

2013 Annual Operating Report



More than a pipeline, it's a lifeline.



OUR VISION:

People and Business Succeeding
with Quality Water

OUR MISSION:

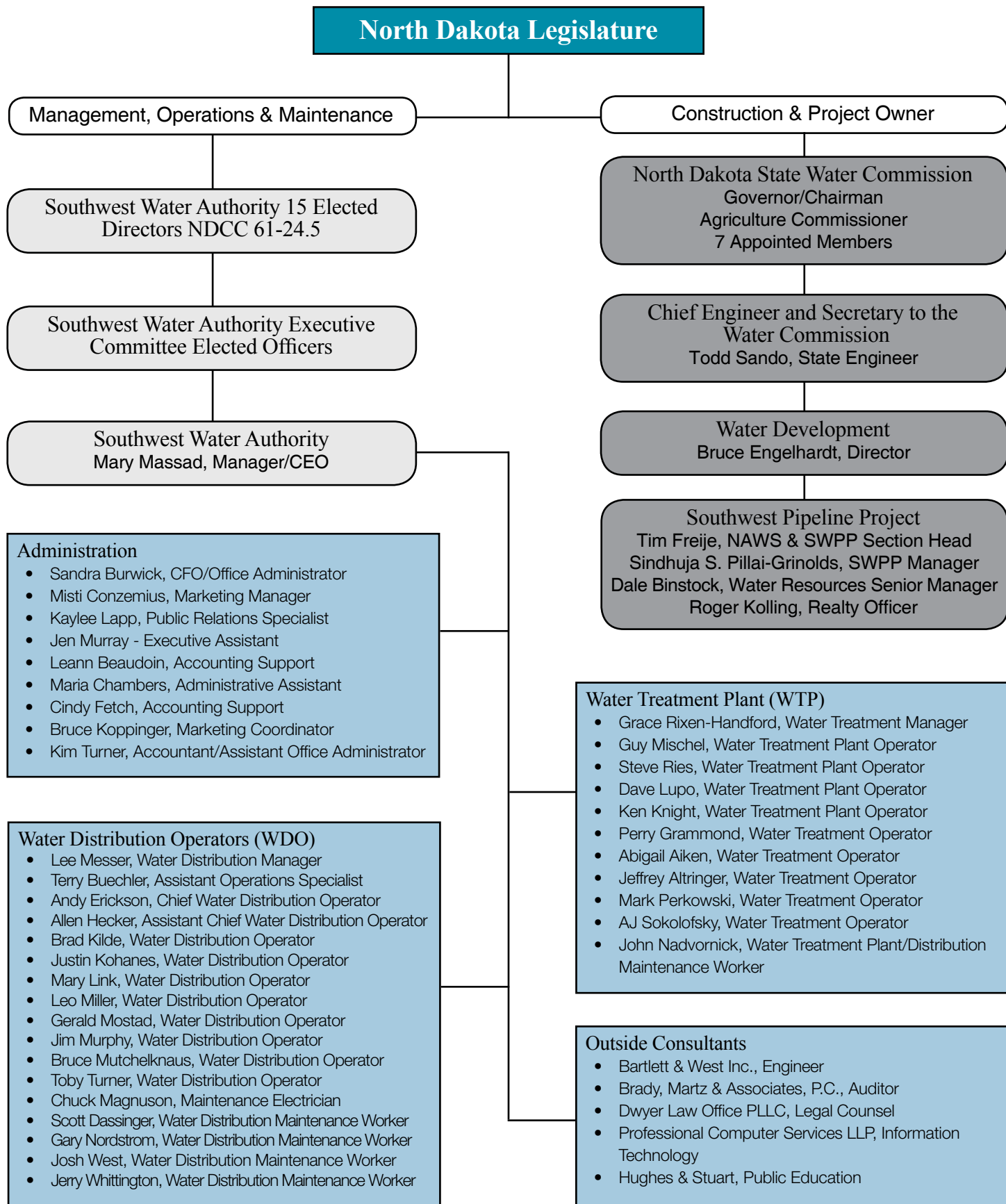
Quality Water for Southwest
North Dakota

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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.

ORGANIZATIONAL CHART



SWA BOARD OF DIRECTORS



Chairman
Larry Bares
City of Dickinson



Vice Chairman
James Odermann
Billings County



Secretary
Steve Schneider
Stark County



Ray Bieber
Hettinger County



Duane Bueligen
Oliver County



Jonathon Eaton
Adams County



Glenn Eckelberg
Dunn County



Marie Johnson
Mercer County



Dave Juntunen
Slope County



Bob Leingang
City of Mandan



Darrel Oech
Golden Valley County



Brian Roth
Grant County



George Saxowsky
Morton County



Rick Seifert
Bowman County



Larry Stang
City of Dickinson

NORTH DAKOTA STATE WATER COMMISSION

Governor Jack Dalrymple, Chairman - Bismarck, ND

Arne Berg - Devils Lake, ND

Larry L. Hanson - Williston, ND

Harley Swenson - Bismarck, ND

Douglas Vosper - Neche, ND

Doug Goehring, Commissioner - Bismarck, ND

Maurice V. Foley - Minot, ND

George Nodland - Dickinson, ND

Robert Thompson - Page, ND

SOUTHWEST WATER AUTHORITY ADMINISTRATION



Mary Massad
Manager/CEO



Sandra Burwick
CFO/Office
Administrator



Misti Conzemius
Marketing Manager



Kaylee Lapp
Public Relations
Specialist



Jen Murray
Executive Assistant



Leann Beaudoin
Accounting
Support



Maria Chambers
Administrative
Assistant



Cindy Fetch
Accounting
Support



Bruce Koppinger
Marketing
Coordinator



Kim Turner
Accountant /
Assistant Office
Administrator

SOUTHWEST WATER AUTHORITY TREATMENT



Grace Rixen-Handford
Water Treatment
Plant Manager



Guy Mischel
Water Treatment
Plant Operator



Steve Ries
Water Treatment
Plant Operator



Dave Lupo
Water Treatment
Plant Operator



Ken Knight
Water Treatment
Plant Operator



Perry Grammond
Water Treatment Plant
Operator, OMND



Abigail Aiken
Water Treatment
Plant Operator



Jeffrey Altringer
Water Treatment
Plant Operator



Mark Perkowski
Water Treatment
Plant Operator



AJ Sokolofsky
Water Treatment
Plant Operator



John Nadvornik
Maintenance

SOUTHWEST WATER AUTHORITY DISTRIBUTION



Lee Messer
Water Distribution
Manager



Terry Beuchler
Assistant Operations
Specialist



Andrew Erickson, Jr.
Chief Water
Distribution Operator



Allen Hecker
Assistant Chief Water
Distribution Operator



Brad Kilde
Water Distribution
Operator



Justin Kohanes
Water Distribution
Operator, Beach



Mary Link
Water Distribution
Operator, OMND



Leo Miller
Water Distribution
Operator, Reeder



Gerald Mostad
Water Distribution
Operator



James Murphy
Water Distribution
Operator



Bruce Mutschelknaus
Water Distribution
Operator, Elgin



Toby Turner
Water Distribution
Operator



Chuck Magnuson
Maintenance
Electrician



Scott Dassinger
Water Distribution
Maintenance Worker



Gary Nordstrom
Water Distribution
Maintenance Worker



Josh West
Water Distribution
Maintenance Worker



Jerry Whittington
Water Distribution
Maintenance Worker



ANOTHER YEAR TO CELEBRATE



Todd Sando
North Dakota
State Engineer

2013 was another year to celebrate for the Southwest Pipeline Project (SWPP). The Oliver, Mercer, North Dunn (OMND) Regional Service Area turned one year old. Construction and installation of pipeline extended into the OMND Service Area to provide water to more cities and rural customers. With partial completion in this service area, the cities of Center, Stanton and Hazen are all now receiving state-of-the-art reverse osmosis and ultrafiltration water. The first rural service area in the OMND region was substantially completed in 2013, with over 600 rural customers now receiving water from the SWPP.

The SWPP has been, and continues to be, a very successful water development project for the State of North Dakota. Funding for the project from the Resources Trust Fund (RTF) has always been a controlling factor for the progress of the SWPP. The executive budget for the 2013-2015 biennium, with \$79 million dollars for the SWPP from the RTF, is a huge step forward for the SWPP. It comes at an optimum time, due to the booming economy, as the area faces growing water demands unlike anything seen in the history of the Project.

The SWPP is making great strides on the OMND Regional Service Area. People who have been waiting for more than 25 years will finally receive quality water. Through the vision and progressive action of multiple legislative assemblies and Southwest Water Authority's Board of Directors, the SWPP has now become a reality for these citizens in the OMND Regional Service Area.

The current oil boom in western North Dakota has resulted in unprecedented population growth. To meet the growing demand, the SWPP is working towards expanding the water treatment plant in Dickinson from 12 million gallons per day (MGD) to 18 MGD. The SWPP has contributed to the economic growth of Southwest North Dakota and it is hard to imagine this area enjoying its current economic prosperity and success without the SWPP.

CHAIRMAN'S ANNUAL ADDRESS

The Southwest Pipeline Project is the crucial infrastructure directly impacting the personal and economic health of residents in southwest North Dakota, by providing a higher quality of life. The Project requires vital funding and valuable time and effort in planning and implementation to expand our footprint in southwest North Dakota. Quality water is an essential lifeline for our citizens. In 2013, the Project expanded to new service areas and provided water to our flourishing communities. As North Dakota continues to set the pace for population growth in our country, it is my duty as the Chairman of the Board of Directors to continue its mission of Quality Water for Southwest North Dakota.



Larry Bares
Chairman
Board of Directors

To the board members, thank you for serving as a Director of Southwest Water Authority. Through your guidance, unfailing commitment and time, we are able to reach our goals by making informed judgments on important matters regarding policies, management, operations, and maintenance. As 2014 is an election year for eight of you, I hope you each consider running again.

Your time, talent and understanding of the Project and policies do not go unnoticed and truly promote the growth and development of Southwest Water Authority and Southwest Pipeline Project for years to come.

To the Manager/CEO, Mary Massad, thank you for your outstanding leadership and dedication to the Project. The board sincerely appreciates all your hard work, knowledge and enthusiasm. To the staff of Southwest Water Authority, thank you for your time and commitment this past year. It is a pleasure serving an organization that has such a great group of employees.

As funding is essential for the Project, we are grateful for the support of the many state and federal agencies, organizations and officials. Specifically, thank you to North Dakota Governor Dalrymple for your continued support and to the State Water Commission for your continued efforts and guidance in fulfilling the promise of water.

As the infrastructure of the Project expands, more residents are able to be served. We empathize with those residents in southwestern North Dakota who are still waiting for water. We understand what it means to have quality water and the economic impact it has on the development of our region and state. Our vision of "People and Business Succeeding with Quality Water" continues to be our focus.

2013 CONSTRUCTION SUMMARY



Sindhuja S.
Pillai-Grinolds
SWPP Manager

2013 was a very busy year for the Southwest Pipeline Project (SWPP). The State Water Commission awarded 12 construction contracts and 13 million dollars of the State's Resources Trust Fund (RTF) and 2.2 million dollars in federal funds were spent on the Project.

In 2013, approximately 600 rural customers in Mercer County received water from the SWPP. Phase I of the Main Transmission Line contract in Dunn County was awarded and 15 miles of the 25 miles were completed. Construction of a one million gallon elevated tank in Dunn County, near the City of Dunn Center, was started and construction of the pedestal for the tank was mostly completed. Contract documents were signed for the construction of a 250,000 gallon elevated tank near the City of Killdeer, which is referred to as the Killdeer Mountain Elevated Tank. This tank, when it becomes operational along with the Phase II Main Transmission Line in Dunn County, will feed the Killdeer Mountain, Grassy Butte and part of the Fairfield Service Areas from the Oliver, Mercer, North Dunn (OMND) Water Treatment Plant (WTP). These pocket areas are currently served from the Dickinson WTP.

Work on the expansion of the OMND WTP from 3.5 million gallons per day (MGD) to 5.25 MGD began in 2013. Contract documents for the construction of a 1.67 million gallon ground storage reservoir at the OMND WTP site were executed.

A contract for the construction of the supplemental intake from Lake Sakakawea was awarded in 2013. This contract consists of a concrete caisson wet well, approximately 150 feet deep, and a micro-tunneled reinforced concrete intake pipe. The intake pipe will extend approximately 2,800 feet into Lake Sakakawea and have an outside diameter of 72-inches and an inside diameter of 54 inches. A pump station on the top of the caisson wet well will be constructed under a separate contract. The supplemental intake will provide an additional 7,000 gallons per minute (gpm) raw water capacity for the SWPP, for a total intake capacity of 17,600 gpm or 25 MGD.

A contract for construction of the rural distribution system for roughly half of Oliver County was awarded in 2013. The rural distribution contract for the remainder of Oliver County will be bid in 2014.

