



2009

# Annual Operating Report

*"...we can one day call the completed project  
one small step for water,  
and one giant leap for the people of North Dakota."*

# Vision

People and business  
succeeding with  
quality water

# Mission

Providing quality  
water for southwest  
North Dakota

Southwest Water Authority does not discriminate on the basis of race, color,  
national origin, sex, religion, age, marital status or disability  
in employment or the provision of services.

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# Organizational Chart



# Southwest Water Authority Board of Directors



**Row One:** Chairperson Loren Myran - Stark County; Vice Chairperson Don Flynn - Bowman County;  
Secretary Darrel Oech - Golden Valley County; Duane Bueligen - Oliver County;  
Larry Bares - City of Dickinson

**Row Two:** Jonathon Eaton - Adams County; James Odermann - Billings County;  
Brian Roth - Grant County; David Juntunen - Slope County

**Row Three:** George Saxowsky - Morton County; John Klein - Mercer County;  
Emanuel Stroh - Dunn County; Ray Bieber - Hettinger County;  
Larry Stang - City of Dickinson

## North Dakota State Water Commission

Governor John Hoeven, Chairman,  
Bismarck, ND

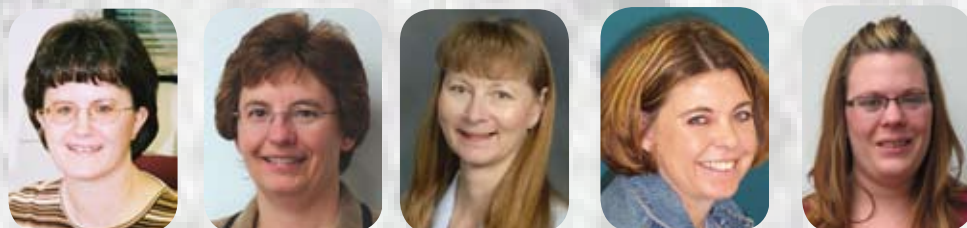
Doug Goehring, Ag Commissioner, Bismarck, ND  
Arne Berg, Devils Lake, ND  
Maurice V. Foley, Minot, ND

Larry L. Hanson, Williston, ND  
Jack Olin, Dickinson, ND

Harley Swenson, Bismarck, ND  
Robert G. Thompson, Page, ND  
Douglas Vosper, Neche, ND



# Our Valued Staff



- Row One:** Mary Massad, Manager/CEO; Bruce Koppinger, Marketing Coordinator; Sandra Burwick, CFO/Office Administrator; Lee Messer, Water Distribution Manager; Andrew Erickson, Jr., Chief WDO; Roger Dick, WTP Manager
- Row Two:** Vickie Ternes, Accountant; Cindy Miller, Customer Service Representative; Carol Schmaltz, Administrative Assistant; Kim Turner, Accountant/Assistant Office Administrator; Rachelle Weiler, Assistant Marketing Coordinator
- Row Three:** Dan Roller, Operations Specialist; Allen Hecker, Assistant Chief WDO; Russ Kostelecky, WDO; Terry Eckelberg, WDO; Clint Scott, WDO
- Row Four:** James Murphy, WDO; Bruce Mulschelknaus, WDO, Elgin; Justin Kohanes, WDO, Beach; Leo Miller, WDMW, Reeder; Toby Turner, WDMW; Robert Meduna, WDMW
- Row Five:** Chuck Magnuson, Maintenance Electrician; Guy Mischel, WTP Operator; Steve Ries WTP Operator; David Lupo, WTP Operator; Kenneth Knight, WTP Operator; John Nadvornick, WTP/WDMW

Definitions: Water Distribution Operator (WDO); Water Treatment Plant (WTP);  
Water Distribution Maintenance Worker (WDMW)

# A Successful Project

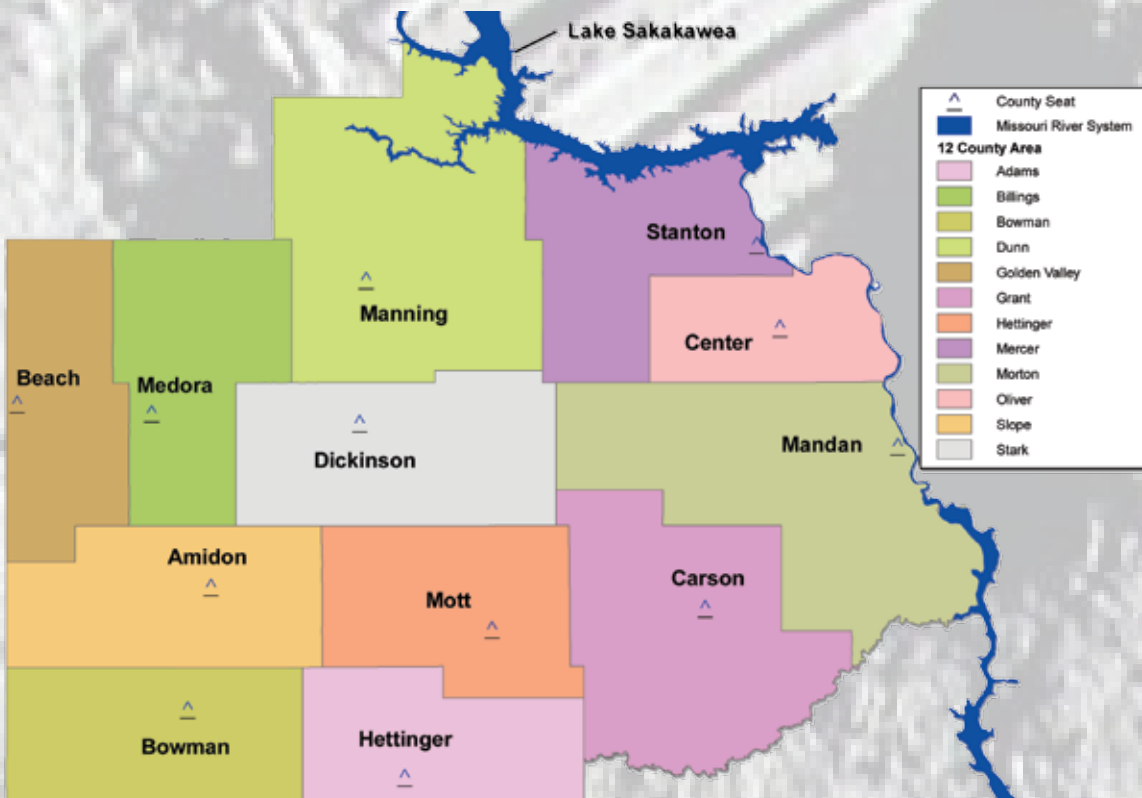
By Dale Frink, ND State Engineer

The Southwest Pipeline Project (SWPP) continues to make strides towards completion, as the Medora, Beach Regional Service Area is now substantially complete. Medora, Beach added over 1,000 miles of pipe, over 1,000 users to the project, took nearly six years to complete and cost \$31 million. The focus and efforts are now entirely on the Oliver, Mercer, North Dunn (OMND) Regional Service Area. Construction began in September of 2009 on the first main transmission pipeline contract taking water from the future site of the OMND Water Treatment Plant to the city of Hazen. A contract is in place for new membranes at the water treatment plant near Zap. Design has also started for the next segment of main transmission line, a potable water reservoir at the treatment plant site and an elevated reservoir to serve the Center Service Area. A sign-up campaign is also underway for the Zap Service Area to be designed in 2010 with construction in 2011. When completed, the OMND Regional Service Area will add more than 1,100 rural users, the cities of Hazen, Stanton and Center, and eight or more other contract users to the system.



Efforts are also underway to provide water from the SWPP for oil development at Dodge and Sentinel Butte in 2010. Although capacity for water to industry was not originally designed into the project, we are also providing water to the Red Trail Ethanol Plant near Richardson. Clearly, the SWPP is a tremendously successful project.

## Service Area 12 Counties



ONE GIANT LEAP FOR THE PEOPLE OF  
NORTH DAKOTA



# Chairperson's Annual Address

By Loren Myran, Chairperson



**ALMOST DUNN...**As we face a new year together with all its challenges, we should consider what we accomplished last year. In 2009, the construction of the Southwest Pipeline Project (SWPP) continued to progress in the Medora, Beach Regional Service Area. In fact, that part of the pipeline is nearly finished and construction will continue on the final phase of the project in May.

In 2010, we will have the opportunity to finally focus our energy on completing the original SWPP construction plan, more specifically, the Oliver, Mercer, North Dunn portion of the project. While many see the project as "good enough," considering the miles of pipeline laid and the number of customers receiving service, the job is still not finished.

More than ever, we have reasons to pursue our vision of, *"People and business succeeding with quality water."* As you know, North Dakota is experiencing tremendous growth in the oil industry. Oil companies drilling in rural areas, specifically in southwest North Dakota, desperately need a consistent source of quality water. On average, drilling rigs use more than one million gallons of water to fracture each well. Fracturing is the drilling process that releases oil trapped in the shale. At present, there are over 100 rigs operating in North Dakota with that number expected to grow.

In addition, as the oil companies recruit more employees to relocate to this area, there will be an additional demand for a reliable source of quality water to serve those new residents.

In closing, finishing construction in the Medora, Beach Regional Service Area is definitely something to celebrate. With the original SWPP construction plan nearing completion, we must now look to the future and search for new opportunities. Providing a consistent source of quality water to the oil industry is a start. Encouraging oil companies to drill will increase oil independence, improve the overall job market, increase the demand for housing and foster an entrepreneurial spirit throughout the entire state. The end result...increased county and state revenues, a win-win for everyone.



# Construction Summary

*By Tim Freije, Project Manager*

Construction of the Final Phase of Medora, Beach Regional Service Area began in 2008 with the Trotters Pocket, Fairfield, Grassy Butte and Killdeer Mountain Service Areas and Fairfield Reservoir all getting underway. Trotters and roughly half of the Fairfield customers were turned over before the end of 2008. The Fairfield Reservoir, the remainder of Fairfield Service Area, Grassy Butte and Killdeer Mountain Service Areas were substantially completed in 2009, adding about 300 rural customers to the project bringing the total to approximately 4,000.



In addition to finishing the Medora, Beach portion of the project, we also continued construction on the final phase of the Oliver, Mercer, North Dunn (OMND) Regional Service Area in 2009. The OMND Regional Service Area will include a new water treatment plant, three communities, eight contract users and over 1,000 rural users. The first segment of pipeline is under construction taking water from the site of the treatment plant to the city of Hazen while also serving Zap and 62 rural users. The membrane system procurement contract was bid and awarded in December and the water treatment plant will be bid in 2010. Water should be delivered in late 2011 or early 2012.



