffolk County Water Authority serves approximately 1.2 million Suffolk residents, which is approximately 85% of the county's population. SCWA also sells water wholesale to Smithtown, St. James, and Village of Greenport Water Districts. SCWA supplies water to and operates seven public water districts in Suffolk, including Brentwood, Fair Harbor, Stony Brook, East Farmingdale, Riverside, Dering Harbor, and West Neck.

HISTORY

The Suffolk County Water Authority is New York's first public benefit corporation for water service and began operations on June 1, 1951, with 21,159 customers, when the SCWA acquired the South Bay Consolidated Water Company. The new not-for-profit entity, which has since become the model for numerous other water authorities, was serving 83,313 customers by 1961.

In SCWA's second decade, a newly constructed control center in Bay Shore enabled us to monitor pump stations through telemetered circuits. SCWA engineers also designed a new type of well in Commack that was the largest well ever drilled on Long Island up to that time. During this decade, SCWA also played a major role in conducting the "Comprehensive Water Supply Study" authorized by the Suffolk County Board of Supervisors.

By the end of the 1970s, SCWA supplied 38,756,000,000 gallons of water to 238,958 customers. SCWA had introduced automated chlorinating equipment as well as new lab equipment, including an Atomic Absorption Spectrophotometer, enabling us to upgrade our ability to conduct internal water analyses. Our Production Control Department replaced a manually controlled system for monitoring pump stations with a sensor-based, automated computer system.

As water quality standards become more stringent in the 1980s, we installed water treatment facilities to meet and surpass the new standards. In subsequent years, SCWA leaders took an active part in the enactment of the Pine Barrens Preservation Act, creating the largest groundwater protection program in the country. SCWA also sued polluters and increased educational outreach and as designated as the largest supplier of drinking water in the country supplying only groundwater, by the American Water Works Association.

New leadership in the first decade of the 21st century placed an increased emphasis on building a more efficient organization that embraced transparency, accountability, and sustainability. In this decade, SCWA also passed the stern test of a massive electrical blackout that crippled much of Long Island, implemented the SAP data processing system, and centralized its Customer Service operations.

In the 2010s, SCWA was presented the Gold Award from the Association of Metropolitan Water Agencies for exceptional utility performance in 2012 and two other awards from the same organization: The Platinum Award for Utility Excellence in 2016 and the Sustainable Utility Management Award – the highest award offered by the organization – in 2019. SCWA also led the way in creating the Long Island Commission for Aquifer Protection in 2015 to address both quantity and quality issues facing Long Island's aquifer system and to advocate for a regional approach to groundwater resource management. In 2015, SCWA released Strategic Plan 2025, a business plan that includes key initiatives to transform SCWA operations over the next decade.

At the onset of the 2020s with most of the initiatives included in Strategic Plan 2025 completed, or in process of being completed, SCWA leadership launched another business plan: Strategic Plan 2030. This plan builds upon the work of the earlier plan. Strategic Plan 2030 was formally approved by the Board in February 2023.

RATINGS

Fitch, Inc. ("Fitch") and S&P Global Ratings ("S&P") have both assigned their long-term municipal rating of "AAA" to SCWA's Outstanding Senior Lien Bonds and Outstanding Subordinate Lien Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from: Fitch, Inc., One State Street Plaza, New York, NY 10004 and S&P Global, 55 Water St, New York, NY 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that any such rating will continue for any given period or that it will not be revised, suspended, or withdrawn entirely by such rating agency if in its judgment circumstances so warrant.

SUFFOLK COUNTY WATER AUTHORITY BOARD

The Suffolk County Water Authority has a five-member board. Each board member and chairman are appointed by the Suffolk County Legislature and serve a five-year term. The term of the current Chairman, Charles A. Lefkowitz, expires March of 2028. The other four board members and the expiration of their current terms of office are as follows: Timothy H. Bishop, May of 2025, Elizabeth Mercado, March of 2026, John M. Porchia, May of 2027, and John Rose, May of 2029.

All powers of the Suffolk County Water Authority are vested in the board. The board's responsibilities include providing direct oversight of SCWA's Chief Executive Officer and management employees, establishing policies and procedures, monitoring financial and management controls, and operational decisions.

CHARLES A. LEFKOWITZ, term as member expires in May 2028. Mr. Lefkowitz is a Setauket resident and has been the president of CALCO Development and Louis Lefkowitz Realty, Inc. since 1994. In total, Mr. Lefkowitz now leads five companies that own and manage millions of square feet of commercial properties and oversee a portfolio of more than 3,000 multi-family units. The companies combined have an estimated value of more than one billion dollars.

A Brookhaven Town councilman from 2000-2003, Mr. Lefkowitz as a councilman helped attract hundreds of jobs to the town's Empire Zone, led the upgrade of the town's website and technological capabilities and played a key role in the relocation of Town Hall to a modern facility. He currently serves as president of the Three Village Chamber of Commerce and has served on the boards of various community organizations, including the Three Village Civic Association and the Port Jefferson Chamber of Commerce. He was named Person of the Year by the Three Village Historical Society in 2015 and by The Village Times/Beacon in 2017 as well as Member of the Year by the Three Village Chamber of Commerce in 2015.

A 1980 graduate of Ward Melville High School, Mr. Lefkowitz went on to earn an A.A.S. in hospitality management from SUNY Delhi, a Bachelor of Science degree in management from Florida International University and a graduate degree in real estate studies from New York University.

TIMOTHY H. BISHOP, term as member expires in May of 2025. Mr. Bishop is a Southampton resident and former member of the U.S. House of Representatives, serving from 2003-2015 representing New York's 1st congressional district. As a congressman, Mr. Bishop served on the Education and Workforce Committee and Transportation and Infrastructure Committee, supported numerous pieces of landmark legislation, and sponsored legislation that blocked a plan to dump twenty million cubic yards of contaminated dredge waste in the Long Island Sound.

Prior to his service in the House, Mr. Bishop served as provost of Southampton College for 16 years. As provost, Mr. Bishop served as chief executive officer in charge of the campus's day-to-day management. During his tenure at the college, Mr. Bishop oversaw the addition of four graduate programs, construction of a new academic center and development of the award-winning Cooperative Education and Freshman Programs. Since leaving the House, Mr. Bishop has served as Director of the Center for Community Solutions and visiting professor at St. Joseph's College.

ELIZABETH MERCADO, term as member expires in March of 2026. Ms. Mercado is a Brentwood resident and is currently employed as a customer care representative for Verizon, a position she has held for more than 20 years. Ms. Mercado also currently serves as Business Agent on the Executive board Communications Workers of America Local 1105, representing members in offices between Brooklyn and Suffolk County. She also serves on CWA's National Women's Committee.

As former president of the Brentwood Union Free School District Board of Education, Ms. Mercado collaborated with other trustees to establish the district's vision and goals and oversaw an annual budget of approximately $400 million. She is a member of the Islip Town branch of the National Association for the Advancement of Colored People (NAACP), the Coalition of Labor Union Women (CLUW), and the National Association for Latino Elected Officials (NALEO). Ms. Mercado received a Bachelor of Science degree in Business Management from SUNY College at Old Westbury and an associate of applied science degree in Business Administration from Suffolk County Community College's Grant Campus.

JOHN M. PORCHIA, term as member expires May of 2027. Mr. Porchia has built and managed a practice representing those who have sustained serious injuries through the fault of others for over 20 years. He specializes in motor vehicle accidents, premises liability, and job-site accidents. Mr. Porchia has personally recovered tens of millions of dollars in settlements and verdicts on behalf of his clients. In one year alone, he was honored with an award for having negotiated three of the highest 50 settlements in the entire State of New York for his clients.

Before becoming a personal injury attorney, Mr. Porchia graduated both with Honors and as the Class President of North Babylon High School in 1996. In 2000, he graduated Cum Laude from Boston College with a bachelor's degree in economics and finance. He then graduated Cum Laude from Touro Law School in 2003. He passed the Bar in that same year and immediately went into private practice at the Law Office of Lite & Russell, where he concentrated on representing plaintiffs who were the victims of all types of personal injuries.

