# Senate Enrolled Act 347

Final Senate Reading **2/01/2016:** passed; Roll call 113: yeas 50, nays 0.

Final House Reading **2/29/2016**: passed; Roll call 255: yeas 97, nays 0.

Signed by the Governor **3/22/2016** (Public Law 102)

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February 19, 2016

# ENGROSSED
# SENATE BILL No. 347

DIGEST OF SB 347 (Updated February 17, 2016 2:17 pm - DI 84)

**Citations Affected:** IC 8-1; IC 14-25; noncode.

**Synopsis:** Water resources. Repeals the law requiring all water utilities to annually report to the utility regulatory commission on the utilities' operations and maintenance costs in providing water service to their customers. Requires the Indiana finance authority (authority), before November 1, 2017, to prepare and submit in an electronic format to the executive director of the legislative services agency a report on non-revenue water (the difference between the volume of water entering a water distribution system and the volume of water consumption billed
(Continued next page)

**Effective:** Upon passage; January 1, 2016 (retroactive); July 1, 2016.

**Charbonneau, Eckerty, Stoops,**
Delph, Randolph Lonnie M
(HOUSE SPONSORS — WOLKINS, BEUMER, STEMLER, HALE)

January 7, 2016, read first time and referred to Committee on Environmental Affairs.
January 25, 2016, amended, reported favorably — Do Pass.
January 28, 2016, read second time, ordered engrossed. Engrossed.
February 1, 2016, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Utilities, Energy and Telecommunications.
February 18, 2016, reported — Do Pass.

Digest Continued

to customers served by the water distribution system) and water loss in Indiana. Requires the authority to perform a quality assurance review of the water resources data compiled from the reports submitted annually by owners of significant water withdrawal facilities for all calendar years since 1985, and to present the results of its quality assurance review as those results become available to the water rights and use section of the division of water of the department of natural resources. Requires the authority to study, analyze, and report to the executive director of the legislative services agency by November 1, 2016, on the infrastructure needs of Indiana's water utilities.

February 19, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

# ENGROSSED
# SENATE BILL No. 347

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 8-1-30.5 IS REPEALED [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]. (Water Utility Resource Data).

SECTION 2. IC 8-1-30.7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 30.7. Non-Revenue Water Auditing**

**Sec. 1. The general assembly makes the following findings:**

**(1) Safe and affordable drinking water is essential to public health and economic development throughout Indiana.**

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

**(3) Water main breaks are visible and disruptive manifestations of the more widespread phenomenon of**

**leakage from water systems.**

**(4) 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 harm the natural environment.**

**(5) The failure of water utilities to recover revenue from some of the water delivered to users due to:**

**(A) metering and billing inaccuracies; and**

**(B) theft;**

**increases the cost per unit of water that is billed to customers.**

**(6) Best management practices suggest that drinking water utilities should conduct an annual water audit in accordance with the American Water Works Association (AWWA) Manual of Water Supply Practices M-36: Water Audits and Loss Control Programs.**

**(7) The AWWA has published software for use in categorizing and reporting water losses and has made the software available without charge.**

**(8) AWWA M-36 water audit protocol classifies water volumes entering water distribution systems into revenue water and non-revenue water, with:**

**(A) revenue water representing billed water consumption; and**

**(B) non-revenue water consisting of the difference between the volume entering the distribution system and revenue water.**

**(9) Regular auditing of water volumes is a necessary foundation for the adoption of cost effective strategies to reduce the level of non-revenue water to economically reasonable levels.**

**Sec. 2. As used in this chapter, "authority" refers to the Indiana finance authority established by IC 4-4-11-4.**

**Sec. 3. As used in this chapter, "commission" refers to the Indiana utility regulatory commission created by IC 8-1-1-2.**

**Sec. 4. As used in this chapter, "non-revenue water" means the difference between the annual volume of water entering a water distribution system and revenue water of the system.**

**Sec. 5. As used in this chapter, "revenue water" means the annual amount of water consumption billed to customers.**

**Sec. 6. As used in this chapter, "water audit" means an audit performed in accordance with the AWWA Manual of Water Supply Practices M-36: Water Audits and Loss Control Programs.**

