

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0531.02 Thomas Morris x4218

HOUSE BILL 16-1283

HOUSE SPONSORSHIP

Becker K.,

SENATE SPONSORSHIP

(None),

House Committees

Agriculture, Livestock, & Natural Resources

Senate Committees

A BILL FOR AN ACT

101 CONCERNING MEASURES TO DECREASE WATER LOSS BY DOMESTIC
102 WATER SUPPLIERS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Section 2 of the bill requires that, on or before June 30, 2018, and on or before June 30 of each year thereafter, each covered entity must submit to the Colorado water conservation board (board) a completed and validated water loss audit report pursuant to guidelines that the board must adopt by January 1, 2018. A "covered entity" is a public entity that supplies at least 2,000 acre-feet of water per year to its customers. The

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

board may make grants from the water efficiency grant program cash fund to provide water loss audit report validation assistance to covered entities. No earlier than January 1, 2020, and no later than July 1, 2021, the board must adopt guidelines establishing a score that a covered entity's validated audit report should attain. Beginning September 1, 2020, the board and the Colorado water resources and power development authority may consider whether a covered entity has submitted a required audit report in deciding whether to release financial assistance to the covered entity (**section 1**). **Section 3** transfers \$150,000 per year for 3 years from the drinking water revolving fund to the water efficiency grant program cash fund.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 37-60-126, **amend**
3 (9) (b) as follows:

4 **37-60-126. Water conservation and drought mitigation**
5 **planning - programs - relationship to state assistance for water**
6 **facilities - guidelines - water efficiency grant program - definitions -**
7 **repeal.** (9) (b) The board and the Colorado water resources and power
8 development authority, to which any covered entity has applied for
9 financial assistance for the construction of a water diversion, storage,
10 conveyance, water treatment, or wastewater treatment facility, shall
11 consider any water conservation plan filed pursuant to this section AND
12 ANY VALIDATED WATER LOSS AUDIT REPORT REQUIRED BY PARAGRAPH (d)
13 OF SUBSECTION (13) OF THIS SECTION in determining whether to render
14 financial assistance to such entity. Such consideration shall be carried out
15 within the discretion accorded the board and the Colorado water resources
16 and power development authority pursuant to which such board and
17 authority render such financial assistance to such covered entity.

18 **SECTION 2.** In Colorado Revised Statutes, 37-60-126, **add** (13)
19 as follows:

1 **37-60-126. Water conservation and drought mitigation**
2 **planning - programs - relationship to state assistance for water**
3 **facilities - guidelines - water efficiency grant program - definitions -**
4 **repeal.** (13) (a) **Short title.** THE SHORT TITLE OF THIS SUBSECTION (13)
5 IS THE "WATER LOSS ACCOUNTING ACT OF 2016".

6 (b) **Legislative declaration.** THE GENERAL ASSEMBLY FINDS
7 THAT:

8 (I) SAFE AND AFFORDABLE DRINKING WATER IS ESSENTIAL TO
9 PUBLIC HEALTH AND ECONOMIC DEVELOPMENT THROUGHOUT THE STATE;

10 (II) THE COST OF PROVIDING RELIABLE DRINKING WATER IS
11 INCREASING DUE TO FACTORS SUCH AS AGING INFRASTRUCTURE,
12 INCREASED ENERGY COSTS, AND MORE COMPLEX AND COSTLY CHANGES
13 TO THE REGULATORY REQUIREMENTS FOR SAFE DRINKING WATER;

14 (III) WATER MAIN BREAKS ARE VISIBLE AND DISRUPTIVE
15 MANIFESTATIONS OF THE MORE WIDESPREAD PHENOMENON OF LEAKAGE
16 FROM WATER SYSTEMS;

17 (IV) LEAKAGE OF DRINKING WATER FROM WATER DISTRIBUTION
18 SYSTEMS ADDS TO THE COST OF SERVICE TO CUSTOMERS AND MAY LEAD
19 TO INCREASED RAW WATER DEMANDS THAT NEGATIVELY IMPACT THE
20 NATURAL ENVIRONMENT;

