

Testimony by Jenifer Murray, Manager/CEO, Southwest Water Authority
On behalf of the
Southwest Pipeline Project
to the
House Education and Environment Committee
Hearing on Senate Bill 2020
March 9, 2023

Mr. Chairman and members of the committee, I am Jenifer Murray, Manager/CEO of Southwest Water Authority (SWA). I am here today on behalf of SWA to express my support of Senate Bill 2020, and respectfully request your consideration of \$131.6 million for the 12 million-gallons-per-day (MGD) Southwest Water Treatment Plant expansion, West Zone Transmission Facility Improvements, Strategic Hydraulic improvements, and the Supplementary Intake Pump Station. For it is only with your financial support Southwest Water Authority can continue our mission of quality water for southwest North Dakota.

Senate Bill 2020 provides unprecedented support to critical water needs throughout the State. Within this budget, the State Water Commission would provide over \$600 million in funding for critical water infrastructure projects.

The Southwest Pipeline Project was authorized by this legislature in 1981 and construction began in 1986. From the beginning, funding for the construction of the Project was unique. It is funded with the requirement that all of its water customers would repay the state for the Project's construction costs. To that effort, SWA's customers have return over \$90 million back to the state through capital repayment. The financial commitment the state has made in the Project has benefitted southwest North Dakota, and through capital repayment the State is now benefitting from that return with nearly \$12 million returned to the Resources Trust Fund each biennium.

The strategy SWA has taken to building for the future is three-pronged. The first prong includes increasing the main transmission line capacity to ensure transmission capacity does not become a limiting factor to connecting future customers. The second prong includes strategic hydraulic improvements which will allow users on SWA's waiting lists to be added as subsequent customers. The third prong is the expansion of the rural water system into under-served areas.

Projects planned for the 2023-2025 biennium include a 12 million gallon per day expansion of the Southwest Water Treatment Plant. The Dickinson Water Treatment Plant was built in 1951 and due to the circumstances of the time was adopted by the SWPP to be

utilized as the primary treatment source. Upgrades and modifications have been done over the years to increase capacity and treat Lake Sakakawea water. An assessment was done in 2021 which noted the plant is operating at or beyond its useful life at an increased risk of malfunction or failure. It was recommended to begin the migration of its capacity when funding is available. In February 2022, the State Water Commission (SWC) approved the decision to begin with the process of design for the expansion. The Southwest Water Treatment Plant Expansion Membrane and Equipment procurement contracts are expected

to be bid in June 2023. Construction and installation funding is requested for the 2023-2025 biennium at \$83 million. Intent language was added to Engrossed SB 2020 to defer \$40 million of that request to the 2025-2027 biennium. Expanding the Southwest Water Treatment Plant will allow SWA to meet the water supply needs of the region now and for generations to come.

Increasing transmission capacity and upgrading transmission facilities throughout southwest North Dakota is essential to continuing to provide our communities and customers with an adequate supply of quality water both now and into the future. West Zone Transmission Facility Improvements will ensure that capacity is not a limiting factor in rural development and growth. The ability to get water to those far reaches of the system such as Beach, Golva, and Medora are the first step in then distributing it to rural customers. The West Zone Transmission Facility Improvements are conceptualized at \$17.5 million for nearly 28 miles of parallel main transmission line, upgrades to three separate pump stations, and addition of a 300k gallon storage reservoir.

Increasing service to under-served areas has been a focus of the SWPP over the past two years. The Burt, Hebron Service Area, including Lake Tschida, is being canvassed for potential customers and is currently under preliminary design. To-date 660 customers have financially committed to connecting to the SWPP once construction is complete. This area is vast, and sparsely populated creating challenges. \$11.2 million is being requested in the 2023-2025 biennium to begin with the first phase of construction.

Above and beyond the 660 customers signed up in the Burt, Hebron Service Area, 670 locations system-wide have been placed on a waiting list. When the project was originally constructed additional capacity was built-in. Over time the need and interest in rural water has grown and the additional capacity has been allocated. Currently more than 30% of the SWPP customer base came on as subsequent customers, or after construction had completed. Strategic Hydraulic Improvements are being prioritized to allow for additional customers to connect.