**Sec. 7. As used in this chapter, "water related state agency" means any of the following:**

**(1) The Indiana finance authority established by IC 4-4-11.**

**(2) The department of administration created by IC 4-13-1-2.**

**(3) The commission.**

**(4) The office of utility consumer counselor created by IC 8-1-1.1-2.**

**(5) The department of environmental management established by IC 13-13-1-1.**

**(6) The department of natural resources created by IC 14-9-1-1.**

**(7) The state department of health established by IC 16-19-1-1.**

**(8) The Indiana geological survey established as a part of Indiana University by IC 21-47-2.**

**(9) The Indiana Water Resource Research Center of Purdue University.**

**(10) The state department of agriculture established by IC 15-11-2-1.**

**Sec. 8. As used in this chapter, "water utility" means:**

**(1) a public utility (as defined in IC 8-1-2-1(a));**

**(2) a municipally owned utility (as defined in IC 8-1-2-1(h));**

**(3) a not-for-profit utility (as defined in IC 8-1-2-125(a));**

**(4) a cooperatively owned corporation;**

**(5) a conservancy district established under IC 14-33; or**

**(6) a regional water district established under IC 13-26;**

**that provides water service to the public in Indiana for a fee.**

**Sec. 9. (a) For purposes of the report required by section 10 of this chapter, each water utility shall provide to the authority a water audit:**

**(1) according to requirements established by the authority; and**

**(2) not later than a date set by the authority so that the report prepared by the authority under section 10 of this chapter can reflect the results of the water audits of all water utilities.**

**(b) The authority shall summarize the results of the water audits provided under subsection (a) in the report prepared under section 10 of this chapter.**

**Sec. 10. Before November 1, 2017, the authority, in consultation with:**

**(1) the commission and any other water related state agencies;**

**(2) any political subdivisions (as defined in IC 36-1-2-13);**

**(3) any water utilities or organizations of water utilities; and**

**(4) any other interested parties;**

**that the authority chooses to consult with, shall prepare and submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report on non-revenue water and water loss in Indiana.**

**Sec. 11. This chapter expires July 1, 2018.**

SECTION 3. IC 14-25-7-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 18. (a) As used in this section, "authority" refers to the Indiana finance authority established by IC 4-4-11-4.**

**(b) As used in this section, "quality assurance review" means a process of reviewing and verifying water resources data with the goal of assuring the reliability of the data. The term includes the application of certain objectives, principles, and policies already in use at the Indiana geological survey in maintaining consistency in water resources data and accountability to the scientific community and general public.**

**(c) The authority shall perform a quality assurance review of the water resources data compiled from the reports submitted by owners of significant water withdrawal facilities under:**

**(1) section 15 of this chapter; and**

**(2) IC 13-2-6.1-1 and IC 13-2-6.1-7 (before their repeal);**

**beginning with the reports submitted for the 1985 calendar year.**

**(d) The authority may enter into contracts with one (1) or more professionals or state educational institutions under which the professionals or state educational institutions will perform some or all of the duties imposed on the authority by this section. The authority may compensate the professionals or state educational institutions for work performed under this section with:**

**(1) money from the drinking water revolving loan fund established by IC 13-18-21-2; or**

**(2) any other funds appropriated to the authority.**

**(e) In performing the quality assurance review required by this section, the authority shall use the water resources data in a manner that:**

**(1) protects the confidential information of owners of significant water withdrawal facilities; and**

**(2) is consistent with IC 5-14-3-4.**

**(f) The authority shall present the results of the quality assurance review performed under this section, as those results become available, to the water rights and use section of the**

**department's division of water. The water rights and use section shall maintain the results in the data base of data extracted from reports submitted by owners of significant water withdrawal facilities under section 15 of this chapter (and IC 13-2-6.1-1 and IC 13-2-6.1-7 before their repeal).**

SECTION 4. [EFFECTIVE UPON PASSAGE] **(a) The following definitions apply throughout this SECTION:**

**(1) "Authority" refers to the Indiana finance authority created by IC 4-4-11-4.**

**(2) "Commission" refers to the Indiana utility regulatory commission created by IC 8-1-1-2.**

**(3) "State educational institution" has the meaning set forth in IC 21-7-13-32.**

**(4) "Water utility" means any of the following:**

**(A) A public utility, as defined in IC 8-1-2-1(a), that furnishes water to its customers.**

**(B) A municipally owned utility, as defined in IC 8-1-2-1(h), that furnishes water to its customers.**

**(C) A not-for-profit utility, as defined in IC 8-1-2-125(a), that furnishes water to its customers.**

**(D) A utility that:**

**(i) is owned cooperatively by its customers; and**

**(ii) furnishes water to its customers.**

**(E) A conservancy district established under IC 14-33 that furnishes water to its customers.**

**(F) A regional district established under IC 13-26 that furnishes water to its customers.**

**(b) The authority shall:**

**(1) study; and**

**(2) prepare an analysis of;**

**the infrastructure needs of the water utilities of Indiana. The authority shall submit a report on its study and analysis in an electronic format under IC 5-14-6 to the executive director of the legislative services agency not later than November 1, 2016.**

