



2025 Annual Operating Report



SOUTHWEST WATER
AUTHORITY



A photograph of a modern water treatment facility. In the foreground, a wide, light-colored concrete driveway curves through the site. To the right, a tall, white, cylindrical water storage tank stands vertically. In the middle ground, a large, tan-colored industrial building with several windows and a large garage door is visible. Behind the building, a large, white, geodesic dome structure, likely a covered aeration basin, is prominent. The background shows a clear blue sky and some distant industrial buildings.

VISION

People and Business
Succeeding with Quality Water

MISSION

Quality Water for
Southwest North Dakota

TABLE OF CONTENTS

Organizational Chart	4
SWA Board of Directors & State Water Commission	5
Southwest Water Authority Staff	6
Message from the Department of Water Resources - Director	8
Chairperson's Annual Address	9
Construction Summary - Southwest Pipeline Project Manager	10
Background	11
Manager's Message	12
Service Area Map	13
Independent Auditor's Report	14
Distribution Operations & Maintenance Report	18
Water Treatment Report	19
Electric Power Usage	20
Water Service Summary	22
Rural Water Usage History	23
Potable Water Usage	24
Water Service Contracts	28
2025 Rates	30
2026 Rates	31
Contract & Rural Rates	32
Replacement & Extraordinary Maintenance Fund	33
Annual Capital Repayment	34
Southwest Pipeline Project Funding	35

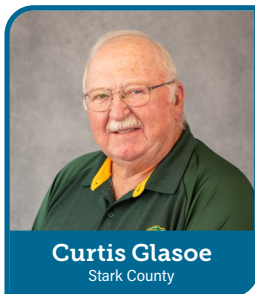
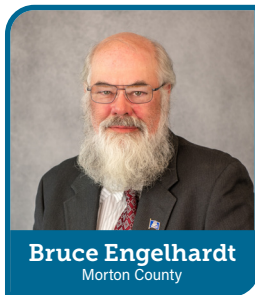
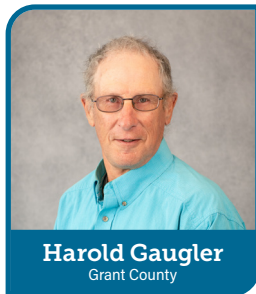
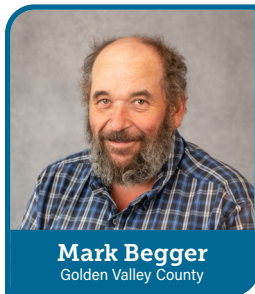
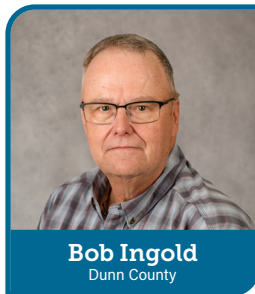
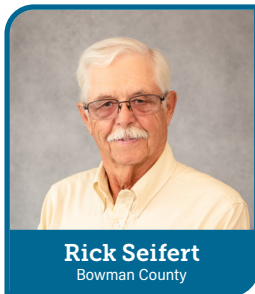
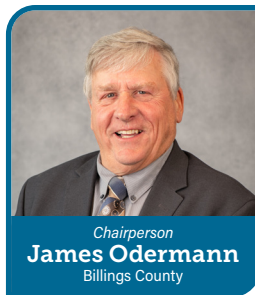
Southwest Water Authority does not discriminate on the basis of race, color, national origin, sex, religion, age, marital status or disability in employment or the provision of services.

ORGANIZATIONAL CHART

North Dakota Legislature



SWA BOARD OF DIRECTORS



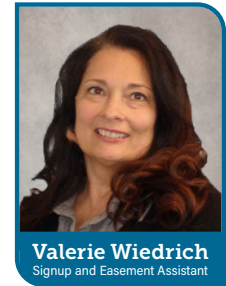
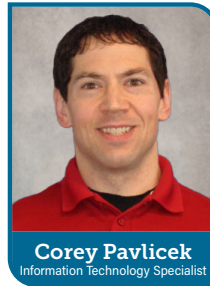
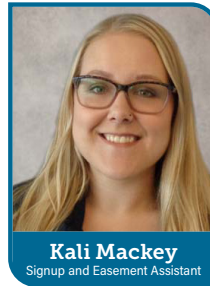
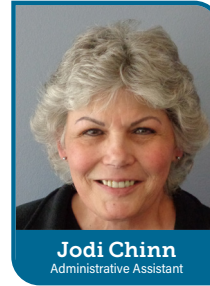
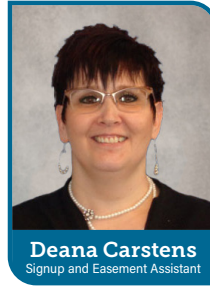
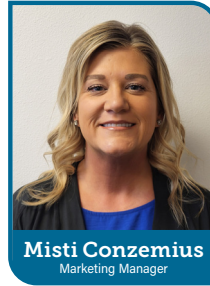
North Dakota State Water Commission

Governor Kelly Armstrong, Chairman
 Doug Goehring, Agriculture Commissioner
 Michael Anderson - Lower Red River Basin
 Steve Hansen - James River Basin
 Jeff Frith - Devils Lake Basin
 Gene Veeder - Upper Missouri River Basin

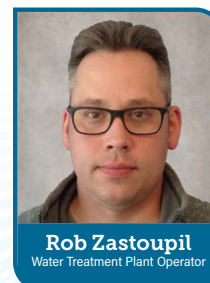
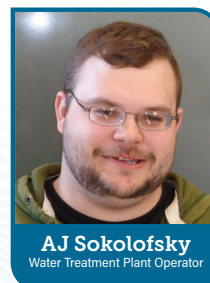
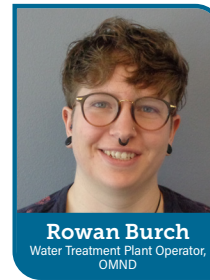
April Walker - Upper Red River Basin
 James Odermann - Little Missouri, Upper
 Heart, and Upper Cannonball River Basin
 Jay Volk - Lower Missouri River Basin
 Jason Zimmerman - Mouse River Basin