Mr. Porchia is a member of the Suffolk County Bar Association and the Suffolk County Plaintiff's Bar Association. He is admitted to practice in all the New York State Courts and in the Eastern District of the United States Federal Court system.

Mr. Porchia is married to his wife, Michelle, and they have two sons. Mr. Porchia grew up in the Township of Babylon, then lived in Massapequa for several years and now lives in Wading River on the North Fork of Eastern Long Island.

He is proud of the fact that he has built and maintained a very healthy personal injury practice, without having ever advertised. His client base has developed through personal recommendation of satisfied clients, friends, family, and other attorneys which he believes is a testament to the quality of representation he continues to provide.

JOHN ROSE, term as member expires May of 2029. Mr. Rose is a business owner of several enterprises in the Selden area and has extensive knowledge of real estate development, planning, town codes, sitework and building plans. In 1998, he was honored by the Suffolk County Legislature with its Outstanding Volunteer Recognition Award. Mr. Rose served on the Brookhaven Industrial Development Agency from 2009 to 2015, where he helped encourage businesses to begin operations in or move to Brookhaven town. He was appointed to the Suffolk County Downtown Citizens Advisory Board in 2013 and served on the Brookhaven Planning Board from 2015 to 2024.

A lifelong Brookhaven resident, Mr. Rose is a graduate of Newfield High School and has been civically active for over 35 years. He now lives in Setauket with his family.

The powers of the Authority are vested in and exercised by a majority of the members then in office and may be delegated to one or more members, agents, or employees. The members of the Authority receive compensation for their service as fixed by the Suffolk County Legislature and are also reimbursed for all necessary expenses incurred in connection with their duties.

EXECUTIVE STAFF

The executive staff of the Authority consists of a Chief Executive Officer, Deputy Chief Executive Officer for Operations, Deputy Chief Executive Officer for Customer Service/Chief Diversity and Equity Officer, General Counsel, Chief Technology Officer, Chief Human Resources Officer, Director of Water Quality and Laboratory Services, and a Chief Financial Officer.

JEFFREY W. SZABO, Chief Executive Officer. Jeffrey W. Szabo has served as Chief Executive Officer of the Suffolk County Water Authority (SCWA) since May 2010. During that time, he has led the effort to reposition the organization, which serves 1.2 million Suffolk residents, to meet future challenges by creating a water authority that is more accountable to its customers, more efficient, more environmentally conscious and more transparent.

Among Mr. Szabo's notable achievements to date as SCWA's chief executive are the development of the utility's first long-term strategic business plan, which identifies key objectives to transform SCWA operations over a ten-year period, including completion of the transition to automated meter reading technology; implementation of mobile workforce technology; development of long-term sustainable water supply plans for vulnerable areas; development of new treatment methods for emerging contaminants; and conducting vulnerability assessments of critical facilities, among other objectives.

Mr. Szabo was also the architect of the creation of the Long Island Commission for Aquifer Protection (LICAP), a bi-county effort to identify threats to Long Island's sole source aquifer and provide a blueprint for the regional management of Long Island's groundwater resources. He currently serves as LICAP Chairman.

Prior to joining SCWA, Mr. Szabo served as Deputy County Executive and Chief of Staff for the Suffolk County Executive, where he played a significant role in the management of more than 11,000 employees and a $2.5 billion annual operating budget, with direct oversight of 15 departments.

Mr. Szabo also serves on the Board of Directors of the Association of Metropolitan Water Agencies (AMWA) and as Chairman of its Legislative Committee. Additionally, he serves as Chairman of the Central Pine Barrens Advisory Committee. In 2005, he was a "40 under 40" award recipient of the Long Island Business News. During Mr. Szabo's tenure as Chief Executive Officer of SCWA, the utility has been presented five prestigious awards from various organizations honoring SCWA's performance and commitment to the environment. In 2021, Mr. Szabo was appointed to the Environmental Protection Agency's National Drinking Water Advisory Council (NDWAC) for a term of three years. NDWAC is a Federal Advisory Committee that provides EPA with advice and recommendations related to the national drinking water program.

A lifelong resident of Long Island, New York, Mr. Szabo earned a Bachelor of Arts degree from Long Island University.

JOSEPH M. POKORNY, P.E., Deputy Chief Executive Officer for Operations. Mr. Pokorny has been employed by the Suffolk County Water Authority since 1995. Starting in the Production Control department overseeing maintenance operations on all SCWA water production and storage facilities, Mr. Pokorny was promoted in 1997 to Chief Engineer, responsible for the budgeting, planning, design and construction of all of SCWA's production, storage and treatment facilities. He then served as Acting Director of Distribution in the Construction and Maintenance department where he oversaw the installation of all pipeline construction, rehabilitation and repair work associated with SCWA's 5900-mile distribution system. Prior to working for SCWA, Mr. Pokorny worked for eight years for the Long Island Lighting Company in its Electrical Engineering department, where he worked on a variety of projects from fossil and nuclear power plants to small wastewater treatment plants. He also worked for five years as engineering manager for two systems integration companies designing various automation systems for water, wastewater and transportation systems throughout the Northeast United States. Mr. Pokorny has served as the Chairman of the Long Island Water conference and remains active within the organization. Mr. Pokorny also serves as Chair of the AWWA Water Utility Council. Mr. Pokorny earned a Bachelor of Science degree in Electrical Engineering from Manhattan College, a Masters in Business Administration from St. John's University and is a licensed professional engineer in the State of New York.

JOHN MILAZZO, Esq., General Counsel. Mr. Milazzo joined the Suffolk County Water Authority in 1994 and was appointed as General Counsel on January 1, 2020. Mr. Milazzo has also worked with Central Pine Barrens Joint Planning and Policy Commission throughout his tenure with the Authority.

CHRISTOPHER CECCHETTO, Chief Financial Officer. Mr. Cecchetto joined the Suffolk County Water Authority in 2018 as Deputy Chief Financial Officer and was promoted to Chief Financial Officer in 2022. He is responsible for all accounting and finance related matters at SCWA, including the oversight of annual budgets approaching $300 million, rate structure analysis, forecasting, and financial reporting. Mr. Cecchetto began his career in public accounting with Baker Tilly and EY and later transitioned to internal roles with W.P. Carey and CA Technologies. Mr. Cecchetto earned a Bachelor of Science degree in Accounting from the University of Delaware and is a Certified Public Accountant in the State of New York.

FRANK TASSONE, Deputy Chief Executive Officer for Customer Service. Mr. Tassone joined the Suffolk County Water Authority as Deputy CEO for Customer Service in 2024 following a long career in government operations, including high level positions at the Town, County, and State levels of government.

Throughout his career, Mr. Tassone has brought people together and built coalitions. He partnered with elected officials, government agencies, and non-profits to secure funding for critical environmental projects, such as the Mt. Sinai Jetty restoration and watershed improvements in Setauket Harbor. He also co-managed the New York State Legislative Task Force on Demographic Research and Reapportionment, ensuring the fidelity of statewide statistical information. Mr. Tassone also held multiple senior roles with the New York State Senate, including Director of New York City Majority Operations and Downstate Director of Minority Operations.

Earlier in his career, Mr. Tassone served as Executive Assistant in Brookhaven's Department of Waste Management, where he oversaw capital projects, spearheaded renewable energy initiatives, and worked on recycling efforts. He also served as Assistant Deputy County Executive for Suffolk County, where he liaised between the executive and legislative branches on policy initiatives.

As Deputy CEO for Customer Service, Mr. Tassone will implement the customer service portions of the Strategic Business Plan – 2030 and strive to streamline operations and efficiencies within the department. Mr. Tassone holds a Bachelor of Arts degree from Stony Brook University and has been actively involved in community organizations, including the Patchogue Elks and the Senior Citizens Housing Committee.

