

2008

# Annual Operating Report

SOUTHWEST WATER

SOUTHWEST WATER  
AUTHORITY





VISION STATEMENT  
People and business succeeding with quality water

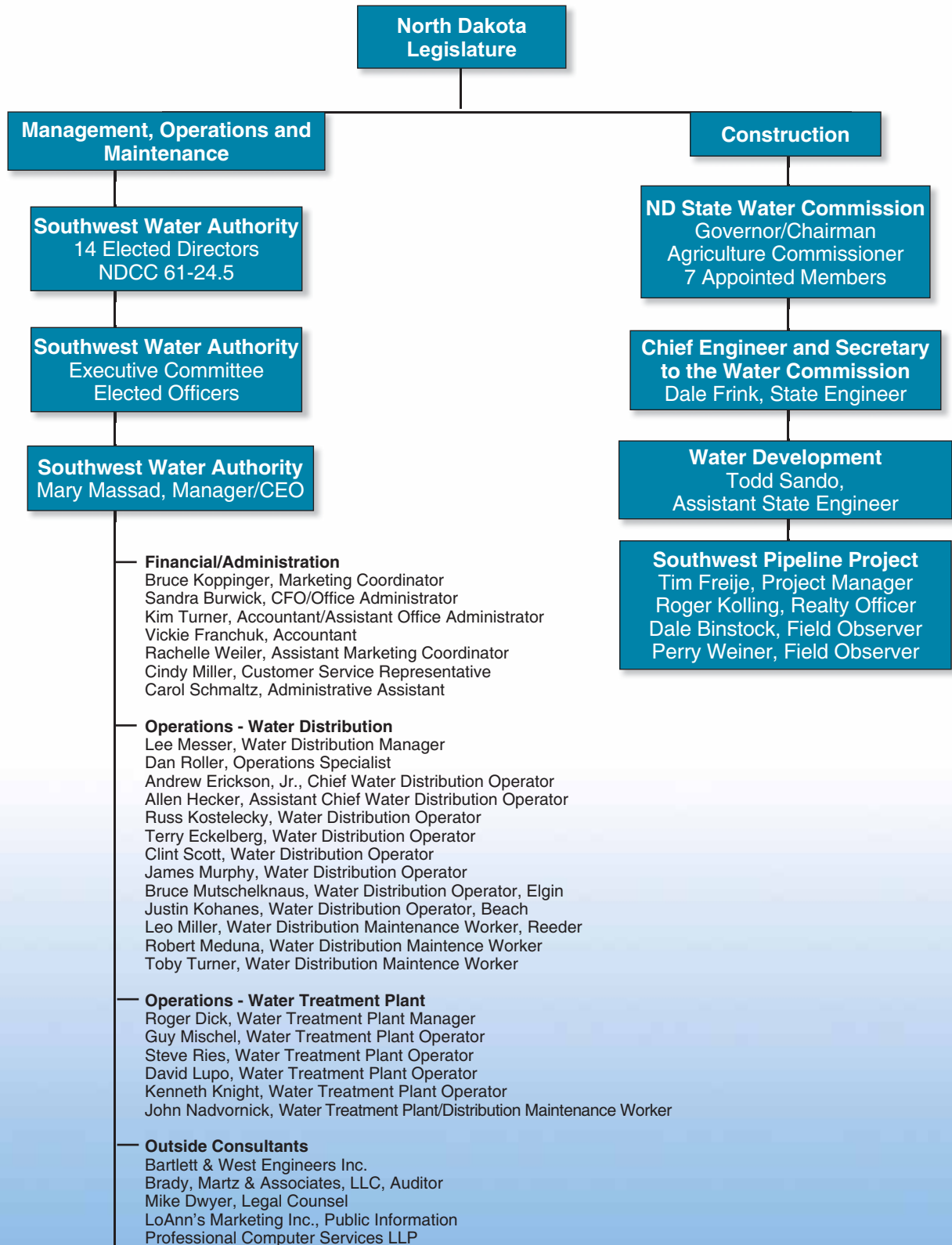
MISSION STATEMENT  
Providing quality water for southwest North Dakota

*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

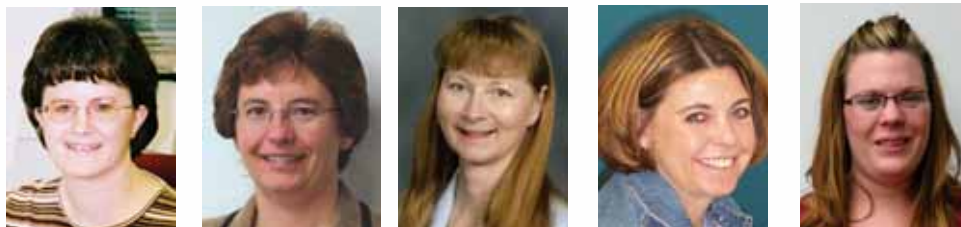
**Row Two:** Jonathon Eaton - Adams County; James Odermann - Billings County; Brian Roth - Grant County; David Juntunen - Slope County

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

## ND STATE WATER COMMISSION

Governor John Hoeven, Chairman, Bismarck, ND  
Roger Johnson, 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 Franchuk, 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
- Row Four:** Clint Scott, WDO; James Murphy, WDO; Bruce Mutschelknaus, WDO, Elgin; Justin Kohanes, WDO, Beach; Leo Miller, WDMW, Reeder; Toby Turner, WDMW; Robert Meduna, WDMW
- Row Five:** 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 STRONG FINISH AND A GREAT NEW START

*By Dale Frink, ND State Engineer*

The Southwest Pipeline Project (SWPP) is in the final construction phases for the Medora, Beach Regional Service Area. In 2008, construction began in four rural water distribution contracts and one reservoir contract. These are the last contracts for this service area.

And now, we are off to the final portion of the SWPP – the Oliver, Mercer, North Dunn (OMND) Service Area. In 2007, the Southwest Water Authority began a final sign-up campaign from cities and rural customers in the area. The cities were originally offered contracts in the early 1980s, but only Golden Valley, Halliday and Dodge actually signed. Dunn Center signed in 1991, and Zap signed in 2001. In 2007, contracts were initiated with Hazen, Center, Stanton and all of the power plants and mining companies, which significantly improved the feasibility of the area. A preliminary engineering report was completed in 2008.

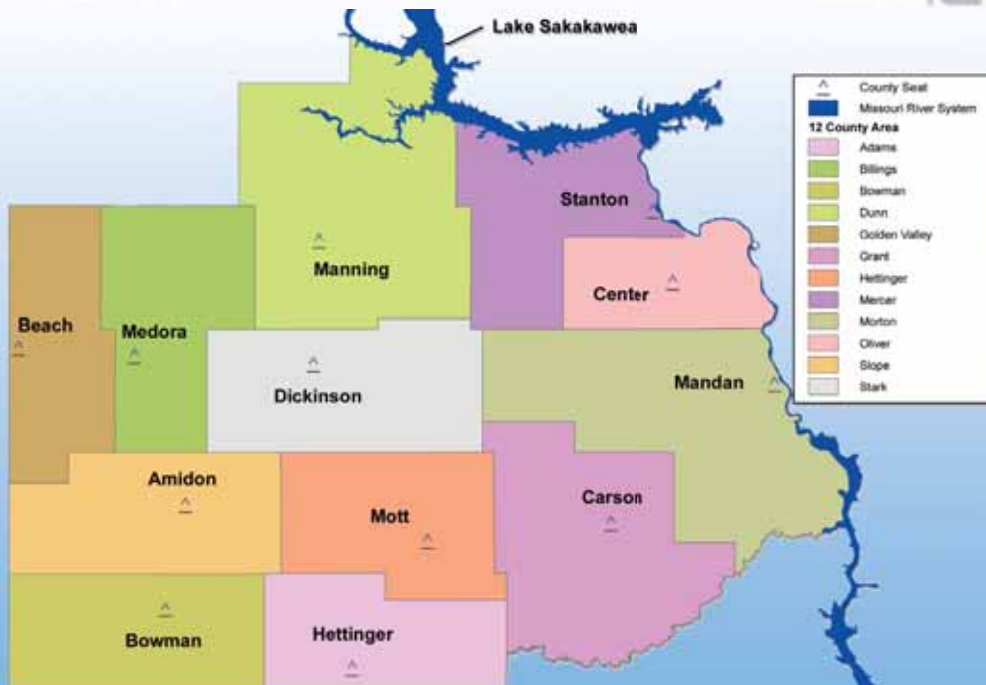
The OMND Service Area will have a separate and new treatment plant. A pilot study and final design of the treatment plant was started in 2008. We hope to bid at least portions of the treatment plant in 2009, with construction to start in 2010.

Completion of the OMND Service Area will depend on funding from a combination of state and federal sources. The federal funds will be part of the Municipal, Rural and Industrial (MR&I) Water Supply provided by the United States Bureau of Reclamation and passed through the Garrison Diversion Conservancy District. It is possible that some of the funds would be part of the federal stimulus program.

Hoorah – the end is in sight!



## SERVICE AREA - 12 COUNTIES



# CHAIRPERSON'S ANNUAL ADDRESS



*By Loren Myran, Chairperson*

The promise of water continues as the Southwest Pipeline Project (SWPP) persists to fulfill the goal of providing an adequate supply of quality water to residents of southwestern North Dakota. This past year, significant progress has been made in the area of construction and there have been noteworthy changes to the organization internally. As chairperson of the Southwest Water Authority (SWA) board of directors, I would like to reflect upon the events of 2008 and plans for 2009.

