

ACT 169

S.B. NO. 2645

A Bill for an Act Relating to Water Audits.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Article XI, section 7, of the Hawaii State Constitution obligates the State to protect, control, and regulate the use of Hawaii's water resources for the benefit of its people.

Fresh water is the lifeblood of society. The quantity and quality of fresh water directly impact the health, welfare, economy, and quality of life in Hawaii. Fresh water infrastructure has been constructed to withdraw water from available sources, to treat it to acceptable standards, and to distribute it to our various communities.

Based on the department of health's database, there are a little over fifty county-run public water systems statewide and another fifty large capacity public water systems and public water systems operating in designated ground water management areas. Many of these water distribution systems, however, may be operating with inefficiencies that result in the loss of water, increased energy costs, and lost revenue.

Water conservation is among the least expensive and most efficient ways to increase the available supply of fresh water. It requires improving the efficiency of water delivery and identifying losses to the system. A water audit helps a utility understand how much water is lost from a distribution system through the detailed analysis of data, which the utility can use to make informed decisions to reduce real or apparent losses.

There is a growing trend across the United States where states, including California, Colorado, Delaware, Georgia, New Mexico, Pennsylvania, Tennessee, Texas, Washington, and Wisconsin, and their water authorities have begun to mandate water audits by water utilities.

The purpose of this Act is to establish a program to implement standardized water audits of public water systems in accordance with the method adopt-

ed by the American Water Works Association's Water Audits and Loss Control Programs, Manual of Water Supply Practices - M36, as amended.

SECTION 2. The commission on water resource management shall establish a five-year program to provide technical assistance to public water systems to conduct standardized water audits of public water systems in accordance with the method adopted by the American Water Works Association's Water Audits and Loss Control Programs, Manual of Water Supply Practices - M36, as amended.

In the first two years, the commission shall establish a program for the counties to conduct standardized water audits of public water systems operated by the counties. In the following two years, the commission shall extend the program to all remaining large capacity public water systems and public water systems in designated water management areas.

In establishing the program, the commission shall utilize the American Water Works Association's Free Water Audit Software, Version 5.0 or subsequent versions. The program elements shall include water audit training workshops, level 1 validation of water audits and follow-up communication, and recommendations to improve water audit validity scores and to address system losses.

SECTION 3. The standardized water audits shall follow the key parameters for establishing a water audit outlined in the American Water Works Association's Water Audits and Loss Control Programs, Manual of Water Supply Practices - M36, as amended, including:

- (1) Describing the distribution system boundaries to identify all water sources supplying water to the system, calculate the system input volume, and calculate the volume of water supplied into the distribution system;
- (2) Setting time periods for the audit that are sufficient to allow analysis and evaluation of the system water supply;
- (3) Establishing standardized units of measure so supply and consumption units are the same;
- (4) Assembling records and data from a wide variety of operations in the water systems, including:
 - (A) Water supplied, including volume from own sources, and water imported or exported;
 - (B) Authorized water consumption, including billed metered, billed unmetered, and unbilled metered;
 - (C) Water system data, including length of mains, number of service connections, average length of customer service lines, and average operating pressure; and
 - (D) Cost data, including total annual cost of operating the water system, customer retail unit cost, and variable production costs; and
- (5) Identifying, quantifying, and assigning costs to apparent losses and real losses.

SECTION 4. On January 1, 2017, the commission shall implement the water audit program developed pursuant to sections 1 and 2 of this Act, and shall include a process for level 1 validation of water loss audit reports which follows the principles and terminology in the American Water Works Association's Water Audits and Loss Control Programs, Manual of Water Supply Practices

- M36, as amended, including the Free Water Audit Software, version 5.0 or subsequent versions.

The commission shall provide the counties and other operators of public water systems subject to this Act the technical assistance and information necessary to help prepare and validate the water loss audit reports.

SECTION 5. Beginning in 2018, and for each subsequent year thereafter, the counties shall submit, on July 1 of each year, a completed and validated water loss audit report for each public water system operated by the counties for the previous calendar year to the commission. Beginning on July 1, 2020, and for each subsequent year thereafter, all remaining large capacity public water systems and public water systems in water management areas shall submit, on July 1 of each year, a completed and validated water loss audit report on their water systems for the previous calendar year to the commission. Each water loss audit report submitted to the commission shall be accompanied by information identifying steps taken in the preceding year to increase the validity of data entered into the final audit, reduce the volume of apparent losses, and reduce the volume of real losses.

SECTION 6. As used in this Act:

“Commission” means the commission on water resource management.

“Designated water management area” means a geographic area that has been designated pursuant to section 174C-41, Hawaii Revised Statutes.

“Large capacity public water system” means a public water system that serves a population of one thousand or more.

“Level 1 validation” means a water audit that has been subject to a third-party desktop review of data that is immediately available, which may include supply reports, consumption reports, and testing reports. “Level 1 validation” includes utility staff interviews with third-party validators focused on outlining organizational practices to ensure that data validity scores have been assigned correctly and consistently, and confirmed, corrected, or noted as needing further investigation.

“Public water system” means a system subject to Federal Safe Drinking Water Act regulations, which provides water for human consumption through pipes or other constructed conveyances. Such a system includes any collection, treatment, storage, and distribution facilities under the control of a utility and used primarily in connection with the system.

SECTION 7. There is authorized out of other federal funds the sum of \$600,000 or so much thereof as may be necessary for fiscal year 2016-2017 to conduct standardized water audits of public water systems as set forth in this Act; provided that private matching funds of \$100,000 are provided.

There is appropriated out of the revenues authorized by this section the sum of \$700,000 or so much thereof as may be necessary for fiscal year 2016-2017 to establish and implement the program to conduct standardized water audits of public water systems in accordance with this Act.

The sum appropriated shall be expended by the commission on water resource management for the purposes of this Act.

SECTION 8. This Act shall take effect on July 1, 2016.

(Approved June 30, 2016.)