STEVEN GALANTE, Interim Chief Technology Officer. Mr. Galante joined the Suffolk County Water Authority in 2018 as Director of Information Technology and was appointed Interim Chief Information Officer in 2025. With over 15 years of experience in the Computer Science and Information Technology sector, he provides leadership in the development of innovative, versatile, agile and secure technologies. Mr. Galante earned a Bachelor of Science degree in Computer Science from Iona University and a Master's Degree in Computer Engineering from Manhattan University.

THOMAS SCHNEIDER, Director of Water Quality & Laboratory Services. Mr. Schneider joined the Suffolk County Water Authority in 1993 as a Chemist and was promoted to Supervising Chemist in 1997. From 2014 until his appointment to Director of Water Quality and Laboratory Services in 2022, Mr. Schneider served as Inorganic Laboratory Supervisor. In 2022, Mr. Schneider received a patent for sodium bisulfate dispenser for 1,4-dioxane collection. A member of the American Chemical Society, Science Advisory Board and American Water Works Association, Mr. Schneider earned a Bachelor of Science degree in Physical Chemistry from Stony Brook University.

BUDGETS FISCAL YEAR MAY 31, 2026

OPERATING & MAINTENANCE BUDGET HIGHLIGHTS

The Operating & Maintenance Revenue and Expense Budget reflects SCWA's activities as it relates to revenues and day-to-day operational and maintenance costs. The following summarizes the proposed budget for the fiscal year ending May 31, 2026:

Operating & Other Revenue	**$ 309,279,000**
Operating & Maintenance Expense	**167,788,000**
Revenues Available for Debt Service	**$ 141,491,000**
Debt Service	**$ 40,458,000**
Debt Coverage	**3.50**
Debt Coverage (excluding Water Quality & Treatment)	**2.72**

REVENUES

The Authority's tax-exempt status and its ability to issue tax-exempt debt rests with the sale of water within the boundaries of Suffolk County. The composition of Suffolk County Water Authority's Revenue Budget for fiscal year May 31, 2026 is as follows:

1. **Water Sales ($211.8 million) - The Authority budgets revenues by utilizing customer and consumption data. Additionally, projected customer growth and rate increases are utilized to ensure accurate projections. Information and guidance from external rate study consultants are also considered.**

2. **Water Quality & Treatment Systems ($31.6 million) - The New York State Department of Health has enacted new drinking water regulations for emerging contaminants PFOS, PFOA, and 1,4 – Dioxane. To meet these new standards, the Authority plans to utilize Granular Activated Carbon ("GAC") and Advanced Oxidation Process ("AOP") systems.**

3. **Wholesale Water Sales ($3.6 million) – Suffolk County Water Authority has agreements with three municipalities to provide wholesale water; these include Smithtown Water District, St. James Water District, and the Village of Greenport. Although the Authority no longer enters into agreements of this nature, these standing agreements are honored. Effective January 1, 2025, the wholesale rate was increased to $1.928 per thousand gallons.**

4. **Managed Water Districts ($6.7 million) - Suffolk County Water Authority has operating agreements to operate and maintain various water districts' system infrastructure. Effectively, these agreements ensure that rates are in accordance with the Authority's most current rate structure.**

5. **Hydrants and Firelines ($9.2 million) - Suffolk County Water Authority has approximately 38,000 public hydrants and private hydrants. Public hydrants are billed at a rate of $175.06 per year, effective June 1, 2025. Private hydrant rates are billed $257.08 per year, effective June 1, 2025.**

6. **Miscellaneous Fees ($33.4 million)**

    a. **Water Related ($4.7 million) – These include customer late charges, reconnect fees, rental agreements.**

b. Capital Reimbursements ($14.9 million) – Suffolk County Water Authority pays for the first 75 feet of main installed for each new homeowner. Residential homeowners will pay the Authority for the costs in excess of 75 feet. Developers typically pay 100% of the cost. To help residents become SCWA customers, standard cost per foot and regional fixed fees have been established.

c. Non-Water Related Revenues ($13.8 million) – Consists of existing antenna leases. The Authority budgets according to the agreements and does not make any assumptions regarding new or modified terms.

7. Investment Earnings ($8.0 million) – Revenues are projected based upon the Authority's investment portfolio.

8. Grant Revenues ($5.0 million) – Revenues are projected based upon active grant projects and expected submission requests.

EXPENSES

1. Payroll ($48.5 million) – As a service providing organization, payroll is the single biggest Authority cost. The Authority continuously reviews workforce data to operate as efficiently as possible. Consequently, budgeted positions are 582 for Budget 2026. Current base payroll is budgeted at $57.5 million. Overtime is budgeted in the amount of $2.9 million. In total, the Authority's payroll for fiscal year ending May 31, 2026 is estimated at $60.4 million. In accordance with Generally Accepted Accounting Principles ("GAAP"), costs incurred due to purchasing or constructing a capital asset may be recorded as a portion of the capital asset. Therefore, costs incurred by SCWA, principally payroll and benefits, are allocated accordingly. The Authority has determined that roughly 80% of payroll costs are attributable to operating & maintenance, while 20% is attributable to capital projects. Consequently, $48.5 million of payroll is reflected in the proposed operating & maintenance budget.

2. Benefits ($33.7 million) – As previously indicated, in accordance with GAAP and analysis of historical information, 80% of all benefit costs are reflected in the operating & maintenance budget and 20% in the capital budget. These costs include health, dental, optical, social security, and New York State Retirement. Health insurance cost increased approximately 1.0% in January 2025 and is estimated to increase 10.0% in January 2026. Life, optical, and dental insurance is appropriated at approximately the same level.

3. Power ($32.3 million) – This figure is based on all water pumped, including billed and unbilled (hydrants, firelines, main flushing, etc.), and power used on building and structures. Components of PSEG's rate structure include demand charges, fuel surcharges, and consumption rates. This budget reflects a 3.5% increase over Budget 2025, which is a factor of consumption levels in the prior years along with rising electricity costs. Consumption fluctuates with weather patterns. Thus, any unexpected increases in consumption and power demands would be met with relative increases in revenues.

4. Administrative Operations & Maintenance ($20.3 million) – Major functional components of the Authority's operations include customer billing and collecting ($1.6 million), computer and telecommunication supplies and expenses ($3.9 million), consulting costs ($2.6 million), risk management ($3.3 million), safety and safety training ($0.6 million), facilities and general services ($2.3 million), worker's compensation ($4.0 million), and other expenses ($2.0 million).

5. System Operations & Maintenance ($16.4 million) – Major functional components of the Authority's maintenance program include transmission and distribution ($13.1 million), and wells and pumping ($3.3 million).

6. Treatment ($14.4 million) – This includes chemicals ($5.5 million), carbon replacement ($1.5 million), other treatment systems, including perchlorate, nitrates, iron ($4.7 million), system maintenance ($0.4 million), and other treatment expenses ($2.3 million).

7. Fleet Services ($2.2 million) – Fleet Services maintains approximately 280 light to heavy duty vehicles and 190 units of support equipment (trailers, cranes, backhoes, compressors, etc.). Fleet and related equipment is used in connection with both operating & maintenance and capital budgets. As such, these costs are allocated to both budgets in accordance with GAAP. Consequently $2.2 million is reflected in the operating & maintenance budget.

DEBT SERVICE

As required by SCWA's bond indenture, revenues available after the payment of its operating and maintenance expenses are to be applied to the payment of its debt service (principal and interest of its outstanding debt). The Authority's capital budget is funded with net revenues remaining after the payment of its operating & maintenance expenses and debt service. If necessary, the issuance of bonds will fund a component of the Authority's capital budget. Any bonds issued are secured against the revenues generated. The Authority's Capital Program, the structure of its existing debt, the funding relationship of its capital expenditures between revenue and financing, and the importance placed by management to maintain strong debt coverage has allowed SCWA to be held in highest regard within the financial community as evidenced by its current rating on outstanding senior lien debt of AAA from Fitch, Inc and S&P Global Ratings. Authority Debt Service of $40.5 million is budgeted for 2026.