In 2008, the Trotters Pocket, Fairfield, Grassy Butte and Killdeer Mountain Service Areas were bid and awarded, as well as one potable water reservoir contract. The Trotters Pocket has reached substantial completion. The Fairfield Service Area is nearing completion and the Grassy Butte and Killdeer Mountain Service Areas are scheduled to be finished in 2009. The reservoir, located northwest of Fairfield was completed in the fall and will be put into service later this year.

Construction is underway for the final phase of development in the Oliver, Mercer, North Dunn (OMND) Service Area. The board of directors is recommending the main transmission line to Hazen be built first in conjunction with the construction of the water treatment plant to be located north of Zap. Construction in the 2009-2011 biennium will aim to complete the water treatment plant near Zap and the Zap Rural Service Area. The SWPP is estimated to be substantially complete in 10 to 14 years.

Drought conditions plaguing southwest North Dakota continue to cause problems for farmers and ranchers. As a rancher myself, I am aware of how critical an alternative water source is to ensure proper weight gain and herd survival. I encourage farmers and ranchers, especially in the OMND Service Area, to consider a pasture tap(s). My experience and the experiences of many others have proven a pasture tap(s) is affordable, reliable and beneficial. Without a quality, reliable source of water, I am convinced that my entire herd would have been lost this past year.

As with everything, change is inevitable. This past year brought significant changes internally, with Dale Binstock, Water Distribution Operator, accepting a position with the North Dakota State Water Commission and Glenn Eckleberg, Marketing Coordinator, retiring. Glenn accepted his position at SWA in October, 1994 and retired in August of this past year. He provided nearly 14 years of outstanding service to the organization and residents of southwestern North Dakota. Dale was with the Authority from May, 1995 through July, 2008, dedicating over 13 years to the development of quality water. These gentlemen were exceptional employees for SWA and were extremely instrumental in the continued success of the SWPP. We wish both professionals the very best in their new endeavors.

The recent passage of the economic stimulus package intended to create jobs and help the economy recover from the recession will also benefit clean water projects. A portion of the money is being allocated to rural water and drinking water infrastructure. The American Recovery and Reinvestment Act of 2009 includes significant funding for water projects, such as the SWPP. Once the stimulus package is fully implemented, we are optimistic the SWPP will be considered.

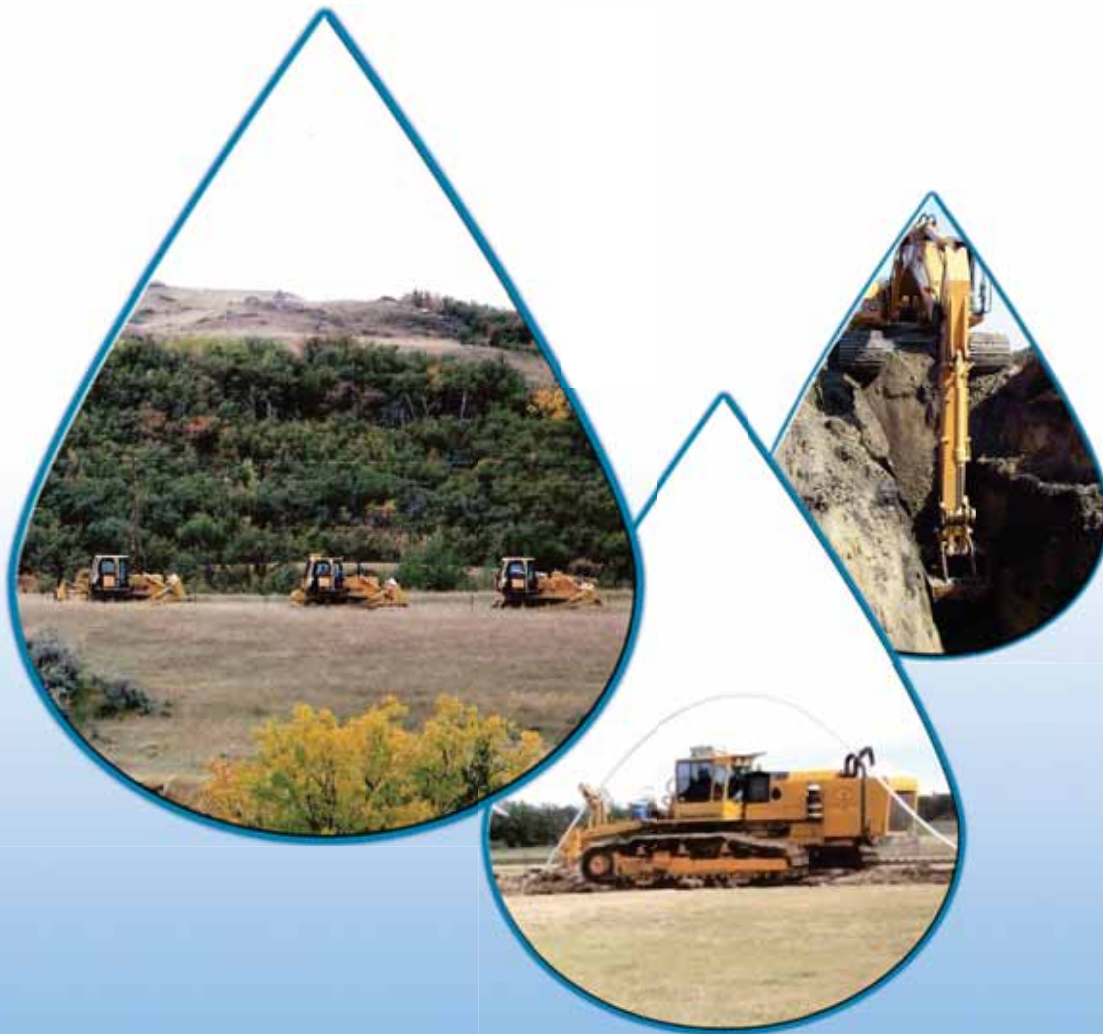
We are grateful for the support of the many state and federal agencies, organizations and officials. Specifically, thank you to the North Dakota Water Coalition for their continued efforts in unifying all water interests to ultimately fulfill the promise of water.



# CONSTRUCTION SUMMARY

*By Tim Freije, Project Manager*

Construction on Phase III of the Medora, Beach Regional Service Area began in 2007 with Contract 7-8D (South Fryburg) and is now in full swing with Contracts 7-8E (Fairfield Service Area), 7-8F (Trotters Pocket) and 7-8G (Grassy Butte Service Area) all bid and awarded in March with construction getting underway in April and May. Contract 7-9B (Killdeer Mountain Service Area), which is the second contract in the Oliver, Mercer, North Dunn Regional Service Area after the Beulah Interim Service Area, was also bid and awarded in March. Trotters is substantially complete and Fairfield is nearly complete with all pipe installed but only half of the users turned over when construction shut down for the winter. Contract 8-2 (Fairfield Reservoir) was also bid and awarded in March and is the first stainless steel reservoir on the Southwest Pipeline Project. In all, the four rural water distribution contracts will add 500 users and 500 miles of pipe to the system with nearly two hundred of the users already being served with the rest due to be turned over by late next summer.



# YES, WE ARE COMING



*By Mary Massad, Manager/CEO*

I am pleased to share with you the accomplishments of the Southwest Water Authority (SWA) and the Southwest Pipeline Project (SWPP) over the past year. Much has been accomplished, and yet there is so much left to do.

Construction for the SWPP this past year saw a very busy season. This past season marks the twenty-third year of construction for the SWPP. The Medora, Beach Regional Service Area is in the final stages of completion. The South Fryburg Pocket saw final completion in 2008. The generators installed at the Dodge and Richardton Pump Stations were also completed. Contracts were awarded for the Trotters, Fairfield, Grassy Butte and West Killdeer Mountain areas as well as the Fairfield Reservoir in 2008. The Trotters Pocket was substantially completed during the year. These five

contracts will provide water service to an additional 487 customers through more than 480 miles of pipeline, two booster pump stations and a potable water reservoir. This coming year will see the completion of all of these contracts, which will mean the Medora, Beach Regional Service Area will be completed during 2009.

This results in our focus being the continuation and completion of the Oliver, Mercer, North Dunn (OMND) Regional Service Area. The preliminary engineering report has been completed, and a pilot project for the water treatment plant is underway at the treatment plant in Dickinson. Membrane technology is being used to determine the best method of treatment for the plant that will be built near the raw water tanks north of Zap to serve the OMND region.

A study was also completed for the water treatment plant in Dickinson by Bartlett & West, Inc. This treatment plant has served the project well, but with the age of the building and of the facilities, it was felt that this study was needed to determine how to best continue serving our customers the quality water they have come to expect from the SWPP. This study will be used to guide us into the future.

The SWA built its third satellite office this past year. We now have an office and shop in Sentinel Butte to better serve our customers in that region. We are pleased to be a part of this community.

As you read this Annual Operating Report, you will see that service to our customers and providing them with an adequate supply of quality water each time they turn on the tap is possible because of the efforts of our qualified and dedicated staff and consultants. I am truly grateful for them.