# Mission Critical

By Mary Massad, Manager/CEO



It is with great pleasure I present to you the 2009 Annual Operating Report for the Southwest Water Authority (SWA). There have been many opportunities for growth and many challenges to overcome this past year. The challenge of providing quality water for southwest North Dakota is our ongoing *"mission critical."*

With the final phase of the Southwest Pipeline Project (SWPP) underway, we can easily compare this to the space race in the 1960's to place a man on the moon. We can proudly say we have achieved, *"one small step for water, and one giant leap for the people of North Dakota."* This theme was presented earlier this year in the SWA WaterWorks Newsletter. In that same newsletter, we thanked Senator Dorgan for the unprecedented funding he helped secure for the SWPP. With a sad, but grateful heart, we also acknowledged Senator Dorgan's decision to not seek re-election in the coming year. It has been through his efforts and the support of Senator Conrad and Congressman Pomeroy that the SWPP has received nearly \$40 million in Municipal, Rural and Industrial Funds, both through annual appropriations and American Recovery and Reinvestment Act funding.

Construction is nearly complete in Phase III of the Medora, Beach Regional Service Area. Also, this past year, construction continued in the Oliver, Mercer, North Dunn Regional Service Area, the final phase of the SWPP. The second contract and first main transmission line construction contract has been awarded and is underway. Membrane procurement and final design of the water treatment plant, to be located north of Zap, are underway, as well.

This was a busy legislative year. SB 2193 was introduced to expand the authority and extend the mill levy for SWA. With support throughout the state, the measure passed. The mill levy, scheduled to sunset in 2010, will now continue through 2020. The expanded authority includes the ability to study and further develop water resources to provide adequate water supplies for energy, industrial, agricultural and additional opportunities in southwest North Dakota.

HB 1278, as originally proposed, was to remove the city of Mandan from SWA. However, it was amended during the session to include representation from the city of Mandan on the board of directors. We look forward to welcoming and working with the new director after the primary election in June of 2010.

HB 1020 was the appropriation's bill for the North Dakota State Water Commission (SWC). SWA fully supported this legislation and invited southwest North Dakota residents to testify supporting the need for a reliable source of quality water. Another bill, SB 2336, created the Water-Related Topics Overview Committee. This interim legislative committee meets quarterly and will continue to do so through November 30, 2013.

It is through the combined efforts of many that we are able to provide this region with our most precious resource...water. I would like to thank Governor Hoeven and his staff, the North Dakota State Legislature, the SWC and state engineer, the congressional delegation and their staff, USDA and USDA-Rural Development, the Bureau of Reclamation, Garrison Diversion Conservancy District, the North Dakota Water Coalition and the North Dakota Rural Water Systems Association, the board of directors, staff and consultants for SWA, as well as the people of this great state for their unwavering commitment to water.

Remember, every drop counts. Completing the SWPP will be, *"one small step for water, one giant leap for the people of North Dakota."*



# Background

The Southwest Water Authority (SWA), a political subdivision, was established by the North Dakota State Legislature in 1991 to manage, operate and maintain the Southwest Pipeline Project (SWPP). SWA is currently governed by a 14-member board of directors representing the following 12 counties Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope and Stark located in the SWPP Service Area. There are also two members elected to represent the city of Dickinson. In July, 2010, the board will increase in size to 15 members with new representation from the city of Mandan.

The SWPP, a state-owned project, administered by the North Dakota State Water Commission and operated and maintained by SWA, transports raw water from Lake Sakakawea to Dickinson where it is treated and delivered to the project's customers in southwest North Dakota and Perkins County, South Dakota.

For 24 years, the SWPP has been constructing an efficient network of pipelines, pump stations, reservoirs, and treatment facilities bringing southwest North Dakota an adequate quantity of quality water. To date, 28 communities, approximately 4,000 rural service locations, 14 small businesses, 15 raw water customers and Perkins County Rural Water System in South Dakota, are served by the pipeline.

In 2009, the construction of the Fairfield Service Area, the Grassy Butte Service Area and the Killdeer Mountain Pocket in northern Dunn County were substantially completed. A total of 308 customers were turned over for service.

The project pumped a total of 1,515,262,400 gallons of water from Lake Sakakawea in 2009. This is a decrease of 101,804,700 gallons from 2008. Potable water delivered in 2009 to contract customers was 1,131,923,600 gallons and 202,011,000 gallons were used by rural customers for a total of 1,333,934,600 gallons. Potable water used by contractors during construction totaled 9,496,200 gallons. Total raw water delivered in 2009 was 135,319,000 gallons. The water delivered to the end user was 96.96% of the total water pumped from Lake Sakakawea by the SWPP.

SWA purchases water from Missouri West Water System for delivery to customers in the Tower Hill, Junction Inn and Crown Butte Pockets of Morton County. Total potable water delivered to these customers in 2009 was 8,997,700 gallons.

SWA also purchases water from the city of Beulah to deliver to the city of Zap and to the rural customers in the Beulah Interim Service Area. Total potable water delivered to these customers in 2009 was 9,996,400 gallons; including 6,697,700 gallons to the city of Zap and 3,298,700 gallons to rural customers.





# Mill Levy Report

<b>2009 Mill Levy Income</b>					<b>\$257,554.80</b>
	<b>Board of Directors</b>	<b>Administration</b>	<b>Easement</b>	<b>Sign-Up</b>	<b>Total</b>
Per Diem/Salaries	\$41,751.00	\$229,871.22	\$38,746.84	\$38,746.82	\$349,115.88
Benefits/Payroll Taxes	4,056.61	73,013.99	17,771.60	17,770.56	112,612.76
Professional Fees	47,062.95	63,032.03	0.00	8,455.00	118,549.98
Supplies	3,450.59	3,844.92	936.65	1,014.44	9,246.60
Repairs	0.00	6,452.56	422.12	422.07	7,296.75
Travel	36,453.73	8,937.39	2,504.59	2,033.04	49,928.75
Telephone/Internet	4,991.52	2,406.18	2,302.86	2,230.65	11,931.21
Insurance	6,576.00	1,975.57	0.00	0.00	8,551.57
Printing and Promotion	10,440.05	31,498.64	1,043.80	1,265.29	44,247.78
Postage	1,630.01	2,315.66	202.16	202.51	4,350.34
Dues and Subscriptions	12,447.77	7,134.85	496.00	0.00	20,078.62
Development/Education	4,467.00	2,644.24	964.43	104.43	8,180.10
Depreciation	1,327.73	8,688.26	4,005.24	4,008.39	18,029.62
Miscellaneous	19,600.00	348.85	20.63	20.62	19,990.10
<b>Total</b>	<b>\$194,254.96</b>	<b>\$442,164.36</b>	<b>\$69,416.92</b>	<b>\$76,273.82</b>	<b>\$782,110.06</b>
<b>Revenue Necessary from Other Sources</b>					<b>\$524,555.26</b>

# Operations and Maintenance Report

Weather played a key role in operations and maintenance activities for the water distribution staff in 2009. Winter provided near record snowfall to many areas and the ensuing spring flooding created several problems in the distribution system. Most notable were the loss of two service lines due to bank erosion of the Knife River near Beulah, and a change of the river channel through an oxbow of the Little Missouri River south of Medora. Service to affected customers was eventually restored as replacement pipelines were bored under the respective rivers. Runoff from the spring snow melt also created problems with trench erosion and settlement in many areas, particularly new construction areas where trenches were most susceptible. We thank customers, landowners and local residents for notifying us of these issues.

Summer brought cooler temperatures and more rain than we have been accustomed to over the last several years, thereby providing a measure of relief through reduced demand for water. However, on July 8, a tornado tore through the southern part of Dickinson and the surrounding countryside, disrupting electric service to several of our facilities. Many distribution operators worked long hours to ensure water service was maintained through the use of portable and stationary generators.

With the passage of each year, newly constructed pipeline contracts and related facilities, combined with subsequent customer hookups in established areas, create additional operations and maintenance requirements. To meet these needs, it is sometimes necessary to upgrade technology and equipment. Of particular note this past year was the completion of the Phase I upgrade to the Supervisory Control and Data Acquisition (SCADA) telemetry system which provides automatic control of pumping stations and reservoir water levels. The Phase I upgrade included replacement of the Central Transmitting Unit and Remote Transmitting Units at the Dodge and Richardson raw water pumping stations. Simultaneously, the SCADA telemetry system at the Water Treatment Plant was upgraded to provide each system the ability to link to one another. These upgrades were completed during the first two weeks in July, requiring considerable coordination between distribution and treatment staffs and the telemetry contractor to ensure operations would not be disrupted during a typically high usage time period.

Other noteworthy improvements were the installation of two Variable Frequency Drive (VFD) pumps in the New Hradec Booster Pump Station and the addition of a second VFD pump in the West Medora Booster Pump Station. The New Hradec pumps provide downstream customers with improved pressure, particularly during peak usage periods, while the West Medora pump provides backup should the first pump fail.

In compliance with the Environmental Protection Agency's Stage 2 Disinfectants and Disinfection Byproducts Rule, monitoring plans were completed for four of the five public water systems under Southwest Water Authority management. The Beulah Interim Service Area was excluded as it will cease to exist prior to first sampling requirements. To meet rule requirements, an extensive hydraulic model was completed for each system to determine water age and identify locations that would potentially have high Total Trihalomethane or Halocetic Acid levels.

# Water Treatment Report

2009 was a year full of activities at the Water Treatment Plant (WTP). At the top of the list was the conclusion of the pilot study during the first two months of the year. The goal was to determine if ultrafiltration (UF) and reverse osmosis (RO) would be effective treatment processes for the new Oliver, Mercer, North Dunn Regional Service Area WTP. Bartlett & West Inc./AECOM Technical Services Inc. (BW/AECOM), our consulting engineers, issued a pilot study summary in April which concluded it was indeed possible to produce excellent drinking water by using UF/RO with Lake Sakakawea water. Membrane systems procurement ensued and the bid was awarded in December. Final design for the WTP building is underway, with construction scheduled to begin in 2010.

BW/AECOM was called upon to do an assessment of the WTP during 2008 and their report was issued in early 2009. A number of immediate, secondary and long-term needs were listed along with many other recommendations. We are in the early stages of addressing some of the immediate priorities such as basin and filter rehabilitation, scraper drive replacement and internal coating for one of the clearwells.