Throughout the years, SWA's reliable, quality water has become an integral part of what makes southwest North Dakota a great place to live, work and recreate. Today, SWA serves over 7,500 rural customers, and 33 communities, and yet there are water needs to be met and hundreds of people waiting for their chance to receive quality water.

On behalf of the thousands depending on SWA's reliable safe drinking water and those still waiting to be connected, I respectfully request continued funding of the SWPP. For it is only with your financial support, SWA can continue to bring quality water to those willing to repay the state for its investment.

Respectfully,
Jenifer Murray,
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THE SOUTHWEST PIPELINE PROJECT AND SOUTHWEST WATER AUTHORITY

2023-2025 PROPOSED CONSTRUCTION AND FUNDING NEEDS

MARCH 2023



- Multi-County, Fully Integrated Regional Water Supply System – Domestic, Rural, Municipal, Livestock, Light Industrial, and Other uses
- Capital Asset of the State of North Dakota



- Owner of the SWPP
- Governance of the SWPP



- Construction Administration and Oversight of the SWPP



- Management, Operations and Maintenance of the SWPP
- Political Subdivision
- Governed by a 15-member publicly elected Board of Directors

Southwest Pipeline Project is a State-Owned Regional Water Supply Project



1981

The SWPP Was Authorized By The North Dakota State Legislature Under NDCC §61-24.3-16

1986

Construction Began

1991

SWA Was Authorized By The North Dakota State Legislature and Became A Political Subdivision Under NDCC §61-24.5-21

1996

Operations, Maintenance & Management Of The SWPP Transferred from SWC To SWA

SWPP FUNDING MODEL



- Funded Through The Resources Trust Fund
- Local Share For SWPP = Capital Repayment
- Capital Repayment Is A Component Of SWPP's Water Rate
- Study Completed In 1982 - Capital Repayment Rate Based On Ability To Pay Adjusted Annually By The CPI

2023 Capital Repayment Rate:

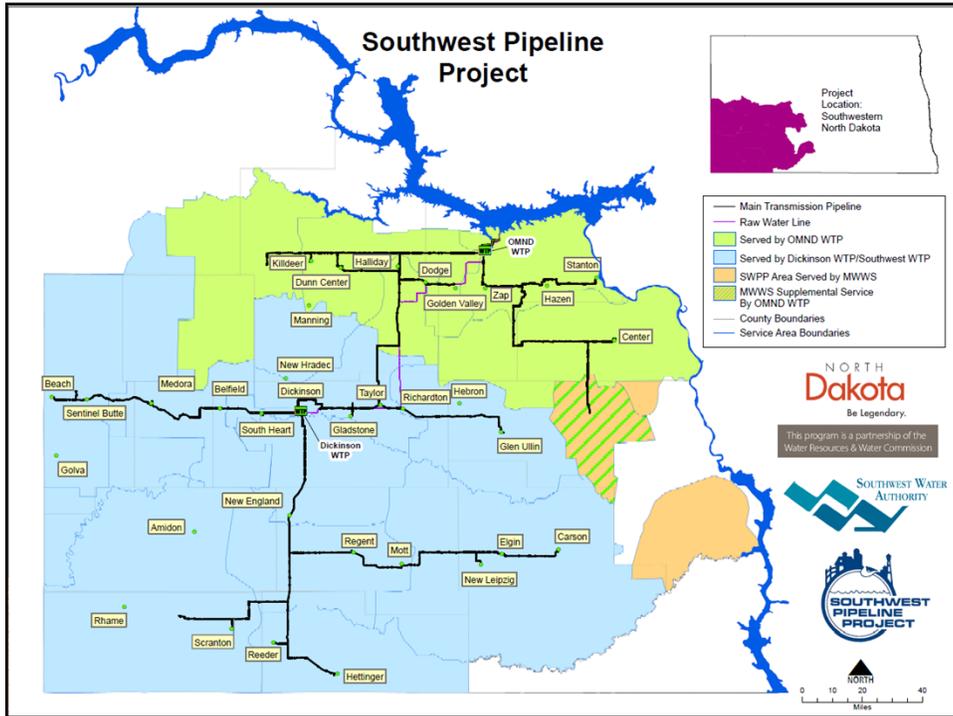
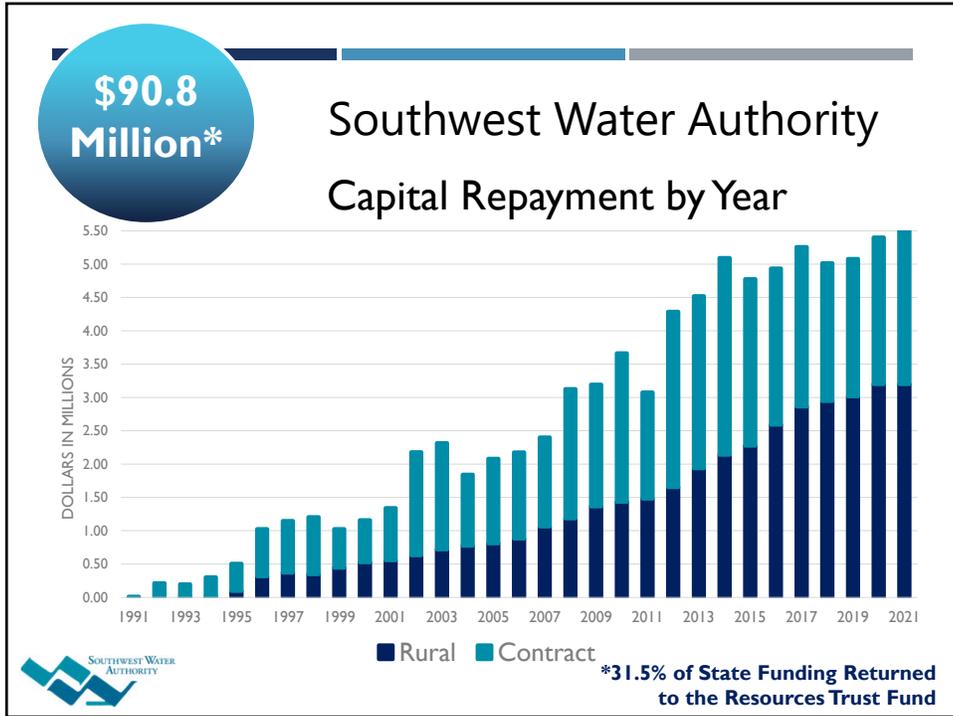
Contract Customers (Cities) \$1.42/1,000 gallons sold

