



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

Jack Dalrymple  
Governor

Wayne Stenehjem  
Attorney General

Doug Goehring  
Agriculture Commissioner

Testimony before the Water Topics Overview Committee  
Karlene Fine, Industrial Commission Executive Director  
Thursday, November 5, 2015

Thank you for the opportunity to comment on the Industrial Commission's duties as they relate to the Western Area Water Supply Authority (WAWSA).

Chapter 61-40 states the Industrial Commission shall have the following responsibilities:

- Oversight of the monies earned from industrial water sales by having reporting on a monthly basis; (Responsibility 1)
- 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. (Responsibility 2)
- Approval of water rates for industrial water sales (Responsibility 3) (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; (Responsibility 4)
- Revision of loan repayments if cash flow is insufficient to meet debt requirements (Responsibility 5)

At the Industrial Commission's monthly meeting they receive a report on industrial sales revenues for the prior month (Responsibility 1), reviews the expenditures from the industrial sales revenues (Responsibility 2) and nearly every month hears directly from the WAWSA Executive Director on outlook for the upcoming month and whether there are any issues impacting the industrial sales revenues.

Expenditures are being made as outlined in the law – we refer to this as the waterfall which is 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.

The Industrial Commission has reviewed and adopted a 2015 rate schedule that was developed and proposed by WAWSA. (Responsibility 3) They have indicated that these rates reflect all the costs of operating the system—cost of water, pumping, transmission, distribution, storage, etc. The Commission will be looking at rates for 2016 in the near future.

Since August of 2013 the Commission has approved expenses for some needed capital projects that total approximately \$3.1 million. (Responsibility 2)

The Commission has not needed to act on Responsibilities 4 and 5.

I have attached the most recent balance sheet from the Industrial Sales portion of the WAWS financial reports for your information. It shows the progress that has been made in paying down the outstanding debt with a portion of that being prepayments on one of the Bank of North Dakota loans. Current assets as of September 30 were \$4.8 million.

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 - Industrial Account  
Balance Sheet

Accrual Basis

As of September 30, 2015

	Sep 30, 15
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
BND Industrial Account	1,847,109.01
Total Checking/Savings	1,847,109.01
Accounts Receivable	
Accounts Receivable	3,004,501.53
Total Accounts Receivable	3,004,501.53
Total Current Assets	4,851,610.54
<b>TOTAL ASSETS</b>	<b>4,851,610.54</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	322,013.09
Total Accounts Payable	322,013.09
Total Current Liabilities	322,013.09
Total Liabilities	322,013.09
Equity	
Loan Transfer	-20,686,060.90
Unrestricted Net Assets	20,290,449.16
Net Income	4,925,209.19
Total Equity	4,529,597.45
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,851,610.54</b>