Our thanks go out to the many people who are still patiently waiting for water. Yes, we are coming! My thanks go out to those who help make the dream of quality water for our citizens a reality. This includes the SWA board of directors who provide the support needed to carry out our vision of "people and business succeeding with quality water." Thank you to past directors parting in 2008; Lenny Jacobs (Adams County), Larry Ziegler (City of Dickinson) and Steve Tomac (Morton County). Each of these gentlemen provided years of dedicated service to the SWA and SWPP. We wish them the very best. Thank you to the North Dakota State Water Commission, the project owner, for their unwavering help and support. Our thanks also go out to the North Dakota State Legislature, Governor Hoeven and his staff, our congressional delegation and their staff, USDA and USDA-Rural Development, the Bureau of Reclamation, the North Dakota Water Coalition and the North Dakota Rural Water Systems Association. Thank you as well to the Garrison Diversion Conservancy District (GDCCD) and Dave Koland, general manager, who have supported federal MR&I funding for the SWPP over the years. SWA signed a Memorandum of Understanding (MOU) for the contracting of emergency services to SWA with the GDCCD this past November. Should the need ever arise for emergency services, it is reassuring to know we can count on GDCCD to come to our aid.

Through the efforts of all these individuals and entities, funding for this project still continues. This, in turn, allows us to reach out to those who still wait for their first glass of SWPP water. Our region is strong because of all of you. Economic development is possible because of your efforts. Most importantly, quality of life is possible for the citizens in our region who currently receive SWPP water and to those who still patiently wait for service.



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). The SWA is governed by a 14 member board of directors. One director represents each county within the SWPP Service Area and two directors represent the city of Dickinson. The counties include: Adams, Billings, Bowman, Dunn, Golden Valley, Grant, Hettinger, Mercer, Morton, Oliver, Slope and Stark.

The SWPP is a state-owned project administered by the North Dakota State Water Commission and operated and maintained by SWA. The pipeline 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 23 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, the pipeline serves 28 communities, approximately 3,600 rural service locations, 13 contract customers, 15 raw water customers and Perkins County Rural Water System in South Dakota.

In 2008, SWA completed the Trotter Service Area north of Beach, which brought another 78 customers for SWPP. The Fairfield Service Area had 118 customers turned over as of the end of 2008.

The project pumped a total of 1,617,067,100 gallons of water from Lake Sakakawea in 2008. This is an increase of 71,315,800 gallons over 2007. Potable water delivered in 2008 was 1,402,570,700 gallons. Contract users consumed 1,179,615,900 gallons and 222,954,800 gallons were used by rural customers. Total raw water delivered in 2008 was 168,999,600 gallons. Potable water used by contractors during construction totaled 5,690,300 gallons. The water delivered to the end user was 97.19 percent 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 2008 was 9,392,100 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 2008 was 10,371,300 gallons, which included 6,931,200 gallons to the city of Zap and 3,440,100 gallons to rural customers.

Total water delivered by SWA is 1,597,023,900 gallons.

In November, SWA signed a Memorandum of Understanding (MOU) with the Garrison Diversion Conservancy District. In the case that SWA would not be able to address an urgent situation utilizing its own staff and equipment, SWA may request assistance from Garrison Diversion. The term of this MOU is five years, after which time the agreement may be extended for consecutive five-year terms upon agreement of both parties.

To educate youth on the importance of quality water, SWA held its 9<sup>th</sup> Annual "Make a Splash" Water Festival, September 18<sup>th</sup> & 19<sup>th</sup>. Fifth grade students throughout SWA's 12 county service area were invited to attend the event held at the Dickinson Recreation Center. On Thursday evening, "Family Night" was open to the public.



# MILL LEVY REPORT

<b>2008 Mill Levy Income</b>					<b>\$236,071.24</b>
	<b>Board of Directors</b>	<b>Administration</b>	<b>Easement</b>	<b>Sign-Up</b>	<b>Total</b>
Per Diem/Salaries	\$34,400.00	\$198,225.95	\$38,979.58	\$37,849.38	\$309,454.91
Benefits/Payroll Taxes	3,339.70	60,777.76	15,697.45	15,632.96	95,447.87
Professional Fees	45,936.89	52,330.58	455.02	18,369.52	117,092.01
Supplies	3,022.33	4,502.26	4,364.17	1,531.32	13,420.08
Repairs	0.00	7,704.94	603.18	598.06	8,906.18
Travel	31,858.10	5,813.67	3,936.00	2,134.80	43,742.57
Telephone/Internet	2,786.89	2,558.33	2,181.20	2,302.51	9,828.93
Insurance	6,415.14	2,225.94	0.00	0.00	8,641.08
Printing and Promotion	12,684.70	23,073.89	538.94	646.24	36,943.77
Postage	1,521.12	2,287.78	988.16	527.28	5,324.34
Dues and Subscriptions	11,911.25	7,163.69	373.50	5.00	19,453.44
Development/Education	4,272.00	1,258.20	1,600.50	165.50	7,296.20
Depreciation	3,020.30	8,124.36	4,041.23	4,052.54	19,238.43
Miscellaneous	16,800.00	316.95	0.00	0.00	17,116.95
<b>Total</b>	<b>\$177,968.42</b>	<b>\$376,364.30</b>	<b>\$73,758.93</b>	<b>\$83,815.11</b>	<b>\$711,906.76</b>
<b>Revenue Necessary from Other Sources</b>					<b>\$475,835.52</b>

# OPERATIONS & MAINTENANCE REPORT



Transfer of raw water from Lake Sakakawea to the water treatment plant in Dickinson and delivery of treated water to each customer's service connection point, are the primary functions of the Water Distribution Operations and Maintenance (O&M) staff. To achieve these primary functions, various tasks are performed as both raw and treated water are conveyed through a network of pipes, valves, reservoirs and pump stations before reaching the final destination.

As the Southwest Pipeline Project (SWPP) continues to expand through construction of new pipelines and facilities, both the number and divergence of tasks and activities increase as well. These new responsibilities, combined with the increasing maintenance demands imposed by age and wear to existing infrastructure and new regulations mandated by the Environmental Protection Agency (EPA), continue to provide challenges that require staff flexibility. Change has been a constant in the life span of the distribution system and the distribution staff.

As newly constructed pipelines and/or distribution facilities are turned over to Southwest Water Authority (SWA) management, distribution staff adjustments are required. In 2008, the new pipelines and facilities included approximately 290 miles of pipeline in Contracts 7-8D, a portion of 7-8E and 7-8F, two variable frequency drive booster pump stations and standby generators at the Richardton and Dodge raw water pumping stations. To accommodate these additions, the geographical areas of responsibility for several distribution operators were either expanded or the borders were redefined to maximize efficiency and customer service. With the anticipated completion of Contracts 7-8E, 7-8G and 7-9B in 2009, two additional maintenance personnel were hired to begin training as distribution operators. Their presence and training will ease the transition into these new areas.

Our presence in the Beach, Golvea and Fryburg Service Areas was solidified with the construction of a new shop building in the city of Sentinel Butte. The design of the 1,200 square foot building closely resembles the Elgin shop constructed in 2004. It features two vehicle bays, a small parts storage area and an office. The Sentinel Butte address provides a fairly centralized location within the service areas for our regional representative.

One of the primary responsibilities of the distribution staff is maintaining water quality throughout the distribution system. The EPA mandates specific water quality standards, water testing requirements and recordkeeping requirements for all public water systems. With the addition of the three Morton County pockets and the Beulah Interim Service Area in 2006, SWA expanded from one public water system to five public water systems, and, in effect, nearly quintupled the required testing and recordkeeping requirements. Examples of required testing include, Bacteriological, Lead and Copper and Disinfectants and Disinfection Byproducts. All required testing is performed by certified laboratories on water samples collected and submitted by our distribution operators. In addition to required testing, the distribution operators test the water at several hundred locations each month to determine if adequate chlorine residuals are being maintained. The results of these tests are recorded and they provide us with historical evidence of problematic areas or specific lines that may require more attention than others. Our staff takes a great deal of pride in maintaining water quality and our record is an accurate reflection.

Dependability of service can be viewed as a measure of the operations and maintenance performance level of the distribution staff. Once again, service interruptions were minimal and generally of short duration in 2008. This is particularly evident when consideration is given to the geographical size of the distribution system, the miles of pipeline, the numbers of pump stations, reservoirs, customer connections and related appurtenances.

The water distribution staff takes pride in the quality of service and water they provide to the customer and look forward to continued success in 2009.

The Water Treatment Plant (WTP), which was originally designed to treat water for one community, has been transformed into a regional facility as the Southwest Pipeline Project (SWPP) has grown over the years. It has become the hub of the entire SWPP and is now treating water for nearly 40 public water systems. However, new challenges are emerging for the WTP staff as the SWPP continues to expand: pumping capacity, backup generator power and treatment redundancy are some examples. Aging infrastructure is also becoming an issue as portions of the WTP are nearly 60 years old. As a consequence, our consulting engineers were called upon to do an assessment of the facility. Their main focus was to assess the current condition of the WTP, analyze its capability for future expansion and address any current treatment deficiencies. The assessment was completed in January, 2009.

The WTP staff has been introduced to membrane filtration, a relatively new but rapidly growing technology that is being utilized in the drinking water industry. This technology uses pressure or a vacuum to force water through a scientifically engineered membrane. Particulate matter larger than 1  $\mu\text{m}$  (one-millionth of a meter) is rejected in the process, resulting in a very high quality filtrate. Membrane filtration is a viable treatment option for the future Oliver, Mercer, North Dunn (OMND) WTP, so a pilot study using the technology began in August at the WTP. Results of the study will aid the engineers in the final design of the new OMND WTP.

