



THE
BUZZ
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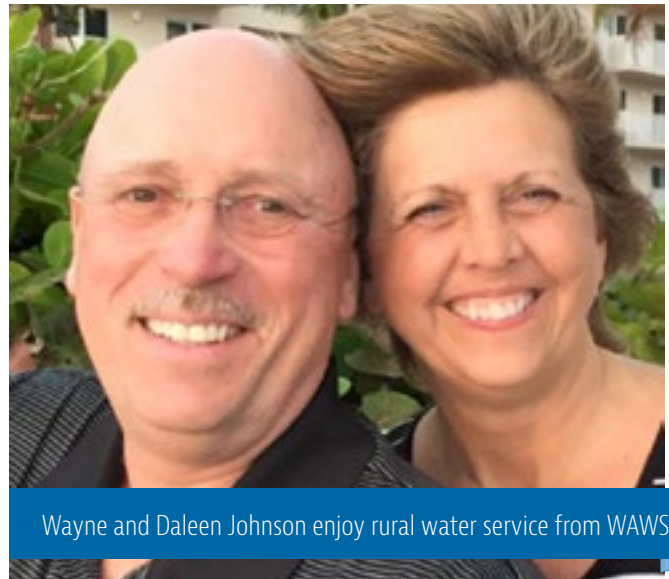
WAWSA Rural Expansion: Progress on the Prairie

The responsibility of ensuring a bright future for those who come after him weighs heavily on Wayne Johnson, a farmer from Stanley, North Dakota. “I spent a lifetime making my farm a better place, just as my father and grandfather did before me. I feel responsible to make it better. And rural water, like electricity in the generation before me, is a sign of progress,” says Johnson.

Johnson sits in his office near a framed acrylic painting he commissioned North Dakota artist Andy Knudson to paint as a showcase to the potential of western North Dakota energy. Johnson proudly shows it to his guests because it illustrates his belief in the strong future of western North Dakota. The artwork’s focal point is his New Holland combine harvesting canola into a double axle truck. Johnson chose canola specifically because it can produce both food and fuel in the form of bio-diesel. In the background, the painting shows an oil pumping unit operating, as a drilling rig and wind tower sit on the horizon. Scattered throughout the scene are wildlife coexisting with energy production.

Like the painting, Johnson envisions western North Dakota’s future with all of the components of energy working together in harmony to grow the Bakken region. However, without high quality water in many rural areas, he recognizes the options are limited for people and business.

“I look back at what our grandparents had to do just to survive. They hauled water from miles away and melted snow in the winter,” Johnson said. “It’s not about us. It’s about the future of the area and if we will choose to be crippled by the lack of vision. I want people to look at the northwestern part of the state and decide it’s a good place to raise their families,” Johnson



Wayne and Daleen Johnson enjoy rural water service from WAWSA

says with pride in his voice. He has worked diligently to make that future a reality by advocating for the expansion of rural water and diverse energy development.

A lifetime of pulling wells, changing pipe, replacing water fixtures, and being on high alert for water failures is what Wayne experienced until early 2017. The family even canceled a Christmas celebration at their home because their well was in questionable shape. “Before rural water from WAWSA arrived, our household had an iron filter, water softener and reverse osmosis system in place just to drink the water,” he says when describing the difference between well water and rural water.

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2017 Legislative Session Highlights

One of the final actions of the North Dakota Legislature and Governor Doug Burgum during the 2017 legislative session was to approve the State Water Commission budget, HB1020. The bill includes more than \$120 million for a group of water supply entities which includes the Western Area Water Supply Authority (WAWSA). Early in the session, WAWSA reduced its funding request to \$29 million due to the state's budget constraints.

The State Water Commission will divvy out the funds later this summer. "North Dakota lawmakers continue to see the importance of water projects across the state and we are very grateful the legislature included WAWSA in the pool of eligible projects to receive funding. However, not knowing how much funding WAWSA will have to work with for the next two years is a real challenge," says Jaret Wirtz, WAWSA Executive Director. During the past three sessions, specific amounts of funding were appropriated to WAWSA in the State Water Commission's budget.

