

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN SENATE APRIL 16, 2015

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**SENATE BILL**

**No. 555**

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**Introduced by Senator Wolk  
(Coauthor: Senator Pavley)**

February 26, 2015

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An act to add Section 10608.34 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 555, as amended, Wolk. Urban retail water suppliers: water loss management.

Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020, and requires the state to make incremental progress towards this goal by reducing per capita water use by at least 10% on or before December 31, 2015. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, in accordance with specified requirements.

This bill would require each urban retail water supplier, on or before July 1, 2017, and annually each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing. This bill would require the department to provide technical assistance

to guide urban retail water suppliers' water loss detection programs. The bill would require the department, ~~in consultation with the State Water Resources Control Board, to develop metrics for reporting year-over-year progress on water loss reduction and would require the board~~ *no earlier than January 1, 2019, and no later than July 1, 2020,* to adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses. *This bill would require the board to contribute up to \$400,000 towards the department's costs incurred in performing validations of water loss audit reports during the period beginning on July 1, 2016, and ending on or before July 1, 2017.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10608.34 is added to the Water Code, to  
2 read:  
3 10608.34. (a) (1) On or before January 1, 2017, the department  
4 shall adopt rules for all of the following:  
5 (A) The conduct of standardized water loss audits by urban  
6 retail water suppliers in accordance with the method adopted by  
7 the American Water Works Association in the third edition of  
8 Water Audits and Loss Control Programs, Manual M36 and in the  
9 Free Water Audit Software, version 5.0.  
10 (B) The process for validating a water loss audit report prior to  
11 submitting the report to the department. *For the purposes of this*  
12 *section, "validating" is a process whereby a technical expert*  
13 *engages with an urban retail water supplier to confirm the basis*  
14 *of all data entries in the urban retail water supplier's water loss*  
15 *audit report and to appropriately characterize the quality of the*  
16 *reported data. The validation process shall follow the principles*  
17 *and terminology laid out by the American Water Works Association*  
18 *in the third edition of Water Audits and Loss Control Programs,*  
19 *Manual M36 and in the Free Water Audit Software, version 5.0.*  
20 *A validated water loss audit report shall include the name and*  
21 *technical qualifications of the person engaged for validation.*  
22 (C) *The technical qualifications required of a person to engage*  
23 *in validation, as described in subparagraph (B).*

1 (D) *The certification requirements for a person selected by an*  
2 *urban retail water supplier to provide validation of its own water*  
3 *loss audit report.*

4 ~~(C)~~

5 (E) *The method and timing of submitting a water loss audit*  
6 *report to the department.*

7 (2) *The department shall update rules adopted pursuant to*  
8 *paragraph (1) every five years and no later than six months after*  
9 *the release of subsequent editions of the American Water Works*  
10 *Association's Water Audits and Loss Control Programs, Manual*  
11 *M36.*

12 (b) *On or before July 1, 2017, and annually each year thereafter,*  
13 *each urban retail water supplier shall submit a completed and*  
14 *validated water loss audit report for the previous calendar year as*  
15 *prescribed by the department pursuant to subdivision (a).*

16 (c) *Using available funds, the board shall contribute up to four*  
17 *hundred thousand dollars (\$400,000) towards the department's*  
18 *costs incurred in performing validations of water loss audit reports*  
19 *during the period beginning on July 1, 2016, and ending on or*  
20 *before July 1, 2017. Thereafter, the board shall determine whether*  
21 *performing validations is an appropriate use of state funds or*  
22 *whether an urban retail water supplier shall be responsible for its*  
23 *own validation costs.*

24 ~~(e)~~

25 (d) *Each water loss audit report submitted to the department*  
26 *shall be accompanied by information, in a form specified by the*  
27 *department, identifying steps taken in the preceding year to increase*  
28 *the validity of data entered into the final audit, reduce the volume*  
29 *of apparent losses, and reduce the volume of real losses.*

30 ~~(d)~~

31 (e) *At least one of the following employees of an urban retail*  
32 *water supplier shall attest to each water loss audit report submitted*  
33 *to the department:*

34 (1) *The chief financial officer.*

35 (2) *The chief engineer.*

36 (3) *The general manager.*

37 ~~(e)~~

38 (f) *The department shall deem incomplete and return to the*  
39 *urban retail water supplier any final water loss audit report found*  
40 *by the department to be incomplete, not validated, unattested, or*

1 incongruent with known characteristics of water system operations.  
2 A water supplier shall resubmit a completed water loss audit report  
3 within 90 days of an audit being returned by the department.

4 ~~(f)~~

5 (g) The department shall post all validated water loss audit  
6 reports on its Internet Web site in a manner that allows for  
7 comparisons across water suppliers. The department shall make  
8 the validated water loss audit reports available for public viewing  
9 in a timely manner after their receipt.

10 ~~(g)~~

11 (h) Using available funds, the department shall provide technical  
12 assistance to guide urban retail water suppliers' water loss detection  
13 programs, including, but not limited to, metering techniques,  
14 pressure management techniques, condition-based assessment  
15 techniques for transmission and distribution pipelines, *and*  
16 utilization of portable and permanent water loss detection ~~devices,~~  
17 ~~and funding devices.~~

18 ~~(h) (1) The department, in consultation with the board, shall~~  
19 ~~develop metrics for reporting year-over-year progress on water~~  
20 ~~loss reduction.~~

21 ~~(2) On or before~~

22 (i) *No earlier than January 1, 2019, and no later than July 1,*  
23 *2020, the board shall adopt rules requiring urban retail water*  
24 *suppliers to meet performance standards for the volume of water*  
25 *losses. In adopting these rules, the board shall employ full life*  
26 *cycle cost accounting to evaluate the costs of meeting the*  
27 *performance standards.*