The Southwest Water Authority (SWA) presented its 10<sup>th</sup> Annual Drinking Water Quality Report (also known as the Consumer Confidence Report) to the customers served by our WTP and its 2<sup>nd</sup> 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 on SWA's Web site 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 (EPA) regulations.

The WTP began a two year Cryptosporidium monitoring program in April, 2008, to comply with a new EPA regulation. Additional treatment will be required if Cryptosporidium is detected in the raw water in sufficient quantities, which could result in much higher treatment costs. Test results have been negative thus far, which is very good news. Giardia and E. Coli are also being monitored in the raw water, and they have been detected at zero or very low concentrations.

A one year monitoring program began in May, 2008, for 10 unregulated contaminants. Just as with Cryptosporidium, none of these contaminants have been detected. In fact, other contaminants that are monitored for, such as TOC (Total Organic Carbon), nitrate/nitrite, trihalomethanes and haloacetic acids are at levels such that we have been granted reduced monitoring by the EPA. Many of our zero and low detection levels are due in large part to the high quality of our source water, something for which we should all be thankful. The high quality of our raw water enables us to treat it more effectively and achieve SWA's goal of providing quality water for southwest North Dakota.

The WTP treated 1,486,707,000 gallons of raw water during 2008 using the chemicals listed below. Approximately 1,100,000 gallons of sludge – a combination of chemicals added and impurities removed from the raw water – were discharged from the WTP.

- Sodium Permanganate: Taste & odor reduction (3,175 lbs.)
- Aluminum Sulfate: Cationic coagulant added for clarification (54,467 lbs.)
- Lime: Softening (1,996,792 lbs.)
- Flocculant: Clarification aid (1,469 lbs.)
- Carbon Dioxide: pH adjustment (458,549 lbs.)
- Polyphosphate: Corrosion inhibitor (25,493 lbs.)
- Fluoride: Reduction of dental caries (10,473 lbs.)
- Ammonium Sulfate: Disinfection (12,564 lbs.)
- Chlorine: Disinfection (54,971 lbs.)

## 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.





## Treated Water Users Gallons Used

Alliance Ag Co-op.....	100
Assumption Abbey.....	1,418,700
Baker Boy.....	1,708,700
Beach.....	46,235,000
Belfield.....	29,729,200
Billings County.....	1,245,800
Carson.....	8,260,200
Dickinson.....	697,144,000
Dickinson Research Center.....	2,005,700
Dodge.....	3,048,000
Dunn Center.....	3,112,200
Elgin.....	17,903,100
Gladstone.....	5,825,800
Glen Ullin.....	24,985,700
Golden Valley.....	4,878,600
Golva.....	2,688,600
Halliday.....	9,561,400
Hebron.....	21,825,800
Hettinger.....	58,644,000
Home on the Range.....	574,500
Dean Karsky.....	2,041,600
Manning.....	1,957,800
Medora.....	16,796,800
Missouri Basin.....	5,144,400
Mott.....	23,056,400
Mott Grain.....	933,600
New England.....	24,349,800
New Hradec.....	1,079,700
New Leipzig.....	6,584,700
Perkins County Rural Water.....	92,580,800
Prairie Learning Center.....	1,306,100
Reeder.....	5,342,000
Regent.....	6,240,200
Richardton.....	17,532,600
Sacred Heart Monastery.....	595,000
Scranton.....	12,472,400
Sentinel Butte.....	2,053,900
South Heart.....	11,711,200
Steffes Manufacturing.....	1,922,800
Taylor.....	4,073,000
West Medora Campground.....	1,046,000
Rural Usage.....	222,954,800
Construction.....	5,690,300
<b>Total Treated Water.....</b>	<b>1,408,261,000</b>

## Raw Water Users Gallons Used

Assumption Abbey.....	95,100
Jurgens Farms.....	1,167,000
Ervin Lorenz.....	233,400
Fred Lorenz.....	113,900
Dale and Sue Moline.....	5,000
Dan Neurohr.....	15,600
David Perhus 1.....	90,800
David Perhus 2.....	105,200
David Perhus 3.....	163,500
David Perhus 4.....	189,200
Red Trail Energy.....	164,816,000
Sacred Heart Monastery.....	393,000
C.B. "Buck" Haas.....	1,611,900
<b>Total Raw Water.....</b>	<b>168,999,600</b>

## Beulah Interim Gallons Used

Zap.....	6,931,200
Rural.....	3,440,100
<b>Total Beulah Interim.....</b>	<b>10,371,300</b>

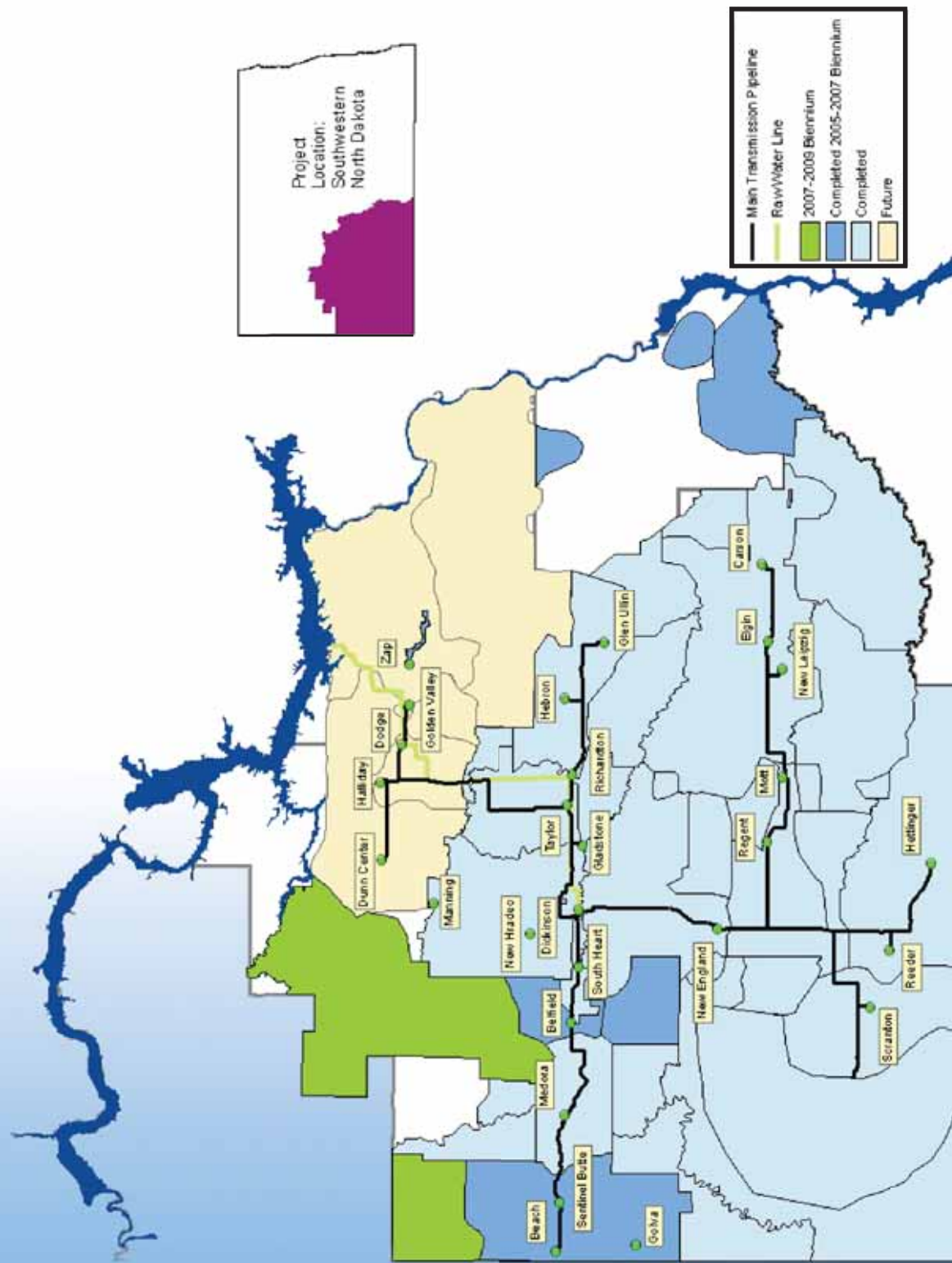
## MWWS\* Gallons Used

Rural.....	9,392,100
<b>Total MWWS.....</b>	<b>9,392,100</b>

**Total Water.....1,597,024,000**

\*Missouri West Water System

# SOUTHWEST PIPELINE PROJECT CONSTRUCTION MAP





# INDEPENDENT AUDITOR'S REPORT

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

BRADY  
MARTZ

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

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, 2008 and 2007, 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, 2008 and 2007, 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 February 24, 2009 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 is important for assessing the results of our audit.

The Management's Discussion and Analysis (MD & A) on pages 3 through 6 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.