Design of a Finished Water Pump Station for the SWPP and the City of Dickinson was mostly completed in 2013. Preliminary design of a 6 MGD auxiliary WTP in Dickinson to serve the population growth in the SWPP Service Area was also completed.

MANAGER'S MESSAGE

Southwest Water Authority (SWA) is excited about the Project's development and is committed to People and Business Succeeding with Quality Water. This was another successful year as the Southwest Pipeline Project (SWPP) continued to provide water to areas not previously served.

The SWPP had a remarkable year of funding and support. The funding received was \$13 million dollars from the State's Resources Trust Fund (RTF) and nearly \$2 million from the Garrison Diversion Conservancy District's Municipal Rural & Industrial (MR&I) Fund. With this funding, the SWPP was able to have several contracts under construction and begin the preliminary designs for future projects.

The OMND (Oliver, Mercer, North Dunn) Water Treatment Plant completed its first full year of service. The North Dakota State Water Commission continued to invest pipeline further into the OMND Regional Service Area, which provides the rural communities with quality water. The completion of SWA's O&M Office Building in Dickinson took place this past year and, in July, the staff officially moved in. The building is located behind the existing O&M Building and, together, both buildings will continued to be utilized long into the future. The new building provides more space for current and future staff, allowing for growth as SWA continues to serve our customers and the region.

On behalf of SWA and myself, I would like to express our gratitude to those who make the dream of quality water a reality for the citizens of North Dakota. This includes Governor Dalrymple and his staff, the North Dakota State Legislature, the North Dakota State Water Commission and State Engineer, our Congressional delegation and their staff, USDA and USDA-Rural Development, the Bureau of Reclamation, Garrison Diversion Conservancy District, North Dakota Water Users, North Dakota Water Coalition and North Dakota Rural Water Systems Association.

I want to thank the Board of Directors and employees of SWA. To each board member, thank you for your hard work and commitment to building a strong and effective organization. It is because of your vision, tireless efforts, strategic thinking and innovative ideas the SWPP has grown immensely. I would like to thank the SWA employees for another successful year. It is essential to have a strong team of employees to execute the work of SWA. We are successful because of your dedication and hard work each and every day. I am grateful for each of you.

SWA will continue to meet the demand in the future by expanding the Project's pipeline footprint and increasing its treatment facilities. With expansion of the current OMND Water Treatment Plant and development of a future Water Treatment Plant in Dickinson, the Project is widening its reach in southwest North Dakota to deliver quality water. We know water is the most precious resource and we are privileged to provide this valuable resource to the people and business of southwest North Dakota.



Mary Massad
Manager/CEO

DISTRIBUTION OPERATIONS & MAINTENANCE REPORT



Lee Messer
Water Distribution
Manager

September 2013 marked the first full year of operations for the Oliver, Mercer, North Dunn (OMND) water distribution system. This service area is expanding at a rapid pace as the Southwest Water Authority (SWA) Operations & Maintenance (O&M) personnel assigned to the area are quite busy. With completion of the two rural contracts in the Zap service area, customer hookups is one of the top priorities. For convenience, customers with basement meters can pick up the assemblies at the SWA's Zap location and schedule hookups through the O&M staff.

In July, a thunderstorm with high winds took out power poles in Mercer and Dunn counties and disrupted power to the Intake and Dodge raw water pumping stations for approximately 24 hours. The wind also did significant damage to the Halliday reservoir and the telemetry antenna tower at the Dodge pumping station. The force of the wind caved in one side of the reservoir that was above the water line at the time. Fortunately, the integrity of the tank was not compromised and SWA was able to keep it in service until repairs can be completed. Several sections of the antenna tower were replaced by the O&M staff, with the assistance from a local company that provided a crane and operator. The tower was back in communication about the same time as restoration of electric power.

Nature continued its fickle ways as in early October a snow storm snapped power poles and disrupted electric power across the southern tier of counties served by SWA. Several pump stations, reservoir control vaults and meter vaults were without utility power for up to four days. The O&M staff transported portable generators to the Coffin Buttes, Bucyrus, Scranton and Rhame pumping stations to provide backup power. Transporting the generators to the sites and keeping them supplied with fuel is a challenge under storm conditions. Maintaining the reservoir levels through telemetry communication is critical. With no power at the reservoir control vaults, it was necessary to replace the back-up batteries at these locations periodically to maintain communication. City reservoir levels were maintained through manual operation of the control valves in the meter vaults. Many thanks to SWA's O&M staff for their efforts under these trying conditions.

The effects of the oil boom and oil-field related activities continue to impact and, at times, dominate the O&M schedules. Many hours are spent locating the Southwest Pipeline Project (SWPP) pipelines and facilities as required by One-Call, or monitoring crossings of the pipelines by lines carrying foreign materials to ensure there will be no safety or health issues to our customers. With the sweeping changes to the landscape and roadways, relocation of SWPP pipelines has become fairly common place. SWA apologizes for any inconvenience imposed on our customers during these activities.

WATER TREATMENT REPORT

In 2013, the Water Treatment Plant (WTP) in Dickinson treated 1,912,192,500 gallons of raw water and treated water pumped to the Southwest Pipeline Project totaled 1,869,214,500 gallons.

Water production was steady throughout the year, which gave operators the opportunity to drain, clean and conduct yearly preventative maintenance on all the treatment basins. The amount of precipitation received in 2013 did not allow the Project to break any water production records for the year.

The OMND (Oliver, Mercer, North Dunn) WTP is an outstanding plant as it completed its first full-year in operation. The OMND WTP treated 234,466,700 gallons of raw water and 184,627,400 gallons of treated water was pumped to the distribution system in 2013. Water production continues to increase at the OMND WTP as new services are added throughout the year. The water treatment plant staff continue to do an outstanding job producing top quality water for customers of the Project.



**Grace Rixen-
Handford**
Water Treatment Plant
Manager

Southwest Water Authority (SWA) presented its 15th Annual Drinking Water Quality Report (also known as the Consumer Confidence Report) to the customers served by the WTP in Dickinson and its seventh annual report to the customers in the three Morton County Service Areas and the Beulah Interim Area. These reports contain important information about the drinking water provided to our customers and are available on SWA's website at www.swwater.com. All five water systems were in compliance with EPA's regulations.

Each treatment chemical, its main purpose and amount used is listed below:

Richardton Pumping Station

- Sodium Permanganate (NaMnO_4): Taste and Odor reduction (1,546 lbs.)

- Fluoride (H_2SiF_6): Promotes dental health (9,616 lbs.)
- Chlorine (Cl_2): Disinfection (49,896 lbs.)

Dodge Pumping Station

- Ammonium Sulfate ($(\text{NH}_4)_2\text{SO}_4$): Disinfection (5,006 lbs.)
- Chlorine (Cl_2): Disinfection (22,992 lbs.)

Water Treatment Plant in Dickinson

- Lime (CaO): Softening (2,472,424 lbs.)
- Aluminum Sulfate ($\text{Al}_2(\text{SO}_4)_3$): Cationic coagulant added for clarification (67,105 lbs.)
- Flocculants: Anionic emulsion added as a clarification aid (2,117 lbs.)
- Carbon Dioxide (CO_2): pH adjustment (567,550 lbs.)
- Phosphate ($\text{K}_2\text{O}_7\text{P}_2$): Corrosion inhibitor (31,213 lbs.)
- Ammonium Sulfate ($(\text{NH}_4)_2\text{SO}_4$): Disinfection (11,129 lbs.)

OMND Water Treatment Plant

- Ammonium Sulfate ($(\text{NH}_4)_2\text{SO}_4$): Disinfection (4,800 lbs.)
- Chlorine (Cl_2): Disinfection (5,843 lbs.)
- Fluoride (H_2SiF_6): Promotes dental health (8,122 lbs.)
- Vitec 3000: RO Anti-Scalant (2,694 lbs.)
- Caustic Soda 50% (NaOH): pH adjustment (3,502 lbs.)
- Sodium Bisulfite (NaHSO_3): Dechlorination (7,229 lbs.)
- Sodium Hypochlorite (NaClO): UF membrane backwash water (4,200 lbs.)
- Hydrochloric Acid (HCl): RO membrane cleaning (1,620 lbs.)

BACKGROUND



The North Dakota State Legislature established Southwest Water Authority (SWA), a political subdivision, in 1991. SWA was created to supply and distribute water to the people of southwest North Dakota through a pipeline transmission and delivery system for purposes including domestic, rural water, municipal, livestock, light industrial, mining, and other uses, with primary emphasis on domestic, rural water, and municipal uses. SWA also provides for the future economic welfare and prosperity of the people of North Dakota, particularly the people of southwest North Dakota.

The Southwest Pipeline Project (SWPP), a state-owned project, administered by the North Dakota State Water Commission and managed, operated, and maintained by SWA, transports raw water from Lake Sakakawea to the OMND (Oliver, Mercer, North Dunn) Water Treatment Plant (WTP) and the Dickinson WTP, where it is treated and delivered to the Project's customers. The OMND WTP was completed in May of 2012. Water was delivered to the cities of Stanton, Hazen, Zap and Center and to the Missouri West Water System in 2012.

For 28 years, the SWPP has been constructing an efficient network of pipelines, pump stations, reservoirs, and treatment facilities to bring southwest North Dakota an adequate quantity of quality water. To date, 31 communities, more than 5,350 rural service locations, 28 contract customers, 23 raw water customers, three crew camps and two raw water depots for oil & gas industry are being served by the Pipeline. These include the Dodge Water Depot, SWA Water Depot, Red Trail Energy, Missouri West Water System and Perkins County Rural Water System in South Dakota.



*Serving more than 56,000 Southwest North Dakota residents in
31 communities with over 5,350 farms, ranches and small businesses,*





In June 2012, SWA opened a raw water depot east of Dickinson to serve the energy and construction industries. This raw water is allocated to other customers, but not currently used by those customers. This allows for the greatest uses with the least impact.

The new O&M Office Building was completed in July 2013. The office was built behind the current O&M Building, creating more space for current and future SWA staff. The new office features a large conference room, front reception desk, a waiting area, more than ten individual offices, a pod of cubicles, a break room, multiple rest rooms and additional storage. The addition of this office building will meet the needs of the expanding departments such as customer service, easements and sign ups.

The project pumped a total of 2,486,010,000 gallons of water from Lake Sakakawea in 2013. This is a decrease of 15,203,000 gallons from 2012. Potable water delivered in 2013 to contract customers was 1,671,305,100 gallons. Rural customers used 294,009,000 gallons and construction used 16,881,300 gallons, for a total of 1,982,195,400 gallons. Total raw water delivered in 2013 was 339,548,290 gallons. The water delivered to the end user was 92.71% of the total water pumped from Lake Sakakawea by the Southwest Pipeline Project.

Southwest Water Authority 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 2013 was 13,898,700 gallons.

Total water delivered to customers by Southwest Water Authority was 2,335,642,390 gallons.



*28 contract customers, 23 raw water customers,
three crew camps and two raw water depots for oil & gas industry.*



MILL LEVY REPORT

2013 Mill Levy Income

\$ 394,703.09

	Board of Directors	Administration	Easement	Sign-Up	Total
Per Diem/Salaries	\$ 53,630.00	\$ 78,375.15	\$ 49,982.66	\$ 51,021.62	\$ 233,009.43
Benefits/Payroll Taxes	\$ 5,024.84	\$ 31,896.58	\$ 24,111.45	\$ 24,110.73	\$ 85,143.60
Professional Fees	\$ 55,096.59	\$ 52,160.19	\$ 25,240.27	\$ 23,661.60	\$ 131,123.38
Supplies	\$ 3,733.86	\$ 7,343.06	\$ 1,887.54	\$ 2,102.13	\$ 40,101.86
Repairs	-	\$ 70.18	\$ 630.22	\$ 630.20	\$ 1,330.60
Travel	\$ 38,576.70	\$ 3,723.84	\$ 2,491.88	\$ 2,378.30	\$ 47,170.72
Telephone/Internet	\$ 2,589.93	\$ 1,831.06	\$ 723.95	\$ 1,391.06	\$ 6,536.00
Insurance	\$ 9,165.75	\$ 4,152.09	-	-	\$ 13,317.84
Printing & Promotion	\$ 14,451.00	\$ 33,213.51	\$ 1,259.75	\$ 3,146.57	\$ 52,070.83
Postage	\$ 2,145.72	\$ 1,737.64	\$ 386.12	\$ 2,041.57	\$ 6,311.05
Dues & Subscriptions	\$ 14,971.00	\$ 14,232.33	-	-	\$ 29,203.33
Development/Education	\$ 13,073.94	\$ 691.20	\$ 538.50	\$ 123.50	\$ 14,427.14
Depreciation	-	\$ 361.80	\$ 2,027.67	\$ 2,027.64	\$ 4,417.11
Miscellaneous	\$ 4,457.26	\$ 437.40	-	-	\$ 4,894.66
Total	\$ 216,916.59	\$ 230,226.03	\$ 109,280.01	\$ 112,634.92	\$ 669,057.55

Revenue necessary from other sources

\$ 274,354.46



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Southwest Water Authority, as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT, CONT'D

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

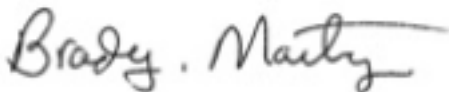
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenses and the Schedule of Percentage Change are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2014 on our consideration of the Authority's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.



