



THE BUZZ

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WAWSA Looks to SWC for Continued Progress

As with most regional water systems in North Dakota, the continued progress of the Western Area Water Supply Authority (WAWSA) is dependent on the outcome of the State Water Commission’s budget, HB1020, in the North Dakota State Legislature. WAWSA made project budget cuts and shifted project timing in order to reduce its original request of \$60 million to \$29 million for the 2017-2019 biennium, due to the State’s declining oil and gas revenue.

“It was important to reduce our funding request by more than half, especially in light of the state revenue forecast that was released in early March. Reducing our request was the prudent thing to do,” says Jaret Wirtz, WAWSA Executive Director. When the current biennium ends on June 30, the state treasury projects it will collect \$46 million less than expected. In addition, the treasury expects to bring in \$103 million less than previously forecasted for the period between July 2017 and June 2019.

If WAWSA’s \$29 million request is approved, the funding will focus on providing additional rural users with drinking water, as there are still 600 outstanding rural requests for WAWSA water service. In addition, WAWSA would construct transmission pipelines to key population centers and economic hubs. “WAWSA remains focused on regionalization of water service, rather than creating additional independent and redundant infrastructure

“ WAWSA remains focused on regionalization of water service, rather than creating additional independent and redundant infrastructure throughout northwestern North Dakota.”

-Mark Owan, WAWSA Board President

throughout northwestern North Dakota. We are closely watching HB1020, and hoping legislators continue to see value in the public service we’re providing,” says Mark Owan, WAWSA Board President.

As of January 2017, the project’s total cost is projected to be \$466 million to serve the expanded population projections that have continued to increase over the life of the project. By the end of the present biennium, WAWSA will have used all of the \$80 million allocated to the project. “We really need that \$29 million to make meaningful progress over the next two years. People, especially in rural areas, are waiting for drinking water from WAWSA. I want to make good on our promise to deliver high-quality water to these people,” says Owan. **(Continued on back page.)**

President Trump Signs Waters of the U.S. Executive Order

President Donald Trump issued an Executive Order which directs the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers to review and then rescind or revise the 2015 Clean Water Rule: Definition of “Waters of the United States” (WOTUS) Rule.

“EPA intends to immediately implement the Executive Order and submit a Notice to the Office of the Federal Register announcing our intent to review the 2015 Rule, and then to propose a new rule that will rescind or revise that rule. The President’s action today preserves a federal role in protecting water, but it also restores the states’ important role in the regulation of water,” said Scott Pruitt, EPA Administrator, in a statement.

Critics of WOTUS say it is contrary to the congressional intent of the rule, and it infringes on the ability of the states to regulate their own natural resources. The EPA has noted that WOTUS only applies to the types of waters that have historically been covered under the Clean Water Act, which does not include most ditches, groundwater, shallow subsurface flows, or tile drains. There are some gray areas on wetlands and other semi-permanent or temporary surface water.

North Dakota Senator John Hoeven worked to defund the rule in 2016 and 2017, and the WOTUS Rule was put on hold by the U.S. Court of Appeals for the Sixth Circuit. “The Obama Administration’s Waters of the U.S. rule was a regulatory overreach that would have placed unnecessary burdens on farmers, ranchers and other small businesses in North Dakota and across the nation,” said Sen. Hoeven. “The President’s Executive Order starts the removal of the Obama rule and ensures that we support economic growth, provide regulatory certainty and respect States’ rights.”

The WOTUS rule could affect rural water projects by significantly increasing the number of wetlands falling under federal jurisdiction. An increase in federal jurisdictional wetlands would likely result in project delays and increase project costs for rural residents already paying the highest water rates. WAWSA will continue to watch this issue unfold as it affects the farmers and ranchers it serves, future construction routes, and other areas of WAWSA’s business.

Click [here](#) to view the Federal Register Notice.

HB1020 Would Change Industrial Loans, Add Royalties

If approved as proposed, the State Water Commission’s budget (HB1020), would make drastic changes to WAWSA’s bottom line by affecting its industrial loans and expenses. WAWSA sells water to the oil industry for use in the hydraulic fracturing process and for well maintenance. The revenue is utilized to pay back the loans used to build the WAWSP’s drinking water infrastructure for domestic use.

HB1020 would consolidate three of WAWSA’s industrial loans into a single 20 year variable interest rate loan with the Bank of North Dakota. WAWSA currently has approximately \$63 million in outstanding loans with the Bank of North Dakota. HB1020 would increase that amount to \$83.5 million, by consolidating a \$19.5 million Resources Trust Fund loan into the Bank of North Dakota loan.