A new chloramine analyzer was put into service in February and it has become a valuable tool in optimizing the disinfection process. Chlorine is combined with ammonia to form chloramines for disinfection, but nitrification can occur if too much "free" ammonia is added. Since the analyzer monitors ammonia continuously, the amount of free ammonia can be kept to a minimum.

A new lime slaking system was installed in March. Southwest Water Authority (SWA) staff added wiring and plumbing which allows the flexibility to use the new slaker with both softening basins. Chemical metering pumps that had been in service for over 22 years were replaced with new peristaltic pumps. Other items worth noting were the installation of Variable Frequency Drives (VFD) on all of the high service pumps and the addition of anthracite to the filters. The WTP also benefitted from a major telemetry upgrade in July. Hardware and software upgrades at the WTP allowed full viewing of the entire Supervisory Control and Data Acquisition Telemetry System, as well as new features and capabilities within the WTP.

The two-year Cryptosporidium, Giardia and E. coli monitoring program that began in 2008 continued throughout 2009 and will conclude in early 2010. Test results have been very satisfactory. This is important because additional treatment will be required if Cryptosporidium is detected in the raw water in sufficient numbers. High treatment costs may be incurred if additional treatment is needed. Unregulated Contaminant Monitoring Rule 2 monitoring wrapped up in 2009. Ten unregulated contaminants were monitored for one year and none of them were detected. Radionuclide testing also took place during the year with satisfactory results.

The SWA also presented its 11th Annual Drinking Water Quality Report (also known as the Consumer Confidence Report) to the customers served by our WTP and its 3rd Annual Report to our customers in the three Morton County Service Areas and the Beulah Interim Service Area. These reports contain important information about our drinking water and are available at [www.swa.swc.state.nd.us](http://www.swa.swc.state.nd.us). All five systems were in compliance with the Environmental Protection Agency's regulations.

The WTP treated 1,400,917,000 gallons of raw water during 2009. Each treatment chemical, its main purpose and amount used is listed below:

- |   |  |
|---|--|
| • Lime (CaO): Softening (1,475,649 lbs.)  | • Phosphate ( $K_4O_7P_2$ ): Corrosion inhibitor (23,411 lbs.)     |
| • Carbon Dioxide ( $CO_2$ ): pH adjustment (428,424 lbs.)                                       | • Fluoride ( $H_2SiF_6$ ): Reduction of dental caries (9,931 lbs.) |
| • Flocculant: Anionic emulsion added as a clarification aid (1,749 lbs.)                        | • Ammonium Sulfate ( $(NH_4)_2SO_4$ ): Disinfection (12,326 lbs.)  |
| • Aluminum Sulfate ( $Al_2(SO_4)_3$ ): Cationic coagulant added for clarification (52,525 lbs.) | • Chlorine ( $Cl_2$ ): Disinfection (51,716 lbs.)                  |

The WTP discharged approximately 800,000 gallons of sludge, which is a combination of chemicals added and impurities removed from the raw water.

## Treatment Definitions

- |                                |   |
|--------------------------------|---|
| floc-cu-lant \flä-ky-lent\ n:  | substance that causes particles to form larger lumps or masses.   |
| cat-ion-ic \kat-i-ä-nik\ adj:  | an ion or group of ions having a positive charge and characteristically moving toward the negative electrode in electrolysis. |
| co-ag-u-lant \ko-a-gy-lent\ n: | an agent that causes liquids or solids to coagulate.  |



# Service 2009

## Treated Water Users

## Gallons Used

Alliance Ag Co-op.....	1,500
Assumption Abbey.....	1,157,300
Baker Boy.....	2,096,900
Beach.....	44,760,900
Belfield.....	27,119,500
Billings County.....	765,700
Carson.....	8,092,800
Dickinson.....	642,600,500
Dickinson Research Center.....	608,300
Dodge.....	2,803,000
Dunn Center.....	2,919,600
Elgin.....	16,734,800
Gladstone.....	5,977,900
Glen Ullin.....	23,581,000
Golden Valley.....	5,667,900
Golva.....	2,220,100
Halliday.....	11,198,800
Hebron.....	21,870,600
Hettinger.....	52,833,700
Home on the Range.....	561,600
Dean Karsky.....	2,040,200
Manning.....	1,562,500
McKenzie County Grazing Assn.....	109,300
Medora.....	14,758,200
Missouri Basin.....	3,171,000
Molt.....	24,059,600
Molt Grain.....	899,100
New England.....	22,666,300
New Hradec.....	1,101,200
New Leipzig.....	6,039,800
Perkins County Rural Water.....	119,772,200
Prairie Learning Center.....	1,742,700
Reeder.....	4,633,700
Regent.....	6,384,900
Richardton.....	17,163,300
Sacred Heart Monastery.....	585,000
Scranton.....	12,933,600
Sentinel Butte.....	2,446,900
South Heart.....	9,798,600
Steffes Manufacturing.....	1,384,100
Taylor.....	4,123,000
West Medora Campground.....	976,000
Rural Usage.....	202,011,000
Construction.....	9,496,200
<b>Total Treated Water.....</b>	<b>1,343,430,800</b>

## Raw Water Users

## Gallons Used

Assumption Abbey.....	136,500
Haas, C.B. "Buck".....	468,100
Hueske, Ken.....	351,900
Jurgens Farms.....	228,000
Lorenz, Ervin.....	103,000
Lorenz, Fred.....	220,900
Moline, Dale and Sue.....	88,700
Neurohr, Dan.....	34,600
Perhus Brothers 1.....	7,500
Perhus Brothers 2.....	115,100
Perhus Brothers 3.....	3,100
Perhus Brothers 4.....	21,600
Red Trail Energy.....	133,365,000
Sacred Heart Monastery.....	175,000
<b>Total Raw Water.....</b>	<b>135,319,000</b>

## Beulah Interim

## Gallons Used

Zap.....	6,697,700
Rural.....	3,298,700
<b>Total Beulah Interim.....</b>	<b>9,996,400</b>

## MWWS\*

## Gallons Used

Rural.....	8,997,700
<b>Total MWWS.....</b>	<b>8,997,700</b>

**Total Water..... 1,497,743,900**

\*Missouri West Water System

ONE GIANT LEAP FOR THE PEOPLE OF  
NORTH DAKOTA

# Independent Auditor's Report



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

Note: This is not a complete set of financial statements. A complete set is available at the Southwest Water Authority Office.

To the Board of Directors  
Southwest Water Authority  
Dickinson, North Dakota

We have audited the accompanying financial statements of the business-type activities of Southwest Water Authority, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Southwest Water Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Southwest Water Authority management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Southwest Water Authority, as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2010 on our consideration of Southwest Water Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD & A) on pages 3 through 7 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supporting schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Brady, Martz

BRADY, MARTZ & ASSOCIATES, P.C.

March 18, 2010



**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Management's Discussion and Analysis**

**December 31, 2009 and 2008**

As management of the Southwest Water Authority, we offer readers of the Southwest Water Authority's financial statements this narrative overview and analysis of the financial activities of the Southwest Water Authority for the fiscal years ended December 31, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with Southwest Water Authority's financial statements and footnotes, which are presented within this report.

**Financial Highlights**

The assets of the Southwest Water Authority totaled \$13,912,763 as of the end of the year 2009 compared with \$14,017,942 as of the end of the year 2008. This is a decrease in total assets of \$105,179. The liabilities totaled \$1,080,463 for 2009 compared with \$1,107,011 for 2008. The net assets exceeded its liabilities at the close of the most recent fiscal year by \$12,832,300. This compares with the year ending December 31, 2008 by \$12,910,931 for a decrease in net assets of \$78,631.

The majority of assets are in the form of cash and cash equivalents in the form of short-term CD's as well as investments held at the American Investment Center.

Assets held in the Trust Department at the American Investment Center total \$8,497,847 at year-end compared with \$7,270,928 at year-end of 2008. The amount that is the Replacement and Extraordinary Maintenance Fund is \$7,332,901 at year-end compared with \$6,371,359 at year-end 2008. This is an increase of \$961,542. The North Dakota Legislature established the Replacement and Extraordinary Maintenance Fund when the Southwest Pipeline Project was authorized. This fund was created to cover costs of an extraordinary nature and/or to replace parts of an aging distribution system. It is funded by water customers system wide. The current rate is \$.35 per 1,000 gallons sold to all customers. In addition, \$.10 per 1,000 gallons sold to rural customers is also collected for the rural distribution system. The fees are deposited on a monthly basis into this fund.

The amount in the Escrow Fund is \$457,206 at year-end compared with \$400,742 at year-end 2008. This is an increase of \$56,464. Of this amount, \$282,382 is restricted. This compares with \$360,445 as of year-end 2008, which is a decrease of \$78,063. These are the hookup fees paid by customers who sign up for water. When water becomes available, the hookup fees are recognized as revenue. If, however, the Southwest Water Authority is unable to serve these individuals, the hookup fees must be refunded.

Total cash in bank as of the end of the year is \$2,980,910 compared with \$4,081,474 at the end of 2008. This is a decrease of \$1,100,564. This is made up of checking and money market accounts as well as certificates of deposit.

The liabilities total \$1,080,463 for 2009 compared with \$1,107,011 at year-end 2008. This is a decrease in liabilities of \$26,548. Of this amount, \$653,193 is current liabilities mostly in the form of accounts payable. This compares with 2008 ending balance of \$612,157 in current liabilities. This is an increase of current liabilities of \$41,036. The long-term liabilities total \$427,270 at year-end compared with \$494,854 at year-end 2008. Of this amount, \$282,382 is deferred revenue for year-end 2009 compared with \$360,445 year-end 2008. Deferred revenue or hookup fees are held in escrow for customers who have signed up for water service with the Southwest Pipeline Project. When service becomes available, these funds will be released and will then be recognized as revenue. If the Southwest Pipeline Project is unable to provide water service, these hookup fees will be refunded to the individual. Also included in long-term liabilities for 2009 are rental deposits from tenants/customers of \$88,250, compared with \$89,727 for year-end 2008.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Southwest Water Authority's basic financial statements. The Southwest Water Authority's basic financial statements comprise four components: 1) Balance Sheet, 2) Statement of Revenues, Expenses and Changes in Net Assets, 3) Statement of Cash Flows and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Southwest Water Authority's finances, in a manner similar to a private-sector business.

The *balance sheet* presents information on all of the Southwest Water Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Southwest Water Authority is improving or deteriorating.