BRADY, MARTZ & ASSOCIATES, P.C.

Bismarck, North Dakota

March 26, 2014

SOUTHWEST WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013 AND 2012

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 2013, 2012 and 2011. 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 \$21,086,399 as of the end of the year 2013 compared with \$18,537,864 as of the end of the year 2012 and \$15,504,910 as of the end of the year 2011. This is an increase in total assets of \$2,548,535 between 2013 and 2012, and an increase in total assets of \$3,032,954 between 2012 and 2011. The liabilities totaled \$1,783,708 for 2013 compared with \$1,772,529 for 2012 and \$1,476,983 for 2011. The assets exceeded its liabilities at the end of the year 2013 by \$19,302,691 compared with \$16,765,335 at the end of the year 2012 and \$14,027,927 at the end of the year 2011. This is an increase in net position of \$2,537,356 between 2013 and 2012, and an increase in net position of \$2,737,408 between 2012 and 2011.

Assets held at the American Trust Center total \$11,478,279 at year-end 2013 compared with \$10,669,655 at year-end 2012 and \$10,712,030 at year-end of 2011. The amount that is the Replacement and Extraordinary Maintenance Fund is \$10,188,603 year-end 2013 compared with \$9,367,622 at year-end 2012 and \$9,450,918 at year-end 2011. This is an increase of \$820,981 between 2013 and 2012, and a decrease of \$83,296 between 2012 and 2011. 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 \$.40 per 1,000 gallons sold to all customers. In addition, \$.10 per 1,000 gallons sold to rural customers for the rural distribution system, and an additional \$1.00 per 1,000 gallons sold to oil industry customers is also collected. The fees are deposited on a monthly basis into this fund.

The amount in the Escrow Fund is \$533,401 year-end 2013 compared with \$490,815 at yearend 2012 and \$448,949 at year-end 2011. This is an increase of \$42,586 between 2013 and 2012, and an increase of \$41,866 between 2012 and 2011. Of this amount, \$276,657 is restricted. This compares with \$329,882 as of year-end 2012, which is a decrease of \$53,225 between 2013 and 2012, and \$338,695 as of year-end 2011, which is a decrease of \$8,813 between 2012 and 2011. 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 2013 is \$2,582,533 compared with \$2,500,781 at the end of 2012 and \$2,241,984 at the end of 2011. This is an increase of \$81,752 between 2013 and 2012 and a increase of \$258,797 between 2012 and 2011. This is made up of checking and money market accounts as well as certificates of deposit.

The liabilities total \$1,783,708 for year-end 2013 compared with \$1,772,529 for year-end 2012 and \$1,476,983 at year-end 2011. This is an increase in liabilities of \$11,179 between 2013 and 2012, and an increase in liabilities of \$295,546 between 2012 and 2011. Of this amount, \$1,363,737 is current liabilities mostly in the form of accounts payable. This compares with 2012 year-ending balance of \$1,316,143 in current liabilities, and year-ending balance of \$1,014,548 in current liabilities for 2011. This is an increase in current liabilities of \$47,594 between 2013 and 2012, and an increase in current liabilities of \$301,595 between 2012 and 2011. The longterm liabilities total \$419,971 at year-end 2013 compared with \$456,386 at year-end 2012, and \$462,435 at year-end 2011. Of this amount, \$276,657 for year-end 2013 compared with \$329,882 year-end 2012, and \$338,695 year-end 2011 are unearned hookup fees. Unearned 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 year-end 2013 are rental deposits from tenants/customers of \$53,125, compared with \$51,400 for year-end 2012, and \$49,900 for year-end 2011.

INDEPENDENT AUDITOR'S REPORT, CONT'D

SOUTHWEST WATER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED DECEMBER 31, 2013 AND 2012

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) Statement of Net Position 2) Statement of Revenues, Expenses and Changes in Net Position, 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 Statement of Net Position presents information on all of the Southwest Water Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Southwest Water Authority is improving or deteriorating.

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 for 2013 totaled \$13,493,646 compared with \$12,262,456 for 2012, and \$7,920,099 for 2011. This is an increase in revenues of \$1,231,190 between 2013 and 2012, and an increase of \$4,342,357 between 2012 and 2011. The net income/net loss by department for 2013 are transmission net income of \$1,348,853, distribution net income of \$358,153 and treatment net income of \$123,318. This compares with net income/net loss by department for 2012 of transmission net income of \$1,613,861, distribution net income of \$135,048 and treatment net income of \$206,423, and net income/net loss by department for 2011 of transmission net loss of \$260,205, distribution net income of \$28,260 and treatment net income of \$57,844.

The mill levy generated income of \$394,703 for 2013 compared with \$341,631 for 2012 and \$292,603 for the year 2011. This is an increase of \$53,072 between 2013 and 2012, and an increase of \$49,028 between 2012 and 2011. The administration activities had a net income of \$126,395 compared with a net income of \$138,290 for 2012, and a net loss of \$4,544 for 2011. Administration includes activities for the board of directors, administration, sign up and easements.

The actual revenues and expenses were under budget. The revenues were under budget by 9% of projections and the expenses were under budget by 12%.

The Southwest Water Authority sold a total of 2,335,642,390 gallons of water in 2013 compared with 2,373,063,380 gallons of water in 2012 and 1,775,558,700 gallons of water in 2011. This is a decrease of 37,420,990 gallons between 2013 and 2012, and an increase of 597,504,680 gallons between 2012 and 2011. This is 11.62% under the projection for the year of 2,642,584,592 gallons for 2013.

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 or visit on the web at www.swwater.com.

SOUTHWEST WATER AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

ASSETS	2013	2012
Current Assets	\$ 2,259,487	\$ 2,019,765
Cash and cash equivalents - unrestricted	1,639,676	1,852,034
Investments		
Receivables:		
Accounts (net of allowance of \$6,094 and \$3,754 in 2013 and 2012, respectfully)	1,194,828	838,259
Interest	9,117	10,099
Prepaid expenses	37,166	35,304
Inventory	510,110	458,863
Total current assets	5,650,384	5,214,324
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	447,350	610,482
Investments	10,188,603	9,367,622
Interest receivable	77,443	73,114
Capital Assets:		
Land	109,196	109,196
Improvements, furniture and equipment, net	4,613,423	3,163,126
Total noncurrent assets	15,436,015	13,323,540
Total Assets	\$ 21,086,399	\$ 18,537,864
LIABILITIES AND NET POSITION		
	2013	2012
Current Liabilities		
Accounts payable	\$ 994,053	\$ 999,192
Accrued salaries	176,956	148,069
Compensated absences, current portion	103,110	98,426
Accrued expenses	83,897	68,161
Construction costs due SWWC	5,721	2,295
Total current liabilities	1,363,737	1,316,143
Long-term Liabilities		
Compensated absences, net of current portion	90,189	75,104
Unearned hookup fees	276,657	329,882
Rental/customer deposits	53,125	51,400
Total long-term liabilities	419,971	456,386
Total Liabilities	1,783,708	1,772,529
Net Position		
Net investment in capital assets	4,722,619	3,272,322
Restricted for replacement	10,713,396	10,051,218
Unrestricted	3,866,676	3,441,795
Total Net Position	\$ 19,302,691	\$ 16,765,335

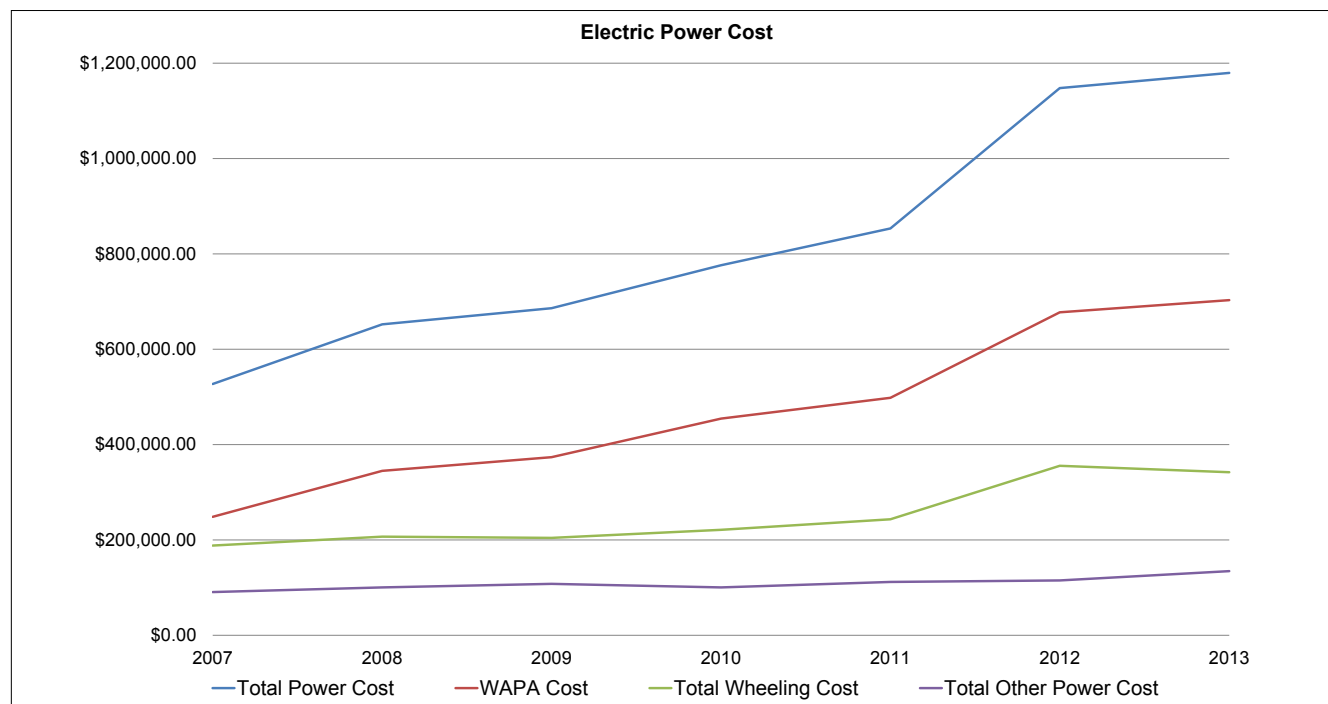
INDEPENDENT AUDITOR'S REPORT, CONT'D

SOUTHWEST WATER AUTHORITY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Operating revenues:		
Sales	\$ 13,493,646	\$ 12,262,456
Hook up fee transfers	242,417	175,742
Other	102,132	92,978
Total operating revenues	<u>13,838,195</u>	<u>12,531,176</u>
Operating expenses:		
Transmission	5,636,117	5,834,259
Distribution	2,927,718	2,557,339
Board of directors	216,916	155,274
Administrative	600,717	493,908
Easement acquisition	109,280	88,401
Rural water sign-up	112,636	111,098
Customer service	134,365	110,283
Treatment	1,577,177	1,421,317
Total operating expenses	<u>11,314,926</u>	<u>10,771,879</u>
Operating gain	<u>2,523,269</u>	<u>1,759,297</u>
Nonoperating revenue:		
Property taxes	394,703	341,636
Unrealized gain/(loss) on investments	(785,139)	108,932
Investment income	404,523	440,765
Total nonoperating revenue	<u>14,087</u>	<u>891,328</u>
Capital Contributions	-	86,783
Change in net position	2,537,356	2,737,408
Total net position - beginning of year	<u>16,765,335</u>	<u>14,027,927</u>
Total net position - end of year	<u>\$ 19,302,691</u>	<u>\$ 16,765,335</u>

ELECTRIC POWER USAGE

Southwest Water Authority purchases power from the federal government through the Department of Energy for the main transmission pumping facilities throughout the Project. These expenses are identified as Western Area Power Association (WAPA) costs. Local utility companies distribute the power to each location. These expenses are identified as wheeling costs. Southwest Water Authority pays for wheeling the power to the local utility companies.