- Capital Repayment Rate For SWPP's Rural Customers Is Included In The Monthly Minimum/Base Rate

2023 Capital Repayment Rate:

Rural Customers \$43.43/month

- SWPP's Customer Growth Will Result In More Capital Repayment Back To The State
- Eventually EVERY dollar of funding will be repaid to the RTF



THE SOUTHWEST PIPELINE PROJECT

- Population served is ~ 58,000
- 37 Million Gallons of Storage
- 7,500 rural customers
- 32 Water Storage Reservoirs
- 5,300 Miles of Pipeline
- 35 Pump Stations
- 33 Communities
- 3 Water Treatment Plants
- 13 Counties
- 2 Additional Rural Water Systems

2022 Water Sales = 2.3 Billion Gallons




Mission: Quality Water for Southwest North Dakota
Vision: People and Business Succeeding with Quality Water



Transmission Facility Improvements	Strategic Hydraulic Improvements	Rural Service Area Expansion
<p>Improvements and Upgrades to Transmission Pipelines and Facilities Throughout the Southwest Pipeline Project</p>	<p>Address Waiting Lists and Areas Where Growth and Distribution is Limited by Existing Infrastructure. Connect Subsequent Customers</p>	<p>Capturing the Needs of Under-served Areas by Canvassing to Ensure All Potential Customers Have the Opportunity to Connect to Rural Water</p>

Three-Pronged Approach to Building for the Future




**\$38.2
Million**

2021-2023 BIENNIUM

- **Main Transmission Line Upgrades**
 - From Ray Christensen Pump Station to Belfield Reservoirs, New England Reservoirs, and to the Davis Buttes Reservoirs – In Service
- **Strategic Hydraulic Improvements**
 - Taylor Elevated Tank – Substantially Complete – In Service
 - Improvements in 4 separate service areas – Construction to begin in spring
 - Will add more than 100 subsequent customers
- **Supplemental Intake Construction and Administration**
- **Southwest Water Treatment Plant Expansion Membrane and Equipment Procurement**
 - Ultra Filtration Membranes and High-Rate Softening Equipment
 - Expected bid date June 2023

