A BILL FOR AN ACT

CONCERNING MEASURES TO DECREASE WATER LOSS BY DOMESTIC 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.

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.

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

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

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

SECTION 2. In Colorado Revised Statutes, 37-60-126, add (13) as follows:
37-60-126. Water conservation and drought mitigation planning - programs - relationship to state assistance for water facilities - guidelines - water efficiency grant program - definitions - repeal. 

(a) Short title. The short title of this subsection (13) is the "Water Loss Accounting Act of 2016".

(b) Legislative declaration. The General Assembly finds that:

(I) Safe and affordable drinking water is essential to public health and economic development throughout the State;

(II) The cost of providing reliable drinking water is increasing due to factors such as aging infrastructure, increased energy costs, and more complex and costly changes to the regulatory requirements for safe drinking water;

(III) Water main breaks are visible and disruptive manifestations of the more widespread phenomenon of leakage from water systems;

(IV) Leakage of drinking water from water distribution systems adds to the cost of service to customers and may lead to increased raw water demands that negatively impact the natural environment;

(V) The failure to recover revenue from water delivered to users due to metering and billing inaccuracies and theft also increases the cost per unit of water that is billed to customers;

(VI) The American Water Works Association (AWWA), a national association of drinking water utilities and professionals, has recommended that drinking water suppliers conduct an audit of water losses on an annual basis;
(VII) The AWWA has published software for use in categorizing and reporting water losses and has made this software available without charge;

(VIII) Several states now recommend or require public water suppliers under their jurisdictions to conduct an audit of water losses each year using the standardized terms and methods published by the AWWA; and

(IX) Regular auditing of water losses is a necessary foundation for the adoption of cost-effective strategies to reduce the amounts of lost water and revenue to economically reasonable levels.

(c) Definitions. As used in this subsection (13), unless the context otherwise requires:

(I) "Validation" means the process whereby a covered entity uses a technical expert to confirm the basis of all data entries in the covered entity's water loss audit report and to appropriately characterize the quality of the reported data. The validation process must follow the principles and terminology laid out by the AWWA in the latest edition of Water Audits and Loss Control Programs, Manual M36 and in the AWWA's free water audit software. A validated water loss audit report must include the name and technical qualifications of the person engaged for validation.

(II) "Water loss" means the difference between the annual volume of water entering a water distribution system and the annual volume of metered and unmetered water taken by registered customers, the water supplier, and others who are
IMPLICITLY OR EXPLICITLY AUTHORIZED TO DO SO. "WATER LOSS"
includes the annual volumes lost through all types of leaks,
breaks, and overflows on mains, service reservoirs, and service
connections, up to the point of customer metering, in addition to
unauthorized consumption, all types of metering inaccuracies,
and systemic data-handling errors.

(d) **Water loss program requirements.** (I) No later than
January 1, 2018, the board shall adopt guidelines for all of the
following:

(A) The conduct of standardized water loss audits by
covered entities in accordance with the method adopted by the
AWWA in the most current edition of Water Audits and Loss
Control Programs, Manual M36 and in the AWWA's free water
audit software;

(B) The process for water loss audit report validation
prior to submitting the report to the board;

(C) The technical qualifications required of a person to
engage in validation;

(D) The certification requirements for a person selected
by a covered entity to provide validation of its own water loss
audit report;

(E) The method of submitting a water loss audit report to
the board; and

(F) Procedures for the acceptance of water loss audit
reports voluntarily submitted by water suppliers that are not
covered entities.

(II) The board shall update the guidelines adopted
Pursuant to subparagraph (I) of this paragraph (d) no later than six months after the release of any subsequent editions of the AWWA's Water Audits and Loss Control Programs, Manual M36.

(III) No later than June 30, 2018, each covered entity shall submit a completed and validated water loss audit report for the previous calendar year as prescribed by the board pursuant to subparagraph (I) of this paragraph (d). For reports submitted in subsequent years, each covered entity shall submit a completed and validated water loss audit report covering the previous calendar year on or before June 30.

(IV) Each water loss audit report submitted to the board must be accompanied by information, in a form specified by the board, identifying steps taken in the preceding year to reduce the volume of water losses.

(V) At least one of the following employees of a covered entity shall attest to each water loss audit submitted to the board:

(A) The chief financial officer;

(B) The chief engineer; or

(C) The general manager.

(VI) The board shall deem incomplete and return to the covered entity any final water loss audit report found by the board to be incomplete, not validated, unattested, or incongruent with known characteristics of water system operations. A covered entity shall resubmit a completed water loss audit report within ninety days after the board returns a submission under this subparagraph (VI).
(VII) Validated water loss audit reports are public records as defined in section 24-72-202 (6), C.R.S.

(VIII) No sooner than January 1, 2020, and no later than July 1, 2021, the board, having taken validated water loss reports into consideration, shall adopt guidelines that establish a score that a covered entity’s validated audit report should attain.

(e) Technical and financial assistance. Using money available in the water efficiency grant program cash fund created in subsection (12) of this section, the board may:

(I) Award grants to covered entities in fiscal years 2017-18 and 2018-19 for the purpose of procuring water loss audit report validation assistance; and

(II) Contribute towards procuring water loss audit validation assistance for covered entities and provide technical training and assistance to guide covered entities’ water loss detection programs, including metering techniques, pressure management techniques, condition-based assessment techniques for transmission and distribution pipelines, and utilization of portable and permanent water loss detection devices.

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

37-95-107.8. Creation and administration of drinking water revolving fund - repeal. (2) (d) (I) Notwithstanding any other provision of law, the state treasurer shall transfer one hundred fifty thousand dollars from the unobligated balance of the drinking water revolving fund to the water efficiency
GRANT PROGRAM CASH FUND CREATED IN SECTION 37-60-126 (12) (a) (I)
ON JULY 1, 2016, JULY 1, 2017, AND JULY 1, 2018, FOR THE PURPOSES
SPECIFIED IN SECTION 37-60-126 (13) (e) (II).

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

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

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