HB1020 includes the consolidation of three outstanding loans totaling \$89 million as well as an interest rate reduction on one other loan. All of the affected loans were authorized during previous legislative sessions. As per HB1020, WAWSA is not obligated to repay the principal payments on loans from North Dakota's Resources Trust Fund from July 1, 2017 through June 30, 2018. In addition, the State Water Commission budget requires the interest rate on a \$10 million loan that was authorized during the 2011 legislative session to be 2.5 percent on any outstanding balance remaining after the effective date of HB1020. The loan consolidation and refinancing legislation lowers the amount of water WAWSA needs to sell to oil and gas customers as industrial water sales are the source of revenue for those loans.

A feasibility and desirability study of the sale or lease of WAWSA's industrial water depots will be completed by the North Dakota Industrial Commission, as per the approved State Water Commission budget. The Industrial Commission will conduct an independent study with a goal of providing information regarding the financial impact of industrial sales to WAWSA, its members, and customers; as well as WAWSA's financial viability and the options available to WAWSA for debt servicing.

"We believe that industrial water sales are one of the keys to the Western Area Water Supply Project's ongoing success, as it is one of the first public-private partnerships in North Dakota. The oil industry needs water, and as the population of northwestern North Dakota gradually increases over the next 20 years, we will have excess capacity in the water system. That extra capacity can be sold for industrial purposes and the revenue pays for the public drinking water project. The revenue also decreases the cost to our customers for delivering water to cities and rural areas. Without private industry's participation in this project, we wouldn't have been able to build out the system as quickly to provide high-quality drinking water to more than 60,000 people in five years," says Wirtz.

The cities and rural water associations that are members of WAWSA contributed existing infrastructure, including industrial water depots, for the public purpose and good of this project. HB1020 says if the Industrial Commission study determines that it is feasible and desirable to lease or sell WAWSA's industrial water supply assets, a timeline will be developed to sell or lease the depots.

If the study determines that it is not feasible and desirable to lease or sell WAWSA's industrial water supply assets, WAWSA (with the assistance of the Industrial Commission and the Bank of North Dakota) will repay its debt obligations to the Bank of North Dakota by issuing bonds or utilizing other financing options that are acceptable to the Industrial Commission and Bank of North Dakota.

"Overall, there are a lot of unknowns heading into the 2017-2019 biennium. However, WAWSA remains committed to delivering drinking water to our existing customers and those who are currently waiting for service to be connected to their properties," says Wirtz. ■

2017 LEGISLATIVE SESSION



WAWSA Requested
\$29M



SWC Budget (HB1020) =
\$120M+
for water projects



WAWSA Funding
TBD



Consolidated
3 Loans
Totaling \$89M



WAWSA not obligated to repay principal payments on loans from ND Resources Trust Fund from
July 1, 2017 - June 30, 2018

2.5%

Interest Rate on outstanding balance for previous \$10M loan, after HB1020 goes into effect



ND Industrial Commission will complete a
Feasibility/Desirability Study
on sale or lease of WAWSA industrial depots

WAWSA Spotlight: Mark Owan, Board Chairman



As a third generation farmer on his family's land near Williston, Mark Owan intimately knows the importance of convenient access to drinking water. "Before we received service from the Western Area Water Supply Project, we hauled

water to our property for more than 40 years. As a result of the WAWSA rural expansion, we now have a clean and reliable source of water at the farm. I don't think in my grandparents' wildest dreams, they would have ever imagined water from the City of Williston's treatment plant at the farm," he says.

In addition to farming small grains, canola, and pulse crops, Owan serves as the Western Area Water Supply Authority (WAWSA) Board Chairman. Owan joined the WAWSA Board as a representative of the Williams Rural Water District in 2011 and moved into the Chairman role in January 2014. "I found the idea of a regional public water supply system to be very interesting. Instead of each municipality building a water plant, it makes more sense to lay pipe that will serve people in five counties. It is a more efficient use of resources," explains Owan.