\$131.6 M

2023-2025 Biennium Proposed Funding Needs for the SWPP

Southwest Water Treatment Plant 12 MGD Expansion - \$83 M

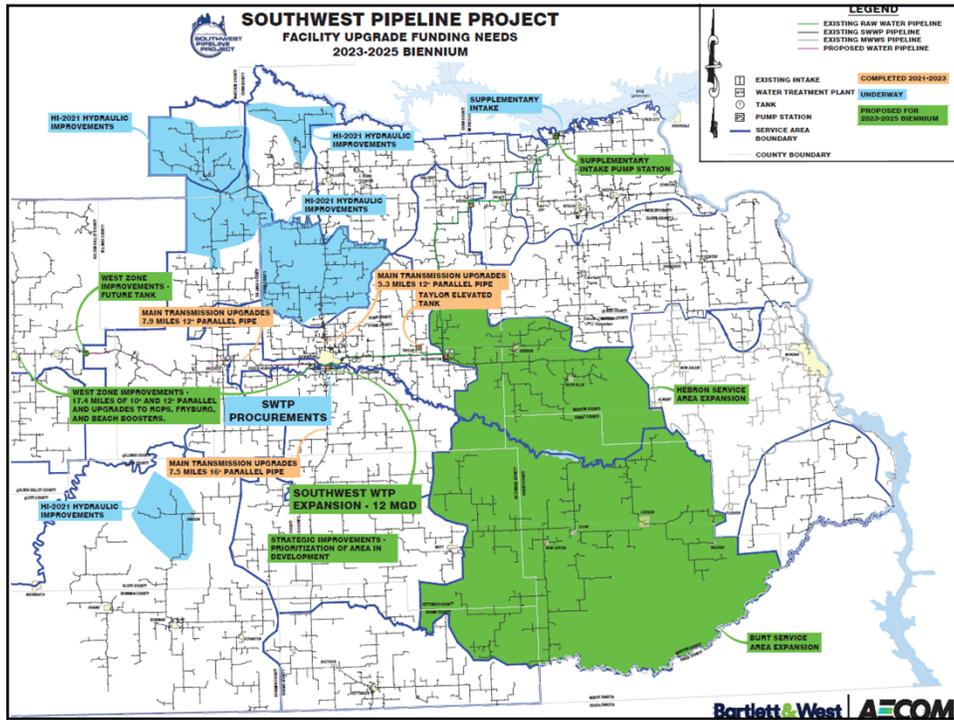
West Zone Transmission Facility Improvements - \$17.5 M

Burt, Hebron Rural Service Area Expansion - \$11.2 M

Strategic Hydraulic Improvements - \$5 M

Supplementary Intake Pump Station - \$14 M





THE ORIGINAL PLANT DATES FROM 1951, AN ADDITION BUILT IN 1966
MODIFICATIONS TO TREAT LAKE SAKAKAWEA WATER AND INCREASE THE PLANT
CAPACITY WERE MADE IN 1994 AND 1996.

12 MGD Water Treatment Plant in Dickinson



6 MGD Southwest Water Treatment Plant
Operational in 2018



\$83 M

Southwest Water Treatment Plant
12 MGD Expansion

(18 MGD Total Capacity)

Southwest Water Treatment Plant 12 MGD Expansion

TO BID AND AWARD – FUNDING MUST BE SECURED

Equipment and Membrane Procurement Contract - Bid Opening and Award Expected May/June 2023 - [2021-2023 Funding](#)

Construction and Equipment Installation Contract – \$83 Million Bid Opening and Award Expected Fall 2024

Potential Funding Options:

Full Funding Authorization or Line of Credit With Intent Language

Eng. SB 2020 includes the SWPP in the Capital Assets Line of Credit and includes intent language for \$40 million in the 25-27 biennium

\$17.5 M

WEST ZONE TRANSMISSION FACILITY IMPROVEMENTS

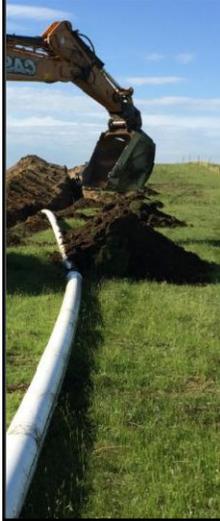
Transmission Facility Improvements from Dickinson to Beach – Under Conceptual Design