Below is a chart illustrating the history of power costs at these locations:

WAPA Cost	2007	2008	2009	2010	2011	2012	2013
Beach Pump Station	\$ 2,856.11	\$ 4,061.44	\$ 3,326.00	\$ 5,254.64	\$ 6,083.55	\$ 6,080.73	\$ 5,453.83
Bucyrus Pump Station	\$ 5,201.13	\$ 6,508.06	\$ 8,718.89	\$ 10,836.27	\$ 10,530.90	\$ 11,802.40	\$ 10,637.71
Burt Pump Station	\$ 2,212.72	\$ 2,675.93	\$ 3,519.60	\$ 2,855.07	\$ 3,765.80	\$ 4,112.44	\$ 3,567.94
Center Pump Station	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 448.72	\$ 2,856.93
Dodge Pump Station	\$ 34,711.35	\$ 48,569.85	\$ 52,391.38	\$ 58,325.27	\$ 71,045.58	\$ 109,339.41	\$ 108,393.23
Fryburg Pump Station	\$ 3,761.52	\$ 4,800.97	\$ 5,280.61	\$ 7,780.69	\$ 9,138.29	\$ 9,898.95	\$ 10,306.71
Intake Pump Station	\$ 89,722.43	\$ 128,326.67	\$ 134,015.76	\$ 160,412.27	\$ 175,494.97	\$ 230,877.22	\$ 246,905.11
Jung Lake Pump Station	\$ 15,780.66	\$ 18,855.08	\$ 24,407.09	\$ 34,690.59	\$ 31,036.80	\$ 35,914.95	\$ 35,863.70
Ray Christensen Pump Station	\$ 32,541.01	\$ 40,615.20	\$ 47,822.65	\$ 61,196.37	\$ 66,915.15	\$ 77,218.27	\$ 79,218.91
Richardton Pump Station	\$ 52,790.24	\$ 79,483.76	\$ 83,085.17	\$ 99,634.04	\$ 109,427.12	\$ 153,474.25	\$ 150,097.28
Scranton Pump Station	\$ 1,908.07	\$ 2,110.29	\$ 1,282.49	\$ 1,478.68	\$ 1,592.24	\$ 2,438.64	\$ 1,938.92
Water Treatment Plant Dickinson	\$ 6,877.99	\$ 8,815.28	\$ 9,805.41	\$ 12,200.91	\$ 13,269.84	\$ 15,293.02	\$ 13,472.40
Water Treatment Plant OMND	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 20,612.86	\$ 34,274.88
Total	\$ 248,363.23	\$ 344,822.53	\$373,655.05	\$ 454,664.80	\$ 498,300.24	\$ 677,511.86	\$ 702,987.55
Total Wheeling Cost	\$ 188,240.59	\$ 206,862.83	204,413.45	\$ 221,161.88	\$ 243,363.81	\$ 355,437.21	\$ 342,114.62
Total Other Power Cost	\$ 90,609.45	\$ 100,501.50	107,924.49	\$ 100,541.19	\$ 111,760.43	\$ 115,013.88	\$ 134,694.50
Total Power Cost	\$ 527,213.27	\$ 652,186.86	\$685,992.99	\$ 776,367.87	\$ 853,424.48	\$1,147,962.95	\$1,179,769.67

Treated Water Users & Gallons Used

Alliance AG Co-op	36,600	Medora	16,698,500
Antelope Valley-Basin Electric	679,500	Missouri Basin Well Service	2,557,900
Aries Land LLC	444,500	Missouri West Water System	20,943,400
Assumption Abbey	1,342,700	Mott	24,512,000
Baker Boy	2,086,300	Mott Grain	599,000
Beach	42,302,500	New England	23,213,500
Belfield	59,239,400	New Hradec	1,069,300
Billings County	1,000,600	New Leipzig	5,598,700
Carson	8,142,600	Northern Improvement	1,159,000
Center	20,455,800	Perkins Co Rural Water System	116,632,000
Coteau Properties	204,500	Prairie Learning Center	1,069,900
Dickinson	959,157,000	Reeder	5,419,700
Dickinson Research Center	650,000	Regent	7,934,700
Dodge	3,749,000	Richardton	20,411,200
Dunn Center	6,427,600	Sacred Heart	369,000
East Weidner Bay	66,400	Scranton	10,001,700
Elgin	15,880,700	Sentinel Butte	13,461,800
Gladstone	12,453,400	South Heart	16,049,600
Glen Ullin	23,191,100	Stanton	12,361,800
Golden Valley	7,154,000	Straton St-Great River Energy	202,000
Golva	1,930,700	Steffes Manufacturing	2,866,500
GTLE Dakota Plant	4,200	Target Logistics	1,280,100
Halliday	10,822,200	Taylor	5,970,000
Hazen	81,999,000	Travis & Tara Lambourn	3,518,600
Hebron	21,490,100	West Medora Campground	1,917,000
Hettinger	56,062,600	Zap	6,816,600
Home on the Range	1,377,000	Rural*	307,907,700
Karsky Dairy	2,029,600	Construction	16,881,300
Lakeshore Estates	928,600	Total	1,996,094,100
Leland Olds-Basi Electric	1,112,000		
Manning	2,346,200		
McKenzie Co. Grazing Association	905,500		

*Included in Rural Usage	
Missouri West Water System	13,898,700

Raw Water Users & Gallons Used

Assumption Abbey	111,400	Fred Lorenz	527,900	Ken Richau	9,900
Dodge Depot	75,743,000	Dan Neurohr	231,700	Ken Richau	54,800
CB "Buck" Haas	514,900	Perhus Brothers 1	27,100	Sacred Heart	613,000
Ken Hueske	2,069,000	Perhus Brothers 2	161,600	SWA Depot	90,715,090
Robert Jurgens	1,086,000	Perhus Brothers 3	8,900	David Swenson	502,200
Gerald Kadrmas 1	34,600	Perhus Brothers 4	946,500	Dale Weigum	325,100
Gerald Kadrmas 2	246,100	Red Tail Energy	165,427,000	Total	339,548,290
Ervin Lorenz	135,800	Ken Richau	56,700		

Total Water Used 2,335,642,390

RURAL WATER USAGE HISTORY

Year	January	February	March	April	May	June	July
1995	638,000	722,000	797,000	841,000	934,000	1,282,000	1,601,000
1996	2,674,000	2,513,000	3,001,000	3,096,000	2,994,000	3,537,000	4,435,000
1997	4,508,000	4,513,300	3,876,400	4,383,300	4,642,000	5,516,800	6,041,300
1998	5,213,600	5,108,300	4,694,500	4,889,400	5,105,200	7,228,400	5,945,000
1999	5,627,700	5,355,100	4,912,600	6,081,700	5,589,900	6,078,700	7,307,200
2000	7,567,600	7,178,100	6,538,000	7,618,300	7,979,600	8,979,700	8,886,400
2001	7,566,100	7,182,800	6,803,000	7,199,700	7,890,200	9,377,700	8,687,300
2002	8,803,100	7,351,300	7,367,300	8,452,700	8,591,300	11,816,800	12,067,400
2003	9,747,700	9,030,800	8,645,200	8,999,500	10,030,800	12,353,200	12,869,800
2004	10,499,300	9,838,200	8,627,700	9,678,100	11,882,600	12,985,500	15,676,800
2005	10,438,000	9,806,900	9,593,300	11,043,100	11,416,100	13,780,800	13,786,700
2006	10,776,500	10,172,100	10,680,600	11,034,400	12,665,800	18,998,700	21,531,000
2007	12,867,600	11,771,000	11,329,700	12,448,400	14,496,100	16,721,800	18,379,400
2008	13,941,000	13,592,600	13,267,000	14,493,600	15,994,400	20,501,300	23,899,300
2009	15,579,500	12,289,100	11,789,800	14,893,100	15,245,700	19,033,200	20,674,000
2010	14,427,600	15,735,900	14,877,200	16,289,400	16,950,600	19,383,100	21,095,800
2011	16,490,100	14,266,700	13,389,500	14,932,200	14,646,300	19,300,500	21,521,700
2012	17,082,200	15,256,600	18,943,700	20,231,200	21,178,300	27,213,500	29,723,000
2013	14,522,100	20,266,800	15,378,700	30,977,100	23,600,300	23,338,400	28,305,200

Year	August	September	October	November	December	Total
1995	1,708,000	1,822,000	1,531,000	1,839,000	2,130,000	15,845,000
1996	4,829,000	5,598,000	4,342,000	4,026,400	5,328,000	46,373,400
1997	6,136,200	5,623,200	6,124,000	4,679,100	4,853,000	60,896,600
1998	7,279,200	6,742,300	6,672,900	6,136,000	4,776,100	69,790,900
1999	8,430,100	7,579,700	7,742,800	6,717,200	7,047,500	78,470,200
2000	9,147,300	10,089,100	10,638,200	7,627,100	7,166,100	99,415,500
2001	8,853,700	10,633,300	10,084,400	7,364,200	7,860,900	99,503,300
2002	12,878,000	11,186,900	16,109,900	9,111,700	8,463,100	122,199,500
2003	14,851,300	14,823,500	19,743,800	10,257,100	9,372,700	140,725,400
2004	14,729,100	14,405,200	19,217,100	10,106,100	9,765,600	147,411,300
2005	14,552,400	16,177,400	24,084,600	11,281,500	10,926,200	156,887,000
2006	20,737,600	19,738,000	28,259,600	11,319,100	11,990,200	187,903,600
2007	25,051,500	17,648,100	32,752,500	14,819,100	13,439,000	201,724,200
2008	23,046,000	23,696,100	44,924,600	13,687,900	14,743,200	235,787,000
2009	18,855,600	19,582,300	39,242,900	13,336,300	13,785,900	214,307,400
2010	21,414,000	20,329,500	31,186,000	26,640,100	33,531,100	251,860,300
2011	23,185,600	20,493,400	44,866,800	11,082,100	14,797,200	228,972,100
2012	32,261,800	28,952,800	62,453,500	17,218,500	20,510,200	311,025,300
2013	33,965,300	26,511,200	57,993,300	14,954,300	18,095,000	307,907,700

POTABLE WATER USAGE

User	January	February	March	April	May	June
Alliance AG Co-op	0.00	1.00	0.00	0.00	0.00	25.00
Antelope Valley-Basin Electric	0.00	0.00	0.00	0.00	0.00	0.00
Aries Land LLC	0.00	0.00	0.00	0.00	0.00	0.00
Assumption Abbey	115.40	95.80	109.00	103.00	97.00	116.00
Baker Boy	80.70	106.40	92.60	187.40	33.20	184.20
Beach	3,076.40	2,461.50	2,860.90	2,690.00	3,026.50	4,262.70
Belfield	5,325.90	4,442.20	5,007.70	4,662.90	4,841.20	4,955.30
Billings County	0.00	0.00	0.00	0.00	227.50	189.30
Carson	655.70	500.70	664.80	578.70	684.40	786.30
Center	1,505.60	1,385.90	1,780.10	1,379.70	1,426.20	1,811.20
Coteau Properties	0.00	0.00	0.00	0.00	0.00	0.00
Dickinson	66,598.30	60,699.20	65,011.70	61,242.90	72,573.40	83,823.30
Dickinson Research Center	117.20	51.50	67.90	6.20	96.20	87.80
Dodge	338.00	402.00	289.00	224.00	261.00	298.00
Dunn Center	597.60	502.40	656.50	517.00	474.50	559.20
East Weidner Bay	0.00	0.00	0.00	0.00	0.00	0.00
Elgin	1,372.10	1,108.80	1,257.00	1,148.70	1,286.70	1,692.80
Gladstone	1,002.60	821.80	966.40	883.60	935.40	1,117.60
Glen Ullin	2,046.00	1,542.00	1,845.00	1,779.00	1,765.00	2,091.00
Golden Valley	1,092.00	392.20	495.00	487.20	464.10	543.80
Golva	144.20	113.20	138.00	130.10	162.40	180.30
Great River Energy St. Stanton	0.00	0.00	0.00	0.00	0.00	0.00
GTLE Dakota Plant	0.00	0.00	0.10	1.50	1.00	0.00
Halliday	1,093.80	778.30	831.30	776.20	757.00	928.50
Hazen	6,898.90	4,846.10	5,735.30	5,169.90	6,389.90	7,199.70
Hebron	1,767.50	1,387.50	1,684.00	1,577.00	1,652.00	2,237.60
Hettinger	4,519.50	4,131.00	4,823.20	4,129.00	4,872.00	5,202.10
Home on the Range	188.00	166.50	129.70	102.80	99.00	107.30
Karsky Dairy	162.40	164.20	160.10	154.20	186.30	152.80
Lakeshore Estates	0.00	0.00	0.00	0.00	54.00	170.40
Leland Olds-Basin Electric	42.50	75.50	89.00	104.50	106.90	98.20
Manning	162.80	151.60	155.40	147.40	211.80	241.40
McKenzie Co. Grazing Assn.	0.00	0.00	0.00	0.00	0.00	37.00
Medora	705.30	553.50	670.50	689.70	1,112.30	2,804.50
Missouri Basin Well Service	71.30	131.50	121.20	157.10	264.40	410.80