February 24, 2009



**SOUTHWEST WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2008 AND 2007**

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, 2008 and 2007. 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 \$14,017,942 as of the end of the year 2008 compared with \$12,841,754 as of the end of the year 2007. This is an increase in total assets of \$1,176,188. The liabilities totaled \$1,107,011 for 2008 compared with \$1,061,881 for 2007. The net assets exceeded its liabilities at the close of the most recent fiscal year by \$12,910,931. This compares with the year ending December 31, 2007 by \$11,779,873 for an increase in net assets of \$1,131,058.

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 \$7,270,928 at year-end compared with \$7,123,785 at year-end of 2007. The amount that is the Replacement and Extraordinary Maintenance Fund is \$6,371,359 at year-end compared with \$6,053,861 at year-end 2007. This is an increase of \$317,498. 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 \$400,742 at year-end compared with \$462,128 at year-end 2007. This is a decrease of \$61,386. Of this amount, \$360,445 is restricted. This compares with \$347,570 as of year-end 2007, which is an increase of \$12,875. 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 \$4,081,474 compared with \$4,093,193 at the end of 2007. This is a decrease of \$11,719. This is made up of checking and money market accounts as well as certificates of deposit.

The liabilities total \$1,107,011 for 2008 compared with \$1,061,881 at year-end 2007. This is an increase in liabilities of \$45,130. Of this amount, \$612,157 is current liabilities mostly in the form of accounts payable. This compares with 2007 ending balance of \$595,836 in current liabilities. This is an increase of current liabilities of \$16,321. The long-term liabilities total \$494,854 at year-end compared with \$466,045 at year-end 2007. Of this amount, \$360,445 is deferred revenue for year-end 2008 compared with \$347,570 year-end 2007. 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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. The balance in long-term liabilities \$89,727 is rental deposits from tenants/customers compared with \$86,010 for year-end 2007.

### 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.

### CONDENSED BALANCE SHEETS

	2008	2007
<b>ASSETS</b>		
Unrestricted current assets	\$ 6,145,885	\$ 6,023,115
Restricted noncurrent assets	7,142,929	6,220,305
Capital assets	729,128	598,334
<b>Total Assets</b>	<b>\$ 14,017,942</b>	<b>\$ 12,841,754</b>
<b>LIABILITIES</b>		
Current Liabilities	\$ 612,157	\$ 595,836
Long-term liabilities	494,854	466,045
<b>Total liabilities</b>	<b>1,107,011</b>	<b>1,061,881</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	729,128	598,334
Restricted net assets	7,142,929	6,220,305
Unrestricted net assets	5,038,874	4,961,234
<b>Total Net Assets</b>	<b>12,910,931</b>	<b>11,779,873</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,017,942</b>	<b>\$ 12,841,754</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

	2008	2007
Operating revenues:		
Sales	\$ 6,340,479	\$ 6,003,038
Hook up fee transfers	136,849	112,201
Other	142,123	194,457
Total operating revenues	6,618,251	6,309,696
Operating expenses:		
Transmission	2,818,842	2,613,205
Distribution	1,795,187	1,551,071
Board of directors	177,967	162,969
Administrative	376,365	382,147
Easement acquisition	73,759	46,694
Rural water sign-up	83,816	64,292
Customer service	77,854	63,929
Treatment	871,202	746,461
Grass seeding	-	7
Total operating expenses	6,274,992	5,630,775
Operating income	343,259	678,921
Nonoperating revenue:		
Property taxes	236,071	219,607
Unrealized gain on investments	72,001	143,017
Investment income	479,727	494,239
Total nonoperating revenue	787,799	856,863
Change in net assets	1,131,058	1,535,784
Total net assets - beginning of year	11,779,873	10,244,089
Total net assets - end of year	\$ 12,910,931	\$ 11,779,873

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### 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 \$6,340,479 compared with \$6,003,038 for 2007. This is an increase in revenues of \$337,441. The net incomes for each department are transmission of \$48,570, distribution net income of \$97,389 and treatment net loss of \$52,354. This compares with net income by department for 2007 of transmission net income of \$322,183, distribution net income of \$25,081 and treatment net income of \$29,389.

The mill levy generated income of \$236,071 for 2008 compared with \$219,607 for the year 2007. This is an increase of \$16,464. The administration activities had a net income of \$89,770 compared with a net income of \$183,409 for 2007. 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 1% of projections and the expenses were within reason of the budget parameters by being under budget within 3%.

The Southwest Water Authority sold a total of 1,597,024,000 gallons of water in 2008 compared with 1,518,775,700 gallons of water in 2007. This is an increase of 78,248,300 gallons from 2007. This is 3% under the projection for the year of 1,640,000,000 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, 2008 AND 2007**

	2008	2007
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 1,120,784	\$ 1,343,862
Investments	4,267,838	3,893,922
Receivables:		
Accounts (net of allowance of \$6,165 and \$9,868 in 2008 and 2007, respectively)	424,649	428,123
Interest	38,565	50,526
Prepaid expenses	24,633	52,258
Inventory	269,416	254,424
Total current assets	<u>6,145,885</u>	<u>6,023,115</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	714,335	107,464
Investments	6,371,359	6,053,861
Interest receivable	57,235	58,980
Capital Assets:		
Land	7,657	3,291
Improvements, furniture and equipment, net	721,471	595,043
Total noncurrent assets	<u>7,872,057</u>	<u>6,818,639</u>
Total Assets	<u>\$ 14,017,942</u>	<u>\$ 12,841,754</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 389,812	\$ 393,638
Due to ND State Water Commission	16,524	5,394
Accrued salaries	96,201	87,559
Compensated absences, current portion	69,395	71,196
Accrued expenses	40,225	38,109
Total current liabilities	<u>612,157</u>	<u>595,836</u>
Long-term Liabilities		
Compensated absences, net of current portion	44,682	32,465
Deferred revenue	380,445	347,570
Rental/customer deposits	89,727	86,010
Total long-term liabilities	<u>494,854</u>	<u>466,045</u>
Total liabilities	<u>1,107,011</u>	<u>1,061,881</u>
Net Assets		
Invested in capital assets, net of related debt	729,128	598,334
Restricted for replacement	7,142,929	6,220,305
Unrestricted	5,038,874	4,961,234
Total Net Assets	<u>12,910,931</u>	<u>11,779,873</u>
Total Liabilities and Net Assets	<u>\$ 14,017,942</u>	<u>\$ 12,841,754</u>

**SOUTHWEST WATER AUTHORITY  
DICKINSON, NORTH DAKOTA**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Sales	\$ 6,340,479	\$ 6,003,038
Hook up fee transfers	135,649	112,201
Other	<u>142,123</u>	<u>194,457</u>
Total operating revenues	<u>6,618,251</u>	<u>6,309,696</u>
Operating expenses:		
Transmission	2,818,842	2,613,205
Distribution	1,795,187	1,551,071
Board of directors	177,967	132,969
Administrative	376,365	382,147
Easement acquisition	73,759	46,694
Rural water sign-up	83,816	54,292
Customer service	77,854	53,929
Treatment	871,202	746,461
Grass seeding	<u>-</u>	<u>7</u>
Total operating expenses	<u>6,274,992</u>	<u>5,630,775</u>
Operating income	<u>343,259</u>	<u>678,921</u>
Nonoperating revenue:		
Property taxes	236,071	219,607
Unrealized gain on investments	72,001	143,017
Investment income	<u>479,727</u>	<u>494,239</u>
Total nonoperating revenue	<u>787,799</u>	<u>856,863</u>
Change in net assets	1,131,058	1,535,784
Total net assets - beginning of year	<u>11,779,873</u>	<u>10,244,089</u>
Total net assets - end of year	<u><u>\$ 12,910,931</u></u>	<u><u>\$ 11,779,873</u></u>

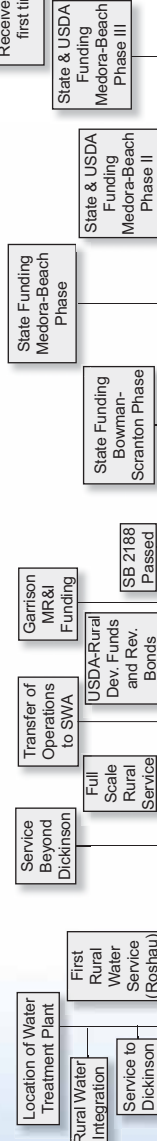
# SWPPP TIMELINE

	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													23.60							
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>													<b>23.60</b>			<b>7.38</b>	<b>8.33</b>	<b>6.67</b>	<b>2.65</b>	



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	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	0.04	0.06	0.68	0.77	1.46	1.77	1.18	0.70	1.34	4.21	0.83	0.33	3.06	2.38	3.05	1.62	0.69	2.70	50.47
Garrison Diversion MR&I	5.32	6.87	5.30	10.10	7.77	5.41	0.18	2.47	1.24									2.94	72.63
Natural Resources Conservation Service				0.13	0.41	0.39													.93
Revenue Bonds							3.96	3.08											7.04
USDA - Rural Development (Loans)								3.50	0.02	1.38	0.50	0.23	1.63	1.54		2.47	1.43	3.00	15.70
USDA - Rural Development (Grants)								1.04	1.54	1.59	2.48	0.92	1.04	0.56	1.30	1.93	0.52	2.07	14.99
Drinking Water State Revolving Loan Fund										1.00	0.50								1.50
Water Development Trust Fund										1.45	5.17	0.26	0.45		0.09	1.05			8.47
<b>TOTAL</b>	<b>5.36</b>	<b>6.93</b>	<b>5.98</b>	<b>11.00</b>	<b>9.64</b>	<b>7.57</b>	<b>5.32</b>	<b>10.79</b>	<b>4.14</b>	<b>8.18</b>	<b>5.76</b>	<b>6.65</b>	<b>5.99</b>	<b>4.93</b>	<b>4.35</b>	<b>6.11</b>	<b>3.69</b>	<b>10.71</b>	<b>171.73</b>





