

Balancing Affordability, Reliability, and Climate Stewardship

Across California, regulated drinking water providers are investing in the infrastructure, treatment systems and operations needed to deliver safe, clean and reliable water while working to minimize impacts on customers.

At the same time, regulated drinking water providers recognize that affordability challenges are real and affect customers differently depending on income, geography, and usage needs.

Safe drinking water remains one of the most affordable essential services for California households while delivering critical public health and economic benefits statewide.

THE COST OF WATER: SAN JOSE WATER CASE STUDY

San Jose Water provides water for its customers at roughly \$5.03 per hundred cubic feet (CCF), or 748 gallons. That comes out to less than a penny a gallon. By comparison, a gallon of bottled water purchased at a store often costs \$2.00. That equates to \$1,500 per CCF, or 300 times more than tap water. These values matter to our customers when they use up to just over 4,400 gallons a month.

Water Cost Comparison



Tap Water
<\$0.01
Price per 16.9 oz



Bottled Water
\$1.50-2.00
Price per 16.9 oz

Affordability and Conservation Must Work Together

Regulated drinking water providers have long supported conservation-oriented rate design that advances both affordability and California's climate goals.

Tiered water rate structures:

- Encourage efficient water use
- Provide customers greater control over monthly bills
- Align with statewide conservation objectives
- Support long-term water supply reliability amid drought and climate pressures

These approaches help balance near-term customer affordability with the long-term investments necessary to maintain safe and resilient water systems.

Customer Assistance Programs Protect Essential Access

Regulated drinking water providers deliver effective affordability programs that reduce financial hardship for low-income customers while preserving reliable water service. In 2024 alone, California's Class A water providers supported more than **\$54.3 million** in customer assistance and low-income support programs statewide.



Customer assistance programs—including bill discounts, flexible payment arrangements, rate relief, and service protections—provide meaningful support during periods of financial hardship.

Regulated drinking water providers continue to work with regulators, federal and state elected officials, and community based organizations to improve:

- Low-income assistance program awareness and enrollment
- Consistency across service territories
- Accessibility for eligible customers
- Long-term program sustainability

Responsible Investment Supports Reliability and Climate Resilience

California water systems face increasing operational and regulatory pressures, including:



Aging infrastructure



Drought and water supply uncertainty



Wildfire and extreme weather risks



Seismic resilience needs



Emerging water quality requirements



Energy and operational cost increases

Continued investment is necessary to meet state and federal safety standards while maintaining reliable service for customers.

Reliable water infrastructure is a long-term public health and climate resilience investment.

Over the next five years, CWA members plan to invest up to **\$5 billion** in new water infrastructure projects, including pipeline replacements and meter upgrades.

Factors that Drive Up Costs

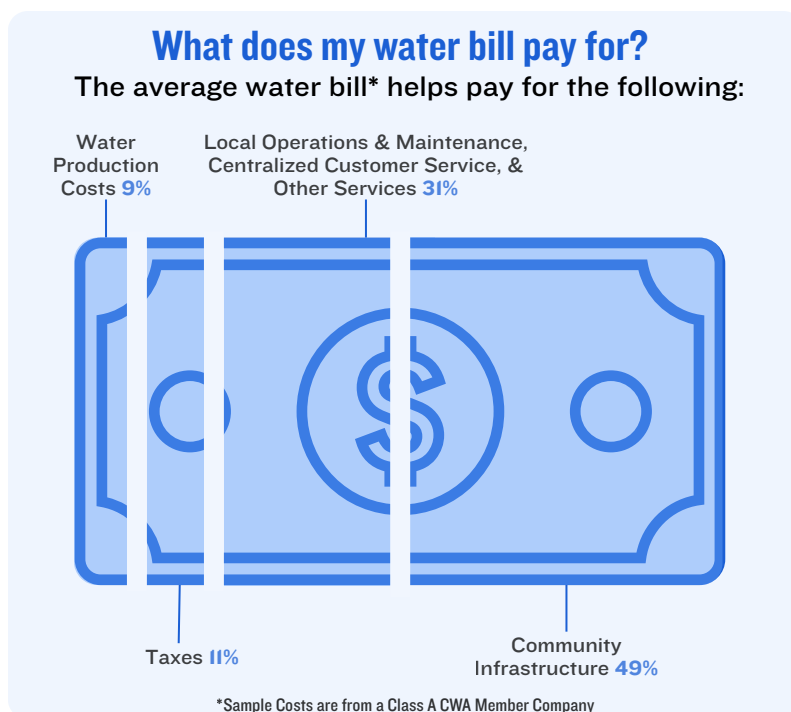
Inflation in construction, rising energy costs and higher prices for essential materials such as steel, concrete, PVC pipe and treatment chemicals have increased the cost of maintaining and upgrading water infrastructure. Supply chain disruptions and workforce shortages have further added to project costs and timelines.

In addition, higher fuel and transportation costs increase the expense of delivering materials and equipment to project sites. Lengthy or inconsistent permitting processes can also delay projects and contribute to additional costs.

PROVIDING WATER CALIFORNIANS CAN COUNT ON

Regulated drinking water providers actively pursue cost-saving measures and operational efficiencies to help manage customer costs while **maintaining safe and reliable service**.

- Deploying advanced metering infrastructure to improve transparency and reduce water loss
- Implementing data-driven infrastructure replacement strategies
- Installing energy efficiency technologies such as solar and battery storage
- Consolidating smaller systems to improve economies of scale
- Streamlining permitting and procurement processes
- Supporting workforce training and shared industry resources
- Developing local water supplies that reduce long-term costs and greenhouse gas emissions



A Balanced Path Forward

California's regulated water providers support a balanced affordability framework that:

- Protects vulnerable customers
- Encourages conservation
- Maintains system reliability
- Advances climate resilience goals
- Preserves the financial integrity necessary to deliver safe drinking water for generations to come

Collaborative solutions between utilities, regulators, policymakers, and stakeholders will be essential to achieving California's affordability and sustainability objectives simultaneously.