- 300,000 Gallon Storage Reservoir
- Parallel Main Transmission Line
- Booster Pump Station Upgrades



SUBSEQUENT CUSTOMERS AND WAIT LIST



- SWA has **7,500** active rural water customer accounts
- **2,650** are subsequent customers system-wide
- **35%** of customer base added after construction, using all additional capacity built into the system
- Over **4,000** locations across the SWPP Service Area could potentially be served based on **911** analysis

\$5.0 M

STRATEGIC HYDRAULIC IMPROVEMENTS

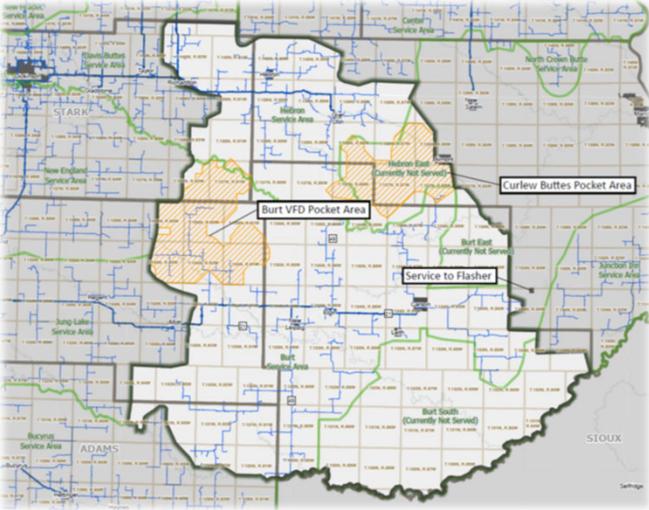
Distribution System
Improvements to Serve
Subsequent Customers

670 Waiting List
Locations



\$11.2 M

**RURAL SERVICE AREA EXPANSION:
BURT-HEBRON SERVICE AREA
INCLUDING LAKETSCHIDA**



660
Signups
To-Date*
62% Rural
38% Lake Tschida

*In addition to Waiting Lists

The map shows a grid of service areas with several highlighted in orange: Burt VFD Pocket Area, Hebron East (Currently Not Served), Curlew Buttes Pocket Area, and Burt South (Currently Not Served). Other labeled areas include Curlew Buttes, North Curlew Buttes, Burt East (Currently Not Served), and Junction St. The map also shows surrounding areas like Stark, Adams, and Sioux.