POTABLE WATER USAGE

User	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	User Total
Alliance Ag Co-op									0.1				0.1
Assumption Abbey	84.0	91.6	104.2	96.1	114.3	151.9	201.6	199.0	114.5	94.1	93.3	74.1	1,418.7
Baker Boy	125.4	84.5	89.9	116.2	89.8	64.6	122.7	213.5	312.0	209.4	151.3	129.4	1,708.7
Beach	2,768.9	3,369.8	2,572.0	2,840.5	3,587.8	4,395.0	6,706.0	6,231.0	4,066.3	3,430.9	3,402.8	2,864.0	46,235.0
Belfield	1,688.6	1,868.5	1,619.9	1,765.8	2,069.6	3,244.7	3,904.7	4,258.4	2,869.4	2,204.8	2,363.2	1,871.6	29,729.2
Billings County	2.0	0.3		16.9		51.6	143.6	392.1	639.3				1,245.8
Carson	639.1	703.9	603.8	619.2	615.7	729.3	841.0	880.3	788.1	594.6	683.4	561.8	8,260.2
Dickinson	40,859.1	46,560.4	38,613.5	43,593.5	55,288.1	72,663.0	86,627.0	98,973.3	73,339.2	49,403.8	48,400.8	42,822.3	697,144.0
Dickinson Research	71.8	70.4	50.0	130.4	149.5	302.9	183.4	249.5	248.1	238.5	233.1	78.1	2,005.7
Dodge	179.0	215.0	181.0	195.0	242.0	331.0	397.0	354.0	298.0	238.0	238.0	180.0	3,048.0
Dunn Center	212.4	312.2	206.3	235.4	245.5	277.7	365.4	350.4	240.8	210.4	241.9	213.8	3,112.2
Elgin	1,385.3	1,450.0	1,452.6	1,388.3	1,288.9	1,608.5	1,892.8	1,978.6	1,616.1	1,277.4	1,360.2	1,204.4	17,903.1
Gladstone	373.3	492.9	357.8	393.9	406.8	578.0	594.5	636.5	538.9	378.3	485.3	589.6	5,825.8
Glen Ullin	1,606.1	1,943.0	1,601.1	1,644.6	2,063.9	2,487.6	2,760.9	3,246.3	2,206.8	1,818.0	1,966.6	1,640.8	24,985.7
Golden Valley	286.7	373.5	320.2	369.5	394.2	532.1	669.1	621.1	419.6	309.4	315.3	267.9	4,878.6
Golva	160.2	193.8	142.0	154.6	150.4	241.3	518.3	488.4	197.1	148.9	164.6	129.0	2,688.6
Halliday	747.6	883.2	714.2	726.5	725.1	921.2	929.8	927.0	699.2	690.0	784.3	813.3	9,561.4
Hebron	1,331.7	1,654.1	1,480.8	1,561.9	1,670.6	2,130.9	2,628.7	2,920.8	1,948.7	1,595.1	1,532.0	1,370.5	21,825.8
Hettinger	3,742.2	4,226.8	4,218.4	3,805.4	3,863.6	5,460.2	7,365.4	7,872.4	6,164.3	4,235.7	4,195.0	3,494.6	58,644.0
Home on the Range	52.0	53.0	43.0	43.5	40.5	57.0	54.0	56.0	44.6	40.9	49.5	40.5	574.5
Karsky Dairy	196.4	123.1	157.8	158.1	181.5	166.3	172.4	202.6	172.1	169.3	179.2	162.8	2,041.6
Manning	142.7	132.1	99.3	113.0	137.9	164.2	300.8	371.7	173.3	106.7	125.8	90.3	1,957.8
Medora	308.3	371.8	360.6	652.8	1,308.0	2,637.2	3,844.7	3,879.0	1,888.7	697.7	494.0	354.0	16,796.8

Per 1,000 Gallons

User	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	User Total
Missouri Basin	512.8	596.6	418.6	532.1	667.2	496.6	488.5	296.7	533.3	138.2	262.8	201.0	5,144.4
Mott	1,570.1	1,859.2	1,518.6	1,679.1	1,703.4	2,573.3	2,185.1	2,363.8	2,000.1	1,905.6	2,085.0	1,613.1	23,056.4
Mott Grain				20.5	185.6	226.9	161.3	83.0	155.6	74.2	26.2	0.3	933.6
New England	1,327.3	2,028.6	1,755.1	1,820.2	2,385.8	2,951.3	2,853.6	2,454.0	2,084.7	1,461.6	1,671.7	1,555.9	24,349.8
New Hradec	80.0	89.2	74.8	77.1	81.0	102.1	112.8	117.3	84.6	83.1	98.3	79.4	1,079.7
New Leipzig	423.9	491.9	426.9	448.1	454.6	659.1	875.5	736.4	620.3	476.8	516.4	454.8	6,584.7
PCRWS*	4,898.0	5,873.6	5,017.8	6,253.0	7,579.8	9,287.6	12,625.4	11,821.1	9,000.2	7,268.9	7,072.0	5,883.4	92,580.8
PLC**	78.9	121.7	92.8	77.4	130.7	121.7	100.6	116.3	126.9	118.0	105.2	115.9	1,306.1
Reeder	326.6	408.4	325.3	327.1	383.2	612.0	557.9	684.8	501.6	345.6	445.0	424.5	5,342.0
Regent	389.1	385.4	325.5	420.9	444.2	958.0	610.8	661.8	620.4	508.1	533.1	382.9	6,240.2
Richardton	1,116.2	1,299.0	1,097.4	1,198.2	1,262.5	1,864.9	2,194.2	2,452.8	1,499.9	1,227.1	1,250.6	1,069.8	17,532.6
Sacred Heart	44.0	51.0	43.0	66.0	49.0	54.0	49.0	55.0	46.0	47.0	56.0	35.0	595.0
Scranton	671.2	801.9	638.9	898.6	1,088.8	1,700.1	1,374.2	1,554.7	1,392.4	874.7	831.2	645.7	12,472.4
Sentinel Butte	149.1	135.4	104.1	124.4	92.2	212.0	260.8	302.8	129.3	214.9	165.7	163.2	2,053.9
South Heart	596.5	683.3	618.5	725.2	1,100.4	1,244.3	1,733.0	1,743.4	1,184.5	786.2	727.3	568.6	11,711.2
Steffes	211.4	213.3	127.5	138.5	215.6	120.8	135.1	140.2	150.9	249.7	116.8	103.0	1,922.8
Taylor	276.0	309.0	259.0	275.0	310.0	390.0	421.0	482.0	387.0	323.0	340.0	301.0	4,073.0
WMCG***	16.0	18.0	13.0	13.0	65.0	204.0	273.0	285.0	107.0	17.0	16.0	19.0	1,046.0
Monthly Total	69,649.9	80,539.4	67,845.2	75,715.5	92,832.7	122,974.9	148,235.6	161,653.0	119,609.9	84,211.6	83,778.9	72,569.3	1,179,615.9

#### Beulah Interim Potable Water Contract

User	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	User Total
Zap	428.2	511.7	376.5	656.5	652.6	742.4	793.4	764.9	559.7	444.8	554.6	445.9	6,931.2
Monthly Total	428.2	511.7	376.5	656.5	652.6	742.4	793.4	764.9	559.7	444.8	554.6	445.9	6,931.2
Grand Total	70,078.1	81,051.1	68,221.7	76,372.0	93,485.3	123,717.3	149,029.0	162,417.9	120,169.6	84,656.4	84,333.5	73,015.2	1,186,547.1
Per 1,000 Gallons													

\*PCRWS - Perkins County Rural Water System

\*\*PLC - Prairie Learning Center

\*\*\*WMCG - West Medora Campground

# RATES 2008

The water rate for rural customers in 2008 consisted of a minimum payment of \$39.45 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 Operation 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
Transmission Reserve.....	\$0.00
Distribution Operation and Maintenance .....	\$0.88
Distribution Replacement .....	\$0.10
<b>Total.....</b>	<b>\$2.65</b>

The standard rural minimum fee (\$39.45) is broken into three separate components: meter fee, capital repayment and operations and maintenance. The capital repayment (\$30.49) 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 (\$3.96) is for the operation and maintenance fund to cover fixed costs.

The 2008 rate for demand contract customers was \$4.05 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.....	\$1.00
Demand Charge.....	\$1.00
Transmission Reserve.....	\$0.05
<b>Total.....</b>	<b>\$4.05</b>



# RATES 2008 CONTINUED



The 2008 rate for contract customers was \$3.07 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 .....	\$1.00
Transmission Reserve .....	\$0.07
<b>Total .....</b>	<b>\$3.07</b>

The raw water contract rate was \$2.49 per 1,000 gallons of water.

# RATES 2009

## Rural Rates

The rural monthly minimum will increase from \$39.45 to \$41.10 and includes 2,000 gallons of water with a monthly meter reading. This also includes capital repayment (\$32.13), meter fee (\$5.00) and operations and maintenance (\$3.97). 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 \$1.64.