PER 1,000 GALLONS

July	August	September	October	November	December	User Total
0.00	1.20	9.40	0.00	0.00	0.00	36.60
0.00	0.00	0.00	200.70	209.20	269.60	679.50
0.00	86.00	90.30	95.90	82.10	90.20	444.50
165.00	172.00	89.00	77.00	98.00	105.50	1,342.70
218.40	238.20	250.80	278.90	213.00	202.50	2,086.30
4,977.40	6,196.80	4,218.20	3,053.10	2,923.40	2,555.60	42,302.50
4,495.20	6,632.10	5,392.10	4,270.90	4,467.90	4,746.00	59,239.40
218.50	138.40	156.30	70.50	0.10	0.00	1,000.60
878.90	927.20	690.70	652.40	576.20	546.60	8,142.60
2,375.30	2,621.20	1,852.00	1,457.20	1,278.00	1,583.40	20,455.80
0.00	0.00	0.00	41.10	81.80	81.60	204.50
127,936.60	130,073.60	105,107.70	67,802.60	57,677.60	60,610.10	959,157.00
77.00	38.20	21.50	14.80	23.30	48.40	650.00
387.00	406.00	325.00	294.00	252.00	273.00	3,749.00
604.60	644.50	481.80	454.00	442.80	492.70	6,427.60
0.00	36.10	23.90	6.40	0.00	0.00	66.40
1,669.50	1,669.10	1,306.80	1,195.10	1,098.50	1,075.60	15,880.70
1,183.80	1,203.20	1,072.50	1,029.20	1,065.60	1,171.70	12,453.40
2,645.00	2,608.00	2,032.00	1,614.80	1,544.20	1,679.10	23,191.10
826.90	860.50	539.50	562.60	399.10	491.10	7,154.00
257.70	229.70	184.60	140.20	122.50	127.80	1,930.70
0.00	0.00	34.20	99.20	39.10	29.50	202.00
1.40	0.00	0.10	0.10	0.00	0.00	4.20
1,081.60	1,143.20	844.70	834.10	775.20	978.30	10,822.20
10,339.60	12,458.90	6,963.30	5,747.80	5,154.60	5,095.00	81,999.00
2,368.20	2,246.00	1,923.20	1,634.60	1,532.40	1,480.10	21,490.10
6,462.00	6,205.80	4,928.10	3,728.10	3,475.30	3,586.50	56,062.60
103.00	111.20	82.60	96.40	92.00	98.50	1,377.00
206.90	189.10	191.00	160.80	154.10	147.70	2,029.60
211.80	177.80	123.90	72.50	11.90	106.30	928.60
114.70	111.40	109.40	84.80	86.60	88.50	1,112.00
282.00	281.40	228.80	177.10	155.20	151.60	2,346.20
138.60	222.50	0.00	0.00	507.10	0.00	905.20
3,784.50	4,200.80	2,389.80	1,108.70	878.30	800.60	19,698.50
521.30	296.70	142.90	139.30	134.50	166.90	2,557.90

POTABLE WATER USAGE, CONT'D

User	January	February	March	April	May	June
Missouri West Water System	1,479.20	1,256.30	1,925.70	1,939.20	1,729.80	1,741.00
Mott	1,995.90	1,637.80	1,864.30	1,769.70	2,019.20	2,620.40
Mott Grain	1.90	1.60	2.00	3.90	133.10	261.10
New England	1,786.90	1,488.70	1,661.00	1,484.50	2,081.10	2,342.30
New Hradec	102.90	74.40	89.60	81.30	95.10	100.40
New Leipzig	515.10	395.70	457.20	377.00	497.60	517.40
Northern Improvement	166.90	75.80	53.40	79.90	79.90	69.60
Perkins Co Rural Water System	9,771.50	7,874.30	10,128.10	8,639.80	9,753.60	10,540.40
Prairie Learning Center	160.00	130.80	87.60	53.40	89.60	74.60
Reeder	545.20	260.10	424.60	262.50	445.10	433.20
Regent	501.40	361.40	473.80	489.10	739.60	1,061.60
Richardton	1,654.60	1,403.10	1,549.20	1,453.60	1,511.40	1,940.00
Sacred Heart	25.00	23.00	34.00	27.00	27.00	40.00
Scranton	650.00	485.00	585.40	597.00	1,016.60	1,218.60
Sentinel Butte	1,099.00	1,139.80	857.70	1,072.30	805.50	662.80
South Heart	1,138.30	1,077.80	1,181.40	934.00	1,160.20	1,581.90
Stanton	958.20	782.00	940.30	845.40	1,177.00	1,251.00
Steffes Corporation	181.20	291.30	325.20	168.10	225.40	272.20
Target Logistics	190.10	89.20	107.50	102.10	95.50	111.80
Taylor	428.00	373.00	433.00	427.00	474.00	496.00
Travis & Tara Lamboum	249.80	270.30	251.20	161.10	347.30	166.60
West Medora Campground	85.00	64.00	57.00	55.00	73.00	263.00
Zap	531.20	462.70	533.80	498.90	562.00	614.70
Monthly Total	123,897.00	107,030.40	119,664.40	110,551.50	129,119.90	150,694.40

PER 1,000 GALLONS

July	August	September	October	November	December	User Total
2,413.50	2,689.40	1,690.90	1,124.10	1,519.00	1,435.30	20,943.40
2,534.30	2,426.90	2,027.20	2,056.20	1,838.00	1,722.10	24,512.00
39.80	43.00	69.30	0.00	32.60	10.70	599.00
3,110.20	2,455.70	2,175.20	1,640.00	1,570.40	1,417.50	23,213.50
97.00	118.00	85.40	76.00	72.50	76.70	1,069.30
623.80	639.20	442.40	391.00	332.60	409.70	5,598.70
92.90	49.60	160.70	91.90	174.40	64.00	1,159.00
12,435.40	12,862.00	10,038.20	8,558.10	7,757.40	8,273.20	116,632.00
67.90	85.90	64.10	85.70	75.90	94.40	1,069.90
667.60	577.00	420.80	465.00	419.60	499.00	5,419.70
950.40	1,020.00	937.70	559.50	445.70	394.50	7,934.70
2,442.20	2,303.60	1,803.20	1,555.00	1,371.00	1,424.30	20,411.20
45.00	44.00	30.00	27.00	24.00	23.00	369.00
1,304.70	1,360.00	867.10	747.10	617.70	552.50	10,001.70
1,516.10	2,332.30	948.30	466.50	965.70	1,595.80	13,461.80
2,170.50	2,089.70	1,644.10	1,150.10	849.90	1,071.70	16,049.60
1,360.80	1,475.00	1,116.00	842.10	864.50	749.50	12,361.80
152.50	237.90	216.40	215.30	348.80	232.20	2,866.50
97.80	106.10	97.00	84.20	93.00	105.80	1,280.10
731.00	805.00	596.00	431.00	398.00	378.00	5,970.00
190.30	501.90	769.70	143.10	139.10	328.80	3,518.60
374.00	435.00	230.00	166.00	37.00	78.00	1,917.00
714.10	761.40	556.80	550.60	460.00	570.40	6,816.60
208,664.20	217,845.40	168,792.60	118,620.40	105,958.40	110,386.50	1,671,305.10

WATER SERVICE CONTRACTS

User	Billed (kgal)	O&M	Treatment
Alliance Ag Co-op	1,200.00	\$ 1,344.00	\$ 960.00
Aries Land LLC	599.90	\$ 671.89	\$ 479.92
Assumption Abbey (Demand)	1,342.70	\$ 1,503.83	\$ 1,074.16
Assumption Abbey (Raw)	111.40	\$ 124.77	-
Baker Boy	2,086.30	\$ 2,336.65	\$ 1,669.04
Basic Energy Antelope Valley	1,409.00	\$ 1,715.38	\$ 1,225.28
Basic Energy Leland Olds	470.50	\$ 389.65	\$ 278.32
Beach	42,302.50	\$ 47,378.80	\$ 33,842.00
Belfield	59,239.40	\$ 66,348.12	\$ 47,391.52
Billings County	1,200.00	\$ 1,344.01	\$ 960.00
Carson	8,142.60	\$ 9,119.70	\$ 6,514.08
Center	20,455.80	\$ 22,910.48	\$ 16,364.64
Coteau Properties	400.00	\$ 448.00	\$ 320.00
Dakota Gasification Company	400.00	\$ 448.00	\$ 320.00
Dickinson	956,152.70	\$ 1,070,891.02	\$ 764,922.16
Dickinson Research Center	1,200.00	\$ 1,344.00	\$ 960.00
Dodge	3,749.00	\$ 4,198.88	\$ 2,999.20
Dodge Water Depot (Raw)	75,743.00	\$ 237,833.02	\$ 75,743.00
Dunn Center	6,427.60	\$ 7,198.91	\$ 5,142.08
East Weidner Bay	1,200.00	\$ 1,344.01	\$ 960.00
Elgin	15,880.70	\$ 17,786.38	\$ 12,704.56
Gladstone	12,453.40	\$ 13,947.80	\$ 9,962.72
Glen Ullin	23,191.10	\$ 25,974.03	\$ 18,552.88
Golden Valley	7,154.00	\$ 8,012.47	\$ 5,723.20
Golva	1,930.70	\$ 2,162.37	\$ 1,544.56
Great River Energy St. Stanton	1,200.00	\$ 1,343.99	\$ 960.00
GTLE Dakota Plant	1,200.00	\$ 1,344.00	\$ 960.00
Haas, CB "Buck"	514.90	\$ 576.69	-
Halliday	10,822.20	\$ 12,120.86	\$ 8,657.76
Hazen	81,999.00	\$ 91,838.89	\$ 65,599.20
Hebron	21,490.10	\$ 24,068.90	\$ 17,192.08
Hettinger	56,062.60	\$ 62,790.11	\$ 44,850.08
Home on the Range	1,377.00	\$ 1,542.24	\$ 1,101.60
Hueske, Ken	2,069.00	\$ 2,317.28	-
Jurgens, Robert	1,086.00	\$ 1,216.32	-
Karsky Dairy	2,029.60	\$ 2,273.15	\$ 1,623.68
Kadrmass, Gerald	246.10	\$ 275.64	-
Kadrmass, Gerald	100.00	\$ 111.99	-
Lakeshore Estates	912.60	\$ 1,022.13	\$ 730.08
Lambourn, Travis & Tara	3,518.60	\$ 3,940.83	\$ 2,814.88
Lorenz, Ervin	135.80	\$ 152.11	-
Lorenz, Fred	527.90	\$ 591.26	-

Reserve	Replacement	Capital Repayment	Demand	O&M Distribution	Total
\$ 84.00	\$ 480.00	\$ 1,331.99			\$ 4,199.99
\$ 41.99	\$ 239.96	\$ 665.89			\$ 2,099.65
\$ 94.00	\$ 537.08	\$ 1,490.40	\$ 1,490.40		\$ 6,189.87
\$ 10.03	\$ 44.56	\$ 123.65			\$ 303.02
\$ 146.04	\$ 834.52	\$ 2,315.79			\$ 7,302.04
\$ 107.22	\$ 612.64	\$ 1,700.09			\$ 5,360.61
\$ 24.36	\$ 139.16	\$ 386.18			\$ 1,217.67
\$ 2,961.19	\$ 16,921.00	\$ 46,955.78			\$ 148,058.77
\$ 4,146.74	\$ 23,695.76	\$ 65,755.73			\$ 207,337.87
\$ 84.02	\$ 480.00	\$ 1,322.00			\$ 4,200.03
\$ 569.98	\$ 3,257.04	\$ 9,038.29			\$ 28,499.09
\$ 1,342.43	\$ 8,182.32	\$ 22,705.93			\$ 71,505.80
\$ 28.01	\$ 160.00	\$ 444.00			\$ 1,400.01
\$ 28.00	\$ 160.00	\$ 444.00			\$ 1,400.00
\$ 66,930.68	\$ 382,461.08	\$ 1,061,329.50			\$ 3,346,534.44
\$ 84.00	\$ 480.00	\$ 1,332.00	\$ 1,332.00		\$ 5,532.00
\$ 262.43	\$ 1,499.60	\$ 4,161.39			\$ 13,121.50
\$ 378,715.00	\$ 75,743.00	\$ 462,789.73		\$ 151,486.00	\$ 1,382,309.75
\$ 449.95	\$ 2,571.04	\$ 7,134.66			\$ 22,496.64
\$ 84.00	\$ 480.00	\$ 1,322.00	\$ 1,322.00		\$ 5,532.01
\$ 1,111.68	\$ 6,352.28	\$ 17,627.60			\$ 55,582.50
\$ 871.74	\$ 4,981.36	\$ 13,823.29			\$ 43,586.91
\$ 1,623.38	\$ 9,276.44	\$ 25,742.12			\$ 81,168.85
\$ 500.79	\$ 2,861.60	\$ 7,940.95			\$ 25,039.01
\$ 135.15	\$ 722.28	\$ 2,143.08	\$ 2,143.08		\$ 8,900.52
\$ 84.00	\$ 480.00	\$ 1,332.00			\$ 4,199.99
\$ 84.02	\$ 480.00	\$ 1,332.00			\$ 4,200.02
\$ 46.35	\$ 205.96	\$ 571.53			\$ 1,400.53
\$ 757.55	\$ 4,328.88	\$ 12,012.64			\$ 37,877.69
\$ 5,739.90	\$ 32,799.60	\$ 91,018.90			\$ 286,996.49
\$ 1,504.31	\$ 8,596.04	\$ 23,854.02			\$ 75,215.35
\$ 3,924.40	\$ 22,425.04	\$ 62,229.49			\$ 196,219.12
\$ 96.40	\$ 550.80	\$ 1,528.48	\$ 1,528.48		\$ 6,348.00
\$ 186.23	\$ 827.60	\$ 2,296.60			\$ 5,627.71
\$ 97.74	\$ 434.40	\$ 1,205.46			\$ 2,953.92
\$ 142.08	\$ 811.84	\$ 2,252.85			\$ 7,103.60
\$ 22.16	\$ 98.44	\$ 273.16			\$ 669.40
\$ 9.00	\$ 40.00	\$ 111.01			\$ 272.00
\$ 63.89	\$ 365.04	\$ 1,012.99	\$ 1,012.99		\$ 4,207.12
\$ 246.30	\$ 1,407.44	\$ 3,905.64			\$ 12,315.09
\$ 12.24	\$ 54.32	\$ 150.74			\$ 369.41
\$ 47.52	\$ 211.16	\$ 585.97			\$ 1,435.91

