



PROVIDING QUALITY SERVICE TO CALIFORNIA

As a regulated utility, California American Water's rates are determined by the California Public Utilities Commission (CPUC) through a General Rate Case (GRC) to ensure customers receive safe, dependable service at a fair price. If investor-owned utilities, like California American Water, operate efficiently, a return on capital infrastructure investments is generated for the shareholders, but this return is not guaranteed. The rate of return is set by the CPUC. Operating costs, also approved by the CPUC, are passed directly through to the ratepayer with no mark up.

California American Water is proud to provide quality water service to approximately 700,000 people throughout the state. As a regulated utility, we are held to the highest standards of accountability, including oversight from the Public Advocates Office, an independent consumer advocate at the CPUC, to ensure the lowest possible rates for customers consistent with safety, reliability, and the state's climate goals.



RATE-MAKING PROCESS

Every three years, California American Water is required by the CPUC to file a "general rate case" to ensure that rates accurately reflect the cost of providing service. Rate case applications include projected, or forecasted, operating budgets and infrastructure renewal for each district. A team of consumer advocates, engineers, and financial analysts review California American Water's rate case to ensure rates are fair and reasonable.

Rate cases generally take 18 months or more to complete. A rough chronology of a rate case after preparation includes:

- Initial proposal
- Final proposal
- Public participation hearings
- Public review
- CPUC staff review
- Formal hearings
- Final recommendation from Administrative Law Judge assigned to case
- Final decision by CPUC Commissioners



WHAT IMPACTS MY RATES THE MOST?

Rates are primarily driven by how much we invest to protect the safety and reliability of our local water systems. Proposed rate increases will:

- Fund crucial infrastructure improvements
- Increase water storage capacity
- Support increased labor costs
- Balance changing demand and inflation

Our commitment to maintaining and upgrading local water infrastructure ensures we can continue providing our customers with premium water service, so they never have to worry about water, especially at a time when it is essential to public health.