SOUTHWEST WATER AUTHORITY STAFF

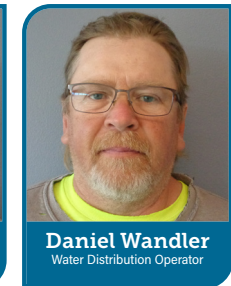
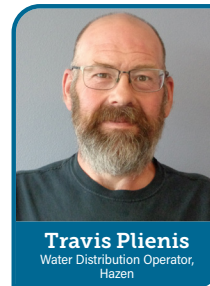
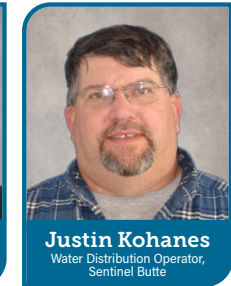
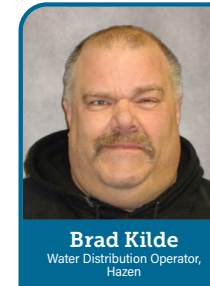
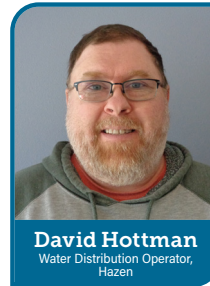
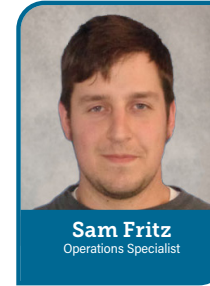
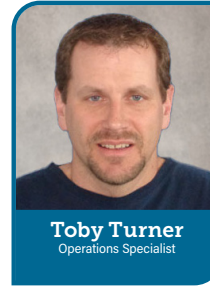
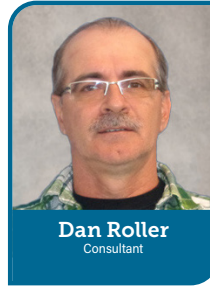
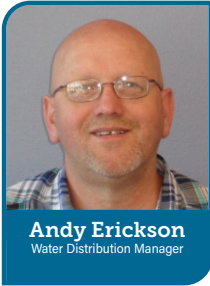
ADMINISTRATION



WATER TREATMENT



WATER DISTRIBUTION



MESSAGE FROM THE DEPARTMENT OF WATER RESOURCES



The Southwest Pipeline Project (SWPP), initiated by the North Dakota Legislature in 1981 and codified in 1983, is a foundational component of the state's water infrastructure, delivering reliable Missouri River water south and west of the river for communities, rural water systems, and industry. Construction began in 1985, and the system has steadily expanded over the decades, culminating in the full realization of the comprehensive pipeline network originally envisioned. Today, the SWPP continues to ensure consistent access to high quality water, reflecting the state's long-standing commitment to sustainable water resource management. The project is owned by the State Water Commission (SWC), administered by the Department of Water Resources (DWR), and operated and maintained by the Southwest Water Authority (SWA).

The year 2025 marked a transition in leadership for both the State of North Dakota and the DWR, with Governor Kelly Armstrong taking office and my appointment as Director. The SWC was chaired by Lieutenant Governor Michelle Strinden. In addition to the Lt. Governor, other members of the SWC are Agriculture Commissioner Doug Goehring, and Commissioners from the eight basins: Michael Anderson, Jeff Frith, James Odermann, Steve Hansen, Gene Veeder, Jay Volk, April Walker, and Jason Zimmerman.

Since I began my tenure as Director of DWR and Secretary of the SWC, I have been fully engaged with the DWR team on priorities for the SWPP. In 2025, meaningful progress was made by advancing key construction phases, strengthening regional water supply reliability, and continuing the long-term buildout of critical transmission and distribution infrastructure. By staying focused on disciplined project management, responsible funding, and strategic expansion, SWPP continues to meet current water demands while positioning the region for future growth.

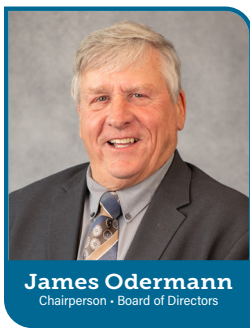
In 2025, DWR and the SWC successfully negotiated a mediated settlement on the Supplementary Raw Water Intake project. This settlement was a crucial step in moving forward with construction of a supplementary intake for the SWPP. The mediated settlement effectively cuts ties with the former contractor and provides the project with funds necessary to continue moving forward with intake design and construction. Following the 2024 amendment to the water supply agreement with Basin Electric Power Cooperative (BEPC) to provide additional raw water for the SWPP, a plan to replace pumps that are capable of delivering the increased capacity from BEPC has been mostly completed. With the supplementary intake still years away from completion, this project will be very valuable to meet water needs in the interim.

Ground-breaking for the expansion of the Southwest Water Treatment Plant (SWTP) took place in May. The project is a huge undertaking, with construction continuing into 2028. It will expand the SWTP's capacity from 6 million gallons per day (MGD) to 18 MGD. This project will allow for the retirement of the nearly 70-year-old City of Dickinson's water treatment plant, currently being used for the SWPP.

Progress was also made in 2025 to expand the main transmission line capacity in the West Zone (between the City of Dickinson to the Montana border) through the completion of the Buffalo Gap reservoir, hydraulic improvements in the New England service area, and advancing the design for the rural expansion in the Burt-Hebron service area.