21 (V) THE FAILURE TO RECOVER REVENUE FROM WATER DELIVERED
22 TO USERS DUE TO METERING AND BILLING INACCURACIES AND THEFT ALSO
23 INCREASES THE COST PER UNIT OF WATER THAT IS BILLED TO CUSTOMERS;

24 (VI) THE AMERICAN WATER WORKS ASSOCIATION (AWWA), A
25 NATIONAL ASSOCIATION OF DRINKING WATER UTILITIES AND
26 PROFESSIONALS, HAS RECOMMENDED THAT DRINKING WATER SUPPLIERS
27 CONDUCT AN AUDIT OF WATER LOSSES ON AN ANNUAL BASIS;

1 (VII) THE AWWA HAS PUBLISHED SOFTWARE FOR USE IN
2 CATEGORIZING AND REPORTING WATER LOSSES AND HAS MADE THIS
3 SOFTWARE AVAILABLE WITHOUT CHARGE;

4 (VIII) SEVERAL STATES NOW RECOMMEND OR REQUIRE PUBLIC
5 WATER SUPPLIERS UNDER THEIR JURISDICTIONS TO CONDUCT AN AUDIT OF
6 WATER LOSSES EACH YEAR USING THE STANDARDIZED TERMS AND
7 METHODS PUBLISHED BY THE AWWA; AND

8 (IX) REGULAR AUDITING OF WATER LOSSES IS A NECESSARY
9 FOUNDATION FOR THE ADOPTION OF COST-EFFECTIVE STRATEGIES TO
10 REDUCE THE AMOUNTS OF LOST WATER AND REVENUE TO ECONOMICALLY
11 REASONABLE LEVELS.

12 (c) **Definitions.** AS USED IN THIS SUBSECTION (13), UNLESS THE
13 CONTEXT OTHERWISE REQUIRES:

14 (I) "VALIDATION" MEANS THE PROCESS WHEREBY A COVERED
15 ENTITY USES A TECHNICAL EXPERT TO CONFIRM THE BASIS OF ALL DATA
16 ENTRIES IN THE COVERED ENTITY'S WATER LOSS AUDIT REPORT AND TO
17 APPROPRIATELY CHARACTERIZE THE QUALITY OF THE REPORTED DATA.
18 THE VALIDATION PROCESS MUST FOLLOW THE PRINCIPLES AND
19 TERMINOLOGY LAID OUT BY THE AWWA IN THE LATEST EDITION OF
20 WATER AUDITS AND LOSS CONTROL PROGRAMS, MANUAL M36 AND IN
21 THE AWWA'S FREE WATER AUDIT SOFTWARE. A VALIDATED WATER LOSS
22 AUDIT REPORT MUST INCLUDE THE NAME AND TECHNICAL QUALIFICATIONS
23 OF THE PERSON ENGAGED FOR VALIDATION.

24 (II) "WATERLOSS" MEANS THE DIFFERENCE BETWEEN THE ANNUAL
25 VOLUME OF WATER ENTERING A WATER DISTRIBUTION SYSTEM AND THE
26 ANNUAL VOLUME OF METERED AND UNMETERED WATER TAKEN BY
27 REGISTERED CUSTOMERS, THE WATER SUPPLIER, AND OTHERS WHO ARE

1 IMPLICITLY OR EXPLICITLY AUTHORIZED TO DO SO. "WATER LOSS"
2 INCLUDES THE ANNUAL VOLUMES LOST THROUGH ALL TYPES OF LEAKS,
3 BREAKS, AND OVERFLOWS ON MAINS, SERVICE RESERVOIRS, AND SERVICE
4 CONNECTIONS, UP TO THE POINT OF CUSTOMER METERING, IN ADDITION TO
5 UNAUTHORIZED CONSUMPTION, ALL TYPES OF METERING INACCURACIES,
6 AND SYSTEMIC DATA-HANDLING ERRORS.