He is also a passionate supporter of the WAWSA business model. "This is a great and unique project because of the cooperative relationship between the private and public sectors. On any given day, there is excess water capacity which can be sold to private industry. This helps pay for the project and reduces the burden on the member entities, such as the Williams Rural Water District. The project helped to accelerate rural water distribution in northwestern North Dakota where it was greatly needed. It also provided a much needed water supply to municipalities that were greatly impacted by the expansion of oil production," says Owan.

Just like the WAWSA distribution system, the Owan family has grown over the past few years. Owan has been married to his wife, Sonya, for over 25 years. The couple has three daughters and a son, Hayden, who recently completed his first year of college. Two daughters, Ashley and Sydney, are married and they have each blessed their parents with two granddaughters. The couple's third daughter, Taylor, will be married this fall. When he isn't tending to his family, crops, or WAWSA Board duties, Owan enjoys camping, fishing, reading, and skiing. ■

Land Restoration & Construction Priorities

Warmer weather means the Western Area Water Supply Authority's (WAWSA) landowner consultants are busy once again with land restoration. WAWSA has a team that is dedicated to ensuring land is restored to property owners' satisfaction. Any properties the team was not able to get to at the end of the construction season last year are top priority.

By the end of June, WAWSA will have used all of the \$80 million allocated to the project for the current biennium. The project's progress from 2017 to 2019 is dependent on the amount of funding that is allocated to the Western Area Water Supply Project by the State Water Commission. The State Water Commission's newly approved budget includes \$120 million for water supply projects across the state.

WAWSA requested \$29 million from the State Water Commission's budget to complete several rural projects over

the next two years. If the \$29 million request is approved by the State Water Commission this summer, WAWSA intends to begin construction on the Spring Creek service area in the McKenzie County Water Resource District, five R&T Water Supply Commerce Authority projects around Stanley and White Earth, a transmission main from the Tioga High Point Reservoir to Stanley, and a Williams Rural Water District project north of Williston that will deliver drinking water to rural residents and bring water infrastructure to Williston's new airport.

Currently, a total of 60,000 people receive drinking water from WAWSA. In addition to rural customers across Burke, Divide, McKenzie, Mountrail, and Williams Counties, residents of Williston, Watford City, Ray, Tioga, Stanley, Wildrose, Crosby, Fortuna, Noonan, Columbus, and Ross also enjoy WAWSA service. ■

WAWSA Rural Expansion: Progress on the Prairie (continued)

“In addition, my very blonde daughter was picked on in grade school for the orange tint her hair took on because of the high iron content in our water. Frequent trips to the hair salon added up quickly on the pocketbook,” he says.

Agriculture is what pays the bills at the Johnson household, but the value of time is also linked to a successful farming season. “Water is a necessity for me to make a living. The last thing I want to do is spend hours working on a well or fixing and patching the results of failed pipe and fixtures.”

Tucked away in Johnson’s yard is the remains of an extremely hard, caustic water well. “I have a stockpile of pressure tanks as I had to replace them every six months because the water was so corrosive it would eat away any metal. Anything that wasn’t copper was destroyed by our well water.” His basement also has ‘scars’ where water lines would break, leaving a mess behind.

“Here’s a sign of progress,” he proclaims as he shares a photo of his new white porcelain sink for the bathroom. “A white fixture is something we never would’ve had before rural water, as it would have turned red in a month.”

“When the neighbors said hooking up to rural water was too expensive, I appreciated their opinion but disagreed with them on so many levels,” Johnson says thoughtfully. “I look back on how much progress we have made in our region of the state, in part because of WAWSA, and I intend to continue to work hard and encourage people to think progressively for the future generations.” ■

WELCOME TO THE BUZZ!

WAWSA, your water provider, sends The Buzz newsletter quarterly to keep our customers informed. If you would prefer to receive The Buzz electronically instead of via mail, please send us an email at WAWSP@WAWSP.com saying you would like The Buzz to be delivered via email and include your full name. You can also “LIKE” the Western Area Water Supply Authority on Facebook!

