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April 5, 2013

Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

L-2012-2319361

Dear Sir or Madam:

I am writing to provide comments to the proposed rulemaking for Section 65.20 of the Pennsylvania Code – Water Conservation Measures, Subsection 4 *Unaccounted-for Water*.

I am writing to you from the perspective of an active water loss control practitioner with the City of Philadelphia Water Department. I have also been very active in the International Water Association (IWA) and the American Water Works Association (AWWA), and currently serve as the sub-committee chair for the AWWA Manual of Practice, M36, *Water Audits and Loss Control Programs*, which details the recognized best practice approach in water auditing and loss control for North American water utilities.

I have also been active in introducing the IWA/AWWA water audit methodology to the PA Public Utility Commission and providing instruction and guidance via my leadership in several PUC-sponsored workshops and meetings.

I am very pleased that the PUC has adopted requirements for water utilities to submit annual water audits in the format of the IWA/AWWA water audit methodology; and specifically using the AWWA Free Water Audit Software© as the data collection tool. I believe that this concept – a requirement to submit an annual, validated water audit – should serve as the basis for a revised version of Subsection 4. I recommend that this Subsection be revised to read:

(4) *System Water Audits*. On an annual basis, the water utility shall compile a system water audit structured around the IWA/AWWA water audit methodology, as recommended by the American Water Works Association. The completed system water audit shall be submitted to the Commission who shall validate the results to ensure that the AWWA Data Validity Score is representative of the operational performance of the water utility.

As recommended, the revised Subsection 4 does not include a performance measure for water utilities in terms of a cap on losses. Instead it focuses on the routine annual collection of water audit data in a standardized format, and the validation of the water audit data by the Commission. It is believed that – at this time – the primary focus for water utilities should be to collect and validate water audit data to reflect the actual performance of the water utility. It is important to recognize that the validation process will add significant rigor to this requirement. The validation process involves confirmation that the data gradings assigned by the water utility in the AWWA Free Water Audit Software© are representative of the processes actually in place in the utility's operations. This approach encourages water utilities to implement the best processes for water accountability and control of water and revenue losses to economic levels. The Commission should develop knowledge within its auditing personnel to reliably validate the water audit data that is submitted to the Commission.

Currently several state and regional water agencies in the United States require the submittal of annual water audits from water utilities. Some of these include the State of Georgia, Delaware River Basin Commission and the Tennessee Office of the Comptroller. In Tennessee, the Office of the Comptroller is a financial regulator – similar to PA PUC – for many privately-run water districts. Starting in 2013, the Office of the Comptroller requires annual collection of water audit data via the AWWA Free Water Audit Software©. The focus of the Office of the Comptroller is to assess the water audit data to identify water districts that are struggling to maintain minimal levels of efficient water service. The Office of the Comptroller has established criterion that serves to screen the water utilities that exceed high levels of both: 1) the data validity score and 2) the percentage of non-revenue water by cost – a financial indicator. These systems will receive further review by the Office of the Comptroller in order to help identify programs and practices to improve their water accountability and efficiency to bring them within the guideline limits of data validity and non-revenue water cost. The Tennessee requirements encourage improvement by gradually lowering the limits of the criterion for each of the next four years.

The Tennessee requirements can be found at:

<http://www.comptroller.tn.gov/wwfb/>

This program is highlighted because it keys on data validation and financial controls for water utilities. While I am not necessarily recommending that the Commission take on such a program as the Tennessee Office of the Comptroller, it is worthwhile for the Commission to be aware of this requirement and to assess its potential applicability to private Pennsylvania water utilities.

Thank you very much for the opportunity to provide comments to this proposed rulemaking.

Sincerely,



George A. Kunkel, Jr.
Water Efficiency Program Manager
Philadelphia Water Department

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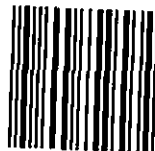
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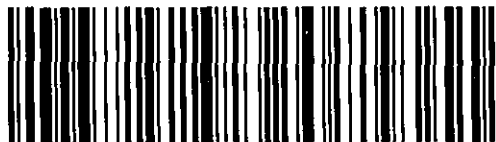
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