7 (d) **Water loss program requirements.** (I) NO LATER THAN
8 JANUARY 1, 2018, THE BOARD SHALL ADOPT GUIDELINES FOR ALL OF THE
9 FOLLOWING:

10 (A) THE CONDUCT OF STANDARDIZED WATER LOSS AUDITS BY
11 COVERED ENTITIES IN ACCORDANCE WITH THE METHOD ADOPTED BY THE
12 AWWA IN THE MOST CURRENT EDITION OF WATER AUDITS AND LOSS
13 CONTROL PROGRAMS, MANUAL M36 AND IN THE AWWA'S FREE WATER
14 AUDIT SOFTWARE;

15 (B) THE PROCESS FOR WATER LOSS AUDIT REPORT VALIDATION
16 PRIOR TO SUBMITTING THE REPORT TO THE BOARD;

17 (C) THE TECHNICAL QUALIFICATIONS REQUIRED OF A PERSON TO
18 ENGAGE IN VALIDATION;

19 (D) THE CERTIFICATION REQUIREMENTS FOR A PERSON SELECTED
20 BY A COVERED ENTITY TO PROVIDE VALIDATION OF ITS OWN WATER LOSS
21 AUDIT REPORT;

22 (E) THE METHOD OF SUBMITTING A WATER LOSS AUDIT REPORT TO
23 THE BOARD; AND

24 (F) PROCEDURES FOR THE ACCEPTANCE OF WATER LOSS AUDIT
25 REPORTS VOLUNTARILY SUBMITTED BY WATER SUPPLIERS THAT ARE NOT
26 COVERED ENTITIES.

27 (II) THE BOARD SHALL UPDATE THE GUIDELINES ADOPTED

1 PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (d) NO LATER THAN
2 SIX MONTHS AFTER THE RELEASE OF ANY SUBSEQUENT EDITIONS OF THE
3 AWWA'S WATER AUDITS AND LOSS CONTROL PROGRAMS, MANUAL M36.

4 (III) NO LATER THAN JUNE 30, 2018, EACH COVERED ENTITY SHALL
5 SUBMIT A COMPLETED AND VALIDATED WATER LOSS AUDIT REPORT FOR
6 THE PREVIOUS CALENDAR YEAR AS PRESCRIBED BY THE BOARD PURSUANT
7 TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (d). FOR REPORTS SUBMITTED
8 IN SUBSEQUENT YEARS, EACH COVERED ENTITY SHALL SUBMIT A
9 COMPLETED AND VALIDATED WATER LOSS AUDIT REPORT COVERING THE
10 PREVIOUS CALENDAR YEAR ON OR BEFORE JUNE 30.

11 (IV) EACH WATER LOSS AUDIT REPORT SUBMITTED TO THE BOARD
12 MUST BE ACCOMPANIED BY INFORMATION, IN A FORM SPECIFIED BY THE
13 BOARD, IDENTIFYING STEPS TAKEN IN THE PRECEDING YEAR TO REDUCE
14 THE VOLUME OF WATER LOSSES.

15 (V) AT LEAST ONE OF THE FOLLOWING EMPLOYEES OF A COVERED
16 ENTITY SHALL ATTEST TO EACH WATER LOSS AUDIT SUBMITTED TO THE
17 BOARD:

18 (A) THE CHIEF FINANCIAL OFFICER;

19 (B) THE CHIEF ENGINEER; OR

20 (C) THE GENERAL MANAGER.

21 (VI) THE BOARD SHALL DEEM INCOMPLETE AND RETURN TO THE
22 COVERED ENTITY ANY FINAL WATER LOSS AUDIT REPORT FOUND BY THE
23 BOARD TO BE INCOMPLETE, NOT VALIDATED, UNATTESTED, OR
24 INCONGRUENT WITH KNOWN CHARACTERISTICS OF WATER SYSTEM
25 OPERATIONS. A COVERED ENTITY SHALL RESUBMIT A COMPLETED WATER
26 LOSS AUDIT REPORT WITHIN NINETY DAYS AFTER THE BOARD RETURNS A
27 SUBMISSION UNDER THIS SUBPARAGRAPH (VI).