The consolidation of WAWSA’s loans would allow the Legislature to take \$19.5 million in cash from the Bank of North Dakota and transfer it to the Resources Trust Fund. That move would make an additional \$19.5 million in funding available for projects in the 2017-2019 biennium.

A water royalty clause was also introduced in HB1020. As currently drafted, private entities that wholesale water for oil and gas development, which includes WAWSA, will be charged \$0.75 per 1,000 gallons (\$0.03/barrel) as a royalty.

“Just as the State of North Dakota has experienced an economic downturn due to reduced oil activity in the Bakken region, WAWSA also faces reduced revenues,” says Jaret Wirtz, WAWSA Executive Director. In 2016, WAWSA’s

overall market share dropped to about 10 percent overall, and less than three percent of the industrial water market.

That’s about a two-thirds reduction in revenue since 2014, when WAWSA grossed \$35.5 million in industrial sales. By comparison, in 2016 WAWSA brought in \$12 million.

As of 2016, WAWSA had 14 percent of the market share, with the other 86 percent of the market held by other public and private entities in the region. WAWSA currently provides temporary and permanent direct water pipeline connections for industrial use and operates nine industrial water depots. “There are no plans to add additional depots at this time,” says Wirtz.

The ND Industrial Commission sets WAWSA’s industrial rates and WAWSA sets its domestic rates. “Keeping rates affordable is a primary goal of WAWSA, and capturing industrial sales is crucial to keeping domestic rates down,” says Wirtz.

“Critics have said our business model of selling water to industry to pay for a public water project is not a good long-term plan. However, the region would have never been able to support the massive growth of people without a creative solution. The project was able to make huge leaps forward by making state and local dollars go further with industrial funding. We continue to work towards meeting the needs of the people we serve and we continue to look at ways to creatively fund and finance important development. It is a matter of resiliency,” says Wirtz. ■

WAWSP PROGRESS

CURRENT PEOPLE

SERVED BY WAWSA



60,000

1 = 10,000 PEOPLE

FUTURE PEOPLE

WHO WILL BENEFIT FROM
THE WAWSP BY 2038



125,000

1 = 10,000 PEOPLE

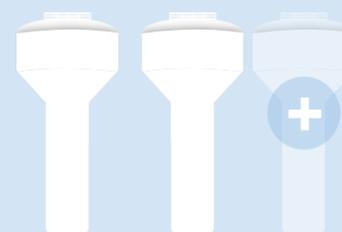
WATER TREATMENT

WILLISTON REGIONAL WTP

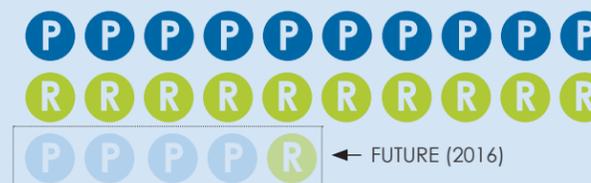
21 MGD

WATER TOWERS

2 WATER TOWERS + 1 FUTURE



PUMP STATIONS & RESERVOIRS



! RESERVOIRS = COMBINED STORAGE OF 10.9MG

P = PUMP STATION R = RESERVOIR

WAWSP MILES OF PIPELINE



1,450+
INSTALLED



305
TO BE CONSTRUCTED

(Continued: WAWSA Looks to SWC for Continued Progress)

The Western Area Water Supply Project (WAWSP) covers all or parts of five counties – Burke, Divide, McKenzie, Mountrail, and Williams Counties. The WAWSP is designed to serve a peak population of 125,000 by the year 2038. Of that peak population, 14,000 are expected to be new rural users.

WAWSA plans to complete several rural projects with its \$29 million request, including the Spring Creek service area in the McKenzie County Water Resource District. WAWSA also wants to begin construction on five R&T Water Supply Commerce Authority projects around Stanley and White Earth, plus a transmission main from the Tioga High Point Reservoir to Stanley. In addition, WAWSA plans to complete 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. “We currently have eight individual projects with 305 miles of pipeline to install,” says Jaret Wirtz, WAWSA Executive Director.

Since the capacity and design of the WAWSP is tied to future population projections, WAWSA closely follows population trends and forecasts, such as the population studies released regularly by North Dakota State University. After NDSU released its most recent population projections for the Bakken region, WAWSA updated the project design to serve a smaller peak population. “We monitor population projections to ensure the system can handle future population growth, without overbuilding it,” says Wirtz.