The rural customer rate per 1,000 gallons is \$3.65 up to 10,000 gallons and over 10,000 gallons is \$2.65. Country Club Estates, near Beulah, and several rural customers will not receive the volume discount of \$2.65 until we can provide service to the Oliver, Mercer, North Dunn Service Area.

## Contract Customers

There will be a rate increase for contract and raw water customers for 2009. The demand contract customer rate is \$4.15 per 1,000 gallons of potable water. The contract customer rate is \$3.12 per 1,000 gallons of potable water. The raw water contract rate is \$2.54 per 1,000 gallons of water. Capital repayment was increased by \$0.05 for raw, demand and contract customers. Demand charge was also increased by \$0.05.

# WATER SERVICE CONTRACTS

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Alliance Ag Co-op	300.10	\$315.10	\$180.06	\$21.01	\$105.04	\$300.10		\$921.31
Assumption Abbey	1,418.70	\$1,489.67	\$851.22	\$70.97	\$496.58	\$1,418.70	\$1,344.60	\$5,671.74
Baker Boy	1,708.70	\$1,794.11	\$1,025.22	\$119.62	\$598.07	\$1,708.70		\$5,245.72
Beach	46,235.00	\$48,546.77	\$27,741.00	\$3,236.46	\$16,182.27	\$46,235.00		\$141,941.50
Belfield	29,729.20	\$31,215.68	\$17,837.52	\$2,081.05	\$10,405.24	\$29,729.20		\$91,268.69
Billings County	1,245.80	\$1,308.08	\$747.48	\$87.20	\$436.04	\$1,245.80		\$3,824.60
Carson	8,260.20	\$8,673.24	\$4,956.12	\$578.22	\$2,891.10	\$8,260.20		\$25,358.88
Dickinson	697,144.00	\$732,001.23	\$418,286.40	\$48,800.10	\$244,000.43	\$697,144.00		\$2,140,232.16
Dickinson Research	1,597.80	\$2,103.55	\$1,202.04	\$100.19	\$701.22	\$2,003.40	\$2,003.40	\$8,113.80
Dodge	3,048.00	\$3,200.40	\$1,828.80	\$213.36	\$1,066.80	\$3,048.00		\$9,357.36
Dunn Center	3,112.20	\$3,267.83	\$1,867.32	\$217.87	\$1,089.29	\$3,112.20		\$9,554.51
Elgin	17,903.10	\$18,798.28	\$10,741.86	\$1,253.22	\$6,266.11	\$17,903.10		\$54,962.57
Gladstone	5,625.30	\$5,906.61	\$3,375.18	\$393.78	\$1,968.90	\$5,625.30		\$17,269.77
Glen Ullin	24,985.70	\$26,235.01	\$14,991.42	\$1,749.00	\$8,745.02	\$24,985.70		\$76,706.15
Golden Valley	4,878.60	\$5,122.57	\$2,927.16	\$341.51	\$1,707.55	\$4,878.60		\$14,977.39
Golva	2,688.60	\$2,823.05	\$1,613.16	\$134.45	\$941.03	\$2,688.60	\$2,559.60	\$10,759.89
Halliday	9,561.40	\$10,039.49	\$5,736.84	\$669.29	\$3,346.51	\$9,561.40		\$29,353.53
Hebron	21,825.80	\$22,917.13	\$13,095.48	\$1,527.82	\$7,639.07	\$21,825.80		\$67,005.30
Hettinger	58,008.60	\$60,909.04	\$34,805.16	\$4,060.60	\$20,303.02	\$58,008.60		\$178,086.42
Home on the Range	1,200.00	\$1,260.00	\$720.00	\$60.00	\$420.00	\$1,200.00	\$1,100.00	\$4,760.00
Karsky Dairy	2,041.60	\$2,039.66	\$1,224.96	\$142.93	\$714.58	\$2,041.60		\$6,163.73
Manning	1,957.80	\$2,055.73	\$1,174.68	\$97.93	\$685.27	\$1,957.80	\$1,867.50	\$7,838.91
Medora	16,796.80	\$17,636.66	\$10,078.08	\$1,175.78	\$5,878.90	\$16,796.80		\$51,566.22
Missouri Basin	5,144.40	\$5,401.61	\$3,086.64	\$360.11	\$1,800.55	\$5,144.40		\$15,793.31
Mott	23,056.40	\$24,209.25	\$13,833.84	\$1,613.96	\$8,069.77	\$23,056.40		\$70,783.22
Mott Grain	1,200.00	\$1,259.99	\$720.00	\$83.99	\$420.01	\$1,200.00		\$3,683.99
New England	23,978.50	\$25,177.46	\$14,387.10	\$1,678.49	\$8,392.51	\$23,978.50		\$73,614.06
New Hradec	1,079.70	\$1,133.71	\$647.82	\$54.01	\$377.92	\$1,079.70	\$1,000.30	\$4,293.46
New Leipzig	6,584.70	\$6,913.97	\$3,950.82	\$460.94	\$2,304.68	\$6,584.70		\$20,215.11
PCRWS*	92,580.80	\$97,209.85	\$55,548.48	\$6,480.66	\$32,403.29	\$0.00		\$191,642.28
PLC**	1,306.10	\$1,371.27	\$783.78	\$123.88	\$424.70	\$1,306.10		\$4,009.73

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Reeder	5,342.00	\$5,609.12	\$3,205.20	\$373.94	\$1,869.72	\$5,342.00		\$16,399.98
Regent	5,940.20	\$6,552.24	\$3,744.12	\$436.83	\$2,184.10	\$6,240.00		\$19,157.29
Richardton	17,532.60	\$18,409.25	\$10,519.56	\$1,227.28	\$6,136.43	\$17,532.60		\$53,825.12
Sacred Heart	595.00	\$624.75	\$357.00	\$29.75	\$208.25	\$595.00	\$560.00	\$2,374.75
Scranton	12,472.40	\$13,096.05	\$7,483.44	\$873.06	\$4,365.37	\$12,472.40		\$38,290.32
Sentinel Butte	2,053.90	\$2,156.62	\$1,232.44	\$143.78	\$718.89	\$2,053.90		\$6,305.63
South Heart	11,711.20	\$12,296.79	\$7,026.72	\$819.79	\$4,098.95	\$11,711.20		\$35,953.45
Steffes	1,922.80	\$2,018.93	\$1,153.66	\$134.61	\$673.01	\$1,922.80		\$5,903.01
Taylor	4,073.00	\$4,276.65	\$2,443.80	\$285.11	\$1,425.55	\$4,073.00		\$12,504.11
WMCG***	1,046.00	\$1,098.30	\$627.60	\$52.30	\$366.10	\$1,046.00	\$1,027.00	\$4,217.30
<b>Total</b>	<b>1,178,892.70</b>	<b>\$1,238,474.70</b>	<b>\$707,759.18</b>	<b>\$82,364.85</b>	<b>\$412,827.84</b>	<b>\$1,087,017.30</b>	<b>\$11,462.40</b>	<b>\$3,539,906.27</b>

#### Total From Raw Water Contracts

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Assumption Abbey	100.00	\$105.03		\$9.00	\$35.03	\$100.00		\$249.06
Jurgens Farm	1,167.00	\$1,225.35		\$104.04	\$408.45	\$1,167.00		\$2,904.84
Ervin Lorenz	233.40	\$245.08		\$21.02	\$81.70	\$233.40		\$581.20
Fred Lorenz	113.90	\$119.62		\$10.25	\$39.89	\$113.90		\$283.66
Dale Moline	50.02	\$52.53		\$4.50	\$17.52	\$50.02		\$124.57
Dan Neurohr	33.36	\$35.04		\$3.00	\$11.96	\$33.36		\$83.09
Perhus Brothers 1	100.00	\$105.02		\$9.00	\$35.02	\$100.00		\$249.04
Perhus Brothers 2	105.20	\$110.48		\$16.29	\$36.84	\$105.20		\$268.81
Perhus Brothers 3	163.50	\$171.69		\$14.71	\$57.24	\$163.50		\$407.14
Perhus Brothers 4	189.20	\$198.68		\$17.04	\$66.24	\$189.20		\$471.16
Red Trail Energy	164,815.96	\$173,056.80		\$14,833.44	\$57,685.64	\$164,815.96		\$410,391.84
Sacred Heart	500.00	\$525.00		\$45.00	\$175.00	\$500.00		\$1,245.00
C.B. "Buck" Haas	1,611.90	\$1,692.51		\$145.08	\$564.18	\$1,611.90		\$4,013.67
<b>Total</b>	<b>169,183.44</b>	<b>\$177,642.83</b>		<b>\$15,232.37</b>	<b>\$59,214.44</b>	<b>\$169,183.44</b>		<b>\$421,273.08</b>

#### Total Beulah Interim Service Contract

User	Billed+	O&M++	Treatment	Reserve	Replacement	Cap. Repayment	Demand	Total
Zap	6,931.20	\$10,327.49		\$901.07	\$3,119.07	\$6,931.20		\$21,278.83
<b>Total</b>	<b>6,931.20</b>	<b>\$10,327.49</b>		<b>\$901.07</b>	<b>\$3,119.07</b>	<b>\$6,931.20</b>		<b>\$21,278.83</b>
<b>Grand Total</b>	<b>1,355,007.34</b>	<b>\$1,426,445.02</b>	<b>\$707,759.18</b>	<b>\$98,498.29</b>	<b>\$475,161.35</b>	<b>\$1,263,131.94</b>	<b>\$11,462.40</b>	<b>\$3,982,458.18</b>
+ Per thousand gallons billed ++ Operations and Maintenance								

\*PCRWS - Perkins County Rural Water System \*\*PLC - Prairie Learning Center \*\*\*WMCG - West Medora Campground



# RATE HISTORY



Contract 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								\$0.05	\$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>

\*\*\*Total Contract Rates: Rates shown are for constant flow service.  
Demand flow customers pay double the capital repayment portion of the water rate.

