



FREQUENTLY ASKED QUESTIONS ABOUT WATER RATES IN CALIFORNIA

Regulated water utilities have served California communities for generations. In fact, one in seven Californians get their water from a regulated company.

What are regulated water utilities?

Regulated water utilities are professional water service providers that own and operate community drinking water and wastewater utilities or operate and maintain water and wastewater systems as contracted services providers. These utilities are more heavily regulated than municipal utilities, and among the most heavily regulated companies in the country. Water rates, water quality and environmental compliance are all regulated by state and federal law.

How are rates set for regulated water utilities?

Regulated water utility rates are set by the California Public Utilities Commission (CPUC). In setting rates every three years through the general rate case process, as mandated by California state law, the CPUC thoroughly reviews the company's costs, audits system needs, conducts public hearings for customers, holds formal evidentiary hearings adjudicated by administrative law judges, and issues a final decision authorizing an approved rate structure and terms of service for the utility.

How do I know the rates I pay for water are fair?

A primary objective of the general rate case process is ensuring that rates are fair to customers. Within the California Public Utilities Commission, the California Public Advocates Office (Cal-PA) has the statutory mission to obtain the lowest possible rate for service consistent with safety, reliability, and the state's environmental goals. Further, customers are able to participate in the general rate case process through comments and hearings. Rate setting is always a public process that includes opportunities for input by all interested individuals and groups, especially customers.

How do rates of regulated water providers compare to the rates of public water suppliers?

Water rates are a reflection of water utility investment. A utility that is investing to properly maintain its system will have higher rates than a utility that defers investments – but it will also have stronger water infrastructure that ensures the delivery of safe drinking water. The easiest way for a utility to keep rates low is to not invest in a system, let it deteriorate and risk system failures. Keeping rates artificially low and deferring investment has serious consequences. While private utility rates may be higher in some cases, studies show that utilities run by local governments are more likely to have violations of the Safe Water Drinking Act than utilities run by private operators.