CAPITAL BUDGET HIGHLIGHTS

The Authority formulates the capital budget based on information provided by its Construction Maintenance, Engineering, Production Control, Laboratory, Information Technology, General Services, Customer Service, Transportation, and Administration Departments. The proposed 2026 capital budget of $100.6 million incorporates information technology, automated meter reading technological improvements, and increased service & distribution system improvements.

The Authority has included $17.5 million to meet new expected standards proposed by the New York State Department of Health to address various emerging contaminants. This figure reflects capital costs to build and acquire necessary infrastructure as part of a multi-year plan.

The following components are part of the proposed capital budget:

WATER MAIN INSTALLATIONS ($35.4 million)

There are four components to the Authority's water main installation program: (1) the installation of new water mains to serve communities that were previously served by private wells ($2.0 million), (2) the replacement of existing water mains ($28.9 million), (3) installation of new water mains paid by developers ($0.3 million), and (4) improvements to the distribution system to provide better service within existing service areas ($4.2 million). With respect to the first component, the security of having water that is constantly tested and the safety offered by the presence of public fire hydrants drives the demand for public water.

The second component of the water main installation program relates to the replacement of existing water mains. Incorporated in the 2026 Capital Budget is a portion of a long-term program of pipeline replacement to improve pressure and volume distribution, to improve fire protection and to reduce the number of water main breaks. Water mains are

targeted for replacement based upon such factors as repair history, age, material type, hydraulic capacity, and pipe diameter. While most of the Authority's distribution system is relatively young, there are several areas where the water mains are nearing the end of their useful lives and should be replaced. Water mains typically have an average life of approximately 100 years or more. However, certain factors can shorten the life of a water main. The Authority committed $28.9 million in the 2026 Capital Budget for the replacement of water mains.

The third component of the program relates to the installation of new water mains paid for by developers and the amount included in the 2026 Capital Budget for this component is $0.3 million.

The fourth component of the water main installation program relates to improvements to the distribution system to provide enhanced service within existing service areas. This would include such things as installing larger diameter water mains to increase flow, eliminating dead-ends and interconnecting water supply facilities to provide redundancy. The amount included in the 2026 Capital Budget for this component is $4.2 million.

The Authority has extended water mains to most areas previously served by private well, limiting locations in Suffolk County that do not have access to water mains. As a result, the Authority anticipates that in the future the water main installation program will focus more on water main replacement and less on the installation of new water mains as more of the existing water mains reach the end of their useful lives.

METERS, SERVICES, & HYDRANTS ($9.6 million)

The proposed budget reflects additional hydrants as well as replacements of existing hydrants in an amount of $1.3 million.

To avoid disruption of roadways and reduce the costs of connecting future customers to new main installed underground, the Authority is providing easy connections to the water supply ("stub services") where existing homes do not immediately connect to the water supply system but are expected to in the future ($6.7 million).

Meter replacement for automatic meter reading is done both internally and by an outside contractor. Throughout the year, the Authority responds to customers for repair or replacement of the meter. The Authority has determined that for efficiency, the meter will be changed out. Staff reallocation within Customer Service increases the number of meters being changed internally. This has resulted in the annual replacement of approximately 4,700 meters by Authority personnel. The proposed budget includes $1.4 million for this purpose.

Additionally, $0.2 million is budgeted for blowoffs.

WATER QUALITY & TREATMENT SYSTEMS ($17.5 million)

It may be necessary for the Authority to treat water to remove volatile organic chemicals, pesticides, herbicides, and other contaminants through the utilization of filtration systems; this includes granular activated carbon or ion exchange. Water is treated as contamination is detected. New contaminants may be added and/or the level of the standard requiring remediation may be changed in accordance with regulations of the EPA and the New York State Department of Health. The Authority also utilizes filtration systems to remove excess iron, primarily for aesthetic reasons. The presence of iron in drinking water poses no known health hazard.

Additionally, the New York State Department of Health has enacted new drinking water regulations for emerging contaminants PFOS, PFOA, and 1,4-Dioxane. To meet these new standards, the Authority will utilize Granular Activated

Carbon ("GAC") and Advanced Oxidation Process ("AOP") systems. The Authority has budgeted $17.5 million to continue the construction of these systems in fiscal year 2026.

OTHER EQUIPMENT ($8.1 million)

The Fleet Services Department has examined the condition of its fleet, and in conjunction with various departments, assessed fleet utilization. The Authority is replacing its aging fleet of vehicles at a budgeted amount of $6.3 million.

To assist in the operation of the water system, SCWA needs to add or replace certain support equipment in the information technology, laboratory, communications, and clerical areas. This includes the upgrading of computer equipment, field equipment, and office equipment. The proposed budget includes $1.8 million for this purpose.

FACILITIES ($8.6 million)

The Authority has numerous administrative properties and facilities that require upgrades and renovations. The proposed budget includes $4.1 million for this purpose. Additionally, the Authority has begun the initial phases of a multi-year project to construct a new Construction Maintenance office headquarters. The fiscal year 2026 budget includes $4.5 million for this purpose.

IMPROVEMENTS IN TECHNOLOGY ($1.0 million)

The Information Technology Committee has recommended $1.0 million to proceed with projects concerning meter reading, desktop software, video, and SAP upgrades. Improvements in technology will also include cyber security and network infrastructure upgrades.

PLANT FACILITIES ($20.4 million)

The Water System operates approximately 45 separate and distinct pressure distribution zones. The wells have a capacity to pump approximately 800 million gallons of water per day. To meet system demands, the proposed budget includes $20.4 million for new well and tank construction, replacement of wells, pump station infrastructure, and painting of tanks.

FROM THE DEPARTMENTS: BUDGET PRIORITIES

CONSTRUCTION MAINTENANCE

Construction Maintenance is responsible for the design, construction, maintenance of water mains, and installation and maintenance of fire hydrants. Annually, the department installs over 20 miles of water main through a combination of water main replacement projects, water main improvements, and extensions for new customers. The department will be replacing and rehabilitating more than 10 miles of water mains in fiscal year 2026, focusing on the replacement of older water mains that are undersized for modern demands and susceptible to main breaks. Additionally, there are several new water main projects planned to serve new customers. These projects include approximately 10 miles of main extensions to serve over 200 homes with contaminated wells in the Calverton, Medford and Westhampton areas. These projects are being funded through a combination of federal, state, and local grants. A long-discussed transmission main from Flanders to Southold began its environmental review and scoping sessions in fiscal year 2024 and will continue into fiscal year 2026. This multi-year project will improve supply to customers on the North Fork and provide relief to some of the highest demand wells in our system. As part of its distribution system maintenance, the department will continue to implement an annual hydrant flushing program. The program is now leveraging data collected through previous flushes and customer complaints to target areas where flushing will provide the greatest benefit. Additionally, the department will also continue the expansion of its "smart" hydrants that allow for the remote monitoring of conditions in the distribution system. This technology provides real-time information that can improve operations and identify areas in need of capital improvements.

CUSTOMER SERVICE

The Customer Service department consists of a contact center, billing, metering, collections, and field services. The department aims to provide the best service possible when responding to the needs of our customers. The Authority transitioned to a new telephone system in recent years and continues to deploy enhancements to the customer experience. The Customer Service department is continually considering enhanced bill payment options.

EMERGENCY MANAGEMENT

The Office of Emergency Management is responsible for providing support to the Authority during emergency situations. This involves serving as a liaison with the Suffolk County Fire Rescue and Emergency Services, preparing continuity plans, conducting vulnerability assessments, and deploying technology and software tools to gather, share, and present critical infrastructure data in a GIS environment. The department collaborates with local, State, and Federal agencies, as well as other emergency planning professionals, to enhance the Authority's emergency response plan, storm preparedness, and security readiness.

ENGINEERING

The Engineering Department is responsible for designing, improving, constructing, and delivering all aspects of the Authority's water supply infrastructure facilities (excluding water mains and hydrants) and employee facility needs. In 2026, additional capital funds will allow the Authority to continue to meet the challenges presented by emerging contaminants, 1,4-Dioxane and perfluorinated compounds, by constructing advanced oxidation process and carbon treatment systems. Additional carbon systems will also be installed to treat other compounds that are not considered emerging contaminants. Funding for storage tank rehabilitation will protect and extend the useful life of this critical infrastructure.

