Higher Prices and Less Water from EBMUD

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July 5, 2026

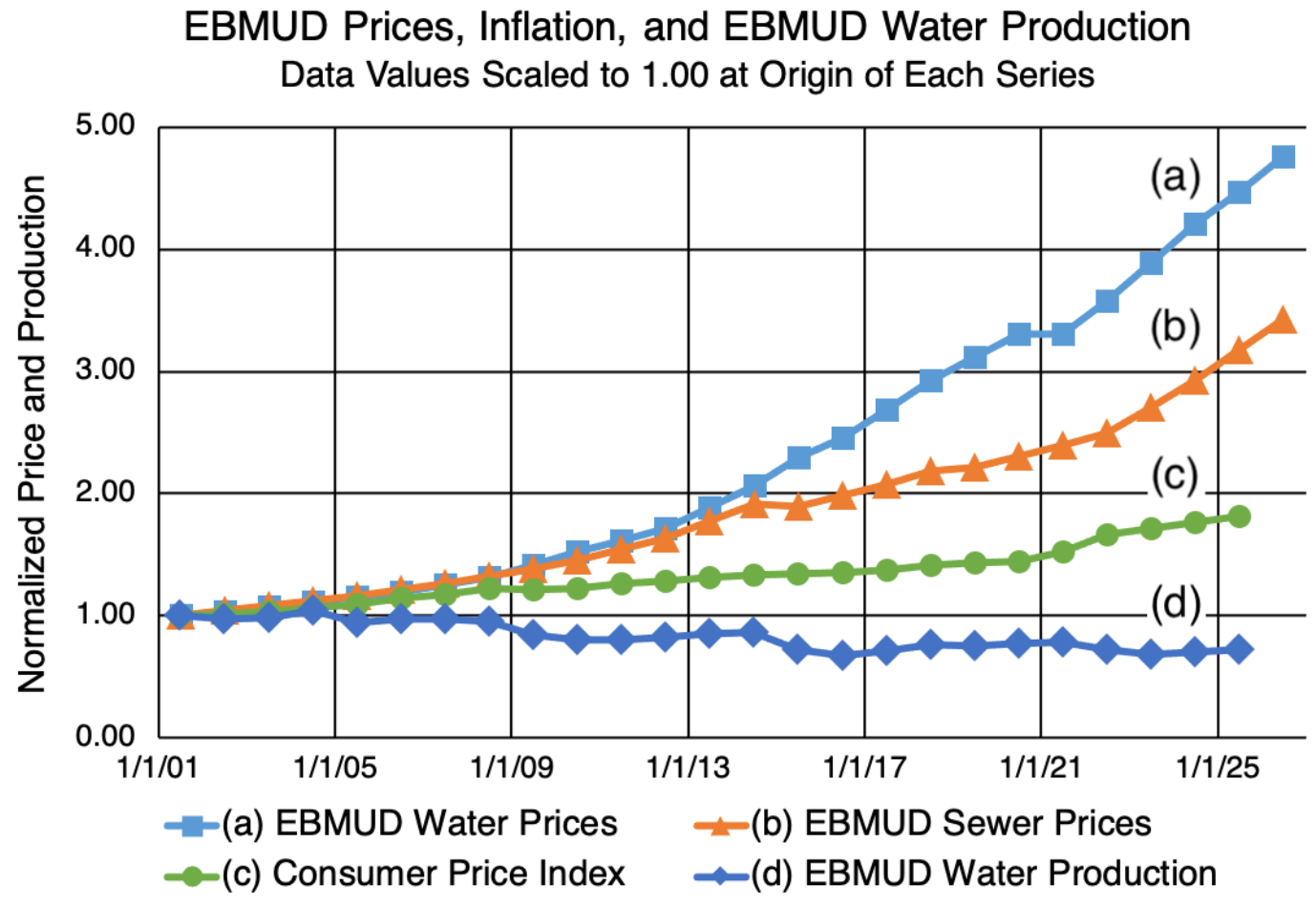

Figure 1: Use less and pay more—much more than inflation. Time series since 2001 for (a, b) EBMUD water and sewer prices, (c) consumer prices and (d) EBMUD water production. See the text for explanation.

Primary Complaint

The primary public complaint about EBMUD (East Bay Municipal Utility District) centers on high and rising sewer and water bills. The comparison of EBMUD prices and inflation in Figure 1 justifies the complaint.

- Since the start of the millennium, EBMUD water prices have gone up almost five-fold.
- EBMUD sewer prices have increased over three-fold.
- Meanwhile, the consumer price index has not quite doubled in the same, twenty-five year period.