WATER SERVICE CONTRACTS

User	Billed (kgal)	O&M	Treatment
Manning	2,346.20	\$ 2,627.75	\$ 1,876.96
McKenzie County Grazing Association	1,200.00	\$ 1,344.00	\$ 960.00
Medora	19,698.50	\$ 22,062.33	\$ 15,758.80
Missouri Basin Well Service	2,557.90	\$ 8,031.81	\$ 2,557.90
Missouri West Water System	24,000.00	\$ 26,880.00	\$ 19,200.00
Moline, Dale & Sue	100.00	\$ 112.00	-
Mott	24,512.00	\$ 27,453.44	\$ 19,609.60
Mott Grain	1,200.00	\$ 1,344.00	\$ 960.00
Neurohr, Dan	231.70	\$ 259.50	-
New England	23,213.50	\$ 25,999.11	\$ 18,570.80
New Hradec	1,069.30	\$ 1,197.62	\$ 855.44
New Leipzig	5,598.70	\$ 6,270.53	\$ 4,478.96
Northern Improvement	1,200.00	\$ 1,344.02	\$ 960.00
Otter Tail-Coyote Station	400.00	\$ 448.00	\$ 320.00
Perhus Brothers	100.00	\$ 112.00	-
Perhus Brothers	161.60	\$ 181.00	-
Perhus Brothers	100.00	\$ 112.00	-
Perhus Brothers	946.50	\$ 1,060.09	-
Perkins County Rural Water System	116,632.30	\$ 130,628.17	\$ 93,305.84
Prairie Learning Center	1,200.00	\$ 1,344.00	\$ 960.00
Red Tail Energy	165,427.00	\$ 185,278.24	-
Reeder	5,419.70	\$ 6,067.03	\$ 4,335.76
Regent	7,934.70	\$ 8,886.86	\$ 6,347.76
Richau, Kent (Raw)	100.00	\$ 112.00	-
Richau, Ken	103.60	\$ 116.03	-
Richau, Ken	100.00	\$ 112.00	-
Richardton	20,411.20	\$ 22,860.53	\$ 16,328.96
Sacred Heart	369.00	\$ 413.28	\$ 295.20
Sacred Heart Monastery (Raw)	613.00	\$ 686.56	-
Scranton	10,001.70	\$ 11,201.89	\$ 8,001.36
Sentinel Butte	13,461.80	\$ 15,077.23	\$ 10,769.44
South Heart	16,049.60	\$ 17,975.55	\$ 12,839.68
Stanton	12,361.80	\$ 13,845.22	\$ 9,889.44
Steffes Corporation	2,866.50	\$ 3,210.48	\$ 2,293.20
SWA Water Depot (Raw)	90,715.42	\$ 456,298.48	\$ 90,715.42
Swenson, David & Douglas	502.20	\$ 562.47	-
Target Logistics	1,500.00	\$ 1,680.00	\$ 1,200.00
Taylor	5,970.00	\$ 6,686.40	\$ 4,776.00
Weigum, Dale	325.10	\$ 364.11	-
West Medora Campground	1,917.00	\$ 2,147.04	\$ 1,533.60
Zap	6,816.60	\$ 7,634.59	\$ 5,453.28
Total:	2,019,167.82	\$ 2,774,329.92	\$ 1,510,256.08

Reserve	Replacement	Capital Repayment	Demand	O&M Distribution	Total
\$ 164.25	\$ 938.48	\$ 2,604.28	\$ 2,604.28		\$ 10,816.00
\$ 84.01	\$ 480.00	\$ 1,332.01			\$ 4,200.02
\$ 1,378.92	\$ 7,879.40	\$ 21,865.36			\$ 68,944.81
\$ 12,789.50	\$ 2,557.90	\$ 15,628.77		\$ 5,115.80	\$ 46,681.68
\$ 1,680.00	\$ 9,600.00	\$ 26,640.00			\$ 84,000.00
\$ 9.00	\$ 40.00	\$ 111.00			\$ 272.00
\$ 1,715.83	\$ 9,804.80	\$ 27,208.31			\$ 85,791.98
\$ 84.00	\$ 480.00	\$ 1,332.01			\$ 4,200.01
\$ 20.85	\$ 92.68	\$ 257.19			\$ 630.22
\$ 1,624.95	\$ 9,285.40	\$ 25,766.99			\$ 81,247.25
\$ 74.86	\$ 427.72	\$ 1,186.92	\$ 1,186.92		\$ 4,929.48
\$ 391.91	\$ 2,239.48	\$ 6,214.56			\$ 19,595.44
\$ 83.99	\$ 480.00	\$ 1,332.01			\$ 4,200.02
\$ 28.00	\$ 160.00	\$ 444.00			\$ 1,400.00
\$ 9.00	\$ 40.00	\$ 111.00			\$ 272.00
\$ 14.55	\$ 64.64	\$ 179.38			\$ 436.57
\$ 9.00	\$ 40.00	\$ 111.00			\$ 272.00
\$ 85.21	\$ 378.60	\$ 1,050.61			\$ 2,574.51
\$ 8,164.27	\$ 46,652.92	-			\$ 278,751.20
\$ 84.00	\$ 480.00	\$ 1,332.02			\$ 4,200.02
\$ 14,888.43	\$ 66,170.80	\$ 183,623.97			\$ 449,961.44
\$ 379.38	\$ 2,167.88	\$ 6,015.88			\$ 18,965.93
\$ 555.45	\$ 3,173.88	\$ 8,807.53			\$ 27,771.48
\$ 9.01	\$ 40.00	\$ 110.99			\$ 272.00
\$ 9.32	\$ 41.44	\$ 115.00			\$ 281.79
\$ 9.01	\$ 40.00	\$ 111.00			\$ 272.01
\$ 1,428.77	\$ 8,164.48	\$ 22,656.43			\$ 71,439.17
\$ 25.83	\$ 147.60	\$ 409.59	\$ 409.59		\$ 1,701.09
\$ 55.17	\$ 245.20	\$ 680.43			\$ 1,667.36
\$ 700.13	\$ 4,000.68	\$ 11,101.90			\$ 35,005.96
\$ 942.35	\$ 5,384.72	\$ 14,942.61			\$ 47,116.35
\$ 1,123.48	\$ 6,419.84	\$ 17,815.06			\$ 56,173.61
\$ 865.34	\$ 4,944.72	\$ 13,721.60			\$ 43,266.32
\$ 200.65	\$ 1,146.60	\$ 3,181.80			\$ 10,032.73
\$ 635,007.94	\$ 90,715.40	\$ 201,388.25		\$ 181,430.84	\$ 1,655,556.33
\$ 45.21	\$ 200.88	\$ 557.45			\$ 1,366.01
\$ 105.02	\$ 600.00	\$ 1,665.01			\$ 5,250.03
\$ 417.90	\$ 2,388.00	\$ 6,626.70			\$ 20,895.00
\$ 29.27	\$ 130.04	\$ 360.86			\$ 884.28
\$ 134.19	\$ 766.80	\$ 2,127.87	\$ 2,127.87		\$ 8,837.37
\$ 477.17	\$ 2,726.64	\$ 7,566.43			\$ 23,858.11
\$ 1,159,406.03	\$ 909,076.90	\$ 2,604,013.30	\$ 15,167.61	\$ 338,032.64	\$ 9,310,282.48

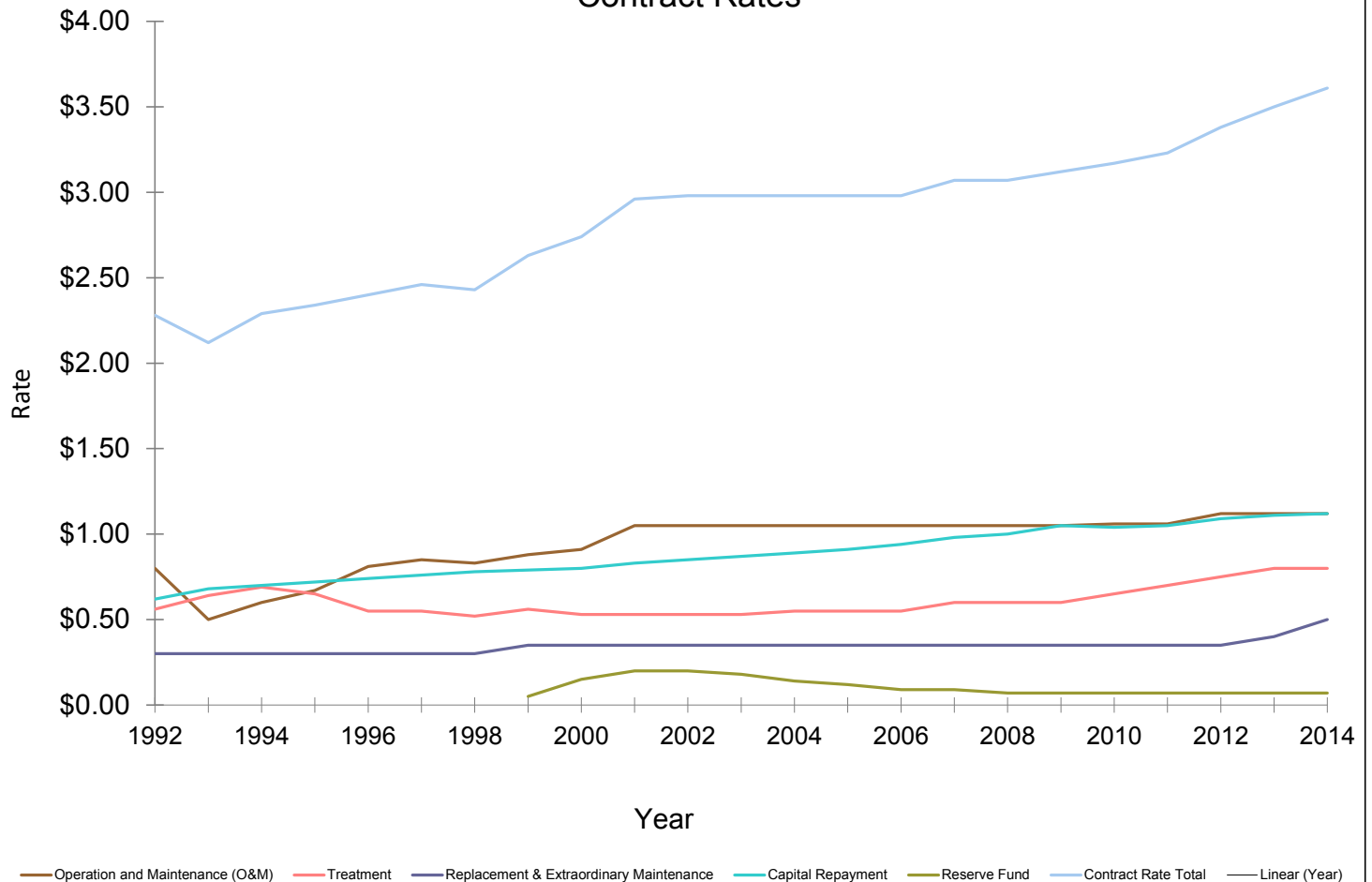
RATES HISTORY

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Operations & Maintenance (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
Replacement & Extraordinary Maintenance	\$ 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								\$ 0.05	\$ 0.15
Contract Rate Total	\$ 2.28	\$ 2.12	\$ 2.29	\$ 2.34	\$ 2.40	\$ 2.46	\$ 2.43	\$ 2.63	\$ 2.74
Capital Repayment as a Percentage of Total	27.19%	32.08%	30.57%	30.77%	30.83%	30.89%	32.10%	30.04%	29.20%