INFORMATION TECHNOLOGY

The Information Technology department is dedicated to supporting and empowering the organization by delivering cutting-edge, high-quality, technology-driven services in a cost-effective manner. The budgetary focus aligns with the Authority's 2030 goals, emphasizing strategic investments in hardware, software, and skilled personnel to ensure seamless operations, security, and continual technological advancements. We aim to maximize the value of our information technology investments, optimizing resources to enhance overall organizational efficiency and effectiveness.

LABORATORY

The Laboratory maintains an aggressive and comprehensive approach to water quality testing and is responsible for ensuring that the highest quality drinking water is provided to customers. The lab tests for far more parameters and at a much greater frequency than is required by State and Federal regulations, yet its budget has remained constant for many years. This is due to a variety of practices, such as developing methodologies that combine analyses from several methods. Such practices yield a reduction of expenditures for consumables and an increase in efficiency. The next several budget years will involve performing testing for the Unregulated Contaminant Rule Monitoring 5 (UCMR5), as well as increased pilot testing required by New York State to install all future advanced oxidation process systems. Additionally, the lab will be implementing increased monitoring to meet compliance requirements associated with the regulation of 1,4-Dioxane and Per-and Polyfluoroalkyl substances. Performing this analysis internally will lead to substantial savings for the Authority.

PRODUCTION CONTROL

The Production Control department is responsible for operating our well fields, booster stations, storage tanks, and water treatment facilities. In the coming year, the department will continue its activities involving the replacement of aging infrastructure, including outdated electrical switch gear and aging chemical feed equipment. Production Control is currently planning for upgrading its SCADA communications infrastructure used to communicate and remotely control pump stations. This will lay the groundwork for migrating this equipment to new technology in the future. Funds are also budgeted each year to replace older instrumentation and control equipment that is no longer supported by manufacturers due to continually evolving and improving technologies. Production Control is focused on optimizing the operation of sixteen advanced oxidation process systems that have become operational since 2023. We continue to add additional advanced oxidation process and granular activated carbon systems throughout the system to address new maximum contaminant level regulations for 1,4-dioxane and PFAS contaminants.

FLEET SERVICES

The Fleet Services department is responsible for the acquisition, maintenance, and disposal of vehicles and equipment utilized in the Authority’s daily operations. The department will replace 51 vehicles/equipment that are between 10 and 20 years old or require immediate replacement. Additionally, the department will add five new vehicles. Many replacement units have been redesigned to reduce customization to lower costs and lead times. A large effort is underway to replace compressed natural gas vehicles with traditional gas and diesel vehicles.

STRATEGIC INITIATIVES

The Office of Strategic Initiatives was established in 2016. The department works directly with the CEO to further develop the historic Long Island Commission for Aquifer Protection (“LICAP”) water quality program, maintaining the Authority’s

water conservation program via annual updates, water quality improvements, perform GIS systems integration for the mobile workforce initiative and updated hydraulic modeling system, and works with all departments to make the Authority more productive and efficient by using data and technology. Strategic Initiatives provides day-to-day oversight of the GIS department, including web-based application development for main breaks, hydrant flushings, and laboratory complaint mapping. The department also provides technical support for the Authority's grant submissions.

SCWA HIGHLIGHTS OF BUDGET DATA

SUFFOLK COUNTY WATER AUTHORITY HIGHLIGHTS OF BUDGET DATA FOR FISCAL YEAR ENDING MAY 31,

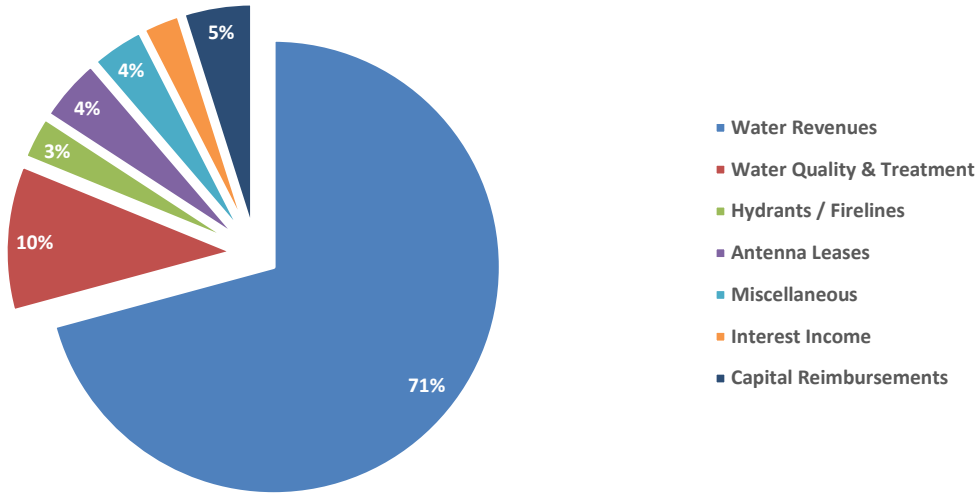
	Budget 2026	Projection 2025	Budget 2025	Actual 2024
Operating Revenues and Other Income	$ 309,279,000	$ 318,056,000	$ 293,739,000	$ 326,027,000
Operating and Maintenance Expense	167,788,000	157,978,000	158,705,000	145,411,000
Operating Income Available	$ 141,491,000	$ 160,078,000	$ 135,034,000	$ 180,616,000
Capital Budget	$ 100,570,000	$ 113,413,000	$ 103,522,000	$ 104,910,000
Debt-Service	$ 40,458,000	$ 32,110,000	$ 32,110,000	$ 31,833,000
All Senior Debt Coverage	3.50	4.99	4.21	5.67
All Senior Debt Coverage (excluding Water Quality & Treatment)	2.72	4.01	3.22	4.68

Projection May 31, 2025
Revenues – actual for 9 months, estimated for 3 months
Expenses – actual for 9 months, estimated for 3 months
Capital – figures based upon latest available information

SCWA REVENUES

	Budget 2026	Projection 2025	Budget 2025	Actual 2024
Water Revenues	$ 215,393,000	$ 215,171,000	$ 208,187,000	$ 203,077,000
Water Quality & Treatment	31,600,000	31,286,000	31,600,000	31,521,000
Hydrants / Firelines	9,212,000	9,115,000	8,944,000	8,833,000
Antenna Leases	13,780,000	13,653,000	12,806,000	13,780,000
Miscellaneous	11,426,000	12,998,000	12,510,000	19,716,000
Total Operating Revenues	$ 281,411,000	$ 282,223,000	$ 274,047,000	$ 276,927,000
Interest Income	8,000,000	16,776,000	6,000,000	18,515,000
Grant Revenues	5,000,000	3,671,000	-	4,640,000
Lease Interest Revenues (GASB 87)	-	-	-	6,643,000
Capital Reimbursements	14,868,000	15,386,000	13,692,000	19,302,000
Total Revenues	$ 309,279,000	$ 318,056,000	$ 293,739,000	$ 326,027,000