In short, EBMUD prices have gone up much faster than inflation for a long time. (Note, data sources for Figures 1 and 2 are explained in the Appendix.)

Why does EBMUD Only Raise Prices?

A nonprofit organization like EBMUD adjusts prices to afford expenses that are principally personnel and capital. Higher prices usually mean higher revenues to pay those costs. The sewer business of EBMUD has a straightforward relationship between price and revenue, see Figure 2 (top). However, there does not appear to be a simple link between price and revenue in the water business, see Figure 2 (bottom).

What do the Board of Directors achieve when they raise prices? The Directors behave rationally to cover costs in the sewer business—although the costs are too high—because prices and revenue rise in unison. In the water business, however, prices sometime rise and revenues do not. Clearly, the water business is not understood or is out of control.

It is reasonable to ask the Directors not to pull the trigger so easily on higher water rates. Perhaps if Directors reduce water prices, then revenues would increase? There is room to cut prices and increase usage, because as shown in Figure 1(d), water production is down 25% since the turn of the century. EBMUD has the capacity to produce more water—practically at no marginal cost—and thus to raise the revenue it needs.

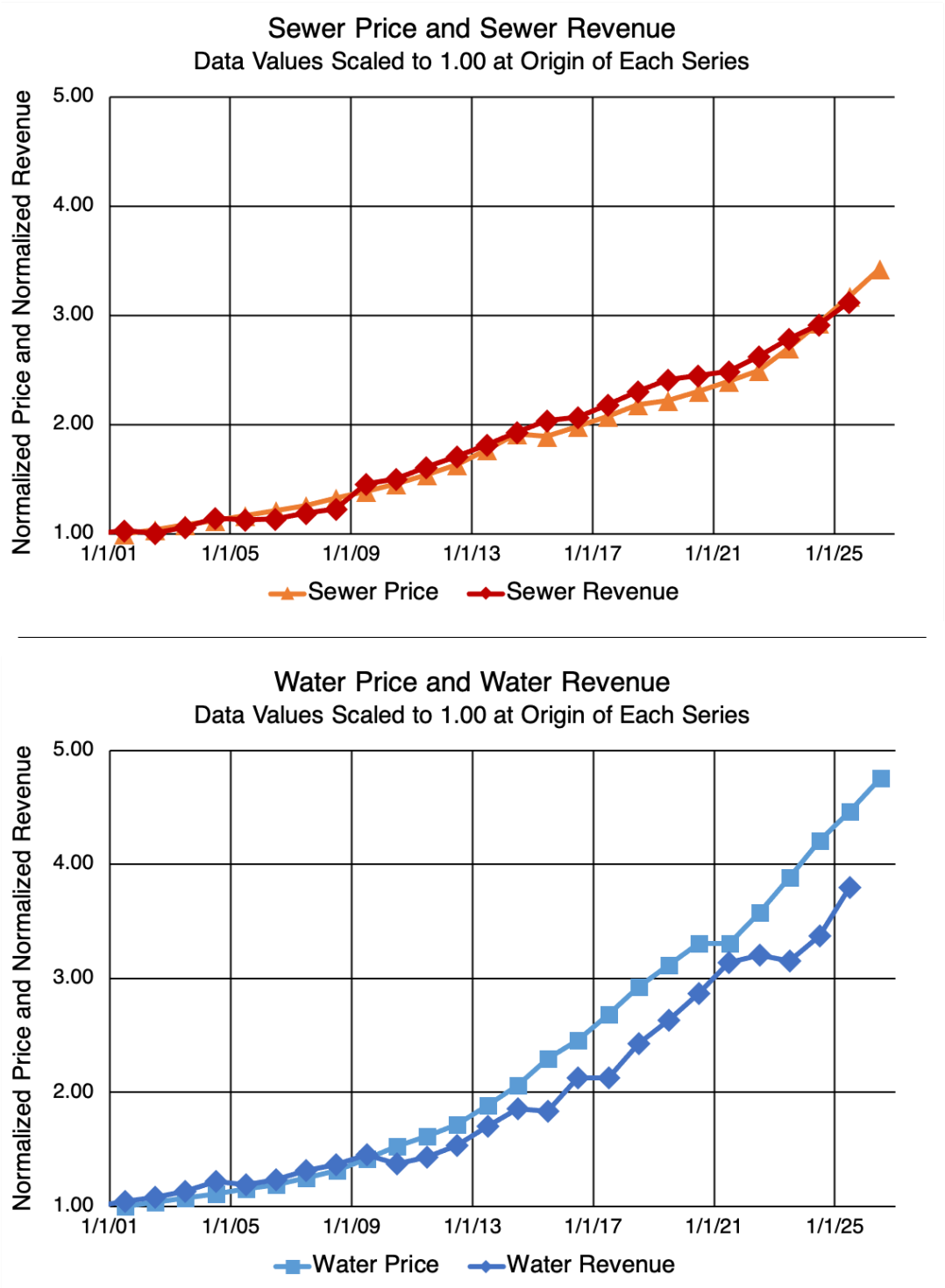

Figure 2: Time series since 2001 for (top) sewer prices and sewer revenue, (bottom) water prices and water revenue. Prices from Figure 1. See the Appendix for explanation of revenues.