**(c) In preparing the analysis required by this SECTION, the authority:**

**(1) shall consult with:**

**(A) water utilities; and**

**(B) the commission; and**

**(2) may consult with any other entity or individual having information the authority considers relevant to the infrastructure needs of water utilities.**

**(d) The authority may hold public meetings to gather information for the purposes of preparing the analysis required by this SECTION.**

**(e) The authority may enter into contracts with one (1) or more professionals or state educational institutions under which the professionals or state educational institutions will perform some or all of the duties imposed on the authority by this SECTION. The authority may compensate the professionals or state educational institutions for work performed under this SECTION with:**

**(1) money from the drinking water revolving loan fund established by IC 13-18-21-2; or**

**(2) any other funds appropriated to the authority.**

**(f) In conducting the study and preparing the analysis required by this SECTION, the authority shall use any data it acquires in a manner that:**

**(1) protects the confidential information of individual water utilities; and**

**(2) is consistent with IC 5-14-3-4.**

**(g) This SECTION expires January 1, 2017.**

SECTION 5. **An emergency is declared for this act.**

COMMITTEE REPORT

Madam President: The Senate Committee on Environmental Affairs, to which was referred Senate Bill No. 347, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 15, begin a new paragraph and insert:

"SECTION 1. IC 8-1-30.5 IS REPEALED [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]. (Water Utility Resource Data).".

Delete pages 2 through 3.

Page 4, delete lines 1 through 15.

Page 4, line 19, delete "Water Loss Accounting" and insert "**Non-Revenue Water Auditing**".

Page 4, delete lines 39 through 42, begin a new line block indented and insert:

"**(6) Best management practices suggest that drinking water utilities should conduct an annual water audit in accordance with the American Water Works Association (AWWA) Manual of Water Supply Practices M-36: Water Audits and Loss Control Programs.**

**(7) The AWWA has published software for use in categorizing and reporting water losses and has made the software available without charge.**

**(8) AWWA M-36 water audit protocol classifies water volumes entering water distribution systems into revenue water and non-revenue water, with:**

**(A) revenue water representing billed water consumption; and**

**(B) non-revenue water consisting of the difference between the volume entering the distribution system and revenue water.**".

Page 5, line 1, delete "(8)" and insert "**(9)**".

Page 5, line 1, delete "losses" and insert "**volumes**".

Page 5, line 3, delete "lost" and insert "**non-revenue**".

Page 5, line 3, delete "and revenue".

Page 5, between lines 3 and 4, begin a new paragraph and insert:

"**Sec. 2. As used in this chapter, "authority" refers to the Indiana finance authority established by IC 4-4-11-4.**".

Page 5, line 4, delete "Sec. 2." and insert "**Sec. 3.**".

Page 5, delete lines 6 through 26, begin a new paragraph and insert:

"**Sec. 4. As used in this chapter, "non-revenue water" means the difference between the annual volume of water entering a water distribution system and revenue water of the system.**

**Sec. 5. As used in this chapter, "revenue water" means the annual amount of water consumption billed to customers.**

**Sec. 6. As used in this chapter, "water audit" means an audit performed in accordance with the AWWA Manual of Water Supply Practices M-36: Water Audits and Loss Control Programs.**".

Page 5, line 27, delete "Sec. 5." and insert "**Sec. 7.**".

Page 6, between lines 1 and 2, begin a new line block indented and insert:

"**(10) The state department of agriculture established by IC 15-11-2-1.**".

Page 6, line 2, delete "Sec. 6." and insert "**Sec. 8.**".

Page 6, delete lines 10 through 42, begin a new paragraph and insert:

"**Sec. 9. (a) For purposes of the report required by section 10 of this chapter, each water utility shall provide to the authority a water audit:**

**(1) according to requirements established by the authority; and**

**(2) not later than a date set by the authority so that the report prepared by the authority under section 10 of this chapter can reflect the results of the water audits of all water utilities.**

**(b) The authority shall summarize the results of the water audits provided under subsection (a) in the report prepared under section 10 of this chapter.**

**Sec. 10. Before November 1, 2017, the authority, in consultation with:**

**(1) the commission and any other water related state agencies;**

**(2) any political subdivisions (as defined in IC 36-1-2-13);**

**(3) any water utilities or organizations of water utilities; and**

**(4) any other interested parties;**

**that the authority chooses to consult with, shall prepare and submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report on non-revenue water and water loss in Indiana.**".

