



INDUSTRIAL COMMISSION OF NORTH DAKOTA

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Governor

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Testimony before the Water Topics Overview Committee
Karlene Fine, Industrial Commission Executive Director
Monday, November 18, 2013

Thank you for the opportunity to discuss the Industrial Commission's responsibilities as outlined by Senate Bill 2233 as it relates to the Western Area Water Supply Authority (WAWSA).

Senate Bill 2233 became effective on August 1, 2013 and states the Industrial Commission shall have:

- Oversight of the monies earned from industrial water sales by having reporting on a monthly basis; (Section 19)
- Reimburse the authority for industrial water depot capital improvements and the cost of delivery of potable or nonpotable water sold at industrial water depots and lateral lines, at a cost no greater than the participating member, or submember, if applicable, entity rate at the location of the depot or lateral line. [Section 19 (1) (b)]
- Approval of water rates for industrial water sales (Section 20) (This is generally done on an annual basis);
- Approval of additional debt that may form the basis of a claim for territorial or franchise protection for industrial water sales; (subsection 13 of Section 18)
- Revision of loan repayments if cash flow is insufficient to meet debt requirements (Section 22)

In regards to the first bullet, prior to August 1 staff met with WAWSA staff and developed a process for the Commission to monitor the industrial water sales and the expenditures of those sales revenues. The Commission has received three months of reports and is fine tuning the reports. These reports include information on each depot's industrial sales. That information includes a forecast, actual sales, total volume, reimbursement rate for operations and maintenance, if there were any shutdowns and if any shutdown is in excess of 24 hours then information is to be provided on why there was a shutdown.

In addition WAWSA staff provides us with a listing of the expenditures made from the industrial revenues. Those expenditures are being made as outlined in the law –

1. Payment to the Industrial Commission;
2. Reimburse the authority for industrial water depot capital improvements and the cost for delivery of potable or nonpotable water sold at industrial water depots and lateral lines, at a cost no greater than the participating member, or sub-member, if applicable, entity rate at the location of the depot or lateral line.

3. Regular payments on the participating member entity debt as described in the agreements with the authority as of March 31, 2013, and baseline 2010 industrial water sales included in and subject to the terms of the authority and participating member agreements as of March 31, 2013. Baseline 2010 industrial water sales for the City of Tioga in the year 2013 are limited to the lesser of legally permitted industrial water sales or the amount in the member agreement.
4. Required monthly payments on state – guaranteed loans. The required transfer must occur no later than the twentieth day of the following month.
5. Additional principal payment on state- guaranteed loans.
6. Payment to the Resources Trust Fund.

The Industrial Commission has reviewed and adopted a rate schedule that was developed and proposed by WAWSA. They have indicated that these rates reflect all the costs of operating the system—cost of water, pumping, transmission, distribution, storage, etc. I've attached a copy of the rates that have been approved by the Commission. These are the rates for the remainder of 2013 and will be "trued" up at the end of the year. Because WAWSA is still a fairly young system there is not a long track record to look at for determining costs as a system so I anticipate there could be some adjustments for 2014.

Bank of North Dakota staff is here to discuss the financing the Bank has done with WAWSA and will provide you with information regarding the outstanding debt.

Western Area Water Supply Project		
Industrial Reimbursement Rates		
Entity	Location	2013 Industrial Reimbursement Rate (\$/kgal)
City of Williston	City System and Associated Depots	\$3.65
McKenzie County WRD	System I and IV Pipeline Corridor (up to Watford City)	\$4.20
McKenzie County WRD	Watford City Depot (WAWSA Surface Water) & System I and IV Pipeline Corridor (East of Watford City)	\$4.42
McKenzie County WRD	Watford City Depot (Ground Water)	\$3.32
McKenzie County WRD	System I, II and IV Rural Service Area (beyond Pipeline Corridor & Associated Depots)	\$5.25
McKenzie County WRD	Tribal Water Supply	\$5.25
City of Watford City	City System and Associated Depots	\$6.95
Williams rural Water District	Pipeline Cooridor and Associated Depots	\$3.16
Williams Rural Water District	Rural Distribution System	\$8.40
R&T Water Supply Commerce Authority	Between Ray & Tioga and Associated Depots	\$4.35
R&T Water Supply Commerce Authority	Between Tioga and Stanley and Associated Depots	\$4.50
R&T Water Supply Commerce Authority	Between Ray & Wildrose and Associated Depots	\$3.25
R&T Water Supply Commerce Authority	Between Wildrose & Crosby	\$3.16
City of Tioga	City System	\$5.26
City of Tioga	Tioga Depot	TBD
City of Stanley	City System	\$8.30
City of Stanley	Rural Distribution System	TBD
City of Stanley	Stanley Depot	\$3.03
City of Wildrose	City System	\$5.93
Burke-Divide-Williams Rural Water	Crosby Depot	\$4.17
Burke-Divide-Williams Rural Water	Rural Distribution System	TBD
City of Crosby	City System	TBD
City of Columbus	City System	TBD
City of Fortuna	City System	TBD
City of Noonan	City System	TBD
2013 and first six months of 2014 Industrial Water Depot and Lateral Retail Rate of \$20.00/kgal		