The SWPP remains a cornerstone of North Dakota's water supply strategy, delivering high-quality, dependable water to Southwest North Dakota. This year's progress reflects the continued collaboration between the SWA, SWC, project sponsors, engineers, contractors, and local partners who share a commitment to securing sustainable water supplies for the region. A look back on 2025 recognizes not only the technical milestones reached, but also the continued collaboration and stewardship that make SWPP a model of responsible water resource management. The state's commitment to SWPP remains unwavering as work continues to ensure dependable service today and resiliency for the generations ahead.

CHAIRPERSON'S ANNUAL ADDRESS



"We are not done!" has been the rallying motto for the Southwest Water Authority Board of Directors at recent biennial retreats.

In reality, the Southwest Pipeline Project (SWPP) will never be done. SWPP is a living public service project creating a quality of place for the region's residents—one glass at a time.

The biennial retreat allows us to grade ourselves on construction, customer service, local, state and federal relationships, subsequent user interest and long-term planning. Southwest Water Authority (SWA) is the political subdivision (15 publicly elected directors from 12 counties and two cities within the counties) scripting the roadmap for operation and maintenance of the SWPP.

The SWA board challenged itself to collaboratively operate in a way using water resources available to fulfill the board vision ("People and Business Succeeding with Quality Water") and mission ("Quality Water for Southwest North Dakota"). The commitment to a tradition of water service to the constituency of the region continues.

Examples of continuing advancement (initiated prior to 2025 and continuing into the future) are as follows:

- Increase of 3,000 gallons per minute from the Intake at Renner Bay.
- Complete the Buffalo Gap storage tank in Golden Valley County.
- Expand service to the Burt-Hebron service area (Morton, Stark and Grant counties).
- Ray Christensen Pump Station upgrades to expand system capacity.
- Construct north New England strategic hydraulic improvements for 111 committed users—and potentially many more.
- Continue construction of the 12 MGD Southwest Water Treatment plant expansion, bringing plant capacity to 18 MGD.
- Investigation and replacement of microbiologically induced corrosion transmission lines.
- Work with Gevo/Net Zero regarding additional raw needs at Richardton plant.
- Research potential service to Dunn County not currently served by SWPP.

These major tasks supplement day-to-day operation and management of the longest rural pipeline (5,260 miles) in North Dakota: 33 communities, over 58,000 family resident, farm and ranch, business and industrial users covering nearly 14,400 square miles. Annual usage approaches 2.4 billion gallons to over 7,800 connections.

SWPP water is high-quality surface water from the Missouri River, a critical asset for North Dakota. The development of this resource was made possible through significant contributions and sacrifices by the people of our state. That legacy underscores our responsibility to ensure this resource continues to serve North Dakotans for generations to come.

SWA is dedicated to safeguarding our right to Missouri River water. We remain steadfast in providing consistent, quality water.

SWA staff, spearheaded by manager/CEO Jen Murray, does a phenomenal job of coordinating service to nearly one-fourth of the state. Sound operational and fiscal management keeps costs down and improves efficiency, but we are not done. SWA monitors the needs of our constituency, to build on the past 35 years—one glass at a time.

Payback to the state of North Dakota has been a long-standing tradition of the SWA model. SWA users repaid over \$109 million. (In October 2025 alone, SWA users paid back over \$900,000.) This money goes into the Resources Trust Fund for investment in water entities throughout the state. As SWA needs and usage increases, repayment will increase.

SWA's complementary attitude for today and the future is deliberate: crafting a positive world for generations of water users that follow--one glass of water at a time.

CONSTRUCTION SUMMARY



In 2025, the State Water Commission (SWC) successfully reached a mediated settlement with all of the involved parties on the Supplementary Raw Water Intake Project. With that matter resolved, the focus has shifted fully to moving the supplementary intake project forward. The engineering consultant for the project, Bartlett & West/AECOM, was authorized to complete a Preliminary Design Report (PDR) evaluating alternatives for completing the supplementary raw water intake for the Southwest Pipeline Project (SWPP). The PDR is expected to be completed in 2026.

With the Supplementary Raw Water Intake project delayed, significant progress was made on completing the design of the pump replacements within the Basin Electric Power Cooperative's (BEPC) intake pump station and the SWPP's intake booster pump station. These pump replacements will allow for the realization of increased intake capacity from the BEPC's shared intake for the SWPP. Procuring of the equipment necessary for the replacement will be completed in 2026 with construction expected to be completed in 2027.

Groundbreaking for the Southwest Water Treatment Plant (SWTP) expansion took place in May 2025, marking an important milestone for the project. In 2025, the contractor completed an extensive shoring system to safely support the surrounding soil while construction of the basement level moved forward. Following that work, hundreds of cubic yards of concrete were poured to form the foundation and lower structure of the facility. In 2026, the building will begin rising above ground — a visible sign of progress for those traveling along Broadway. Construction will continue into 2028.

Once complete, the expansion will increase the SWTP's capacity from 6 million gallons per day (MGD) to 18 MGD. This added capacity will allow the SWPP to retire the nearly 70-year-old City of Dickinson's water treatment plant that is currently in use, strengthening reliability and service for years to come.

The first priority of the West Zone Transmission Improvements project — the Buffalo Gap Tank — was bid and largely completed in 2025. Bringing this tank online before the 2026 peak water demand season was a priority, and that goal was successfully achieved. The tank is now fully operational and serving the system.

Final design of the North New England Hydraulic Improvements project was completed in 2025. The project was awarded in September, allowing construction to begin in the fall. Approximately 30 percent of the pipeline was installed before winter conditions set in. Construction will resume in 2026 to complete the remaining pipeline, along with installation of the pressure-reducing valves and booster stations that are key components of the project.

Finalization of the agreements between the SWC and Southwest Water Authority, regarding the maximum cost per Equivalent Service Unit and the associated Capital Repayment rate adjustments, resulted in the ability to proceed with the final design of the Hebron Rural Expansion project. Easement acquisition began late in 2025 with the project expected to be bid in 2026.