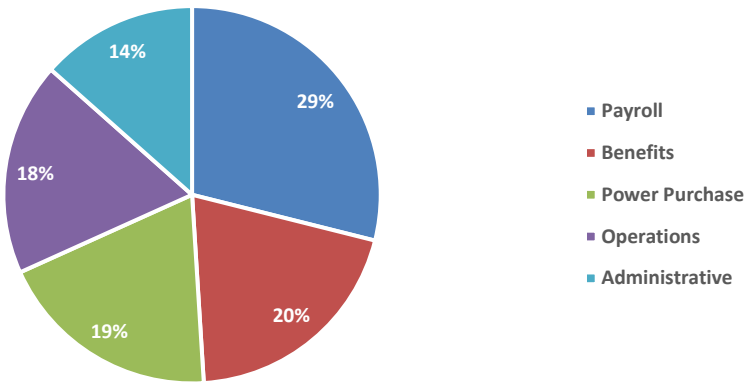
SCWA REVENUES



SCWA OPERATING AND MAINTENANCE BUDGET

	2026	2025
Construction Maintenance	$ 12,365,000	$ 12,046,000
Customer Service	323,000	584,000
Corporate Culture Initiatives	88,000	187,000
Engineering	2,135,000	1,904,000
Facilities Management	2,343,000	2,448,000
Finance	2,743,000	2,347,000
Benefits	33,723,000	33,726,000
Information Technology	4,000,000	3,412,000
Laboratory	1,917,000	1,625,000
Stores	147,000	144,000
Payroll	48,503,000	46,811,000
Emergency Management	25,000	25,000
Transportation	2,180,000	1,910,000
Communications	402,000	462,000
Power Purchase	32,300,000	31,200,000
Production Control	14,225,000	10,000,000
Human Resources	553,000	588,000
Risk Management	7,515,000	7,311,000
Safety	450,000	315,000
Strategic Initiatives	726,000	660,000
Telecommunications	1,125,000	1,000,000
TOTAL	$ 167,788,000	$ 158,705,000

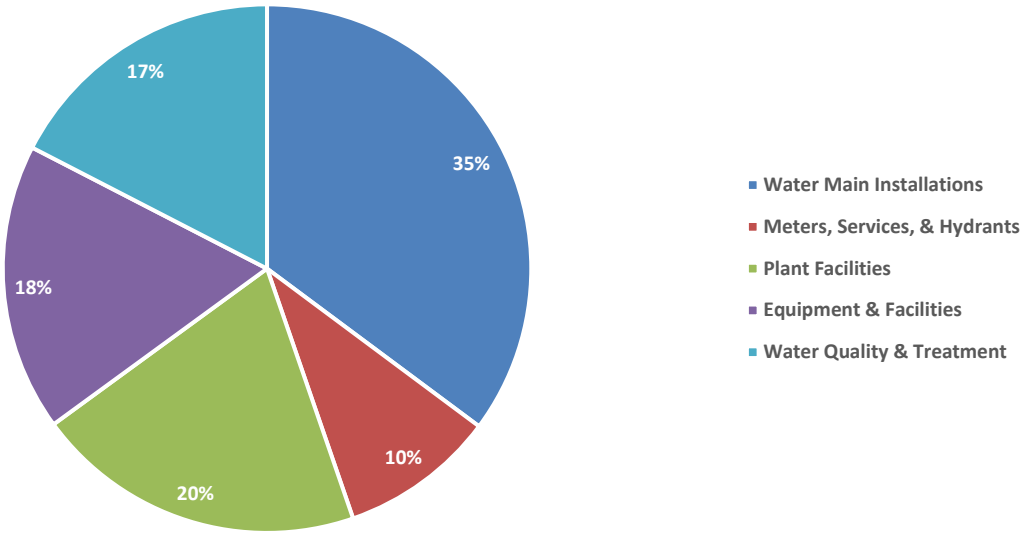
SCWA O&M BUDGET



SCWA CAPITAL BUDGET

Budget Line	Project	Budget 2026	Amended 2025
005/010/015	Mains & Distribution Systems	$ 35,129,000	$ 30,777,000
020	Blowoffs	200,000	200,000
021/025	Hydrants – Contractor & SCWA Installed	1,300,000	1,474,000
030/031	Services/Const. Contracts - Tapping	6,700,000	8,343,000
035	Construction Contracts	250,000	3,100,000
040	New Wells	4,100,000	3,030,000
045/047	Replacement of Existing Wells	3,545,000	2,450,000
050	Tank Maintenance and Construction	5,015,000	4,715,000
055	Treatment Facilities	2,115,000	2,080,000
060	Instrumentation – New or Replacement	260,000	175,000
065	New Station Infrastructure	1,325,000	1,560,000
070	Replacement of Pump Station Infrastructure	3,480,000	3,960,000
075	Supervisory Control and Data Acquisition System	525,000	280,000
086	Emergency Management	27,000	5,000
095	Transportation	6,319,000	1,660,000
100	Facilities	8,594,000	13,797,000
120	Laboratory Equipment	638,000	553,000
125	Office Equipment and Furniture	28,000	239,000
130	Meters	1,394,000	2,396,000
135	Technological Advancement	962,000	950,000
140	IT Equipment	458,000	277,000
145	Department Equipment	35,000	17,000
150	Land Acquisition	-	-
155	Field Equipment	646,000	585,000
190	EFC Projects	-	250,000
196	Emerging Contaminants Water Main Infrastructure	-	11,150,000
	SUBTOTAL	$83,045,000	$ 94,023,000
195	Water Quality & Treatment Systems	17,525,000	19,390,000
	GRAND TOTAL	$ 100,570,000	$ 113,413,000

SCWA CAPITAL BUDGET COMPONENTS



SCWA OPERATING CASH FLOW

	Budget 2026	Projection 2025	Budget 2025	Actual 2024
Operating Revenues	$ 281,411,000	$ 282,223,000	$ 274,047,000	$ 276,927,000
Investment Earnings	8,000,000	16,776,000	6,000,000	18,515,000
Capital Reimbursements	14,868,000	15,386,000	13,692,000	19,302,000
Lease Interest Revenues (GASB 87)	-	-	-	6,643,000
Grant Revenues	5,000,000	3,671,000	-	4,640,000
Total Revenue	$ 309,279,000	$ 318,056,000	$ 293,739,000	$ 326,027,000
Less:				
Operating & Maintenance Expenses	$ 167,788,000	$ 157,978,000	$ 158,705,000	$ 145,411,000
Net Operating Income Available for Debt Service	$ 141,491,000	$ 160,078,000	$ 135,034,000	$ 180,616,000
Less:				
a) Interest on Long-Term Debt	$ 30,309,000	$ 30,797,000	$ 30,797,000	$ 30,763,000
b) Bond & Note Principal	10,149,000	1,313,000	1,313,000	1,070,000
c) Interest of Notes	-	-	-	-
Total Debt Service	$ 40,458,000	$ 32,110,000	$ 32,110,000	$ 31,833,000
Operating Funds Available for Capital	$ 101,033,000	$ 127,968,000	$ 102,924,000	$ 148,783,000

SCWA PROJECTED EARNINGS

	Budget Year Ending 2026	Budget Year Ending 2025	Actual Year Ending 2024
REVENUES:			
Operating	$ 281,411,000	$ 274,047,000	$ 276,927,000
Investment Earnings	8,000,000	6,000,000	18,515,000
Capital Reimbursements	14,868,000	13,692,000	19,302,000
Lease Interest Revenues (GASB 87)	-	-	6,643,000
Grant Revenues	5,000,000	-	4,640,000
Total Revenue	$ 309,279,000	$ 293,739,000	$ 326,027,000
OPERATING AND MAINTENANCE EXPENSE:	$ 167,788,000	$ 158,705,000	$ 145,411,000
Net earnings before Interest and Depreciation (Available for Debt Service)	$ 141,491,000	$ 135,034,000	$ 180,616,000
Operating Ratio	54.3%	54.0%	44.6%
OTHER DEDUCTIONS:			
Interest on Long-Term Debt	30,309,000	30,797,000	30,763,000
Interest on Notes	-	-	-
Total Long-Term Debt Interest	$ 30,309,000	$ 30,797,000	$ 30,763,000
PROJECTED EARNINGS	$ 111,182,000	$ 104,237,000	$ 149,853,000
DEPRECIATION / AMORTIZATION	$ 60,118,000	$ 58,500,000	$ 60,194,000

SUFFOLK COUNTY WATER AUTHORITY ADVISORS

Bond Counsel	Harris Beach PLLC, New York, NY
Financial Consultant	Goldman, Sachs & Co., New York, NY
Bond Fund Trustee and Paying Agent	The Bank of New York Mellon, New York, NY

SUFFOLK COUNTY WATER AUTHORITY DEBT

THE FOLLOWING TABLE SETS FORTH SCWA'S OUTSTANDING BONDS AS OF MAY 31, 2024:

