

To the Energy and Natural Resources Committee:

To Chairman Porter and Members of House ENR Committee,

My name is Steven Mortenson, I represent the Private water providers in northwest North Dakota. **I am presenting testimony in support for SB2196.** The support from our group is based on the forgiveness of debt to the WAWSA project that was done in 2021 and debt to be forgiven in 2023 of approximately \$100 million. Our group has battled with WAWSA since its inception. We felt it was very unfair that legislation was passed that allowed a subsidized, government-owned water provider to compete against the private market. It has reduced our margins and eliminated many private water providers.

We are hoping with the debt forgiveness and the control being given to the State Water Commission, it will reduce WAWSA's need to rely on the oil industry for its loan payments, and WAWSA will be able to use income made from the water being sold for domestic use. The price of WAWSA water in the marketplace is set too low, and that is has resulted in debt forgiveness and loan restructuring by the Bank of North Dakota. By raising its price, the water that they do sell to the oil industry will generate more income.

Generally, the private providers are able to price their water lower than WAWSA, but not always. Depending on the location and proximity of water infrastructure to any project, WAWSA has undersold and been awarded numerous contracts when competing against private providers. It's really frustrating when you lose to a competitor that has legal advantages like significant grant funding, loan forgiveness, loan restructuring, and eminent domain authority.

WAWS needs to be the second choice of water when the private water is not available or to be used on standby or backup when needed. We have visited with Tami Madsen, who is the manager of WAWSA. At the last board meeting, she asked for a price hike from .52 per barrel to .60 per barrel for frac water, .62 a barrel for maintenance water and .84 barrel at the depot locations. She has told me in the summertime she has a hard time providing water for the oil industry due to the domestic demand. We think WAWSA rate should be .84 a barrel for everything to the oil industry. That would allow the private water providers to still maintain a margin on the water we sell and reduce competition from WAWSA. Our position on this bill is to pass the bill and request WAWSA to raise their rates so when they sell water, they would be more profitable.

I would like to thank the Energy and Natural Resources Committee for the opportunity to testify.

Thank You, Steven Mortenson