The Time for New Thinking is Now

Like most North American utilities, EBMUD faces aging infrastructure built during the post-World War II boom. Much of its water and sewer system is 50 to 100 years old and nearing the end of its useful life, requiring costly repairs and replacement. In many ways, **EBMUD is planning to rebuild a water system our grandparents never had.**

At the same time, California's repeated droughts have exposed a structural problem in the water side of the business. EBMUD has reduced demand through conservation programs. While conservation is important, it is not a long-term business model. Customers understandably question why rates continue to rise while they get less water.

Today, desalination powered by next-generation small modular nuclear reactors could provide a drought-proof and virtually unlimited water supply. The Middle East already demonstrates the viability of large-scale desalination, and new reactor designs promise clean, reliable power with enhanced safety and lower costs.

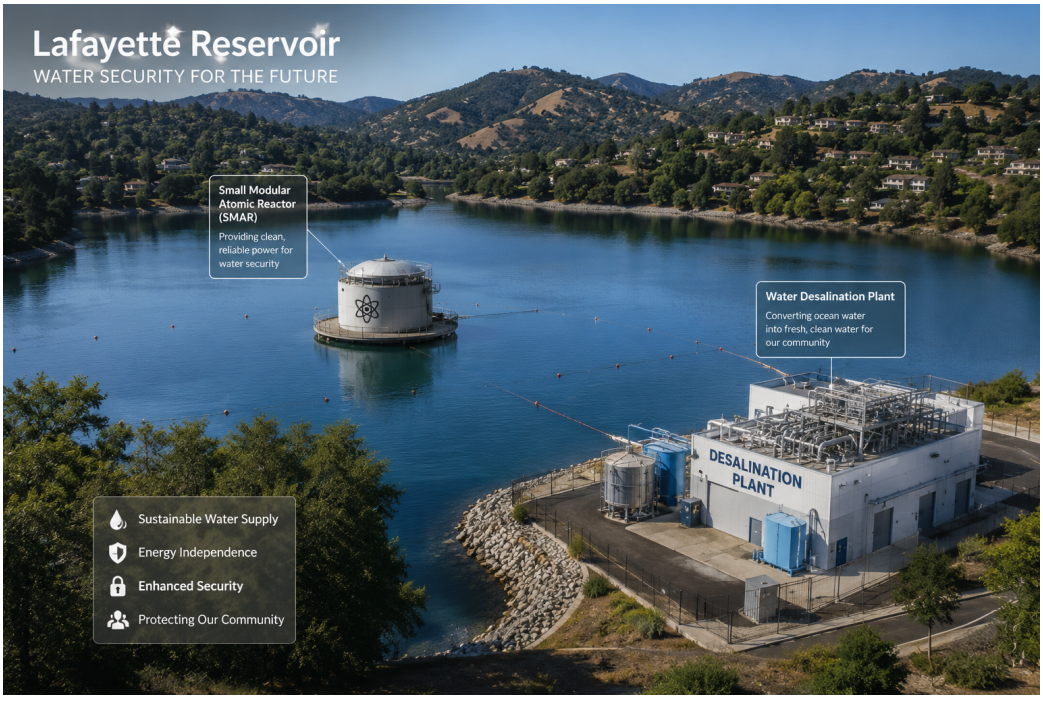

Figure 3: Rethinking the Lafayette Reservoir. Just as West Oakland hosts EBMUD waste treatment, Lafayette can site atomic-powered desalination.

The East Bay is well positioned to lead this effort. It sits near the Sacramento-San Joaquin Delta and San Pablo Bay, where brackish water could be treated locally instead of transporting Sierra water hundreds of miles through aging and seismically vulnerable infrastructure.

Greater reliance on local water sources would also reduce EBMUD's involvement in reservoir recreation, habitat management, and other activities beyond its core mission. Recreational amenities and environmental programs should be funded by the communities that directly benefit from them, e.g. the "reservoir" in Lafayette.