Senior Lien Bonds	Original Principal Amount	Principal Outstanding May 31, 2024
Water System Revenue Bonds, Series 2009B (Build America Bonds), dated November 16, 2009	$ 100,000,000	$ 100,000,000
Water System Revenue Bonds, Series 2012A dated October 4, 2012	80,000,000	80,000,000
Water System Revenue Bonds, Series 2013 (Refunding), dated March 5, 2013	62,380,000	62,380,000
Water System Revenue Bonds, Series 2014B (EFC Series 04A), dated July 2, 2014	3,947,820	617,820
Water System Revenue Bonds, Series 2014A dated October 23, 2014	65,000,000	31,910,000
Water System Revenue Bonds, Series 2014B dated October 23, 2014	50,000,000	50,000,000
Water System Revenue Bonds, Series 2015D (EFC Series 05B), dated August 20, 2015	4,039,184	884,184
Water System Revenue Bonds, Series 2015A dated November 17, 2015	49,105,000	49,105,000
Water System Revenue Bonds, Series 2015 (Refunding), dated November 17, 2015	116,660,000	112,180,000
Water System Revenue Bonds, Series 2016A dated November 15, 2016	84,280,000	84,280,000
Water System Revenue Bonds, Series 2016B dated November 15, 2016	40,000,000	40,000,000
Water System Revenue Bonds, Series 2016 (Refunding), dated November 15, 2016	53,825,000	43,640,000
Water System Revenue Bonds, Series 2018A dated August 2, 2018	100,000,000	100,000,000
Water System Revenue Bonds, Series 2020A (EFC), dated February 6, 2020	10,255,297	8,356,260
Water System Revenue Bonds, Series 2020B dated May 12, 2020	87,000,000	87,000,000
Water System Revenue Bonds, Series 2020 (Refunding) dated May 23, 2020	88,280,000	27,365,000
Total Outstanding Senior Lien Bonds		$ 877,718,264

The Authority has issued, from time to time, Bond Anticipation Notes to finance improvements and additions to the Water System. These notes are redeemed from the proceeds of the Bonds in anticipation of which they are issued and or from any available monies in the General Fund. As of May 31, 2024, the Authority had no bond anticipation notes outstanding.

SERVICE AREAS, PLANT FACILITIES, AND WATER SUPPLY

The Authority currently serves approximately 85% of the total population of Suffolk County. The remaining population is served by other municipal water districts (12%) or private wells (3%). The population served by the Water System is estimated by the Authority to be approximately 1.2 million. The Authority projects an annual growth rate of approximately one-third percent per year over the next several years.

The Water System serves, at retail, areas in the Towns of Babylon, Brookhaven, East Hampton, Huntington, Islip, Shelter Island, Smithtown, Southampton, and Southold, including numerous villages and unincorporated communities. Wholesale service is provided to two water districts and the incorporated Village of Greenport.

CUSTOMER COUNT

The Authority supplies water to its customers in one of the three following ways: (i) direct service to retail customers through facilities owned and operated by the Authority, (ii) direct service to retail customers through facilities that are lease-managed by the Authority, and (iii) wholesale service to other municipal water systems.

THE PERCENTAGE OF TOTAL SALES (BASED ON TOTAL NUMBER OF CUSTOMERS) TO EACH OF THE AFOREMENTIONED CUSTOMERS ARE AS FOLLOWS:

Facilities owned and operated by the Authority	94.5%
Facilities lease-managed by the Authority	2.9%
Wholesale service to other systems	2.6%

As of May 31, 2024, a total of 403,954 retail and wholesale customers were served by the Authority, compared to 403,042 at May 31, 2023, an increase of 912 customers. The following table provides a breakdown of the number of customers served directly by the Authority by region, customers served through operating agreements and customers served through wholesale service, as well as their respective percentage growth over the two most recent fiscal years.

CUSTOMERS SERVED DIRECTLY:

	Fiscal Year Ended May 31,	
Region	2024	2023
Western	174,282	174,116
Central	131,972	131,774
Eastern	75,268	74,696
Subtotal	381,522	380,586

CUSTOMERS SERVED THROUGH OPERATING AGREEMENTS:

Brentwood Water District	6,642	6,635
Fair Harbor Water District	473	473
Stony Brook Water District	1,645	1,644
Riverside Water District	593	619
East Farmingdale Water District	2,449	2,451
Village of Dering Harbor Water District	36	36
West Neck Water District	66	70
Subtotal Water District Customers	11,904	11,928

WHOLESALE WATER:

St. James Water District	3,355	3,355
Smithtown Water District	5,889	5,889
Village of Greenport	1,284	1,284
Subtotal Wholesale	10,528	10,528
TOTAL	403,954	403,042

NUMBER OF CUSTOMERS SERVED AS OF MAY 31, 2020 THROUGH MAY 31, 2024:

Year	Number of Customers
2024	403,954
2023	403,042
2022	401,656
2021	400,160
2020	398,894

The Authority's customers are approximately 94% residential and 6% commercial and municipal. The following table lists the top ten metered account users of water and their corresponding water consumption for the 2024 fiscal year. The customers listed below and their corresponding usage, reflect individual metered accounts; each such customer may have more than one account with the Authority.

User		Consumption (gallons)
1.	Smithtown Water District	972,502,379
2.	St. James Water District	610,099,0618
3.	State University of New York at Stony Brook*	242,129,844
4.	National Grid*	164,728,300
5.	State University of New York at Stony Brook*	125,776,200
6.	Greenport Water District	114,384,160
7.	State University of New York at Stony Brook*	86,312,468
8.	National Grid*	77,511,500
9.	Bretton Woods, HOA	71,587,340
10.	Covanta Babylon Inc DIP	62,947,267

Acquisitions of water systems, creation of lease-managed systems, expansion onto the North Fork of Long Island and special contractual arrangements with Federal and State agencies have resulted in average customer growth of approximately one-third of one percent per year over the last four (4) years.

***Consumption reflects activity for one metered account. User has multiple accounts at different locations.**

According to the Five-Year Engineer's Report issued in June 2024 by the Authority's consulting engineers, H2M Architects and Engineers (the "Engineer's Report"), the pumping and storage facilities are adequately maintained in accordance with accepted standards for the supply of drinking water.

PHYSICAL PLANT

THE FOLLOWING TABLE PRESENTS CERTAIN DATA RELATING TO THE MAJOR PHYSICAL PROPERTIES OF THE AUTHORITY AS OF MAY 31, 2024:

	Wells		Pumping Plants		Storage Facilities	
Town	Active	Inactive	No.	Capacity *	No.	Capacity *
Babylon	48	9	23	64,138	8	8.22
Brookhaven	171	10	72	207,549	20	21.91
East Hampton	43	5	20	25,988	5	6.32
Huntington	51	4	25	51,988	10	12.52
Islip	99	11	39	114,099	11	11.89
Riverhead	9	-	2	1,900	-	-
Shelter Island	6	1	2	400	1	0.12
Smithtown	46	3	22	64,400	5	3.50
Southampton	59	6	20	47,926	6	6.35
Southold	54	1	17	9,200	3	2.80
TOTALS	586	50	242	560,150	69	73.63

** Millions of gallons*

As of May 31, 2024, there were a total of 6,077 miles of water mains in use, an increase of 17 miles since May 31, 2023, and there were 36,316 fire hydrants in-service, an increase of 95 hydrants of which does not include approximately 2,317 hydrants used for private and SCWA pump stations.

The 2025 Capital Budget included provisions for additional wells, pumping equipment and storage capacity amounting to approximately 18% of the total amount budgeted in the Authority's capital improvement budget. (See "CAPITAL IMPROVEMENT PLAN – Plant Facilities, above.)