BACKGROUND

Southwest Water Authority (SWA), a political subdivision, was established in 1991 by the North Dakota Legislature to supply and distribute quality water to the residents of southwest North Dakota. This was to be accomplished through a pipeline transmission and delivery system for purposes including domestic, rural water, municipal, livestock, light-industrial, mining, and other uses. Primary emphasis on delivery and use of the water is domestic, rural and municipal uses. SWA also provides for the future economic welfare and prosperity for the areas served.

The State-owned Southwest Pipeline Project (SWPP) is governed by the North Dakota State Water Commission, administered by the North Dakota Department of Water Resources and managed, operated and maintained by SWA. The SWPP transports raw water from Lake Sakakawea to the OMND (Oliver, Mercer, North Dunn) Water Treatment Plant (WTP) as well as the WTP's in Dickinson and then treats and delivers to Project customers.

An adequate supply of quality water accessible to the residents of southwest North Dakota is made possible through a highly efficient network of pipelines, pump stations, reservoirs and water treatment plants. To date, 33 communities, more than 7,800 rural service locations, 24 contract customers, 25 raw water customers, and a raw water depot are served by the Project. In addition, two rural water systems, Missouri West Water System (MWWS) and Perkins County Rural Water System (PCRWS) in South Dakota, are also served by the Project.

For each taxable year through 2020, Southwest Water Authority was authorized to levy one mill annually on each dollar of taxable valuation within its boundaries for the payment of administrative expense, in accordance with North Dakota Century Code 61-24-5. The Operations and Management budget was adjusted to accommodate the sunset clause of the mill levy to cover all administrative expenses.

In 2025, a total of 2,528,469,956 gallons of water was pumped from Lake Sakakawea. This is a decrease of 107,329,558 gallons from 2024. Potable water delivered in 2025 to contract customers was 1,638,744,300 gallons, rural customers used 475,239,800 gallons and temporary customers used 346,740 gallons for a total of 2,114,330,840 gallons. Total raw water delivered in 2025 was 223,987,330 gallons. The water delivered to the end user was 92.48% of the total water pumped from Lake Sakakawea by the SWPP.

SWA purchases water from MWWS 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 2025 was 11,909,300 gallons.

Total water delivered to customers in 2025 by SWA was

2,338,318,170 GALLONS

MANAGER'S MESSAGE



If there is one lesson reinforced by spending time around water, it is the value of patience—an attribute that defined much of 2025. This past year demonstrated the importance of steady, deliberate progress as we advanced system improvements and expansion efforts designed to meet growing regional demand. Planning, engineering, and construction activities continued with discipline and precision.

One project in particular merits recognition: the completion of the Buffalo Gap Tank west of Medora.

The Buffalo Gap Tank advanced from concept to completion with notable efficiency. In a sector where large infrastructure projects often span multiple construction seasons, this project was delivered swiftly and with strong coordination across teams. Although infrastructure work is rarely glamorous—trenches and valves seldom make compelling photographs—the significance of such investment is unmistakable. Seeing a new steel structure rise against the western North Dakota skyline is a visible reminder of our commitment to proactive, strategic development. It stands as a tangible testament to the region's future.

Major infrastructure advancement requires more than engineering and labor; it requires sustained financial support. During the 69th Legislative Assembly, \$101 million in critical funding was secured to ensure the continued progress of the Southwest Pipeline Project. Through thoughtful alignment of appropriated dollars and a Bank of North Dakota line of credit, this legislative support remains essential to maintaining construction schedules, advancing priority service areas, and responsibly managing long term capital needs.

We remain deeply appreciative of our partnerships at the state level. Investment in rural water infrastructure is, fundamentally, an investment in public health, economic stability, and regional growth. Water infrastructure is built through collaboration. The partnership between SWA and the Department of Water Resources, state leadership, and our local stakeholders reflects a shared understanding that water is not optional. It is foundational.

Our customers' continued Capital Repayment to the Resources Trust Fund also remains a cornerstone of our ability to advance infrastructure. In 2025, customers contributed a record \$6,803,226—an achievement that strengthens the state's investment and reaffirms the shared commitment to a sustainable water future.

The year also brought changes in leadership. Early in 2025, George Nodland retired from the Board after years of dedicated service. His contributions to rural water development and to the communities we serve have left a lasting legacy, and we extend our sincere gratitude. Following his retirement, we welcomed Ryan Baumgartner to the Board. Ryan brings energy, insight, and a forward looking perspective that will benefit our organization and the region.

Our 2025 Board Retreat provided an opportunity to refocus and reaffirm our direction. Discussions centered on governance, policy clarity, long term planning, and customer engagement. We revisited our foundational principles and confirmed that SWA must remain fiscally responsible, operationally sound, and strategically positioned for the future. The retreat also underscored a fundamental truth: effective governance requires intentional time, candid discussion, and disciplined follow through. Our recent progress has not been accidental; it reflects the Board's willingness to evaluate risks, ask difficult questions, and support strategic investments.