**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Management's Discussion and Analysis - Continued**

**December 31, 2009 and 2008**

**CONDENSED BALANCE SHEETS**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Unrestricted current assets	\$ 5,173,821	\$ 6,145,885
Restricted noncurrent assets	7,928,890	7,142,929
Capital assets	<u>810,052</u>	<u>729,128</u>
 Total Assets	 <u>\$ 13,912,763</u>	 <u>\$ 14,017,942</u>
 <b>LIABILITIES</b>		
Current Liabilities	\$ 653,193	\$ 612,157
Long-term liabilities	<u>427,270</u>	<u>494,854</u>
 Total liabilities	 <u>1,080,463</u>	 <u>1,107,011</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	810,052	729,128
Restricted net assets	7,928,890	7,142,929
Unrestricted net assets	<u>4,093,358</u>	<u>5,038,874</u>
 Total Net Assets	 <u>12,832,300</u>	 <u>12,910,931</u>
 Total Liabilities and Net Assets	 <u>\$ 13,912,763</u>	 <u>\$ 14,017,942</u>

**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Management's Discussion and Analysis - Continued**

**December 31, 2009 and 2008**

The *Statement of Revenues, Expenses, and changes in Net Assets* presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

	2009	2008
<b>Operating revenues:</b>		
Sales	\$ 6,459,759	\$ 6,340,479
Hook up fee transfers	103,708	135,649
Other	94,757	142,123
<b>Total operating revenues</b>	<b>6,658,224</b>	<b>6,618,251</b>
<b>Operating expenses:</b>		
Transmission	3,445,604	2,818,842
Distribution	2,052,625	1,795,187
Board of directors	194,257	177,967
Administrative	442,165	376,365
Easement acquisition	69,418	73,759
Rural water sign-up	76,273	83,816
Customer service	98,798	77,854
Treatment	923,371	871,202
<b>Total operating expenses</b>	<b>7,302,511</b>	<b>6,274,992</b>
<b>Operating income (loss)</b>	<b>(644,287)</b>	<b>343,259</b>
<b>Nonoperating revenue:</b>		
Property taxes	257,555	236,071
Unrealized gain/(loss) on investments	(100,020)	72,001
Investment income	408,121	479,727
<b>Total nonoperating revenue</b>	<b>565,656</b>	<b>787,799</b>
<b>Change in net assets</b>	<b>(78,631)</b>	<b>1,131,058</b>
<b>Total net assets - beginning of year</b>	<b>12,910,931</b>	<b>11,779,873</b>
<b>Total net assets - end of year</b>	<b>\$ 12,832,300</b>	<b>\$ 12,910,931</b>

**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Management's Discussion and Analysis - Continued**

**December 31, 2009 and 2008**

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Southwest Water Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Southwest Water Authority has one fund, an enterprise fund. The enterprise fund is for the Operations and Maintenance of the Southwest Pipeline Project. The main sources of revenue for this fund are from the sale of water and from a mill levy that is levied by the Southwest Water Authority in the amount of one mill in each of the twelve counties that are a part of the Southwest Water Authority.

The revenues from the sale of water totaled \$6,459,759 compared with \$6,340,479 for 2008. This is an increase in revenues of \$119,280. The net losses for each department are transmission net loss of \$245,980, distribution net loss of \$1,859 and treatment net loss of \$111,804. This compares with net loss by department for 2008 of transmission net income of \$48,570, distribution net income of \$97,389 and treatment net loss of \$52,354.

The mill levy generated income of \$257,555 for 2009 compared with \$236,071 for the year 2008. This is an increase of \$21,484. The administration activities had a net income of \$5,866 compared with a net income of \$89,770 for 2008. Administration includes activities for the board of directors, administration, sign up and easements.

The actual revenues and expenses were within the overall budget. Revenues were within budgeted numbers for the year without any significant variance. The revenues were less than 2% of projections and the expenses were within reason of the budget parameters by being under budget within 6%.

The Southwest Water Authority sold a total of 1,497,743,900 gallons of water in 2009 compared with 1,597,024,000 gallons of water in 2008. This is a decrease of 99,280,100 gallons from 2008. This is 8.56% under the projection for the year of 1,638,000,000 gallons.

**Requests for Information**

This financial report is designed to provide a general overview of the Southwest Water Authority's finances for all those with an interest in the Southwest Water Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chief Financial Officer, Southwest Water Authority, 4665 Second Street SW, Dickinson, ND 58601-7231. You can also contact the Southwest Water Authority online at [swa@swwater.com](mailto:swa@swwater.com) or visit on the web at [www.swa.swc.state.nd.us](http://www.swa.swc.state.nd.us).



**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Balance Sheets**

**December 31, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 561,564	\$ 1,120,784
Investments	3,758,120	4,267,838
Receivables:		
Accounts (net of allowance of \$5,739 and \$6,165 in 2009 and 2008, respectively)	522,915	424,649
Interest	27,253	38,565
Prepaid expenses	40,913	24,633
Inventory	263,056	269,416
Total current assets	<u>5,173,821</u>	<u>6,145,885</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	535,401	714,335
Investments	7,332,901	6,371,359
Interest receivable	60,588	57,235
Capital Assets:		
Land	7,657	7,657
Improvements, furniture and equipment, net	802,395	721,471
Total noncurrent assets	<u>8,738,942</u>	<u>7,872,057</u>
Total Assets	<u>\$ 13,912,763</u>	<u>\$ 14,017,942</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 393,374	\$ 389,812
Due to ND State Water Commission	21,154	16,524
Accrued salaries	108,422	96,201
Compensated absences, current portion	80,304	69,395
Accrued expenses	49,939	40,225
Total current liabilities	<u>653,193</u>	<u>612,157</u>
Long-term Liabilities		
Compensated absences, net of current portion	56,638	44,682
Deferred revenue	282,382	360,445
Rental/customer deposits	88,250	89,727
Total long-term liabilities	<u>427,270</u>	<u>494,854</u>
Total liabilities	<u>1,080,463</u>	<u>1,107,011</u>
Net Assets		
Invested in capital assets, net of related debt	810,052	729,128
Restricted for replacement	7,928,890	7,142,929
Unrestricted	4,093,358	5,038,874
Total Net Assets	<u>12,832,300</u>	<u>12,910,931</u>
Total Liabilities and Net Assets	<u>\$ 13,912,763</u>	<u>\$ 14,017,942</u>

**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**Statements of Revenues, Expenses and Changes in Fund Net Assets**

**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Operating revenues:</b>		
Sales	\$ 6,459,759	\$ 6,340,479
Hook up fee transfers	103,708	135,649
Other	<u>94,757</u>	<u>142,123</u>
<b>Total operating revenues</b>	<u>6,658,224</u>	<u>6,618,251</u>
<b>Operating expenses:</b>		
Transmission	3,445,604	2,818,842
Distribution	2,052,625	1,795,187
Board of directors	194,257	177,967
Administrative	442,165	376,365
Easement acquisition	69,418	73,759
Rural water sign-up	76,273	83,816
Customer service	98,798	77,854
Treatment	<u>923,371</u>	<u>871,202</u>
<b>Total operating expenses</b>	<u>7,302,511</u>	<u>6,274,992</u>
<b>Operating income (loss)</b>	<u>(644,287)</u>	<u>343,259</u>
<b>Nonoperating revenue:</b>		
Property taxes	257,555	236,071
Unrealized gain/(loss) on investments	(100,020)	72,001
Investment income	<u>408,121</u>	<u>479,727</u>
<b>Total nonoperating revenue</b>	<u>565,656</u>	<u>787,799</u>
<b>Change in net assets</b>	<u>(78,631)</u>	<u>1,131,058</u>
<b>Total net assets - beginning of year</b>	<u>12,910,931</u>	<u>11,779,873</u>
<b>Total net assets - end of year</b>	<u><u>\$ 12,832,300</u></u>	<u><u>\$ 12,910,931</u></u>

# SWPP Timeline

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>PROJECTS</b>																				
West River Diversion																				
SW Area Water Supply																				
Southwest Pipeline Project																				
<b>ORGANIZATIONS</b>																				
West River Water Supply District																				
West River Joint Board																				
Southwest Water Authority (Nonprofit)																				
Southwest Water Authority (Political Subdivision)																				
<b>FUNDING (In Millions)</b>																				
State Resources Trust Fund																				
Garrison Diversion MR&I																				
Natural Resources Conservation Service																				
Revenue Bonds																				
USDA - Rural Development (Loans)																				
USDA - Rural Development (Grants)																				
Drinking Water State Revolving Loan Fund																				
Water Development Trust Fund																				
<b>TOTAL</b>													23.60				7.38	8.33	6.67	2.65

Location of Water Treatment Plant																				
Rural Water Integration																				
Service to Dickinson																				
Service Beyond Dickinson																				
Transfer of Operations to SWA																				
USDA-Rural Dev. Funds and Rev. Bonds																				
Garrison MR&I Funding																				
SB 2188 Passed																				
State Funding Bowman-Scranton Phase																				
State Funding Medora-Beach Phase																				
State & USDA Funding Medora-Beach Phase II																				
State & USDA Funding Medora-Beach Phase III																				
SB 2193 Passed																				
Stimulus Funding for OMND WTP																				
Received MR&I Funding, First Time Since 1999																				

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
<b>PROJECTS</b>																				
West River Diversion																				
SW Area Water Supply																				
Southwest Pipeline Project																				
<b>ORGANIZATIONS</b>																				
West River Water Supply District																				
West River Joint Board																				
Southwest Water Authority (Nonprofit)																				
Southwest Water Authority (Political Subdivision)																				
<b>FUNDING (In Millions)</b>																				
State Resources Trust Fund																				
Garrison Diversion MR&I																				
Natural Resources Conservation Service																				
Revenue Bonds																				
USDA - Rural Development (Loans)																				
USDA - Rural Development (Grants)																				
Drinking Water State Revolving Loan Fund																				
Water Development Trust Fund																				
<b>TOTAL</b>	5.36	6.93	5.98	11.00	9.64	7.57	5.32	10.79	4.14	8.18	5.76	6.65	5.99	4.93	4.40	7.82	4.28	10.73	6.66	180.76