Rural Monthly Minimum	\$ 25.00	\$ 25.00	\$ 25.00	\$ 26.95	\$ 28.00	\$ 33.90	\$ 33.90	\$ 35.10	\$ 35.80
Rural Water Rate	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.55	\$ 2.59	\$ 2.56	\$ 3.05	\$ 3.15
Capital Repayment for Rural	\$ 20.00	\$ 20.00	\$ 20.00	\$ 21.95	\$ 22.52	\$ 23.25	\$ 23.64	\$ 23.96	\$ 24.50
Capital Repayment as a Percentage of Total	80.00%	80.00%	80.00%	81.45%	80.43%	68.58%	69.73%	68.26%	68.44%

Consumer Price Index	2.90%	2.75%	2.67%	2.54%	2.61%	3.26%	1.67%	1.36%	2.27%
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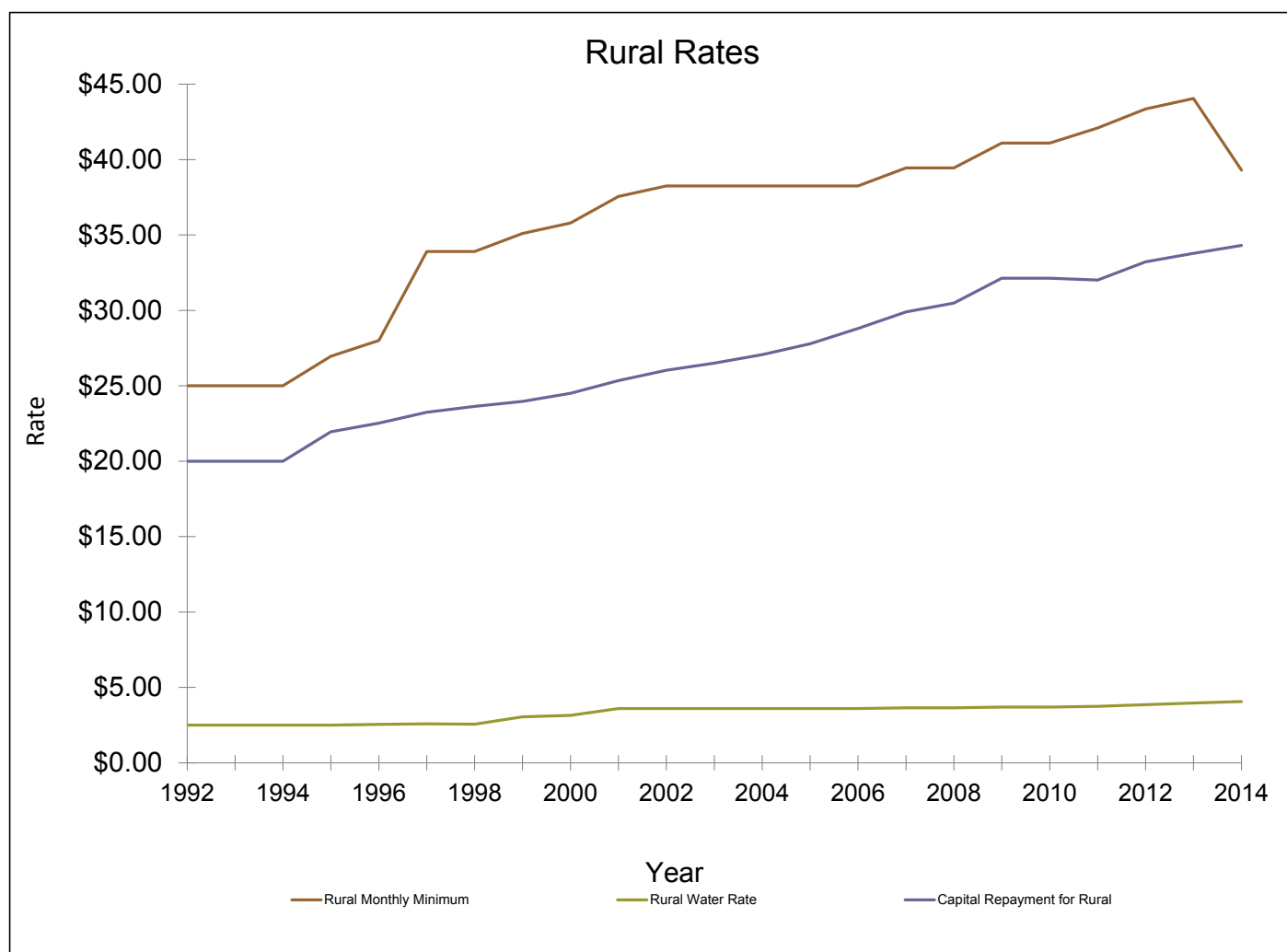
Contract Rates



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.06	\$ 1.06	\$ 1.12	\$ 1.12	\$ 1.12
\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.65	\$ 0.70	\$ 0.75	\$ 0.80	\$ 0.80
\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.40	\$ 0.50
\$ 0.83	\$ 0.85	\$ 0.87	\$ 0.89	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.00	\$ 1.05	\$ 1.04	\$ 1.05	\$ 1.09	\$ 1.11	\$ 1.12
\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.14	\$ 0.12	\$ 0.09	\$ 0.09	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
\$ 2.96	\$ 2.98	\$ 2.98	\$ 2.98	\$ 2.98	\$ 2.98	\$ 3.07	\$ 3.07	\$ 3.12	\$ 3.17	\$ 3.23	\$ 3.38	\$ 3.50	\$ 3.61
28.04%	28.52%	29.19%	29.87%	30.54%	31.54%	31.92%	32.57%	33.65%	32.81%	32.51%	32.25%	31.71%	31.02%

\$ 37.55	\$ 38.25	\$ 38.25	\$ 38.25	\$ 38.25	\$ 38.25	\$ 39.45	\$ 39.45	\$ 41.10	\$ 41.10	\$ 42.10	\$ 43.35	\$ 44.05	\$ 39.30
\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.65	\$ 3.65	\$ 3.70	\$ 3.70	\$ 3.75	\$ 3.86	\$ 3.96	\$ 4.06
\$ 25.34	\$ 26.03	\$ 26.50	\$ 27.07	\$ 27.79	\$ 28.80	\$ 29.90	\$ 30.49	\$ 32.13	\$ 32.13	\$ 32.01	\$ 33.22	\$ 33.78	\$ 34.30
67.48%	68.05%	69.28%	70.77%	72.65%	75.29%	75.79%	77.29%	78.18%	78.18%	76.03%	76.63%	76.69%	87.28%

3.42%	2.72%	1.80%	2.15%	2.65%	3.63%	3.82%	1.97%	5.37%	-1.50%	1.15%	3.78%	1.69%	1.53%
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RATES 2013

The water rate for rural customers in 2013 consisted of a minimum payment of \$44.05 per month and included 2,000 gallons of water. The rate for water use in excess of the 2,000 gallons was \$3.96 per thousand gallons. On July 1, 2002, SWA implemented a volume discount for rural customers. This reduced water rates from \$3.96 to \$2.96 on usage over 10,000 gallons. Also, customers with pasture taps received a rate reduction, from \$3.96 to \$2.96 on water usage in excess of 60,000 gallons, billed annually.

Rural Customers under 10,000 gallons

Treatment	\$0.80
Transmission Operations and Maintenance	\$1.12
Transmission Replacement and Extraordinary Maintenance	\$0.40
Transmission Reserve	\$0.07
Distribution Operation and Maintenance	\$1.32
Distribution Replacement.....	\$0.10
Distribution Reserve	\$0.15
Total	\$3.96

Rural Customers over 10,000 gallons

Treatment	\$0.75
Transmission Operation and Maintenance	\$0.76
Transmission Replacement and Extraordinary Maintenance.....	\$0.40
Transmission Reserve	\$0.00
Distribution Operation and Maintenance	\$0.95
Distribution Replacement.....	\$0.10
Distribution Reserve	\$0.00
Total	\$2.96

The standard rural minimum fee (\$44.05) is broken into three separate components: O&M fee, capital repayment, operations and maintenance. The capital repayment (\$33.78) and O&M 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 helped fund construction. After two years, the O&M fee is paid to the operations and maintenance fund, covering capital and routine operations and maintenance costs. The final portion of the monthly minimum (\$5.27) is for the operation and maintenance fund to cover fixed costs.

The 2013 rate for demand contract customers was \$4.61 per 1,000 gallons of potable water.

Demand Contract Customers

Treatment	\$0.80
Transmission Operation and Maintenance	\$1.12
Transmission Replacement and Extraordinary Maintenance	\$0.40
Capital Repayment	\$1.11
Demand Charge	\$1.11
Transmission Reserve	\$0.07
Total	\$4.61

The 2013 rate for contract customers was \$3.50 per 1,000 gallons of potable water.

Contract Customers

Treatment	\$0.80
Transmission Operation and Maintenance	\$1.12
Transmission Replacement and Extraordinary Maintenance	\$0.40
Capital Repayment	\$1.11
Transmission Reserve	<u>\$0.07</u>
Total	\$3.50

The 2013 rate for oil industry customers was \$18.25 per 1,000 gallons of water.

The raw water contract rate was \$2.72 per 1,000 gallons of water. Raw water customers do not pay for the cost of treatment.

RATES 2014

Rural Customers

The rural monthly minimum will decrease to \$39.30, but will no longer include 2,000 gallons. This rate will include capital repayment (\$34.30) and O&M fee (\$5.00). The capital repayment amount is tied to the Consumer Price Index and adjusted annually by the North Dakota State Water Commission. Capital repayment was increased by \$0.52 for 2014.

The rural customer rate per 1,000 gallons will increase to \$4.06 up to 10,000 gallons and over 10,000 gallons in usage will increase to \$3.06.

Contract Customers

There will be a rate increase for demand, contract, raw and oil industry customers. The demand rate will be \$4.73 per 1,000 gallons of potable water. The contract customer rate will be \$3.61 per 1,000 gallons of potable water. The raw water contract rate will be \$2.83 per 1,000 gallons of water. The oil industry rate will be \$20.00 per 1,000 gallons of water. For demand, contract, and raw water customers, Capital Repayment will increase \$0.01, Transmission REM will increase \$0.10, and the demand charge will increase \$0.01. The transmission O&M and treatment will remain unchanged for customers.

REPLACEMENT & EXTRAORDINARY MAINTENANCE FUND

In 1981, when the Southwest Pipeline Project (SWPP) was authorized, the North Dakota Legislature established the Replacement & Extraordinary Maintenance (REM) Fund. This fund was set up to create an account to cover costs of an extraordinary nature or to replace parts of the SWPP in the years to come as parts of the system reach their life expectancy. Disbursements from this account have to meet these criteria and must be approved by the North Dakota State Water Commission and Southwest Water Authority (SWA) Board of Directors.

A portion of the water rate charged by SWA is for the REM Fund. The rate is charged on every thousand gallons of water billed. The REM rate is one of the components of the rate structure paid by all customers, both contract and rural.

Originally, the rate was set at \$0.30 per thousand 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 REM should be increased to \$0.35 per thousand gallons, and has remained this amount from 1999 to 2012. Based upon the reevaluation of the REM Fund and the future estimated construction costs, especially to replace the existing 12 MGD Water Treatment Plant located in Dickinson, the rate for REM increased to \$0.40 per thousand gallons for 2013 and will be increased to \$0.50 per thousand gallons for 2014.

When SWA took over operations and management of the SWPP from the North Dakota State Water Commission in 1996, SWA established an account to track REM funds separately and to follow the North Dakota Century Code. The following table gives a summary of activity of this account.