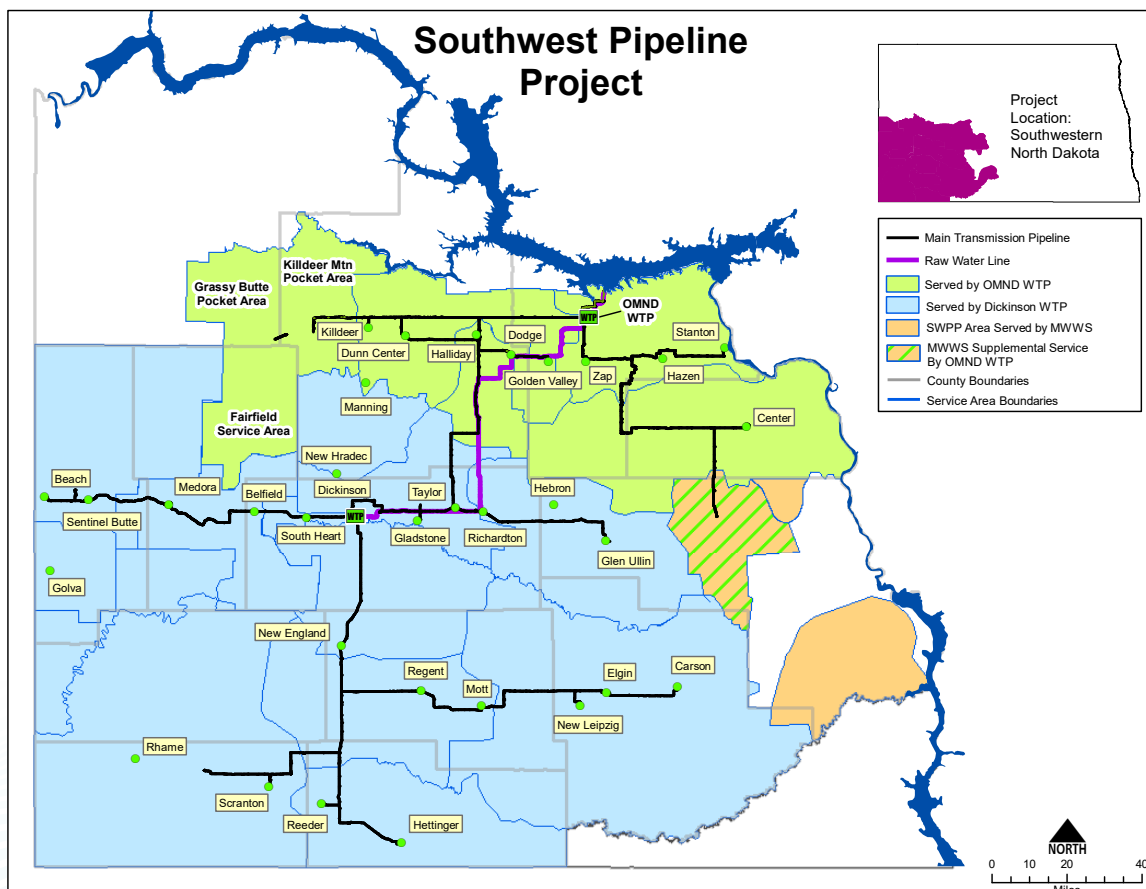
An additional highlight of the year was receiving 4th Place for Best Tasting Water at the Berkeley Springs International Water Tasting. Competing against entries from around the world, this recognition is a meaningful accomplishment. Safe water is essential; safe water that also tastes exceptional is a point of pride.

Behind every milestone stands a team of dedicated professionals.
 Our water treatment operators uphold stringent state and federal standards.
 Our distribution staff responds to service needs in all conditions.
 Our sign-up and easement team ensures exceptional customer service and supports system growth.
 Our administrative and financial staff maintain transparency, accountability, and responsible stewardship.
 Our engineering team ensures that systems function cohesively and reliably.

Excellence in public water service is not occasional—it is continuous, documented, and measured. It demands vigilance, and we are grateful for the people who embody that commitment every day.

Looking ahead, we recognize the challenges on the horizon: regulatory updates, infrastructure demands, workforce transitions, and regional growth. Yet 2025 affirmed that this organization is built on preparation rather than reaction. We enter the coming years with a strong foundation, a clear direction, and a steadfast commitment to serving the people and communities that rely on us.

SERVICE AREA MAP



INDEPENDENT AUDITOR'S REPORT

SOUTHWEST WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025 AND 2024

As management of the Southwest Water Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 2025, 2024, and 2023. It is a requirement of GASB Statement No. 34 to show one more year than the actual financials present. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes, which are presented within this report.

Financial Highlights

The assets of the Authority totaled \$52,488,194 at year-end 2025 compared with \$48,448,051 in 2024 and \$45,734,845 for 2023. This is an increase of \$4,040,143 between 2025 and 2024 and an increase of \$2,713,206 between 2024 and 2023. The liabilities totaled \$7,292,362 for 2025 compared with \$7,280,209 for 2024 and \$8,043,897 for 2023. This is a decrease in liabilities of \$12,153 between 2025 and 2024 and decrease of \$763,688 between 2024 and 2023. The assets and deferred outflows exceeded liabilities and deferred inflows at the end of the year by \$44,531,362 compared with \$40,159,148 for 2024 and \$37,225,166 for 2023. This is an increase in net position of \$4,372,214 between 2025 and 2024, and an increase in net position of \$2,933,982 between 2024 and 2023.

Investments held at Bravera Wealth totaled \$37,308,719 at year-end 2025 compared with \$33,873,417 for 2024 and \$31,192,506 for 2023. The market value of the Replacement and Extraordinary Maintenance Fund is \$26,778,432 compared with \$23,756,518 for year-end 2024 and \$21,664,972 for year-end 2023. In 2025, reimbursements totaling \$718,952 were used for extraordinary expenses approved by the Board and the State Water Commission. 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 2025 rate was \$0.89 per 1,000 gallons sold to all customers. In addition, \$0.13 per 1,000 gallons sold to rural customers for the rural distribution system was also collected. The rate is \$4.00 per 1,000 gallons sold to oil industry customers, and \$3.00 per 1,000 gallons sold to oil industry customers at the SWA Water Depot. The fees collected are deposited monthly into this fund.

Total cash on hand at year-end 2025 was \$5,625,421 compared with \$6,539,676 for 2024 and \$6,051,360 for 2023. This is a decrease of \$914,255 between 2025 and 2024 and an increase of \$488,316 between 2024 and 2023. This total consists of checking and money market accounts.