Page 7, delete lines 1 through 37.

Page 7, line 38, delete "Sec. 10." and insert "**Sec. 11.**".

Page 7, delete lines 39 through 42, begin a new paragraph and insert:

"SECTION 3. IC 14-25-7-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 18. (a) As used in this section, "authority" refers to**

**the Indiana finance authority established by IC 4-4-11-4.**

**(b) As used in this section, "quality assurance review" means a process of reviewing and verifying water resources data with the goal of assuring the reliability of the data. The term includes the application of certain objectives, principles, and policies already in use at the Indiana geological survey in maintaining consistency in water resources data and accountability to the scientific community and general public.**

**(c) The authority shall perform a quality assurance review of the water resources data compiled from the reports submitted by owners of significant water withdrawal facilities under:**

**(1) section 15 of this chapter; and**

**(2) IC 13-2-6.1-1 and IC 13-2-6.1-7 (before their repeal);**

**beginning with the reports submitted for the 1985 calendar year.**

**(d) The authority may enter into contracts with one (1) or more professionals or state educational institutions under which the professionals or state educational institutions will perform some or all of the duties imposed on the authority by this section. The authority may compensate the professionals or state educational institutions for work performed under this section with:**

**(1) money from the drinking water revolving loan fund established by IC 13-18-21-2; or**

**(2) any other funds appropriated to the authority.**

**(e) In performing the quality assurance review required by this section, the authority shall use the water resources data in a manner that:**

**(1) protects the confidential information of owners of significant water withdrawal facilities; and**

**(2) is consistent with IC 5-14-3-4.**

**(f) The authority shall present the results of the quality assurance review performed under this section, as those results become available, to the water rights and use section of the department's division of water. The water rights and use section shall maintain the results in the data base of data extracted from reports submitted by owners of significant water withdrawal facilities under section 15 of this chapter (and IC 13-2-6.1-1 and IC 13-2-6.1-7 before their repeal).**

SECTION 4. [EFFECTIVE UPON PASSAGE] **(a) The following definitions apply throughout this SECTION:**

**(1) "Authority" refers to the Indiana finance authority created by IC 4-4-11-4.**

**(2) "Commission" refers to the Indiana utility regulatory**

**commission created by IC 8-1-1-2.**

**(3) "State educational institution" has the meaning set forth in IC 21-7-13-32.**

**(4) "Water utility" means any of the following:**

**(A) A public utility, as defined in IC 8-1-2-1(a), that furnishes water to its customers.**

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**(C) A not-for-profit utility, as defined in IC 8-1-2-125(a), that furnishes water to its customers.**

**(D) A utility that:**

**(i) is owned cooperatively by its customers; and**

**(ii) furnishes water to its customers.**

**(E) A conservancy district established under IC 14-33 that furnishes water to its customers.**

**(F) A regional district established under IC 13-26 that furnishes water to its customers.**

**(b) The authority shall:**

**(1) study; and**

**(2) prepare an analysis of;**

**the infrastructure needs of the water utilities of Indiana. The authority shall submit a report on its study and analysis in an electronic format under IC 5-14-6 to the executive director of the legislative services agency not later than November 1, 2016.**

**(c) In preparing the analysis required by this SECTION, the authority:**

**(1) shall consult with:**

**(A) water utilities; and**

**(B) the commission; and**

**(2) may consult with any other entity or individual having information the authority considers relevant to the infrastructure needs of water utilities.**

**(d) The authority may hold public meetings to gather information for the purposes of preparing the analysis required by this SECTION.**

**(e) The authority may enter into contracts with one (1) or more professionals or state educational institutions under which the professionals or state educational institutions will perform some or all of the duties imposed on the authority by this SECTION. The authority may compensate the professionals or state educational institutions for work performed under this SECTION with:**

**(1) money from the drinking water revolving loan fund**

**established by IC 13-18-21-2; or**

**(2) any other funds appropriated to the authority.**

**(f) In conducting the study and preparing the analysis required by this SECTION, the authority shall use any data it acquires in a manner that:**

**(1) protects the confidential information of individual water utilities; and**

**(2) is consistent with IC 5-14-3-4.**

**(g) This SECTION expires January 1, 2017.".**

Delete pages 8 through 12.

Page 13, delete lines 1 through 3.

Page 13, line 4, delete "13." and insert "5.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 347 as introduced.)

CHARBONNEAU, Chairperson

Committee Vote: Yeas 7, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Utilities, Energy and Telecommunications, to which was referred Senate Bill 347, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 347 as printed January 26, 2016.)

KOCH

Committee Vote: Yeas 11, Nays 0