



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: DECEMBER 12, 2022

SUBJECT: WATER LOSS PERFORMANCE STANDARDS, SENATE BILL 555

ISSUE:

Consider receiving an update on California's newly adopted water loss performance standards (Senate Bill 555) for retail water suppliers.

RECOMMENDATION:

That the Board of Public Utilities receive an update on California's newly adopted water loss performance standards (Senate Bill 555) for retail water suppliers.

BACKGROUND:

Adopted in 2015, Senate Bill (SB) 555 required urban retail water suppliers to submit validated water loss audits annually to the Department of Water Resources by October 1. SB 555 also directed the State Water Resources Control Board (SWRCB) to develop performance standards for the volume of water losses for urban retail water suppliers. On October 19, 2022, the SWRCB completed these standards and issued them to water suppliers.

Although this report focuses on the newly adopted water loss performance standards, which regulate water loss from distribution system leakage on the supplier side of the water meter, it is important to note that SB 555 is a part of a larger regulatory framework focused on urban water use efficiency known as "Making Conservation a California Way of Life." The other components of this regulatory framework are Assembly Bill (AB 1668) (2018) and Senate Bill (SB 606) (2018). These bills address water use on the customer side of the water meter and water management planning. This regulatory framework sets the course for California's short- and long-term water use efficiency planning.

DISCUSSION:

Under SB 555, water suppliers must meet supplier-specific volumetric water loss targets by 2027 and reported in 2028. The water loss performance standard focuses on real losses (actual distribution system leakage) expressed in gallons per connection per day (gal/conn/day).

The regulation will require compliance with the following:

- Leakage reduction to comply with individual volumetric real loss standards in gallons per connection per day
- Data submission on Data Quality (January 1, 2023)
- Data submission on Pressure Management (January 1, 2023, and updated by July 1, 2026)
- Data submission on Asset Management (by July 1, 2024, and updated by July 1, 2027)
- Maintenance of leakage at or below the volumetric real loss standard on a three-year average basis with an allowed variation of 5 gallons per connection per day (beyond 2028)
- Maintenance of apparent losses at or below the average baseline apparent loss level on a three-year average basis with an allowed variation of 2 gallons per connection per day or submit a detailed inventory of apparent losses to the SWRCB
- Annual reporting of breaks, repairs, and estimated water losses to the SWRCB for years 2025 to 2027 (by January 1, 2029)

Economic Model and Volumetric Target

Water loss targets are calculated from an economic model developed by the SWRCB that incorporates both water loss and economic metrics. The model uses data from suppliers' annual 2017 to 2020 water loss audits and default inputs. Water providers can submit their own data to replace some of the model's default inputs to customize their targets further. RPU took advantage of this opportunity and submitted an adjustment to the SWRCB in early 2022. After receiving approval from the state, RPU's original water loss target of 24 gal/conn/day was changed to 60.1 gal/conn/day.

Below is a summary of RPU's baseline real water loss, which is an average of real water loss from 2017 to 2020, and its 2028 regulatory target.

RPU's Baseline (average of real loss from 2017-2020 water audits)	RPU's 2028 Target	Reduction from Baseline
68.6 gal/conn/day	60.1 gal/conn/day	11%

Compliance with Real Loss Volumetric Standard

Compliance is achieved if water suppliers meet their targets during any water audit conducted in 2025, 2026, or 2027. After that, compliance is assessed every third year based on the prior three-year average of reported real loss.

Additional compliance pathways are also available to suppliers, providing extra time to meet their targets. To qualify for a three-year extension, suppliers must reduce the difference in real loss between their baseline and standard by at least 30%, as reflected in their 2025-2027 water loss audits. They must also have data validity scores at Level 3 or demonstrate improving data validity scores. Lastly, suppliers must also complete one full cycle of a leak detection survey and submit a written request for this alternative compliance pathway before January 1, 2028.

Enforcement

In order of escalation, non-compliance with this regulation will result in the following enforcement from the SWRCB:

1. Meeting with SWRCB staff to discuss barriers to the supplier meeting their standard
2. Voluntary alternative enforceable agreement
3. Conservation order requiring additional actions by the supplier to come into compliance
4. Administrative civil liability of up to \$500 per day

Impacts to RPU

RPU is well-positioned to meet its 2028 water loss performance standard. Over the coming months, the Board will hear the utility's developing Water Loss Program and consider projects to implement water loss control efforts. The Program will assist RPU in recovering water lost through leaks and recovering revenue from under-registering meters. The measures will also help the utility gather more data to inform future water loss efforts and meet and maintain compliance with its regulatory performance standards in 2028 and into the future.

STRATEGIC PLAN ALIGNMENT:

The newly adopted water loss performance standards contribute to **Strategic Priority 4 – Environmental Stewardship** and **Goal 4.2** – Sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable, and affordable water to our community.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Water loss performance standards will regulate the volume of water loss and encourage improved distribution system monitoring. This will result in a reduction in frequency and severity of breaks, including the disruption and damages to community spaces associated with those breaks.
2. **Equity** – A reduction in water loss benefits all ratepayers and residents of Riverside.
3. **Fiscal Responsibility** – The water loss performance standards support planning and implementing water loss control in a cost-effective manner.
4. **Innovation** – Proposed water loss control efforts to meet regulatory performance standards will utilize innovative technologies and services to reduce water losses.
5. **Sustainability & Resiliency** – The water loss performance standards will reduce water loss thus help preserve vital resources and assist with long-term water sustainability and reduce the energy and associated greenhouse gas emissions associated with supplying and treating water that is then lost to leakage.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by:	David A. Garcia, Utilities Assistant General Manager/Water
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Certifies availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
----------------------------------	--

Attachment:	Presentation
-------------	--------------