ADDITIONAL WELLS UNDER CONSTRUCTION, NOT CLASSIFIED AS "IN SERVICE" AS OF MAY 31, 2024, IS EXPECTED TO INCREASE THE CAPACITY OF MAJOR FACILITIES OVER THE NEXT TWELVE MONTHS AS FOLLOWS:

Site Locations	Wells and Pumping Equipment Gallons per Day
Brookhaven	1,388,000
East Hampton	650,000
Smithtown	1,000,000
TOTAL	3,038,000

HISTORICAL REVENUE AND OPERATING EXPENSES

REVENUES, OPERATING & MAINTENANCE EXPENSE

The revenues, operating and maintenance expenses, and the resulting net revenues of the Authority for the five most recent fiscal years ended May 31, 2020 through fiscal year ending 2024 are set forth in the following table. After provision for the stated debt service charges, the remaining revenues are available for new construction and for the corporate purposes of the Authority. For a discussion of the Authority's 2024 fiscal year results, see "Management's Discussion & Analysis" in the Authority's audited financial statements.

HISTORICAL FINANCIAL DATA:

(000's omitted)

	2024 (Audited)	2023 (Audited)	2022 (Audited)	2021 (Audited)	2020 (Audited)
Operating revenues:					
Water Service	$ 243,431	$ 243,650	$ 215,524	$ 224,724	$ 188,352
Lease Revenues	13,780	11,578	11,174	-	-
Other	19,716	14,946	12,563	22,962	20,653
Total operating revenues	$ 276,927	$ 270,174	$ 239,261	$ 247,686	$ 209,005
Nonoperating revenues:					
Interest revenues, as lessor	$ 6,643	$ 5,025	$ 5,094	$ -	$ -
Income from investments, net	18,515	6,146	(5,515)	1,347	8,700
Capital reimbursement fees	19,302	16,106	12,407	11,014	25,833
Capital contributions	4,640	2,975	-	-	-
Total nonoperating revenues	$ 49,100	$ 30,252	$ 11,986	$ 12,361	$ 34,533
Total revenues	$ 326,027	$ 300,426	$ 251,247	$ 260,047	$243,538
Operating expenses					
Operations	$ 101,959	$ 99,122	$ 82,473	$ 98,969	$ 98,416
Maintenance	43,452	39,969	37,511	36,649	34,421
Total operating & maintenance expenses	$ 145,411	$ 139,091	$ 119,984	$ 135,618	$ 132,837
Net revenues before debt service	$ 180,616	$ 161,335	$ 131,263	$ 124,429	$ 110,701
Debt Service:					
Interest on bonds and notes	$ 30,763	$ 31,004	$ 32,331	$ 32,677	$ 32,803
Principal of bonds	1,070	13,463	5,455	6,597	4,025
Total Debt Service	$ 31,833	$ 44,467	$ 37,786	$ 39,274	$ 36,828
Available for New Construction	$ 148,783	$ 116,828	$ 93,477	$ 85,155	$ 73,873
Total Debt Service Coverage	5.67	3.63	3.47	3.17	3.01

WATER RATES

The Authority covenants that it will furnish no free service by the Water System to any person, firm or corporation, public or private. The Authority has a uniform water rate schedule for all residential, commercial, industrial, and certain public users for approximately 96% of its service area. The rest of its service territory has different rate schedules. The Authority engages with third party consultants to independently assess the appropriateness of the rate schedule. Upon the recommendation of the CFO, the Authority subsequently adopted certain changes in the rate schedules for the Water System, with current rates as set forth in the table below. Copies of the Authority's Rules and Regulations setting forth all of its present rate schedules are available for inspections, upon request, during regular business hours at the offices of the Authority. These schedules are also available on the Authority's website, www.SCWA.com.

GENERAL RATES

Service Classification No. 1 Quarterly [1]	Service Classification No. 1A Monthly [1]
Service Charge - $34.33	Service Charge - $11.44
Tier I	
Commodity Charge $1.866/hundred cubic ft. ("CCF") or $2.494/thousand gallons	Commodity Charge $1.866/hundred cubic ft. ("CCF") or $2.494/thousand gallons
Tier II [2]	
Conservation Rate $2.694/hundred cubic ft. ("CCF") or $3.602/thousand gallons	Conservation Rate $2.694/hundred cubic ft. ("CCF") or $3.602/thousand gallons

[1] Rates reflected in this table are effective June 1, 2025; figures in thousand gallons are converted

[2] Customers are subject to the Conservation Rate if they exceed a certain utilization threshold as determined by quarterly/monthly consumption and meter size. See www.SCWA.com for threshold information.

Service Classification No. 1 relates to residential, commercial, and industrial customers (other than those who consume large volumes of water). Service Classification No. 1A relates to customers who consume large volumes of water.

Service Classification No.1B relates to water provided on a wholesale basis to municipal water systems within Suffolk County. Effective January 1, 2025, the following municipal water systems are provided water at the wholesale rate: Village of Greenport, St. James Water District, and Smithtown Water District are billed at the rate of $1.928 per one thousand gallons, an increase from $1.863 per one thousand gallons, payable monthly. Service Classification No. 1C relates to water provided on a stand-by wholesale basis to private water utilities interconnected with the Authority's service facilities, provided adequate capacity is available. The rate applicable to such service includes a service charge of $5.40 per gallon per minute (GPM) of delivery capability, as determined by the Authority, but not less than 500 GPM and $802 per one million gallons, payable monthly.

In addition, there is also a separate rate schedule for customers on Fire Island. The Authority has been acquiring various water systems on Fire Island since 1994. For the most part, these systems had unmetered flat rates based on various factors including number of rooms in the premise or water-using devices. Over time, meters were installed, and a rate structure created, including an annual minimum and consumption charge. Effective June 1, 2025, the Authority will increase the annual minimum from $277.45 to $287.08 and the consumption rate from $2.509 per CCF to $2.596 per CCF.

Effective June 1, 2025, the commodity charge for Service Classification No. 1 and 1A will increase from $1.803 to $1.866 per CCF. The general rate quarterly service charge for Service Classification No. 1 will increase from $33.18 to $34.33 and in the monthly service charge for Service Classification No. 1A will increase from $11.06 to $11.44, effective June 1, 2025.

Effective April 1, 2019, the Authority established a second tier, or "Conservation Rate". Customers who exceed a specified utilization threshold, as determined by quarterly/monthly consumption and meter size, will be subject to a higher rate. Effective June 1, 2025, the Conservation Rate increased from $2.604 per CCF to $2.694 per CCF.

The Authority's Finance Department analyzes pertinent information and prepares applicable reports and forecasts for the purpose of evaluating water rates and service classifications. When appropriate, recommendations are made to adjust the rates charged by the Authority to remain in compliance with the Rate Covenant established under the Resolution.

Bills are payable within fifteen days after presentation. A late charge of one and one-half percent (1.5%) per month is applied to all outstanding water bills rendered in excess of 45 days.

Sales to the preceding classifications of consumers are made only on a metered basis, except in the case of private fire lines for sprinkler lines.

Rates for fire protection include rentals for public hydrant service, which are billed semi-annually following the period of service. The Authority's system-wide uniform rate schedule for public fire protection service is $175.06 per hydrant per annum, effective June 1, 2025. The rate schedule for the private Shorewood service area has been consolidated into the system–wide uniform Private Hydrant Rate schedule. The category Private Hydrant Rates was extracted from the system-wide uniform rate schedule and an increase in the rate from $249.58 to $257.08 per hydrant per annum, will be effective June 1, 2025.

As security for the payment of its bills, the Authority generally requires a deposit from each new commercial customer. The amount of the deposit required from a commercial user varies according to the nature and size of the establishment. The Authority may on occasion require, primarily from rental tenants, deposits from residential customers.

MISSION

"Our mission is to provide the customers of the Suffolk County Water Authority the highest quality water at the lowest possible cost with excellent customer service."

PROFILE

The Suffolk County Water Authority is a self-supporting, public benefit corporation operating under the authority of the Public Authorities Law of the State of New York. It is without taxing power and operates as a business enterprise. It is neither an agency of New York State nor Suffolk County government.

The majority of revenues the Suffolk County Water Authority receives is obtained from the sale of water to its customers. SCWA is non-profit: all revenue received must be used for operating expenses, constructions costs, and paying outstanding debts.