Per 1,000 Gallons

User	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	User Total
Missouri Basin	544.4	71.0	282.8	222.0	222.5	259.5	259.4	125.6	186.3	346.5	184.3	466.7	3,171.0
Mott	1,754.2	1,852.1	1,780.3	2,001.3	1,926.2	2,312.8	2,385.0	2,148.2	2,038.5	1,833.8	2,181.6	1,845.6	24,059.6
Mott Grain	0.0	0.0	0.0	0.0	177.0	325.3	251.2	37.8	18.4	56.1	0.4	32.9	899.1
New England	1,960.1	2,367.6	2,230.7	1,483.2	1,814.1	2,353.2	3,028.6	1,951.7	1,823.4	1,032.5	1,514.9	1,106.3	22,666.3
New Hradec	89.8	93.6	93.3	105.5	91.9	106.0	115.1	85.9	92.4	76.1	81.1	70.5	1,101.2
New Leipzig	452.2	482.9	605.6	447.3	437.5	536.7	704.7	502.8	577.5	482.2	454.4	356.0	6,039.8
PCRWS**	8,006.0	10,696.2	9,020.9	13,235.7	11,050.9	11,334.1	13,271.5	9,757.8	10,136.0	7,807.9	8,807.2	6,648.0	119,772.2
PLC***	110.5	131.0	147.9	163.2	136.8	178.1	146.8	125.4	196.8	122.0	145.2	139.0	1,742.7
Reeder	276.8	426.3	397.4	312.7	329.7	431.8	483.1	392.2	505.6	280.5	466.7	330.9	4,633.7
Regent	362.6	384.2	375.6	403.7	542.1	778.4	797.0	593.7	699.3	503.8	505.0	439.5	6,384.9
Richardton	1,171.0	1,205.4	1,217.1	1,270.4	1,345.2	1,589.7	1,946.8	2,007.1	1,666.0	1,212.8	1,381.6	1,150.2	17,163.3
Sacred Heart	41.0	52.0	47.0	46.0	46.0	46.0	56.0	60.0	67.0	48.0	43.0	33.0	585.0
Scranton	656.5	738.9	637.6	774.0	1,189.1	1,537.2	1,240.7	1,426.0	1,462.6	1,015.4	1,243.3	1,012.3	12,933.6
Sentinel Butte	166.9	294.4	143.7	161.6	155.1	304.2	241.1	181.7	186.6	140.6	317.2	153.8	2,446.9
South Heart	653.0	654.6	611.6	728.5	791.6	907.5	1,197.3	1,002.9	1,250.0	646.8	727.3	627.5	9,798.6
Steffes	164.5	203.4	138.7	105.2	93.3	122.7	73.7	107.8	77.2	127.9	62.8	106.9	1,384.1
Taylor	336.0	323.0	307.0	302.0	292.0	391.0	429.0	362.0	484.0	307.0	315.0	275.0	4,123.0
WMCG****	19.0	17.0	11.0	17.0	61.0	161.0	282.0	238.0	115.0	17.0	19.0	19.0	976.0
<b>Monthly Total</b>	<b>76,386.2</b>	<b>84,327.3</b>	<b>79,751.6</b>	<b>87,787.6</b>	<b>88,871.9</b>	<b>108,577.3</b>	<b>133,682.7</b>	<b>113,622.6</b>	<b>123,517.2</b>	<b>78,433.1</b>	<b>85,800.3</b>	<b>71,165.8</b>	<b>1,131,923.6</b>

#### Beulah Interim Potable Water Contract

User	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	User Total
Zap	453.7	578.1	536.0	576.3	597.2	600.5	780.4	613.9	536.4	425.0	568.6	431.6	6,697.7
<b>Monthly Total</b>	<b>453.7</b>	<b>578.1</b>	<b>536.0</b>	<b>576.3</b>	<b>597.2</b>	<b>600.5</b>	<b>780.4</b>	<b>613.9</b>	<b>536.4</b>	<b>425.0</b>	<b>568.6</b>	<b>431.6</b>	<b>6,697.7</b>
<b>Grand Total</b>	<b>76,839.9</b>	<b>84,905.4</b>	<b>80,287.6</b>	<b>88,363.9</b>	<b>89,469.1</b>	<b>109,177.8</b>	<b>134,463.1</b>	<b>114,236.5</b>	<b>124,053.6</b>	<b>78,858.1</b>	<b>86,368.9</b>	<b>71,597.4</b>	<b>1,138,621.3</b>

Per 1,000 Gallons

\*MCGA - McKenzie County Grazing Assn

\*\*PCRWS - Perkins County Rural Water System

\*\*\*PLC - Prairie Learning Center

\*\*\*\*WMCG - West Medora Campground

# Rates 2009

The water rate for rural customers in 2009 consisted of a minimum payment of \$41.10 per month and included 2,000 gallons of water. The rate for water use in excess of the 2,000 gallons was \$3.65 per thousand gallons. On July 1, 2002, Southwest Water Authority implemented a volume discount for rural customers, reducing water rates from \$3.65 to \$2.65 on usage over 10,000 gallons. Also, customers with pasture taps received a rate reduction, from \$3.65 to \$2.65 on water usage in excess of 60,000 gallons, billed annually.

## Rural Customers Under 10,000 Gallons

Treatment .....	\$0.60
Transmission Operations and Maintenance .....	\$1.05
Transmission Replacement .....	\$0.35
Transmission Reserve .....	\$0.07
Distribution Operation and Maintenance .....	\$1.33
Distribution Replacement .....	\$0.10
Distribution Reserve .....	\$0.15
<b>Total.....</b>	<b>\$3.65</b>

## Rural Customers Over 10,000 Gallons

Treatment .....	\$0.60
Transmission Operation and Maintenance .....	\$0.72
Transmission Replacement .....	\$0.35
Distribution Operation and Maintenance .....	\$0.88
Distribution Replacement .....	\$0.10
<b>Total .....</b>	<b>\$2.65</b>

The standard rural minimum fee (\$41.10) is broken into three separate components: meter fee, capital repayment, operations and maintenance. The capital repayment (\$32.13) and meter fee (\$5.00) portions of the minimum are used to pay the interest and principal on the Series A and Series B Bonds, with the remaining balance paid to the Resources Trust Fund. These bonds help fund construction. After two years, the meter fee is paid to the operations and maintenance fund, covering capital and routine operations and maintenance costs. The final portion of the monthly minimum (\$3.97) is for the operation and maintenance fund to cover fixed costs.

The 2009 rate for demand contract customers was \$4.15 per 1,000 gallons of potable water.

## Demand Contract Customers

Treatment .....	\$0.60
Transmission Operation and Maintenance .....	\$1.05
Transmission Replacement and Extraordinary Maintenance .....	\$0.35
Capital Repayment .....	\$1.05
Demand Charge .....	\$1.05
Transmission Reserve .....	\$0.05
<b>Total .....</b>	<b>\$4.15</b>

The 2009 rate for contract customers was \$3.12 per 1,000 gallons of potable water.

## Contract Customers

Treatment .....	\$0.60
Transmission Operation and Maintenance .....	\$1.05
Transmission Replacement and Extraordinary Maintenance .....	\$0.35
Capital Repayment .....	\$1.05
Transmission Reserve .....	\$0.07
<b>Total .....</b>	<b>\$3.12</b>

The raw water contract rate was \$2.54 per 1,000 gallons of water. Raw water customers do not pay for the cost of treatment.



# Rates 2010

## Rural Rates

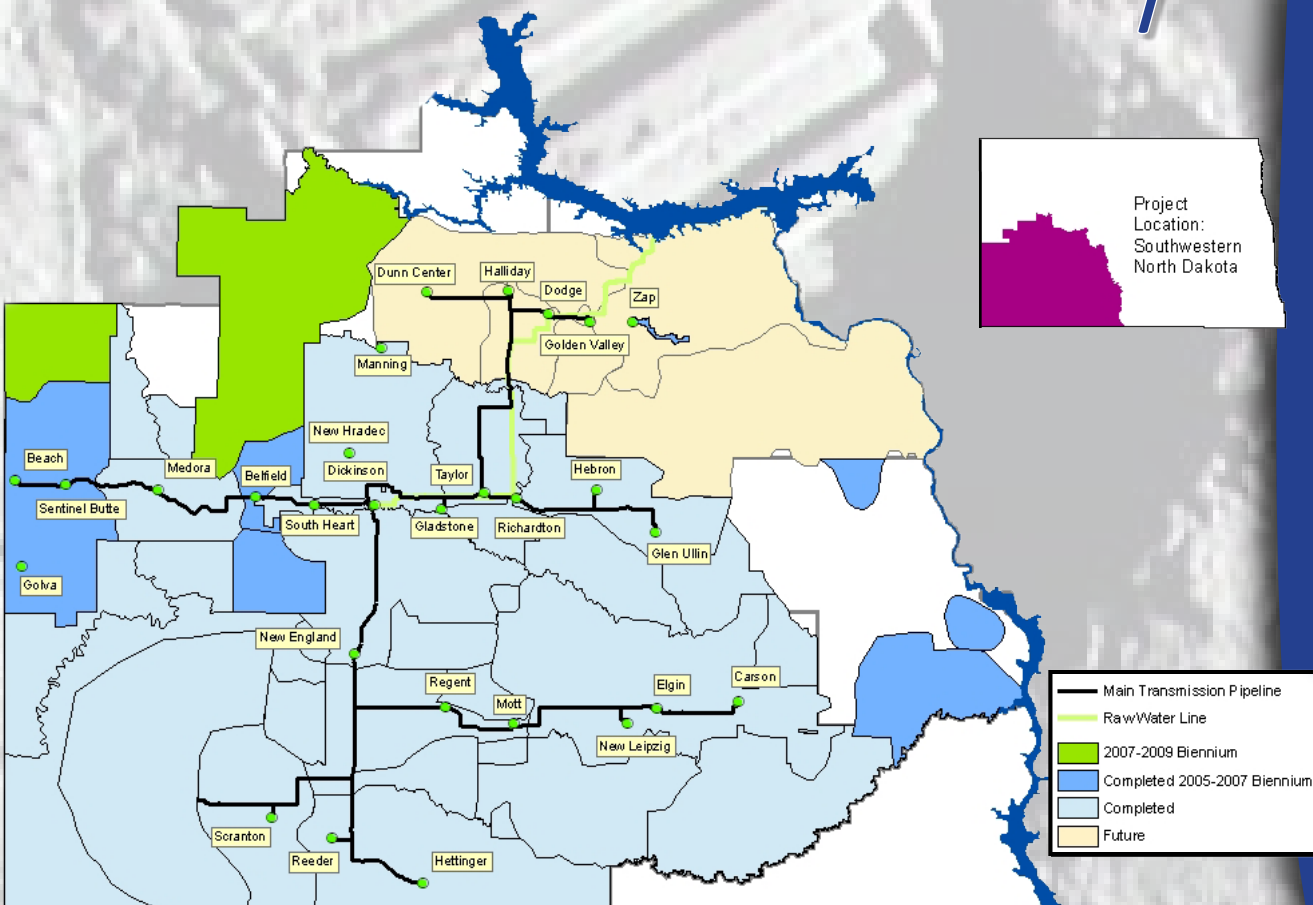
The rural monthly minimum remains the same at \$41.10 and includes 2,000 gallons of water with a monthly meter reading. The rural monthly minimum includes capital repayment (\$31.65), meter fee (\$5.00), and operations and maintenance (\$4.45). The capital repayment amount is tied to the Consumer Price Index and adjusted annually by the North Dakota State Water Commission. Capital repayment was decreased by \$0.48.