Current liabilities total \$3,161,772, mostly in the form of accounts payable and deferred revenue for projects currently in process. This compares with 2024 year-end balance of \$2,734,926, and year-end balance of \$2,681,086 for 2023. This is an increase of \$426,846 between 2025 and 2024 and an increase of \$53,840 between 2024 and 2023. Included in current liabilities are customer prepayments. These are overpayments applied on customer accounts. Total customer prepayments for year-end 2025 are \$67,858, \$53,513 for year-end 2024, and \$51,470 for yearend 2023. Deferred revenue had a year-end balance of \$986,125 for projects that are currently in process. This is an increase of \$94,000 between 2025 and 2024 and an increase of \$92,250 between 2024 and 2023. These are hookup fees paid by customers who sign up for water. When water becomes available, the hookup fees are recognized as revenue. If, however, Southwest Water Authority is unable to provide water for these individuals, the hookup fees will be refunded.

The long-term liabilities total \$4,130,590 at year-end 2025, compared with \$4,545,283 for 2024 and \$5,362,811 for 2023. Of this amount, \$3,776,854 is the net pension liability, compared to \$4,131,317 at year-end 2024, and \$4,898,532 for year-end 2023. The net OPEB liability is \$131,093, compared to \$152,208 for year-end 2024, and \$214,765 for year-end 2023. Rental deposits from tenants/customers are also included in long-term liabilities. Rental deposits for year-end 2025 were \$63,925 compared with \$62,725 for 2024 and \$62,200 for 2023.

In addition to assets, the statement of net position includes a separate section for deferred pension outflows and deferred OPEB outflows. This represents a consumption of net position concerning a future period(s) that will not be recognized as an outflow of resource (expense/expenditure) until then. Deferred pension outflows and deferred OPEB outflows represent actuarial differences within NDPERS pension and OPEB plans as well as amounts paid to the plans after the measurement date. The deferred pension outflows totaled \$1,179,947 for year-end 2025 compared with \$1,628,277 for 2024, and \$3,537,993 for 2023. This is a decrease of \$448,330 between 2025 and 2024, and a decrease of \$1,909,716 between 2024 and 2023. The deferred Other Postemployment Benefits (OPEB) outflows totaled \$41,104 for 2025, \$43,485 for 2024, and \$88,263 for 2023. This is a decrease of \$2,381 between 2025 and 2024 and a decrease of \$44,778 between 2024 and 2023.

In addition to liabilities, the statement of net position includes a separate section for deferred pension inflows and deferred OPEB inflows. This represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of revenue until that time. Deferred pension inflows and deferred OPEB inflows represent actuarial differences within NDPERS pension and OPEB plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred pension inflows totaled \$1,828,404 for year-end 2025 compared to \$2,630,067 for 2024 and \$4,051,851 for 2023. This is a decrease of \$801,663 between 2025 and 2024 and a decrease of \$1,421,784 between 2024 and 2023. The deferred OPEB inflows totaled \$57,117 for 2025, \$50,389 for 2024 and \$40,187 for 2023. This is an increase of \$6,728 between 2025 and 2024 and an increase of \$10,202 between 2024 and 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change 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 Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the 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 Authority is improving or deteriorating.

INDEPENDENT AUDITOR'S REPORT CONT.

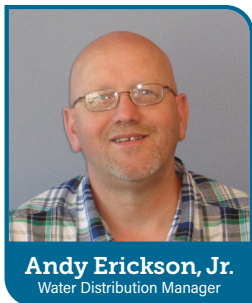
	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Current assets	\$21,493,568	\$20,284,253	\$19,271,839
Restricted noncurrent assets	\$26,884,926	\$23,841,003	\$21,752,766
Capital assets	\$4,109,700	\$4,322,795	\$4,710,240
Total assets	\$52,488,194	\$48,448,051	\$45,734,845
DEFERRED OUTFLOWS			
Deferred pension outflows	\$1,179,947	\$1,628,277	\$3,537,993
Deferred OPEB outflows	\$41,104	\$43,485	\$88,263
Total deferred outflows	\$1,221,051	\$1,671,762	\$3,626,256
LIABILITIES			
Current liabilities	\$3,161,772	\$2,734,926	\$2,681,086
Long-term liabilities	\$4,130,590	\$4,545,283	\$5,362,811
Total liabilities	\$7,292,362	\$7,280,209	\$8,043,897
DEFERRED INFLOWS			
Deferred pension inflows	\$1,828,404	\$2,630,067	\$4,051,851
Deferred OPEB inflows	\$57,117	\$50,389	\$40,187
Total deferred inflows	\$1,885,521	\$2,680,456	\$4,092,038
NET POSITION			
Net investment in capital assets	\$4,109,700	\$4,322,795	\$4,710,240
Restricted net position	\$26,884,926	\$23,841,003	\$21,752,766
Unrestricted net position	\$13,536,736	\$11,995,350	\$10,762,160
Total net position	\$44,531,362	\$40,159,148	\$37,225,166

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the entity's net position changed during the most recent fiscal year. All changes in net position 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.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
OPERATING REVENUES			
Sales	\$19,571,633	\$20,045,359	\$18,838,806
Hook up fee transfers	\$183,755	\$289,995	\$139,118
Other	\$196,273	\$161,445	\$116,459
Total operating revenues	\$19,951,661	\$20,496,799	\$19,094,383
OPERATING EXPENSES			
Transmission	\$9,547,255	\$8,371,503	\$7,318,471
Distribution	\$5,851,563	\$5,561,581	\$5,257,457
Board of directors	\$253,520	\$205,299	\$212,516
Administrative	\$1,098,539	\$1,147,955	\$1,149,884
Easement acquisition	\$493,412	\$482,695	\$407,084
Customer service	\$202,100	\$249,788	\$246,816
Treatment	\$2,740,058	\$2,891,124	\$2,842,397
Total operating expenses	\$20,186,447	\$18,909,945	\$17,434,625
OPERATING INCOME (LOSS)	(\$234,786)	\$1,586,854	\$1,659,758
NON-OPERATING REVENUE			
Property taxes	\$20,659	\$24,137	\$28,239
Grant income	\$1,985,865	\$17,779	\$455,976
Unrealized gain (loss) on investments	\$1,301,241	\$280,869	\$983,038
Realized gain (loss) on investments	(\$79,716)	(\$5,109)	(\$873)
Gain (loss) on disposal of capital assets	\$42,816	\$18,178	\$127,676
Investment income	\$1,336,135	\$1,011,274	\$801,312
Total non-operating revenue	\$4,607,000	\$1,347,128	\$2,395,368
CHANGE IN NET POSITION	\$4,372,214	\$2,933,982	\$4,055,126
TOTAL NET POSITION - BEGINNING OF YEAR	\$40,159,148	\$37,225,166	\$33,170,040
TOTAL NET POSITION - END OF YEAR	\$44,531,362	\$40,159,148	\$37,225,166

