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## New State Requirement to Report Unaccounted-for Water

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*Municipal Technical Advisory Service*

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# MTAS Municipal Technical Advisory Service

*In cooperation with the  
Tennessee Municipal League*

#142

HOT  
topic

**June 14, 2007**

## **NEW STATE REQUIREMENT TO REPORT UNACCOUNTED-FOR WATER**

**Steve Wyatt, Utility Operations Consultant**

On May 24, 2007, Governor Phil Bredesen approved House Bill 743, which addresses unaccounted-for water. Unaccounted-for water is an ongoing issue with every public water system in Tennessee. Simply, unaccounted-for water is the difference between the amount of water pumped from the water plant plus water or purchased from another utility and the amount of water sold by the utility to customers or otherwise accounted for. This difference is the unaccounted-for water, and it is expressed as a percentage. The MTAS publication *Unaccounted-for Water, A Real Drain on Your Water System* provides more information on the topic.

The new law has three major components:

1. Public water systems in Tennessee are required to include in their annual audits the unaccounted-for water percentage in the manner prescribed by the comptroller of the treasury. The comptroller is required to report this information to the legislature annually.
2. The Water and Wastewater Financing Board and the Utility Management Review Board shall establish, adopt, and promulgate in accordance with the Uniform Administrative Procedures Act rules to define excessive unaccounted-for water losses for public water systems.
3. The law assigns additional duties and powers to the Water and Wastewater Financing Board and the Utility Management Review Board as follows:
  - The boards shall have the authority to investigate public water systems whose reported unaccounted-for water loss is excessive as established by rules determined by the boards;
  - It requires public water systems to take appropriate actions to reduce such unaccounted-for water loss to an acceptable level as determined by the boards; and
  - In the event a public water system fails to take appropriate actions required by the boards to reduce such water loss to an acceptable level, the boards may petition chancery court in a jurisdiction in which the water system is operating to require the water system to take such actions.

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