



**STATE OF TENNESSEE  
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DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT**

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**Dennis F. Dycus, CPA, CFE, Director**  
Division of Municipal Audit

February 20, 2008

Mr. Greg Baker  
TAUD  
P. O. Box 2529  
Murfreesboro, TN 37133-2529

Dear Mr. Baker:

In light of recently passed legislation, both municipal and utility district water systems are required to report their annual percentage of unaccounted for water loss. That is, when you take the total water pumped less sold; used for flushing and blow offs; street cleaning and so-on, the difference is water one is not able to account for, which is generally referred to as leakage. In order to keep that amount to a minimum, all known uses of water must be accounted for.

A very important use of water that is not often taken into consideration is that which is used to fight fires. City, county and volunteer fire departments all use water to fight fires. While both cities and utility districts provide water at no cost to fight fires, there must be a method in place to be able to reasonably estimate the number of gallons of water used to fight each fire. Failure to properly account for such use would artificially inflate the unaccounted for water or water lost to leaks.

Water systems with excessive unaccounted for water may be required to appear before one of two state regulatory boards and present plans as to how to reduce the water lost to leaks. In some cases, the excessive unaccounted for water may be due to the fact that fire departments had not reported their usage of water to fight fires.

Because of the new legislation, it is imperative that water providers and local fire departments develop a system that would allow for the reporting of a reasonable estimation of how much water was used to fight fires. Neither cities nor utility districts are required to provide fire hydrants on their systems but do so as a public service. If each water provider is willing to allow water from their system to be used to fight fires, it would appear that it would be reasonable for fire fighting organizations to cooperate with their request in an effort to provide reasonable estimates as to how much water was used to fight fires.

Greg Baker  
February 20, 2008

In a worst case scenario, failure to do so could result in litigation or the water provider simply locking the fire hydrants in which case neither situation would be in the best of the general public which we all strive to serve and protect.

If you should wish to discuss this matter any further, please call.

Very Truly Yours,



Dennis F. Lycus, CPA, CFE, Director  
Division of Municipal Audit