	1991-1997	1998	1999	2000	2001	2002
Beginning Balance	\$ 1,751,935	\$ 1,315,966	\$ 1,630,497	\$ 2,002,873	\$ 2,314,893	\$ 2,804,274
Contributions						
Contracts	\$ 1,192,837	\$ 254,697	\$ 298,472	\$ 320,454	\$ 329,448	\$ 333,308
Rural	\$ 48,831	\$ 27,361	\$ 33,369	\$ 43,850	\$ 44,066	\$ 53,121
Interest	\$ 78,925	\$ 83,945	\$ 98,511	\$ 121,376	\$ 127,292	\$ 160,258
Dividends	\$ 19,549	\$ 9,070	\$ 5,601	\$ 9,137	\$ 16,575	\$ 4,016
Fiduciary Fees	\$ (7,230)	\$ (6,105)	\$ (7,302)	\$ (8,602)	\$ (9,552)	\$ (12,177)
Disbursements	\$ (16,945)	\$ (54,438)	\$ (56,275)	\$ (174,195)	\$ (18,448)	\$ (41,784)
Ending Balance	\$ 3,067,902	\$ 1,630,497	\$ 2,002,873	\$ 2,314,893	\$ 2,804,274	\$ 3,301,016

	2003	2004	2005	2006	2007	2008
Beginning Balance	\$ 3,301,016	\$ 3,835,485	\$ 4,220,502	\$ 4,787,646	\$ 5,338,238	\$ 6,141,750
Contributions						
Contract	\$ 346,330	\$ 335,340	\$ 347,808	\$ 425,777	\$ 467,831	\$ 472,933
Rural	\$ 62,334	\$ 67,709	\$ 64,725	\$ 82,115	\$ 90,793	\$ 106,858
Interest	\$ 150,883	\$ 188,652	\$ 198,149	\$ 202,716	\$ 258,201	\$ 295,859
Dividends	\$ 3,985	\$ 2,279	\$ 5,633	\$ 8,203	\$ 8,335	\$ 12,461
Fiduciary Fees	\$ (14,190)	\$ (15,845)	\$ (17,417)	\$ (19,135)	\$ (21,648)	\$ (25,288)
Disbursements	\$ (14,874)	\$ (193,119)	\$ (31,754)	\$ (149,084)	\$ 0	\$ 0
Ending Balance	\$ 3,835,485	\$ 4,220,502	\$ 4,787,646	\$ 5,338,238	\$ 6,141,750	\$ 7,004,573

	2009	2010	2011	2012	2013	
Beginning Balance	\$ 7,004,573	\$ 7,865,343	\$ 8,629,770	\$ 9,232,440	\$ 9,596,193	
Contributions						Total
Contract	\$ 457,040	\$ 478,501	\$ 543,731	\$ 799,134	\$ 896,093	\$ 8,299,734
Rural	\$ 101,620	\$ 115,801	\$ 114,383	\$ 140,126	\$ 155,954	\$ 1,353,016
Interest	\$ 329,085	\$ 331,850	\$ 313,990	\$ 332,206	\$ 335,644	\$ 3,607,542
Dividends	\$ 1,943	\$ 12,412	\$ 14,189	\$ 22,163	\$ 12,665	\$ 168,216
Fiduciary Fees	\$ (28,918)	\$ (32,218)	\$ (34,927)	\$ (38,594)	\$ (40,305)	\$ (339,454)
Disbursements	\$ 0	\$ (141,919)	\$ (348,696)	\$ (891,282)	\$ 0	\$ (2,132,811)
Ending Balance	\$ 7,865,343	\$ 8,629,770	\$ 9,232,440	\$ 9,596,193	\$ 10,956,243	\$ 10,956,243

ANNUAL CAPITAL REPAYMENT

Capital Repayment is a portion of the water rate charged by Southwest Water Authority (SWA) 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 (CPI) and adjusted annually.

For all contract customers, the capital repayment rate is based upon a per thousand 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 ND State Water Commission or to the bond bank.

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

	1991-1993	1994	1995	1996	1997	1998
Contract	\$ 414,498.00	\$ 292,997.00	\$ 408,563.00	\$ 418,179.77	\$ 487,828.22	\$ 568,497.91
Rural	\$ 5,540.00	\$ 7,475.00	\$ 95,616.00	\$ 316,814.38	\$ 370,085.00	\$ 347,293.46
Total	\$ 420,038.00	\$ 300,472.00	\$ 504,179.00	\$ 734,994.15	\$ 857,913.22	\$ 915,791.37

	1999	2000	2001	2002	2003	2004
Contract	\$ 580,865.33	\$ 634,275.73	\$ 751,392.41	\$ 800,159.52	\$ 861,015.31	\$ 846,041.48
Rural	\$ 445,131.91	\$ 524,952.50	\$ 556,470.52	\$ 630,004.66	\$ 718,768.94	\$ 774,667.77
Total	\$ 1,025,997.24	\$ 1,159,228.23	\$ 1,307,862.93	\$ 1,430,164.18	\$ 1,579,784.25	\$ 1,620,709.25

	2005	2006	2007	2008	2009	2010
Contract	\$ 897,289.69	\$ 1,067,345.59	\$ 1,244,385.61	\$ 1,269,698.28	\$ 1,255,131.37	\$ 1,344,386.07
Rural	\$ 809,668.64	\$ 881,134.67	\$ 1,063,680.25	\$ 1,184,034.70	\$ 1,363,856.74	\$ 1,432,160.52
Total	\$ 1,706,958.33	\$ 1,948,480.26	\$ 2,308,065.86	\$ 2,453,732.98	\$ 2,618,988.11	\$ 2,776,546.59

	2011	2012	2013	Total
Contract	\$ 1,595,570.21	\$ 2,634,953.62	\$ 2,582,830.77	\$ 20,955,904.89
Rural	\$ 1,480,846.23	\$ 1,652,322.24	\$ 1,938,810.07	\$ 16,599,334.20
Total	\$ 3,076,416.44	\$ 4,287,275.86	\$ 4,521,640.84	\$ 37,555,239.09

SOUTHWEST PIPELINE PROJECT FUNDING SOURCES

State Funding (in millions of dollars)

Resources Trust Fund	\$ 83.76
Water Development Trust Fund.....	\$ 8.47
Subtotal	\$ 92.23

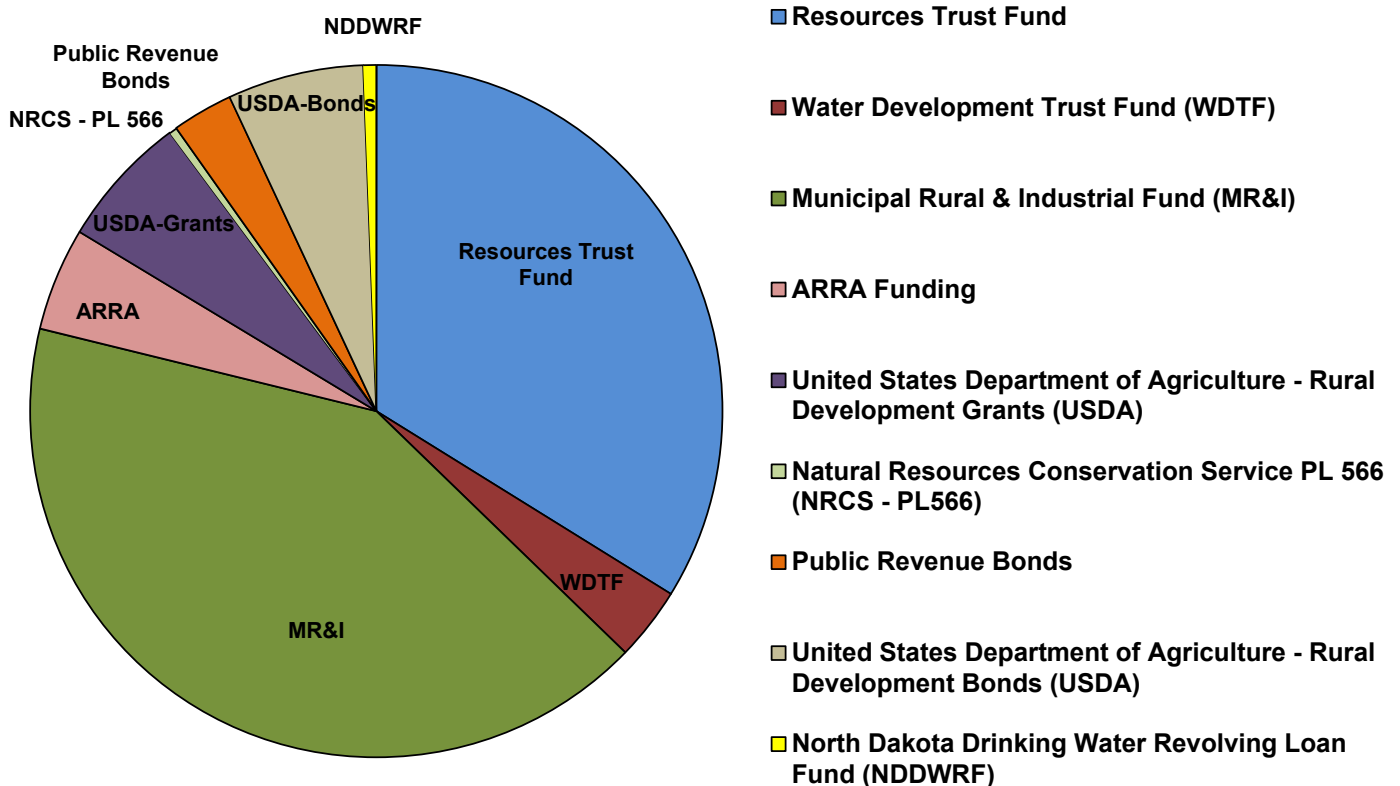
Grants

Garrison Diversion Conservancy District	
Municipal Rural & Industrial (MR&I) Fund	\$102.92
United States Department of Agriculture - Rural Development (RUS)	\$ 15.32
Natural Resources Conservation Service PL566	\$ 0.93
Subtotal	\$119.17

State Bonds Repaid by Users

Public Revenue Bonds	\$ 7.04
United States Department of Agriculture - Rural Development	\$ 15.70
ND Drinking Water Revolving Loan Fund	\$ 1.50
Subtotal	\$ 24.24
Total Funding	\$235.64

SWPP FUNDING SOURCE
\$235.64 Million as of 12/31/2013



SOUTHWEST PIPELINE PROJECT (SWPP) TIMELINE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Projects:	West River Diversion						SW Area Water Supply			
Organizations:									West River Water Supply District	

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Projects:	Southwest Pipeline Project (SWPP)									
Organizations:	Southwest Water Authority (SWA) (Political Subdivision)									

SWPP Historical Events:

1981 – SWPP Authorized	1992 – First Rural Water Service (Roshau Subdivision)
1983 – SWPP Final Design Authorized	1994 – Service beyond Dickinson
1985 – SWPP Construction Authorized	1995 – Full Scale Rural Service
1986 – Construction Begins	1996 – Transfer of O&M to SWA
Garrison MR&I Funding	1997 – USDA Rural Development Funds and Revenue Bonds
1991 – Rural Water Integration	1998 – Garrison M&RI Funding
Service to Dickinson	

Funding (in millions):

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
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										
TOTAL:										

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
State Resources Trust Fund	0.68	0.77	1.46	1.77	1.18	0.70	1.34	4.21	0.83	0.33
Garrison Diversion MR&I	5.30	10.10	7.77	5.41	0.18	2.47	1.24			
Natural Resources Conservation Service		0.13	0.41	0.39						
Revenue Bonds					3.96	3.08				
USDA Rural Development (loans)						3.50	0.02	1.38	0.50	0.23
USDA Rural Development (grants)						1.04	1.54	1.59	2.48	0.92
Drinking Water State Revolving Loan Fund								1.00	0.50	
Water Development Trust Fund									1.45	5.17
TOTAL:	5.98	11.00	9.64	7.57	5.32	10.79	4.14	8.18	5.76	6.65

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Southwest Pipeline Project (SWPP)											
		West River Joint Board							SWA (Non-Profit)	SWA (Political Subdivision)	

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Southwest Pipeline Project (SWPP)											
Southwest Water Authority (SWA) (Political Subdivision)											

1999 – SB 2188 Passed - Water Development Trust Fund

2001 – State Funding

Bowman-Scranton Phase

2003 – State Funding

Medora-Beach Phase

2005 – State USDA Funding

Medora-Beach Phase II

2007 – State & USDA Funding

Medora-Beach Phase III

2008 – Received MR&I Funding – First time since 1999

2009 – SB 2193 Passed - Expanded Authority

ARRA Funding for OMND WTP

2011 – Federal & State funding for OMND

2012 – Service to OMND

2013 – Completion of Zap I & II Service Areas

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-----	-----	23.60	-----	-----	-----	-----	-----	-----	-----	0.04	0.06
						7.38	8.33	6.67	2.65	5.32	6.87
		23.60				7.38	8.33	6.67	2.65	5.36	6.93

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total:
3.06	2.38	3.05	1.62	0.69	2.70	5.43	1.27	4.73	8.86	13.00	83.76
					2.94	1.13	4.64	16.91	5.64	1.97	102.92
											0.93
											7.04
1.63	1.54		2.47	1.43	3.00						15.70
1.04	0.56	1.30	1.93	0.52	2.07	0.10				0.23	15.32
											1.50
0.26	0.45		0.09	1.05							8.47
5.99	4.93	4.35	6.11	3.69	10.71	6.66	5.91	21.61	14.50	15.20	235.64

Our Vision:

People and Business
Succeeding with Quality Water

Our Mission:

Quality Water for Southwest
North Dakota



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