DISTRIBUTION OPERATIONS & MAINTENANCE REPORT



In early spring of 2025, Southwest Water Authority (SWA) completed the replacement of 304 feet of 12" Ductile Iron (DI) main transmission pipeline located north of Goose Creek along Highway 22, about 5 miles south of New England, North Dakota. This was a segment of pipeline that had been compromised by Microbiologically Influenced Corrosion (MIC), or corrosion affected by the presence or activity of microorganisms in biofilms on the surface of the corroding material. The replacement DI pipe was Pritec coated (a bonded coating system consisting of a butyl rubber adhesive and a polyethylene topcoat) to protect it from MIC in the future. Using indicators identified from previous MIC locations, SWA has found additional areas of pipeline that have been MIC compromised Southwest of Dodge, ND, is one such area that will have to be replaced in the near future. This pipeline replacement is planned for the Winter of 2026.

SWA has taken a step to guard against metallic pipelines being compromised by MIC in the future was to improve Cathodic Protection (a corrosion prevention technique used to protect metal pipelines buried in the soil) to metallic pipelines located south of Dickinson, east of Golden Valley, west of Richardton, and north of New England, ND. The Cathodic Protection improvements included adding anode beds that corrode instead of the metal pipeline along with additional rectifiers that apply electricity to protect pipelines from corrosion.

SWA has taken a step toward the goal of bringing quality water to those that need it in Southwest North Dakota, with the addition of the Buffalo Gap Reservoir. This 500,000 gallon, glass lined, bolted steel reservoir is located 5 miles east of Sentinel Butte, ND, along Old Highway 10 in Golden Valley County. The addition of this tank is the first of many advancements planned to align with the developments in the Medora, ND, area.

Additional upgrades to the Medora, ND, area included widening the Chateau Road to enhance vehicle traffic flow to the Medora Musical and Theodore Roosevelt Presidential Library in Billings County. In order to accommodate Chateau Road development, SWA relocated 1400 feet of 2" and 4" waterlines. SWA also repositioned over 4 miles of pipeline, ranging in size from 2" to 8" so that the waterlines will be out of the way of Highway 85 expansion to a four-lane highway from Highway 200 to the Long X Bridge in McKenzie County during the 2026 road construction season.



WATER TREATMENT REPORT



The Water Treatment Plant (WTP) in Dickinson treated 1,522,724,500 gallons of raw water and pumped a total of 1,518,694,000 gallons of treated water to the Southwest Pipeline Project (SWPP).

Water production was steady throughout the year. The operators were busy cleaning basins and conducting yearly and preventive maintenance. In addition to maintaining these facilities, many hours were dedicated to training. The operating staff for the Southwest Water Treatment Plant (SWTP) and WTP in Dickinson, and the OMND (Oliver, Mercer, North Dunn) WTP continues to do an outstanding job to produce top quality water for our customers.

The SWTP treated 279,067,300 gallons of raw water, and pumped a total of 263,696,200 gallons of treated water to the SWPP.

The OMND WTP had another successful year of operation treating 422,470,834 gallons of raw water, and pumping a total of 362,891,880 gallons of treated water to the distribution system during 2025. The gallons treated and pumped has again increased from the previous years.

The Residual Handling Facility (RHF) uses filter presses to dewater lime by-products from the water treatment processes. The dewatered solids are then hauled away for beneficial use. The clear water or filtrate, removed in the dewatering process, discharges to the filtrate storage tank and is recycled. The lime solids pressed for 2025 were 8,997,925 gallons of lime slurry and 9,307,937 gallons of filtrate, equaling approximately 4,007 tons of dewatered lime solids which is currently being used for beneficial reuse/soil amendment.

SWA presented Annual Drinking Water Quality Confidence Reports (CCR) to customers in all five public water systems served by the SWPP. This includes the OMND Service Area, three pocket areas in Morton County, and customers served from the WTP's in Dickinson. These reports contain important information about our drinking water 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:

Dodge Pumping Station

- Ammonium Sulfate ((NH₄)₂SO₄): Disinfection (5,320 lbs.)
- Chlorine (Cl₂): Disinfection (33,020 lbs.)

Dickinson Water Treatment Plant

- Aluminum Sulfate (Al₂(SO₄)₃): Cationic coagulant added for clarification (60,973 lbs.)
- Ammonium Sulfate ((NH₄)₂SO₄): Disinfection (6,692 lbs.)
- Carbon Dioxide (CO₂): pH adjustment (471,226 lbs. 236 tons)
- Chlorine (Cl₂): Disinfection (37,154 lbs.)
- Fluoride (H₂SiF₆): Promotes dental health (5,961 lbs.)
- Flocculants: Anionic emulsion added as a clarification aid (1,539 lbs.)
- Lime (CaO): Softening (1,831,280 lbs.)
- Phosphate (K₂O₇P₂): Corrosion inhibitor (24,171 lbs.)

