



# 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  
October 1, 2014

Thank you for the opportunity to appear before you today along with Bank of North Dakota representatives to provide information on the payment of debt service on outstanding state-guaranteed debt from the Western Area Water Supply Authority (WAWS) industrial water sales.

Senate Bill 2233 became effective on August 1, 2013 and since that time the Industrial Commission has been receiving monthly reports from the Authority. A separate account was established to deposit industrial sales revenues and to make the payments in the sequence as outlined in the law as follows:

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.

Through August 31, 2014 the Authority has had industrial sales totaling \$32,851,816 with \$4,941,332 of that amount in accounts receivable. The revenue from those sales has been disbursed as follows:

Industrial Commission (1)	\$ 150,000
Industrial Water O&M Costs (2)	\$ 6,730,696
Entity Debt Payments (3)	\$ 3,272,141
2010 Baseline Sales Payments (3)	\$ 4,783,918
Interest Payment on BND/State Debt (4)	\$ 3,104,458
Debt Prepayments (Sweep) (5)	<u>\$ 8,665,344</u>
Total	\$26,706,557

In addition the Authority paid the interest costs accrued prior to August 1, 2013 on the outstanding BND/State Debt in the amount of \$1,289,386 from revenues generated prior to August 1, 2013.

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The Industrial Commission has just recently approved some capital projects which will be paid from industrial sales over the next several months. Those approved projects total \$2,373,912.67.

Bank of North Dakota staff is here to discuss the financing the Bank has done with WAWS and provide you with an updated spreadsheet on their outstanding debt that is to be paid from industrial sales.