

Testimony
SB 2196—Department of Water Resources
House Energy and Natural Resources
Representative Todd Porter, Chairman
March 3, 2023

Chairman Porter, and members of the House Energy and Natural Resources Committee—I am Andrea Travnicek, the Director of the Department of Water Resources and the Secretary to the State Water Commission. I am here today to provide testimony in support of SB 2196.

The Western Area Water Supply Authority (WAWSA) was created in 2011 through the 62nd Legislative Session with the intent to develop the Western Area Water Supply (WAWS) project in response to population growth and oil and gas development occurring at a rapid pace in western North Dakota. The overall project goal is to utilize Missouri River water, along with supplemental ground water, to meet the municipal, rural, and industrial water needs of counties in northwest North Dakota.

In 2011, the Legislature worked with the Governor’s office and the Bank of North Dakota to develop a framework for operation, management, and funding that would be run through the Industrial Commission for project approval. The Industrial Commission was chosen at the time due to the accelerated process of the project outside of the normal State Water Commission (SWC) process. The financial model for WAWS was set up to take advantage of the extensive regional growth that was taking place as a result of oil production and to fund the majority of the project by selling excess water to the energy industry through water depots. However, fluctuation in oil activity has caused WAWSA to revisit the funding model over the last several biennia. As a result, the legislature has responded with legislation that has allowed for the refinancing or restructuring of WAWSA debt.

As the project continues to mature and the funding models are adjusted, the WAWS project should be transferred under the authority of the State Water Commission to

be aligned with other water projects across the state. The SWC is a ten-member commission that consists of the Governor, the Commissioner of Agriculture, and 8 Governor-appointed members from each major water basin in the state. It is the state entity that reviews and considers cost-share requests from project sponsors seeking financial assistance from the Department of Water Resources (Department), and currently, all water development projects associated with state funding and loans are under the purview of the SWC except for WAWS.

This bill changes the oversight authority of WAWS from the Industrial Commission to the State Water Commission, while continuing to have the Bank of North Dakota involved with the management of WAWSA loans and provides direction that the State Water Commission shall provide a payment, subject to budget section approval, if there is a default. The Bank of North Dakota will further explain the changes proposed in the bill that are associated with the loans.

The Department is asking for an amendment in this bill to remove Section 1 relating to a line of credit from the Bank of North Dakota for the Northwest Area Water Supply Project (NAWS). The line of credit authorization for NAWS is traditionally included in the Department's budget bill (SB 2020). The language included in Engrossed SB 2020 is similar to the language in SB 2196 Section 1.

The State Water Commission and the Department have coordinated with WAWSA on the development of this bill, and both the Industrial Commission and the State Water Commission voted this past fall to approve moving this bill forward for consideration this legislative session.

Thank you for the opportunity to comment, and I would be happy to answer any questions you might have.