The rural customer rate per 1,000 gallons has increased to \$3.70 up to 10,000 gallons and over 10,000 gallons has increased to \$2.70. Country Club Estates, located near Beulah, and several other rural customers will not receive the volume discount of \$2.70 until service can be provided to the Oliver, Mercer, North Dunn (OMND) Regional Service Area from the OMND Water Treatment Plant.

## Contract Customers

There will be a rate increase for contract and demand customers for 2010. The demand contract customer rate is \$4.20 per 1,000 gallons of potable water. The contract customer rate is \$3.17 per 1,000 gallons of potable water. Treatment was increased by \$0.05 for demand and contract customers. The raw water contract rate will remain the same at \$2.54 per 1,000 gallons of water.

## Southwest Pipeline Project Construction Map



# Water Service Contracts

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Alliance Ag Co-op	1,200.00	\$1,260.00	\$720.00	\$84.01	\$420.00	\$1,259.99	\$0.00	\$3,744.00
Assumption Abbey	1,157.30	\$1,215.18	\$694.38	\$57.88	\$405.07	\$1,215.18	\$1,215.18	\$4,802.87
Baker Boy	2,096.90	\$2,201.70	\$1,258.14	\$146.77	\$733.95	\$2,201.78	\$0.00	\$6,542.34
Beach	44,760.90	\$46,998.98	\$26,856.54	\$3,133.25	\$15,666.35	\$46,998.98	\$0.00	\$139,654.10
Belfield	27,119.50	\$28,475.50	\$16,271.70	\$1,898.37	\$9,491.85	\$28,475.50	\$0.00	\$84,612.92
Billings County	1,200.00	\$1,259.99	\$720.00	\$84.00	\$420.02	\$1,260.00	\$0.00	\$3,744.01
Carson	8,092.80	\$8,497.47	\$4,855.68	\$566.50	\$2,832.51	\$8,497.47	\$0.00	\$25,249.63
Dickinson	642,600.50	\$674,730.54	\$385,560.30	\$44,982.04	\$224,910.19	\$674,730.54	\$0.00	\$2,004,913.61
Dickinson Research	1,200.00	\$1,260.00	\$720.00	\$60.00	\$420.00	\$1,260.00	\$1,260.00	\$4,980.00
Dodge	2,803.00	\$2,943.15	\$1,681.80	\$196.21	\$981.05	\$2,943.15	\$0.00	\$8,745.36
Dunn Center	2,919.60	\$3,065.62	\$1,751.76	\$204.37	\$1,021.90	\$3,065.62	\$0.00	\$9,109.27
Elgin	16,734.80	\$17,571.58	\$10,040.88	\$1,171.43	\$5,857.22	\$17,571.58	\$0.00	\$52,212.69
Gladstone	5,901.30	\$6,196.38	\$3,540.78	\$413.09	\$2,065.47	\$6,196.38	\$0.00	\$18,412.10
Glen Ullin	23,581.00	\$24,760.08	\$14,148.60	\$1,650.68	\$8,253.38	\$24,760.08	\$0.00	\$73,572.82
Golden Valley	5,667.90	\$5,951.32	\$3,400.74	\$396.76	\$1,983.79	\$5,951.32	\$0.00	\$17,683.93
Golva	2,220.10	\$2,331.14	\$1,332.06	\$111.04	\$777.07	\$2,331.14	\$2,331.14	\$9,213.59
Halliday	11,198.80	\$11,758.78	\$6,719.28	\$783.91	\$3,919.62	\$11,758.78	\$0.00	\$34,940.37
Hebron	21,870.60	\$22,964.15	\$13,122.36	\$1,530.96	\$7,654.73	\$22,964.15	\$0.00	\$68,236.35
Hettinger	52,833.70	\$55,475.40	\$31,700.22	\$3,698.37	\$18,491.81	\$55,475.40	\$0.00	\$164,841.20
Home on the Range	1,200.00	\$1,260.00	\$720.00	\$60.00	\$420.00	\$1,260.00	\$1,260.00	\$4,980.00
Karsky Dairy	2,040.20	\$2,142.19	\$1,224.12	\$142.80	\$714.09	\$2,142.22	\$0.00	\$6,365.42
Manning	1,562.50	\$1,640.65	\$937.50	\$78.15	\$546.90	\$1,640.65	\$1,640.65	\$6,484.50
McKenzie County Grazing	300.00	\$315.00	\$180.00	\$21.00	\$105.00	\$315.00	\$0.00	\$936.00
Medora	14,758.20	\$15,496.16	\$8,854.92	\$1,033.07	\$5,165.42	\$15,496.16	\$0.00	\$46,045.73
Missouri Basin	3,171.00	\$3,329.50	\$1,902.60	\$221.99	\$1,109.88	\$3,329.56	\$0.00	\$9,893.53
Mott	24,059.60	\$25,262.60	\$14,435.76	\$1,684.17	\$8,420.88	\$25,262.60	\$0.00	\$75,066.01
Mott Grain	1,200.00	\$1,259.99	\$720.00	\$84.01	\$420.01	\$1,260.00	\$0.00	\$3,744.01
New England	22,666.30	\$23,799.65	\$13,599.78	\$1,586.64	\$7,933.24	\$23,799.65	\$0.00	\$70,718.96
New Hradec	1,101.20	\$1,156.30	\$660.72	\$55.10	\$385.46	\$1,156.30	\$1,156.30	\$4,570.18
New Leipzig	6,039.80	\$6,341.82	\$3,623.88	\$422.79	\$2,113.96	\$6,341.82	\$0.00	\$18,844.27
PCRWS*	119,722.20	\$125,760.84	\$71,863.32	\$8,384.05	\$41,920.30	\$0.00	\$0.00	\$247,928.51
PLC**	1,742.70	\$1,829.80	\$1,045.62	\$122.00	\$609.96	\$1,829.85	\$0.00	\$5,437.23

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Reeder	4,633.70	\$4,865.42	\$2,780.22	\$324.37	\$1,621.83	\$4,865.42	\$0.00	\$14,457.26
Regent	6,384.90	\$6,704.17	\$3,830.94	\$446.95	\$2,234.74	\$6,704.17	\$0.00	\$19,920.97
Richardton	17,163.30	\$18,021.48	\$10,297.98	\$1,201.44	\$6,007.17	\$18,021.48	\$0.00	\$53,549.55
Sacred Heart	585.00	\$614.25	\$351.00	\$29.25	\$204.75	\$614.25	\$614.25	\$2,427.75
Scranton	12,933.60	\$13,580.31	\$7,760.16	\$905.35	\$4,526.79	\$13,580.31	\$0.00	\$40,352.92
Sentinel Butte	2,443.90	\$2,566.12	\$1,466.34	\$171.07	\$855.39	\$2,566.12	\$0.00	\$7,625.04
South Heart	9,798.60	\$10,288.56	\$5,879.16	\$685.91	\$3,429.54	\$10,288.56	\$0.00	\$30,571.73
Steffes	1,384.10	\$1,453.23	\$830.46	\$96.89	\$484.47	\$1,453.34	\$0.00	\$4,318.39
Taylor	4,123.00	\$4,329.15	\$2,473.80	\$288.61	\$1,443.05	\$4,329.15	\$0.00	\$12,863.76
WMCG**	976.00	\$1,024.80	\$585.60	\$48.80	\$341.60	\$1,024.80	\$1,024.80	\$4,050.40
<b>Total</b>	<b>1,135,198.50</b>	<b>\$1,191,958.95</b>	<b>\$681,119.10</b>	<b>\$79,264.05</b>	<b>\$397,320.41</b>	<b>\$1,066,198.45</b>	<b>\$10,502.32</b>	<b>\$3,426,363.28</b>

**Total From Raw Water Contracts**

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Assumption Abbey	136.50	\$143.35	\$0.00	\$12.30	\$47.80	\$143.35	\$0.00	\$346.80
C.B. "Buck" Haas	499.50	\$524.49	\$0.00	\$44.94	\$174.84	\$524.52	\$0.00	\$1,268.79
Ken Hueske	351.90	\$369.51	\$0.00	\$31.68	\$123.18	\$369.51	\$0.00	\$893.88
Ervin Lorenz	103.00	\$108.16	\$0.00	\$9.27	\$36.06	\$108.16	\$0.00	\$261.65
Fred Lorenz	220.90	\$231.97	\$0.00	\$19.87	\$77.34	\$231.97	\$0.00	\$561.15
Dale Moline	100.00	\$105.01	\$0.00	\$9.01	\$35.01	\$105.01	\$0.00	\$254.04
Dan Neurohr	100.00	\$105.01	\$0.00	\$9.00	\$35.01	\$105.01	\$0.00	\$254.03
Perhus Brothers 1	100.00	\$105.01	\$0.00	\$9.01	\$35.01	\$105.01	\$0.00	\$254.04
Perhus Brothers 2	115.10	\$120.87	\$0.00	\$10.37	\$40.30	\$120.87	\$0.00	\$292.41
Perhus Brothers 3	100.00	\$105.01	\$0.00	\$9.00	\$35.01	\$105.01	\$0.00	\$254.03
Perhus Brothers 4	100.00	\$105.01	\$0.00	\$9.01	\$35.01	\$105.01	\$0.00	\$254.04
Red Trail Energy	160,000.00	\$168,000.04	\$0.00	\$14,400.00	\$56,000.04	\$168,000.01	\$0.00	\$406,400.09
Robert Jurgens	500.00	\$525.00	\$0.00	\$45.00	\$175.00	\$525.00	\$0.00	\$1,270.00
Sacred Heart	500.00	\$525.00	\$0.00	\$45.00	\$175.00	\$525.00	\$0.00	\$1,270.00
<b>Total</b>	<b>162,926.90</b>	<b>\$171,073.44</b>	<b>\$0.00</b>	<b>\$14,663.46</b>	<b>\$57,024.61</b>	<b>\$171,073.44</b>	<b>\$0.00</b>	<b>\$413,834.95</b>

**Total Beulah Interim Service Contract**

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Zap	6,697.70	\$9,979.58	\$0.00	\$870.71	\$3,013.99	\$7,032.61	\$0.00	\$20,896.89
<b>Total</b>	<b>6,697.70</b>	<b>\$9,979.58</b>	<b>\$0.00</b>	<b>\$870.71</b>	<b>\$3,013.99</b>	<b>\$7,032.61</b>	<b>\$0.00</b>	<b>\$20,896.89</b>
<b>Grand Total</b>	<b>1,304,823.10</b>	<b>\$1,373,011.97</b>	<b>\$681,119.10</b>	<b>\$94,798.22</b>	<b>\$457,359.01</b>	<b>\$1,244,304.50</b>	<b>\$10,502.32</b>	<b>\$3,861,095.12</b>
+ Per 1,000 Gallons Billed ++ Operations and Maintenance								



# Rate History

**Contract Water Rate:** Rates shown are for constant flow service.

Demand flow customers pay double the capital repayment portion of the water rate.

