



Legislative Council Staff

Research Note

Version: Final

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Bill Number

House Bill 16-1283

Sponsors

***Representative Becker K.
(None)***

Short Title

***Water Loss Audit Report
Performance Standards***

Research Analyst

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Status

This research note reflects the final version of the bill. The bill was postponed indefinitely by the House Agriculture Committee on April 4, 2016.

Summary

The bill requires a public entity that supplies at least 2,000 acre-feet of water per year to its customers (covered entity), to submit a validated water loss audit report to the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources, on or before June 30, 2018, and on or before June 30 of each year thereafter. The CWCB must adopt guidelines for the water loss audit reports no later than January 1, 2018. No earlier than January 1, 2020, and no later than July 1, 2021, the CWCB must establish a score that a covered entity's water loss audit report should attain.

The bill also authorizes CWCB to award water efficiency grants to covered entities for validation assistance with the required water loss audit reports and to provide technical training and assistance to guide a covered entity's water loss detection programs in FY 2017-18 and FY 2018-19. The bill transfers \$150,000 from the unobligated balance of the Drinking Water Revolving Fund to the Water Efficiency Grant Program Cash Fund on July 1, 2016, July 1, 2017, and July 1, 2018, for these purposes.

Beginning September 1, 2020, the CWCB and the Colorado Water Resources and Power Development Authority (CWRPDA) must consider a covered entity's water loss audit report when deciding whether to provide financial assistance to the covered entity.

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Background

The bill defines water loss as the difference between the annual volume of water entering a water distribution system and the annual volume of water of metered and unmetered water taken by registered customers, the water supplier, and others, including water lost through leaks, breaks, overflows, unauthorized consumption, metering inaccuracies, and data-handling errors.

The American Water Works Association (AWWA) publishes an industry standard manual for calculating and reporting water losses: *Water Audits and Loss Control Programs, Manual M36*. Manual M36 is commonly used by major water utilities in the United States for water loss accounting. AWWA recommends that drinking water suppliers conduct a water loss audit on an annual basis, and has made software available at no charge for reporting water losses. Manual M36 accounts for both real losses and apparent losses. Real losses are defined as physical losses from the distribution system. These losses can inflate a water utility's production costs and stress its systems. Apparent losses are the non-physical losses that occur in utility operations due to customer meter inaccuracies, systematic data handling errors in customer billing systems, and unauthorized consumption. These losses can cost utilities revenue and distort customer data.

Current law requires all covered entities to adopt a water use efficiency plan, through which covered entities must consider distribution system leak identification and repair programs, as well as several other potential water saving measures. The CWCB is the state's primary water policy and planning agency, and offers a comprehensive guidance document to assist covered entities in developing their water use efficiency plans. Additionally, House Bill 10-1051 required the CWCB to adopt guidelines, with input from stakeholders, for covered entities to report water use and conservation data for statewide water supply planning purposes. Beginning in 2014, HB 10-1051 also requires covered entities to report water use and conservation data to the CWCB on an annual basis. The reporting guidelines that were developed recommend that covered entities provide the CWCB with an annual water loss audit report that uses methodology from the AWWA Manual M36; however, if this data cannot or is not provided by a covered entity, the CWCB estimates annual water loss on behalf of the covered entity.

The Water Efficiency Grant Program is administered by the CWCB's Office of Water Conservation and Drought Planning. The program provides financial assistance to communities, water providers, and eligible agencies for water conservation-related activities and projects. In 2010, the General Assembly extended the Water Efficiency Grant Cash Fund to 2020 and authorized annual appropriations of up to \$550,000 from the Water Efficiency Grant Program beginning on July 1, 2010. In FY 2014-15, the CWCB issued \$482,000 in grants for 14 projects.

CWRPDA's Water Revenue Bond Program helps finance water projects by purchasing bond insurance, pooling borrowers, investing proceeds, and providing other cost-saving services. Eligible borrowers include Colorado cities, towns, counties, water districts, water and sanitation districts, metropolitan districts, water conservancy districts, water conservation districts, irrigation districts, and any enterprise created by these entities. As of October 2015, nearly \$508 million has been issued for water supply project loans since 2001.

House Action

House Agriculture Committee (March 7, 2016). At the hearing, representatives from the CWCB, Western Resource Advocates, Denver Water, the Colorado River Water Conservancy District, and a private citizen testified in support of the bill. Representatives from Greeley Water,

the Colorado Municipal League, and Colorado Water Congress testified in opposition to the bill. The bill was laid over at the request of the sponsor.

House Agriculture Committee (April 5, 2016). The bill was postponed indefinitely.

Relevant Research

CWCB, *Guidelines Regarding the Reporting of Water Use and Conservation Data by Covered Entities*, November 2011: <http://tinyurl.com/hkug2f9>

CWCB, *Municipal Water Efficiency Plan Guidance Document*, July 2012: <http://tinyurl.com/hnym3ya>