

Testimony of Geneva Kaiser, General Manager

Stutsman Rural Water District, Jamestown, ND

In opposition to House Bill 1537

Political Subdivisions Committee – February 6, 2025

Chairman Longmuir and members of the Political Subdivisions Committee. My name is Geneva Kaiser, and I am the General Manager of Stutsman Rural Water District, Jamestown, ND.

Stutsman Rural Water District (SRWD) is located in southeast central North Dakota and provides potable water service to 2600 users through approximately 2,000 miles of pipeline within all of Stutsman County and parts of 5 surrounding counties. SRWD holds numerous State and Federal loans and is afforded territorial protections through ND Century Code and Federal USC 1926(b). Most water districts hold a combination of state and federal loans; some just have state loans. SRWD has lender signatures on their territorial agreement which includes both NDPFA and USDA.

Territorial protections are put in place to guarantee that a rural water district can repay its debt. Rural water districts are political subdivisions, however, they do not receive any tax dollars for operations and do business based upon the water rates charged to customers. Generally, the customers that surround a City are the most economical to serve. They are close in proximity to other customers and more concentrated compared to the rural areas where there could be more than a mile between customers. The customers close to a City help to keep rates affordable for the rural customers in the outlying areas that are more expensive to serve, thus providing economy of scale for the water system users.

If a rural water district loses the customers that are the most economical to serve; water rates must be increased to the remaining customers of the water system. At some point, water rates will become unaffordable for some people and they will disconnect from the water system which in turn will create the necessity for another rate increase to the remaining customers. This will continue until there is no longer the customer base and revenue for the water district to meet its debt obligations.

HB 1537 will not change anything for rural water districts that have federal loans, as their territorial protections will remain the same. It appears that this bill will target rural water districts that only have state loans in an attempt to retroactively legislate favoritism for one type of political subdivision over another.

The State of North Dakota has made a substantial financial investment in rural water systems to improve the quality of life for rural people, farms, ranches, and rural businesses. HB 1537 will undo some of the good work that has been done. It is detrimental to rural water districts and the rural customers they serve and is contrary to the intent of past legislatures.

Thank you for the opportunity to submit testimony in opposition to HB 1537. I respectfully request a do not pass recommendation.