	1992	1993	1994	1995	1996	1997	1998	1999	2000
O&M	\$0.80	\$0.50	\$0.60	\$0.67	\$0.81	\$0.85	\$0.83	\$0.88	\$0.91
Treatment	\$0.56	\$0.64	\$0.69	\$0.65	\$0.55	\$0.55	\$0.52	\$0.56	\$0.53
REM	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.35	\$0.35
Capital Repayment	\$0.62	\$0.68	\$0.70	\$0.72	\$0.74	\$0.76	\$0.78	\$0.79	\$0.80
Reserve Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05	\$0.15
<b>Total</b>	<b>\$2.28</b>	<b>\$2.12</b>	<b>\$2.29</b>	<b>\$2.34</b>	<b>\$2.40</b>	<b>\$2.46</b>	<b>\$2.43</b>	<b>\$2.63</b>	<b>\$2.74</b>

	2001	2002	2003	2004	2005	2006	2007	2008	2009
O&M	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05
Treatment	\$0.53	\$0.53	\$0.53	\$0.55	\$0.55	\$0.55	\$0.60	\$0.60	\$0.60
REM	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Capital Repayment	\$0.83	\$0.85	\$0.87	\$0.89	\$0.91	\$0.94	\$0.98	\$1.00	\$1.05
Reserve Fund	\$0.20	\$0.20	\$0.18	\$0.14	\$0.12	\$0.09	\$0.09	\$0.07	\$0.07
<b>Total</b>	<b>\$2.96</b>	<b>\$2.98</b>	<b>\$2.98</b>	<b>\$2.98</b>	<b>\$2.98</b>	<b>\$2.98</b>	<b>\$3.07</b>	<b>\$3.07</b>	<b>\$3.12</b>

	2010
O&M	\$1.06
Treatment	\$0.65
REM	\$0.35
Capital Repayment	\$1.04
Reserve Fund	\$0.07
<b>Total</b>	<b>\$3.17</b>

**Rural Water Rates:** From July, 2002, to December, 2006, rural usage greater than 10,000 gallons per month was billed at a rate of \$2.60 per 1,000 gallons. From January, 2007, to December, 2009, rural usage greater than 10,000 gallons per month was billed at a rate of \$2.65 per 1,000 gallons. From January, 2010, to December, 2010, rural usage greater than 10,000 gallons per month will be billed at a rate of \$2.70 per 1,000 gallons.

**Rural Monthly Minimum:** These prices include 2,000 gallons of water from 1997 to 2010.

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
\$25.00	\$25.00	\$25.00	\$26.95	\$28.00	\$33.90	\$33.90	\$35.10	\$35.80	\$37.55
2002	2003	2004	2005	2006	2007	2008	2009	2010	
\$38.25	\$38.25	\$38.25	\$38.25	\$38.25	\$39.45	\$39.45	\$41.10	\$41.10	

**Rural Water Rates:** Per 1,000 Gallons.

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
\$2.50	\$2.50	\$2.50	\$2.50	\$2.55	\$2.55	\$2.59	\$3.05	\$3.15	\$3.60
2002	2003	2004	2005	2006	2007	2008	2009	2010	
\$3.60	\$3.60	\$3.60	\$3.60	\$3.60	\$3.65	\$3.65	\$3.65	\$3.70	

**Potable Water:** These numbers do not include construction water. Amounts below are listed in 1,000 gallons.

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
655,640	523,308	612,163	697,411	806,175	826,590	908,168	823,340	1,001,669	1,030,755
2002	2003	2004	2005	2006	2007	2008	2009		
1,066,537	1,119,869	1,113,088	1,133,512	1,388,361	1,366,208	1,422,334	1,352,929		

# Rural Water Usage History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1995	638,000	722,000	797,000	841,000	934,000	1,282,000	1,601,000	1,708,000	1,822,000	1,531,000	1,839,000	2,130,000	15,845,000
1996	2,674,000	2,513,000	3,001,000	3,096,000	2,994,000	3,537,000	4,435,000	4,829,000	5,598,000	4,342,000	4,026,400	5,328,000	46,373,400
1997	4,508,000	4,513,300	3,876,400	4,383,300	4,642,000	5,516,800	6,041,300	6,136,200	5,623,200	6,124,000	4,679,100	4,853,000	60,896,600
1998	5,213,600	5,108,300	4,694,500	4,889,400	5,105,200	7,228,400	5,945,000	7,279,200	6,742,300	6,672,900	6,136,000	4,776,100	69,790,900
1999	5,627,700	5,355,100	4,912,600	6,081,700	5,589,900	6,078,700	7,307,200	8,430,100	7,579,700	7,742,800	6,717,200	7,047,500	78,470,200
2000	7,567,600	7,178,100	6,538,000	7,618,300	7,979,600	8,979,700	8,886,400	9,147,300	10,089,100	10,638,200	7,627,100	7,166,100	99,415,500
2001	7,566,100	7,182,800	6,803,000	7,199,700	7,890,200	9,377,700	8,687,300	8,853,700	10,633,300	10,084,400	7,364,200	7,860,900	99,503,300
2002	8,803,100	7,351,300	7,367,300	8,452,700	8,591,300	11,816,800	12,067,400	12,878,000	11,186,900	16,109,900	9,111,700	8,463,100	122,199,500
2003	9,747,700	9,030,800	8,645,200	8,999,500	10,030,800	12,353,200	12,869,800	14,851,300	14,823,500	19,743,800	10,257,100	9,372,700	140,725,400
2004	10,499,300	9,838,200	8,627,700	9,678,100	11,882,600	12,985,500	15,676,800	14,729,100	14,405,200	19,217,100	10,106,100	9,765,600	147,411,300
2005	10,438,000	9,806,900	9,593,300	11,043,100	11,416,100	13,780,800	13,786,700	14,552,400	16,177,400	24,084,600	11,281,500	10,926,200	156,887,000
2006	10,776,500	10,172,100	10,680,600	11,034,400	12,665,800	18,998,700	21,531,000	20,735,000	19,695,200	28,022,600	11,186,500	11,873,900	187,372,300
2007	12,497,800	11,560,700	11,039,200	12,102,600	14,103,500	16,218,600	17,820,500	23,819,000	17,055,500	30,487,300	14,029,500	12,925,100	193,659,300
2008	13,256,200	12,979,800	12,662,100	13,831,600	15,257,600	19,691,600	22,704,700	21,999,800	22,500,900	40,761,800	13,149,000	14,159,700	222,954,800
2009	14,782,400	11,839,600	11,280,700	14,287,900	14,710,300	18,129,000	19,826,900	17,906,800	18,429,600	34,945,500	12,820,500	13,051,800	202,011,000
<b>Missouri West Water System (MWWS) Rural Water Usage History (Purchased from MWWS)</b>													
2006	0	0	0	0	0	0	0	2,600	42,800	237,000	132,600	96,700	511,700
2007	315,500	147,600	236,300	278,000	303,000	356,600	376,500	920,500	383,400	1,783,300	629,200	315,200	6,045,100
2008	529,400	445,600	479,400	501,200	543,500	499,600	703,900	625,200	687,500	3,574,500	370,100	432,200	9,392,100
2009	561,800	308,300	338,200	434,900	324,500	687,200	531,100	611,500	499,400	3,806,500	329,400	564,900	8,997,700
<b>Beulah Interim Service Rural Water Usage History (Purchased from the city of Beulah)</b>													
2006	0	0	0	0	0	0	0	0	0	0	0	19,600	19,600
2007	54,300	62,700	54,200	67,800	89,600	146,600	182,400	312,000	209,200	481,900	160,400	198,700	2,019,800
2008	155,400	167,200	125,500	160,800	193,300	310,100	490,700	421,000	507,700	588,300	168,800	151,300	3,440,100
2009	235,300	141,200	170,900	170,300	210,900	217,000	316,000	337,300	653,300	490,900	186,400	169,200	3,298,700
<b>2009 Total</b>	<b>15,579,500</b>	<b>12,289,100</b>	<b>11,789,800</b>	<b>14,893,100</b>	<b>15,245,700</b>	<b>19,033,200</b>	<b>20,674,000</b>	<b>18,855,600</b>	<b>19,582,300</b>	<b>39,242,900</b>	<b>13,336,300</b>	<b>13,785,900</b>	<b>214,307,400</b>

# Annual Capital Repayment

Capital repayment is a portion of the water rate charged by Southwest Water Authority to pay back the cost of construction of the pipeline. In 1982, a study determined that due to economic constraints in southwest North Dakota there would be a limit to the amount customers could pay in order to cover the cost of construction. Since capital repayment is based on the ability to pay, the portion of the rate designated for capital repayment is indexed to the Consumer Price Index and adjusted annually.

For all contract customers, the capital repayment rate is based upon a per 1,000 gallons charge. For all rural customers, the capital repayment rate is a portion of the monthly minimum payment. This money is paid monthly to the North Dakota State Water Commission or the bond bank.

