

AMENDED IN ASSEMBLY AUGUST 17, 2015

AMENDED IN ASSEMBLY JULY 16, 2015

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN SENATE APRIL 16, 2015

AMENDED IN SENATE APRIL 7, 2015

**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 October 1, 2017, and 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~~ 2016-17 fiscal year towards procuring water loss audit 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 an urban retail water  
13 supplier uses a technical expert to confirm the basis of all data  
14 entries in the urban retail water supplier's water loss audit report  
15 and to appropriately characterize the quality of the reported data.  
16 The validation process shall follow the principles and terminology  
17 laid out by the American Water Works Association in the third  
18 edition of Water Audits and Loss Control Programs, Manual M36  
19 and in the Free Water Audit Software, version 5.0. A validated  
20 water loss audit report shall include the name and technical  
21 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 (E) The method of submitting a water loss audit report to the  
5 department.

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

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

22 (c) ~~(1)~~ Using funds available for the ~~2016–17~~ 2016–17 fiscal  
23 year, the board shall contribute up to four hundred thousand dollars  
24 (\$400,000) towards procuring water loss audit report validation  
25 assistance for urban retail water suppliers.

26 ~~(2) The board shall determine whether providing water loss~~  
27 ~~audit report validation assistance is an appropriate use of state~~  
28 ~~funds or whether an urban retail water supplier shall be solely~~  
29 ~~responsible for its own validation costs after the 2016–17 fiscal~~  
30 ~~year.~~

31 (d) Each water loss audit report submitted to the department  
32 shall be accompanied by information, in a form specified by the  
33 department, identifying steps taken in the preceding year to increase  
34 the validity of data entered into the final audit, reduce the volume  
35 of apparent losses, and reduce the volume of real losses.

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

39 (1) The chief financial officer.

40 (2) The chief engineer.

1 (3) The general manager.

2 (f) The department shall deem incomplete and return to the  
3 urban retail water supplier any final water loss audit report found  
4 by the department to be incomplete, not validated, unattested, or  
5 incongruent with known characteristics of water system operations.  
6 A water supplier shall resubmit a completed water loss audit report  
7 within 90 days of an audit being returned by the department.

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

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

19 (i) No earlier than January 1, 2019, and no later than July 1,  
20 2020, the board shall adopt rules requiring urban retail water  
21 suppliers to meet performance standards for the volume of water  
22 losses. In adopting these rules, the board shall employ full life  
23 cycle cost accounting to evaluate the costs of meeting the  
24 performance standards. *The board may consider establishing a*  
25 *minimum allowable water loss threshold that, if reached and*  
26 *maintained by an urban water supplier, would exempt the urban*  
27 *water supplier from further water loss reduction requirements.*