1 (VII) VALIDATED WATER LOSS AUDIT REPORTS ARE PUBLIC
2 RECORDS AS DEFINED IN SECTION 24-72-202 (6), C.R.S.

3 (VIII) NO SOONER THAN JANUARY 1, 2020, AND NO LATER THAN
4 JULY 1, 2021, THE BOARD, HAVING TAKEN VALIDATED WATER LOSS
5 REPORTS INTO CONSIDERATION, SHALL ADOPT GUIDELINES THAT
6 ESTABLISH A SCORE THAT A COVERED ENTITY'S VALIDATED AUDIT REPORT
7 SHOULD ATTAIN.

8 (e) **Technical and financial assistance.** USING MONEY
9 AVAILABLE IN THE WATER EFFICIENCY GRANT PROGRAM CASH FUND
10 CREATED IN SUBSECTION (12) OF THIS SECTION, THE BOARD MAY:

11 (I) AWARD GRANTS TO COVERED ENTITIES IN FISCAL YEARS
12 2017-18 AND 2018-19 FOR THE PURPOSE OF PROCURING WATER LOSS
13 AUDIT REPORT VALIDATION ASSISTANCE; AND

14 (II) CONTRIBUTE TOWARDS PROCURING WATER LOSS AUDIT
15 VALIDATION ASSISTANCE FOR COVERED ENTITIES AND PROVIDE TECHNICAL
16 TRAINING AND ASSISTANCE TO GUIDE COVERED ENTITIES' WATER LOSS
17 DETECTION PROGRAMS, INCLUDING METERING TECHNIQUES, PRESSURE
18 MANAGEMENT TECHNIQUES, CONDITION-BASED ASSESSMENT TECHNIQUES
19 FOR TRANSMISSION AND DISTRIBUTION PIPELINES, AND UTILIZATION OF
20 PORTABLE AND PERMANENT WATER LOSS DETECTION DEVICES.

21 **SECTION 3.** In Colorado Revised Statutes, 37-95-107.8, **add** (2)
22 (d) as follows:

23 **37-95-107.8. Creation and administration of drinking water**
24 **revolving fund - repeal.** (2) (d) (I) NOTWITHSTANDING ANY OTHER
25 PROVISION OF LAW, THE STATE TREASURER SHALL TRANSFER ONE
26 HUNDRED FIFTY THOUSAND DOLLARS FROM THE UNOBLIGATED BALANCE
27 OF THE DRINKING WATER REVOLVING FUND TO THE WATER EFFICIENCY

1 GRANT PROGRAM CASH FUND CREATED IN SECTION 37-60-126 (12) (a) (I)
2 ON JULY 1, 2016, JULY 1, 2017, AND JULY 1, 2018, FOR THE PURPOSES
3 SPECIFIED IN SECTION 37-60-126 (13) (e) (II).

4 (II) THIS PARAGRAPH (d) IS REPEALED, EFFECTIVE SEPTEMBER 1,
5 2020.

6 **SECTION 4. Act subject to petition - effective date -**
7 **applicability.** (1) Section 1 of this act takes effect September 1, 2020,
8 and the remainder of this act takes effect at 12:01 a.m. on the day
9 following the expiration of the ninety-day period after final adjournment
10 of the general assembly (August 10, 2016, if adjournment sine die is on
11 May 11, 2016); except that, if a referendum petition is filed pursuant to
12 section 1 (3) of article V of the state constitution against this act or an
13 item, section, or part of this act within such period, then the act, item,
14 section, or part will not take effect unless approved by the people at the
15 general election to be held in November 2016 and, in such case, will take
16 effect on the date of the official declaration of the vote thereon by the
17 governor; except that section 1 of this act takes effect September 1, 2020.

18 (2) This act applies to conduct occurring on or after the applicable
19 effective date of this act.