It is time for EBMUD to refocus on its primary purpose: engineering excellence in providing reliable, affordable water and wastewater service through modern technology.

Appendix: Data Series

Consumer Prices

Consumer prices are complied by the U.S. Bureau of Labor Statistics. The historical data at

`https://www.bls.gov/cpi/tables/supplemental-files/`

are extracted from the latest file at the time of writing

`historical-cpi-u-202605.xlsx`.

Specifically, in each year 2001 through 2025, the cumulative Consumer Price Index for All Urban Consumers (CPI-U) is extracted for the month of June. This value for June of 2010, for example, is the increase in consumer prices over the twelve months up to June 30, 2010. (June is chosen to match the end of the EBMUD fiscal year. New prices for service almost always become effective at the start of the fiscal year on July 1.) CPI-U ranges from 178.0 in June 2001 to 322.561 in June 2025, for an overall growth of 1.00 to 1.81 after normalizing. This time series is plotted at June 30 for each year from 2001 to 2025 in Figure 1.

EBMUD Water Production

Water production is reported in a collection of reports for investors in EBMUD bonds.

- Summary Financial Information Statement, Fiscal Year 2005.
- Summary Financial Information Statement, Fiscal Year 2010.
- Continuing Disclosure Information Statement, Fiscal Year 2018.
- Continuing Disclosure Information Statement, Fiscal Year 2021.
- Continuing Disclosure Information Statement, Fiscal Year 2025.

EBMUD Revenues

Total revenues for each of the two, major lines of business is reported in variously named *Annual Comprehensive Financial Reports.* The reports are online at

`https://www.ebmud.com/about-us/financial-information/financial-reports`.

Only five years of reports are visible on the web page above. Pressing the button Archived financial reports reveals more reports going back to FY 2005. Earlier reports can be obtained through the Wayback Machine.

All of the financial reports contain a table "Statements of Revenues, Expenses, and Changes in Net Position". The table begins with operating revenue for water and for sewer for fiscal years ending on June 30. Data are provided for both the fiscal year just ended and for the previous fiscal year. More recent reports label the previous fiscal year as "restated". Consecutive reports were not compared to determine the magnitude of any restatement.

Figure 2 plots the revenue data on June 30 that is nearly coincident with the July 1 date for new prices. Whatever effect new prices have on revenue is reflected in the revenue point for the next year.

EBMUD Prices

Inaccessible Data

The history of EBMUD prices is not readily available and probably is not known even to EBMUD Directors and management. The price schedule must be publicly adopted by the Board of Directors, but apparently the Directors act without knowing the history of what they did before. Of course, the current rates are always posted somewhere at `EBMUD.com`.

`https://www.ebmud.com/water/water-rates/rates-and-fees-schedules`

No historical data even for the immediately preceding year seems to be online. Further, even materials pertaining to past meetings of the Board of Directors remain online currently for only three years. "Meeting materials prior to the years listed below [2026, 2025, 2024] may be obtained by submitting a public records request." I thank District Secretary Rischa Cole and her staff for responding promptly to my requests. The prices presented here are extracted from rate sheets supplied by Secretary Cole et al. and from rate sheets found by the Wayback Machine at `web.archive.org`.

Sewer Prices

The Board adopts rates and charges separately for sewer and water. For purposes discussing consumer complaints, the most relevant sewer data appears to be the residential monthly price for a single-family dwelling—also known as customer category 8800. That price is given as a sum of a fixed service charge, a fixed strength charge, and a flow charge that varies between a minimum and a maximum. (It is never explained how the actual flow of waste water would be determined.) The final sewer data in Figure 1 is the "Maximum monthly charge (for 8800)". That is currently $40.05 after July 1, 2026. Historical rate sheets do report the maximum monthly charge in a way that is easily identified once the rate sheet is found.

Water Prices

Water prices are given as a monthly sum of a service charge and a flow charge. The service charge depends on the meter size that here is taken to be the smallest available, 5/8 and-or 3/4 inch. The flow charge for a single-family residential account has three parts:

- a rate for each of the first 7 units of water flow,
- another rate for any flow above 7 units up to 16 units,
- and a third rate thereafter.

The "unit" is 748 gallons of water per month. The typical amount of water consumed by an Oakland household in a month is suggested by

`https://utility-rates.com/california/oakland`

to be 5,000 gallons (6.68 units). This amount is used to calculate a monthly price for water. Beginning in 2025 the balance between the service charge and the flow charges was adjusted to reduce the overall cost for low consumption customers. That revision did not much affect the total price calculated for 5,000 gallons.