Below is a chart showing the payment history of capital repayment by water users throughout the system:

	1991-1992	1993	1994	1995	1996
Contract	\$224,065.00	\$190,433.00	\$292,997.00	\$408,563.00	\$418,179.77
Rural	0.00	\$5,540.00	\$7,475.00	\$95,616.00	\$316,814.38
<b>Total</b>	<b>\$224,065.00</b>	<b>\$195,973.00</b>	<b>\$300,472.00</b>	<b>\$504,179.00</b>	<b>\$734,994.15</b>

	1997	1998	1999	2000	2001
Contract	\$487,828.22	\$568,497.91	\$580,865.33	\$634,275.73	\$751,392.41
Rural	\$370,085.00	\$347,293.46	\$445,131.91	\$524,952.50	\$556,470.52
<b>Total</b>	<b>\$857,913.22</b>	<b>\$915,791.37</b>	<b>\$1,025,997.24</b>	<b>\$1,159,228.23</b>	<b>\$1,307,862.93</b>

	2002	2003	2004	2005	2006
Contract	\$800,159.52	\$861,015.31	\$846,041.48	\$897,289.69	\$1,067,345.59
Rural	\$630,004.66	\$718,768.94	\$774,667.77	\$809,668.64	\$881,134.67
<b>Total</b>	<b>\$1,430,164.18</b>	<b>\$1,579,784.25</b>	<b>\$1,620,709.25</b>	<b>\$1,706,958.33</b>	<b>\$1,948,480.26</b>

	2007	2008	2009	Total
Contract	\$1,244,385.61	\$1,269,698.28	\$1,255,131.37	\$12,798,164.22
Rural	\$1,063,680.25	\$1,184,034.70	\$1,363,856.74	\$10,095,195.14
<b>Total</b>	<b>\$2,308,065.86</b>	<b>\$2,453,732.98</b>	<b>\$2,618,988.11</b>	<b>\$22,893,359.36</b>



# Replacement and Extraordinary Maintenance Fund

In 1981, the North Dakota Legislature established the Replacement and Extraordinary Maintenance (REM) Fund when the Southwest Pipeline Project (SWPP) was authorized. This fund was created to cover costs of an extraordinary nature or for replacement parts as the SWPP ages. Disbursements from this account have to meet specific criteria and be approved by the North Dakota State Water Commission (SWC) and the SWA Board of Directors.

A portion of the water rate charged by Southwest Water Authority (SWA) is for REM. It is based on a per 1,000 gallons of water billed. The REM rate is one of the components of the rate structure that is paid by all customers, both contract and rural.

Originally, the rate was set at \$.30 per 1,000 gallons of water sold, but in 1998 a rate study was completed to determine the fairness and correctness of the rate structure. At that time, it was determined that in order to meet the needs of extraordinary maintenance of the pipeline in the future, the rate for the REM Fund should be increased to \$.35 per 1,000 gallons and has remained this amount since 1999.

When SWA took over operations and maintenance of the SWPP from the North Dakota SWC in 1996, an account was established to track REM Funds separately, as well as to comply with the North Dakota Century Code. The following table summarizes account activity:

	1991-1995	1996	1997	1998	1999	2000
Beginning Balance	0	\$735,372	\$1,016,563	\$1,315,966	\$1,630,497	\$2,002,873
Contributions						
Contract	727,434	230,837	234,566	254,697	298,472	320,454
Rural	7,938	17,899	22,994	27,361	33,369	43,850
Interest	0	22,006	56,919	83,945	98,511	121,376
Dividends	0	13,025	6,524	9,070	5,601	9,137
Fiduciary Fees	0	(2,575)	(4,655)	(6,105)	(7,302)	(8,602)
Disbursements	0	0	(16,945)	(54,438)	(56,275)	(174,195)
<b>Ending Balance</b>	<b>\$735,372</b>	<b>\$1,016,563</b>	<b>\$1,315,966</b>	<b>\$1,630,497</b>	<b>\$2,002,873</b>	<b>\$2,314,893</b>

	2001	2002	2003	2004	2005
Beginning Balance	\$2,314,893	\$2,804,274	\$3,301,016	\$3,835,485	\$4,220,502
Contributions					
Contract	329,448	333,308	346,330	335,340	347,808
Rural	44,066	53,121	62,334	67,709	64,725
Interest	127,292	160,258	150,883	188,652	198,149
Dividends	16,575	4,016	3,985	2,279	5,633
Fiduciary Fees	(9,552)	(12,177)	(14,190)	(15,845)	(17,417)
Disbursements	(18,448)	(41,784)	(14,874)	(193,119)	(31,754)
<b>Ending Balance</b>	<b>\$2,804,274</b>	<b>\$ 3,301,016</b>	<b>\$ 3,835,485</b>	<b>\$4,220,502</b>	<b>\$4,787,646</b>

	2006	2007	2008	2009	Total
Beginning Balance	\$4,787,646	\$5,338,238	\$6,141,750	\$7,004,573	
Contributions					
Contract	425,777	467,831	472,933	457,040	5,582,275
Rural	82,115	90,793	106,858	101,620	826,752
Interest	202,716	258,201	295,859	329,085	2,293,853
Dividends	8,203	8,335	12,461	1,943	106,788
Fiduciary Fees	(19,135)	(21,648)	(25,288)	(28,918)	(193,410)
Disbursements	(149,084)	0	0	0	(750,914)
<b>Ending Balance</b>	<b>\$5,338,238</b>	<b>\$6,141,750</b>	<b>\$7,004,573</b>	<b>\$7,865,343</b>	<b>\$7,865,343</b>

# Phased Development Plan

## Final Development Phase:

Oliver, Mercer, North Dunn Phase.....North

## SWPP Funding Sources

### State Funding (in millions of dollars)

Resources Trust Fund.....	\$ 58.18
Water Development Trust Fund.....	\$ 8.56
<b>Subtotal.....</b>	<b>\$ 66.74</b>

### Grants

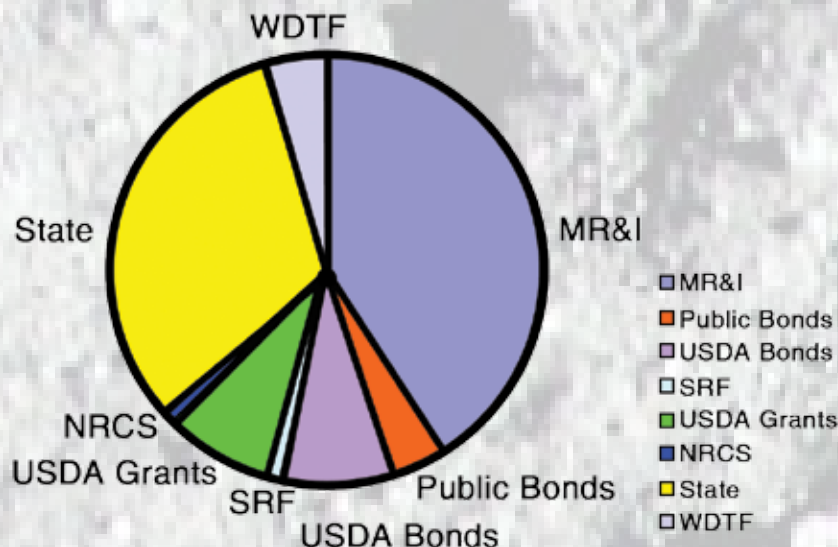
Garrison Diversion Conservancy District	
Municipal Rural & Industrial Fund.....	\$ 73.76
USDA-Rural Development.....	\$ 15.09
Natural Resources Conservation Service PL566.....	\$ 0.93
<b>Subtotal.....</b>	<b>\$ 89.78</b>

### State Bonds Repaid by Users

Public Revenue Bonds.....	\$ 7.04
USDA-Rural Development.....	\$ 15.70
ND Drinking Water Revolving Loan Fund.....	\$ 1.50
<b>Subtotal.....</b>	<b>\$ 24.24</b>

**Total Funding.....\$180.76**

**SWPP FUNDING SOURCES**  
\$180.76 Million as of 12/31/09



# Electric Power Usage

Southwest Water Authority (SWA) purchases power from the federal government for main transmission pumping facilities throughout the system. These expenses are identified as Western Area Power Administration (WAPA) costs. Local utility companies then supply or distribute the power to each location. These expenses are identified as wheeling costs. SWA pays the local utility companies to wheel the power provided by WAPA.

Below is a chart illustrating the total power usage for 2009 at these locations:

Location	1994	1995	1996	1997	1998	1999
Intake PS	1,645,820	1,855,579	2,192,366	2,129,824	2,302,460	2,334,674
Richardton PS	956,087	1,070,952	1,250,174	1,241,108	1,347,075	1,378,141
Dickinson PS	21,299	343,654	495,616	495,618	752,435	831,898
Dodge PS	47,820	238,364	386,470	385,973	405,366	384,563
Jung Lake PS	0	0	0	0	24,331	187,528
Bucyrus PS	0	0	0	0	223,039	128,217
<b>Total</b>	<b>2,671,026</b>	<b>3,508,549</b>	<b>4,324,626</b>	<b>4,252,523</b>	<b>5,054,706</b>	<b>5,245,021</b>

Location	2000	2001	2002	2003	2004
Intake PS	2,573,895	2,661,280	2,771,644	2,930,468	2,909,556
Richardton PS	1,485,588	1,550,685	1,630,154	1,724,962	1,688,295
Dickinson PS	940,441	1,036,288	1,128,038	1,241,497	1,241,087
Dodge PS	429,567	454,764	548,086	612,649	566,817
Jung Lake PS	236,441	315,255	380,975	450,324	461,738
Bucyrus PS	127,212	139,462	136,942	136,226	139,823
WTP	223,935	312,018	324,991	322,634	323,419
Burt PS	23,803	87,630	93,624	97,740	97,593
Scranton PS	0	0	29,326	59,815	53,329
Fryburg PS	0	0	0	0	29,680
Beach PS	0	0	0	0	25,059
<b>Total</b>	<b>6,040,882</b>	<b>6,557,382</b>	<b>7,043,780</b>	<b>7,576,315</b>	<b>7,536,396</b>

Location	2005	2006	2007	2008	2009
Intake PS	3,003,794	3,646,031	3,885,118	4,078,122	3,765,704
Richardton PS	1,733,036	2,220,764	2,332,003	2,513,034	2,348,976
RCPS	1,312,768	1,649,870	1,650,689	1,754,317	1,745,306
Dodge PS	538,056	946,905	1,046,691	1,168,607	1,008,730
Jung Lake PS	480,550	713,773	671,259	729,246	719,990
Bucyrus PS	161,163	282,261	275,195	299,368	307,187
WTP	342,292	397,147	390,070	412,482	414,057
Burt PS	102,398	113,815	107,907	101,559	91,737
Scranton PS	60,091	73,489	75,759	77,418	43,222
Fryburg PS	121,760	167,147	186,280	201,960	202,750
Beach PS	92,475	119,306	128,422	145,331	136,842
<b>Total</b>	<b>7,948,383</b>	<b>10,330,508</b>	<b>10,749,393</b>	<b>11,481,444</b>	<b>10,784,501</b>



*One small step for water,*



*and one giant leap for the  
people of North Dakota.*