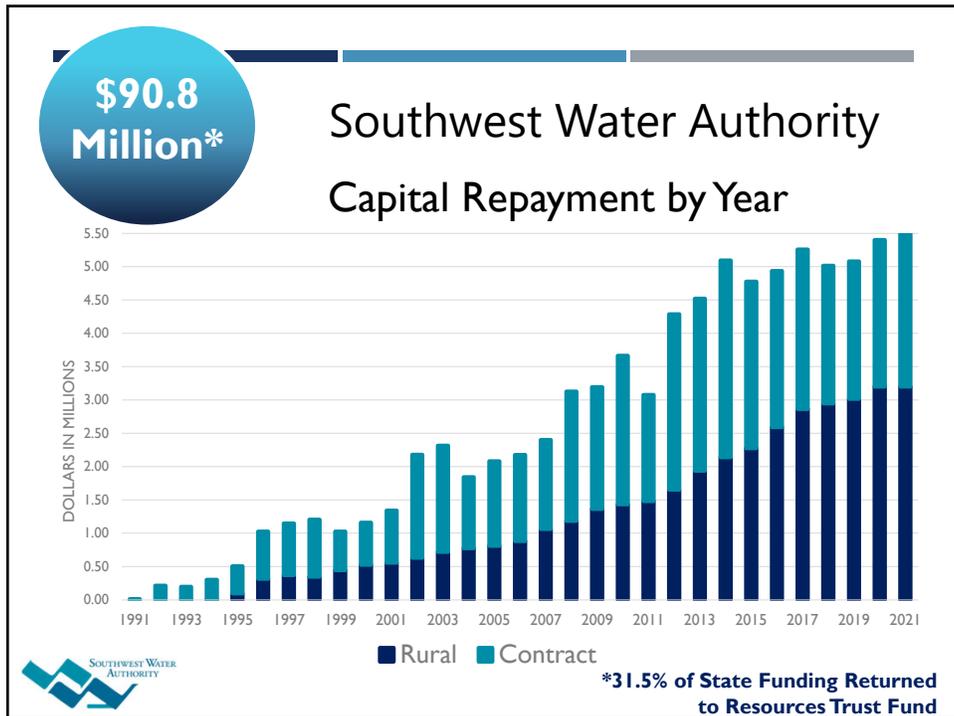
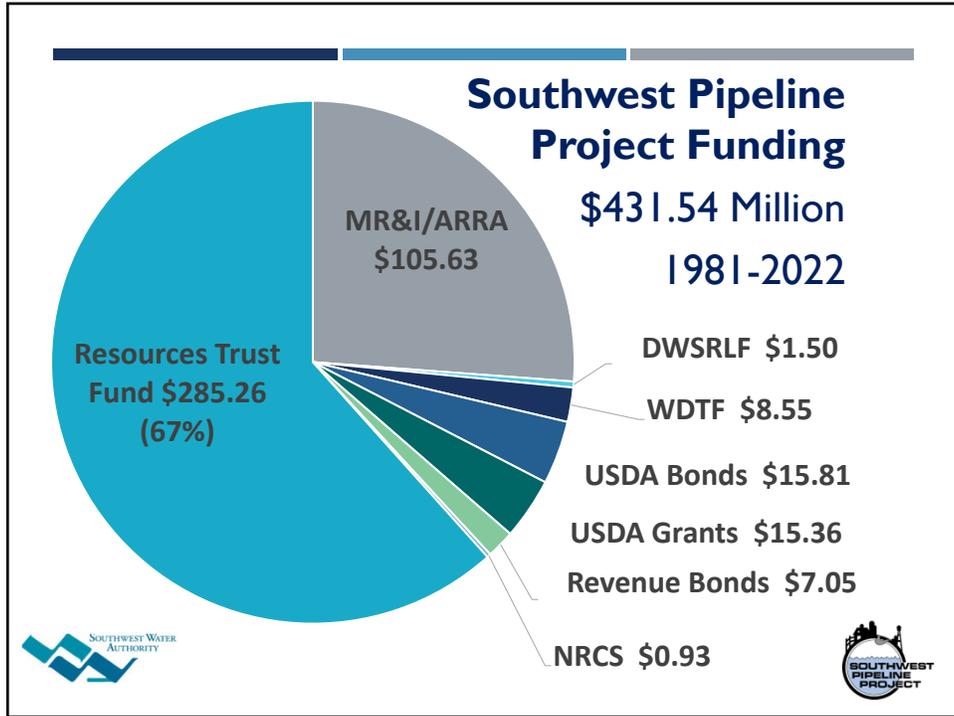


Dependent on
Intake Progress

\$14 M

Supplementary Intake Pump Station

The image shows an aerial view of a water intake pump station situated on a grassy bank next to a large body of water. The station includes several buildings and a long, narrow structure extending into the water. The surrounding area is a mix of green grass and brown earth.





THANK YOU



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Southwest Pipeline Project Proposed 2023-2025 Biennium Funding Needs



Contract	Description	Detail	2023-2025 Estimated Funding Needs
HI	Strategic Hydraulic Improvements	Distribution System Expansion to Serve Subsequent Customers Prioritized by Need	\$5,000,000
3-2H	Southwest Water Treatment Plant 12 MGD Expansion	Construction and Equipment Installation Migration of Capacity from Dickinson Water Treatment Plant	\$83,000,000
1-2B	Supplementary Intake Pump Station	Intake Pump Station Building, Pumps, Air Chamber and SCADA Dependent on Supplementary Intake Completion	\$14,080,000
	West Zone Transmission Improvements	Transmission Facility Improvements to the West Zone including Medora 27 miles of 10" and 12" Parallell, 300k Gallon Reservoir, and Upgrades to Ray Christensen, Fryburg, and Beach Booster Pump Stations	\$17,560,000
	Burt, Hebron Service Area including Lake Tschida	Rural Service Phased Expansion in Under-served Areas	\$11,200,000
	Department of Water Resources Agency Operations	Per Biennium Agency Operations	\$750,000
	Total 2023-2025 Biennium Funding Needs		\$131,590,000