

AMENDED IN ASSEMBLY JULY 16, 2015

AMENDED IN ASSEMBLY JULY 7, 2015

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SENATE BILL

No. 555

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

February 26, 2015

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~~ *October 1, 2017, and annually on or before July 1 of 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 State Water Resources Control 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 *using funds available for the 2016– 17 fiscal year towards the department's costs incurred in performing validations of procuring water loss audit reports during the period beginning on July 1, 2016, and ending on or before July 1, 2017: report validation assistance for urban retail water suppliers.*

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 *uses a technical expert*
14 to confirm the basis of all data entries in the urban retail water
15 supplier’s water loss audit report and to appropriately characterize
16 the quality of the reported data. The validation process shall follow
17 the principles and terminology laid out by the American Water
18 Works Association in the third edition of Water Audits and Loss
19 Control Programs, Manual M36 and in the Free Water Audit
20 Software, version 5.0. A validated water loss audit report shall
21 include the name and technical qualifications of the person engaged
22 for validation.

1 (C) The technical qualifications required of a person to engage
2 in validation, as described in subparagraph (B).

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

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

8 (2) The department shall update rules adopted pursuant to
9 paragraph (1) no later than six months after the release of
10 subsequent editions of the American Water Works Association's
11 Water Audits and Loss Control Programs, Manual M36. *Except*
12 *as provided by the department, until the department adopts updated*
13 *rules pursuant to this paragraph, an urban retail water supplier*
14 *may rely upon a subsequent edition of the American Water Works*
15 *Association's Water Audits and Loss Control Programs, Manual*
16 *M36 or the Free Water Audit Software.*

17 (b) On or before ~~July~~ *October 1, 2017, and annually on or before*
18 *July 1 of each year thereafter, each urban retail water supplier shall*
19 *submit a completed and validated water loss audit report for the*
20 *previous calendar year as prescribed by the department pursuant*
21 *to subdivision (a). Water loss audit reports submitted on or before*
22 *October 1, 2017, may be completed and validated with assistance*
23 *as described in paragraph (1) of subdivision (c).*

24 (c) (1) ~~Using available funds, funds available for the 2016–17~~
25 *fiscal year, the board shall contribute up to four hundred thousand*
26 *dollars (\$400,000) towards the department's costs incurred in*
27 *performing validations of water loss audit reports during the period*
28 *beginning on July 1, 2016, and ending on or before July 1, 2017.*
29 ~~Thereafter, the board shall determine whether performing~~
30 ~~validations is an appropriate use of state funds or whether an urban~~
31 ~~retail water supplier shall be responsible for its own validation~~
32 ~~costs. procuring water loss audit report validation assistance for~~
33 ~~urban retail water suppliers.~~

34 (2) *The board shall determine whether providing water loss*
35 *audit report validation assistance is an appropriate use of state*
36 *funds or whether an urban retail water supplier shall be solely*
37 *responsible for its own validation costs after the 2016–17 fiscal*
38 *year.*

39 (d) Each water loss audit report submitted to the department
40 shall be accompanied by information, in a form specified by the

1 department, identifying steps taken in the preceding year to increase
2 the validity of data entered into the final audit, reduce the volume
3 of apparent losses, and reduce the volume of real losses.

4 (e) At least one of the following employees of an urban retail
5 water supplier shall attest to each water loss audit report submitted
6 to the department:

- 7 (1) The chief financial officer.
- 8 (2) The chief engineer.
- 9 (3) The general manager.

10 (f) The department shall deem incomplete and return to the
11 urban retail water supplier any final water loss audit report found
12 by the department to be incomplete, not validated, unattested, or
13 incongruent with known characteristics of water system operations.
14 A water supplier shall resubmit a completed water loss audit report
15 within 90 days of an audit being returned by the department.

16 (g) The department shall post all validated water loss audit
17 reports on its Internet Web site in a manner that allows for
18 comparisons across water suppliers. The department shall make
19 the validated water loss audit reports available for public viewing
20 in a timely manner after their receipt.

21 (h) Using available funds, the department shall provide technical
22 assistance to guide urban retail water suppliers' water loss detection
23 programs, including, but not limited to, metering techniques,
24 pressure management techniques, condition-based assessment
25 techniques for transmission and distribution pipelines, and
26 utilization of portable and permanent water loss detection devices.

27 (i) No earlier than January 1, 2019, and no later than July 1,
28 2020, the board shall adopt rules requiring urban retail water
29 suppliers to meet performance standards for the volume of water
30 losses. In adopting these rules, the board shall employ full life
31 cycle cost accounting to evaluate the costs of meeting the
32 performance standards.