**Rural Monthly Minimum:** These prices include 2,000 gallons of water from 1997 to 2009.

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

## Rural Water Rate per 1,000 Gallons

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

**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
	655,640	523,308	612,163	697,411	806,175	826,590	908,168	823,340	1,001,669
	2001	2002	2003	2004	2005	2006	2007	2008	
	1,030,755	1,066,537	1,119,869	1,113,088	1,133,512	1,388,361	1,366,208	1,422,334	

From July, 2002, to December, 2006, rural usage greater than 10,000 gallons per month was billed at \$2.60 per thousand gallons. From January, 2007, to December, 2009, rural usage greater than 10,000 gallons per month will be billed at a rate of \$2.65 per thousand gallons.

# 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	7,384,200	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
<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
<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
<b>2008 Total</b>	<b>13,941,000</b>	<b>13,592,600</b>	<b>13,267,000</b>	<b>14,493,600</b>	<b>15,994,400</b>	<b>20,501,300</b>	<b>23,899,300</b>	<b>23,046,000</b>	<b>23,696,100</b>	<b>44,924,600</b>	<b>13,687,900</b>	<b>14,743,200</b>	<b>235,787,000</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 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 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:

	<b>1991-1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
Contract	\$224,065.00	\$190,433.00	\$292,997.00	\$408,563.00	\$418,179.77
Rural		\$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>

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
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>

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
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>

	<b>2007</b>	<b>2008</b>	<b>Total</b>
Contract	\$1,244,385.61	\$1,269,698.28	\$11,543,032.85
Rural	\$1,063,680.25	\$1,184,034.70	\$8,731,338.40
<b>Total</b>	<b>\$2,308,065.86</b>	<b>\$2,453,732.98</b>	<b>\$20,274,371.25</b>



# REPLACEMENT & EXTRAORDINARY MAINTENANCE FUND

A portion of the water rate charged by Southwest Water Authority (SWA) is for replacement and extraordinary maintenance (REM). It is based on a per thousand 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 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 the REM fund should be increased to \$.35 per thousand gallons and has remained this amount since 1999.

In 1981, the North Dakota State Legislature established the REM fund when the Southwest Pipeline Project (SWPP) was authorized. 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 wear out. Disbursements from this account have to meet these criteria and be approved by the North Dakota State Water Commission (SWC) and SWA board of directors.

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

	1991-1995	1996	1997	1998	1999
Beginning Balance		\$735,372	\$1,016,563	\$1,315,966	\$1,630,497
Contributions					
Contract	727,434	230,837	234,566	254,697	298,472
Rural	7,938	17,899	22,994	27,361	33,369
Interest		22,006	56,919	83,945	98,511
Dividends		13,025	6,524	9,070	5,601
Fiduciary Fees		(2,575)	(4,655)	(6,105)	(7,302)
Disbursements			(16,945)	(54,438)	(56,275)
<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>

	2000	2001	2002	2003	2004
Beginning Balance	\$2,002,873	\$2,314,893	\$2,804,274	\$3,301,016	\$3,835,485
Contributions					
Contract	320,454	329,448	333,308	346,330	335,340
Rural	43,850	44,066	53,121	62,334	67,709
Interest	121,376	127,292	160,258	150,883	188,652
Dividends	9,137	16,575	4,016	3,985	2,279
Fiduciary Fees	(8,602)	(9,552)	(12,177)	(14,190)	(15,845)
Disbursements	(174,195)	(18,448)	(41,784)	(14,874)	(193,119)
<b>Ending Balance</b>	<b>\$2,314,893</b>	<b>\$2,804,274</b>	<b>\$3,301,016</b>	<b>\$3,835,485</b>	<b>\$4,220,502</b>

	2005	2006	2007	2008	Total
Beginning Balance	\$4,220,502	\$4,787,646	\$5,338,238	\$6,141,750	
Contributions					
Contract	347,808	425,777	467,831	472,933	5,125,235
Rural	64,725	82,115	90,793	106,858	725,132
Interest	198,149	202,716	258,201	295,859	1,964,768
Dividends	5,633	8,203	8,335	12,461	104,845
Fiduciary Fees	(17,417)	(19,135)	(21,648)	(25,288)	(164,492)
Disbursements	(31,754)	(149,084)	0	0	(750,914)
<b>Ending Balance</b>	<b>\$4,787,646</b>	<b>\$5,338,238</b>	<b>\$6,141,750</b>	<b>\$7,004,573</b>	<b>\$7,004,573</b>

# PHASED DEVELOPMENT PLAN

Current Development Phase:  
 Medora, Beach Phase III.....West  
 Next and Final Development Phase:  
 Oliver, Mercer, North Dunn Phase.....North

## SWPP FUNDING SOURCES

### State Funding (in millions of dollars)

Resources Trust Fund .....	\$ 50.47
Water Development Trust Fund.....	\$ 8.47
Subtotal .....	\$ 58.94

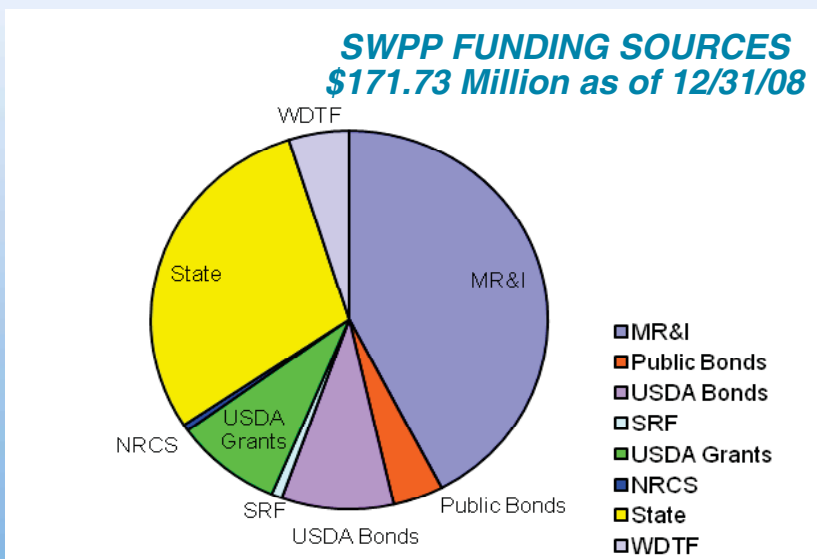
### Grants

Garrison Diversion Conservancy District	
Municipal Rural & Industrial Fund .....	\$ 72.63
USDA-Rural Development .....	\$ 14.99
Natural Resources Conservation Service PL566.....	\$ 0.93
Subtotal .....	\$ 88.55

### State Bonds Repaid by Users

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

**Total Funding .....** **\$171.73**



# ELECTRIC POWER USAGE



Southwest Water Authority (SWA) purchases power from the federal government through the Department of Energy for the several main transmission pumping facilities throughout the system. These expenses are identified as Western Area Power Association (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 the Department of Energy.

Below is a chart illustrating the total power usage for 2008 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					24,331	187,528
Bucyrus PS					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	2005
Intake PS	2,573,895	2,661,280	2,771,644	2,930,468	2,909,556	3,003,794
Richardton PS	1,485,588	1,550,685	1,630,154	1,724,962	1,688,295	1,733,036
Dickinson PS	940,441	1,036,288	1,128,038	1,241,497	1,241,087	1,312,768
Dodge PS	429,567	454,764	548,086	612,649	566,817	538,056
Jung Lake PS	236,441	315,255	380,975	450,324	461,738	480,550
Bucyrus PS	127,212	139,462	136,942	136,226	139,823	161,163
WTP	223,935	312,018	324,991	322,634	323,419	342,292
Burt PS	23,803	87,630	93,624	97,740	97,593	102,398
Scranton PS			29,326	59,815	53,329	60,091
Fryburg PS					29,680	121,760
Beach PS					25,059	92,475
<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>	<b>7,948,383</b>

Location	2006	2007	2008
Intake PS	3,646,031	3,885,118	4,078,122
Richardton PS	2,220,764	2,332,003	2,513,034
Dickinson PS	1,649,870	1,650,689	1,754,317
Dodge PS	946,905	1,046,691	1,168,607
Jung Lake PS	713,773	671,259	729,246
Bucyrus PS	282,261	275,195	299,368
WTP	397,147	390,070	412,482
Burt PS	113,815	107,907	101,559
Scranton PS	73,489	75,759	77,418
Fryburg PS	167,147	186,280	201,960
Beach PS	119,306	128,422	145,331
<b>Total</b>	<b>10,330,508</b>	<b>10,749,393</b>	<b>11,481,444</b>

PS - Pump Station  
WTP - Water Treatment Plant



2008



ANNUAL  
OPERATING  
REPORT

SOUTHWEST WATER

SOUTHWEST WATER  
AUTHORITY