Oliver, Mercer, North Dunn Water Treatment Plant

- Ammonium Sulfate ((NH₄)₂SO₄): Disinfection (16,246 lbs.)
- Avista Cleaning Product for Cleaning RO Membranes (80 gallons)
- Caustic Soda 50% (NaOH): pH adjustment (11,860 lbs.)
- Chlorine (Cl₂): Disinfection (16,478 lbs.)
- Citric Acid (C₆H₈O₇): Clean In Place (CIP) UF Membranes (1,984 lbs.)
- Fluoride (H₂SiF₆): Promotes dental health (1,058 lbs.)
- Sodium Bisulfite (NaHSO₃): Dechlorination (14,233 lbs.)
- Sodium Hypochlorite (NaClO): UF membrane backwash water (2,218 lbs.)
- Vitec 3000 RO Anti-Scalant (79,031 lbs.)

Southwest Water Treatment Plant

- Ammonium Sulfate ((NH₄)₂SO₄): Disinfection (1,178 lbs.)
- Carbon Dioxide (CO₂): pH adjustment (97,667 lbs.)
- Caustic Soda 50% (NaOH): pH adjustment (100 lbs.)
- Chlorine (Cl₂): Disinfection (3,804 lbs.)
- Coagulant 70,000 (NaAlO₂) polymeric anions, added for clarification (23,147 lbs.)
- Fluoride (H₂SiF₆): Promotes dental health (1,185 lbs.)
- Lime (CaO): Softening (352,262 lbs.)
- Sodium Bisulfite (NaHSO₃): Dechlorination (100 lbs.)
- Sodium Hypochlorite (NaClO): UF membrane backwash water (32,080 lbs.)

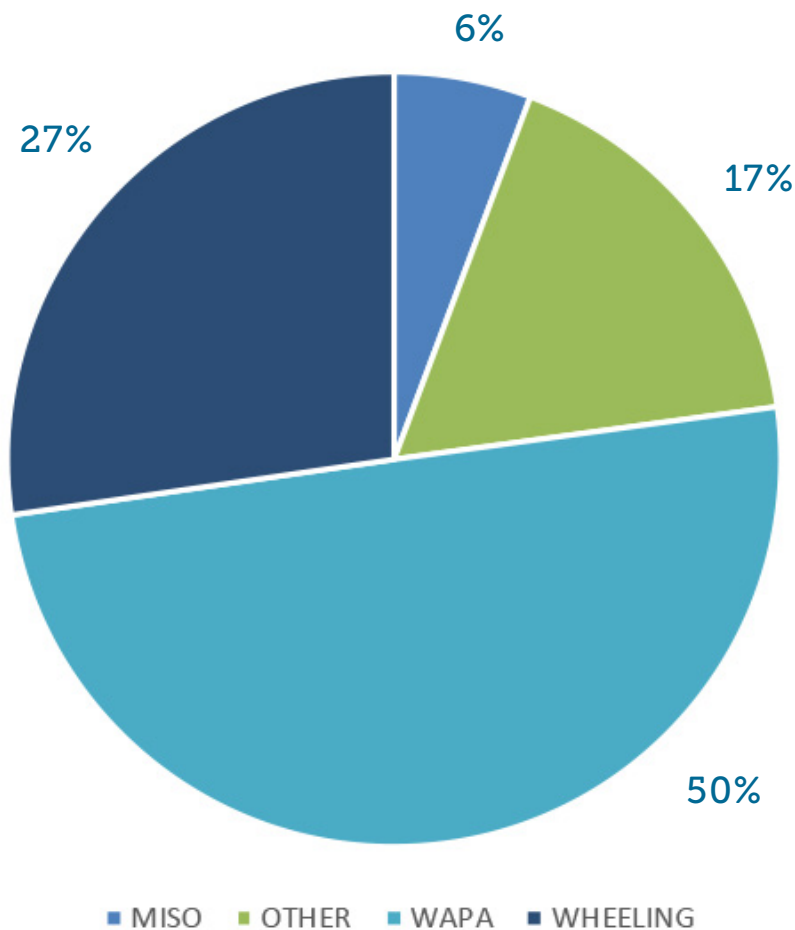
ELECTRIC POWER USAGE

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

WAPA belongs to the Southwest Power Pool (SPP) and MDU belongs to Midcontinent Independent System Operator (MISO). Beginning January 1, 2017, SWA was required to join MISO after MDU joined to wheel the federal power. SWA now pays a MISO tariff at various locations including the WTP's in Dickinson and the Beach, Bucyrus, Burt, Dodge, Finished Water, Jung Lake, Ray Christensen, Scranton and Richardton Pump Stations. Other power costs include locations system-wide which are considered small power users.

The table on the right and the graph below illustrate the history of power costs at these locations:

2025 POWER COST



LOCATION	2021	2022	2023	2024	2025
Beach Pump Station	\$12,708	\$13,941	\$12,001	\$12,159	\$13,191
Bucyrus Pump Station	\$43,810	\$42,707	\$37,429	\$42,248	\$41,382
Burt Pump Station	\$12,118	\$12,203	\$10,425	\$12,234	\$13,581
Center Pump Station	\$9,465	\$7,872	\$8,485	\$9,706	\$9,321
Dickinson Water Treatment Plant	\$14,928	\$16,149	\$17,137	\$18,272	\$22,033
Dodge Pump Station	\$114,909	\$82,941	\$93,537	\$103,937	\$103,604
Dunn Center Pump Station	\$19,783	\$20,001	\$20,288	\$21,873	\$23,621
Finished Water Pump Station	\$9,298	\$11,422	\$11,930	\$11,000	\$12,586
Fryburg Pump Station	\$9,252	\$9,883	\$9,737	\$10,292	\$11,885
Intake Pump Station	\$343,808	\$329,296	\$344,504	\$360,337	\$362,376
Jung Lake Pump Station	\$116,357	\$110,848	\$110,168	\$101,132	\$91,317
OMND Water Treatment Plant	\$104,761	\$112,451	\$109,094	\$114,442	\$120,965
Ray Christensen Pump Station	\$61,824	\$63,092	\$73,219	\$75,795	\$76,885
Residual Handling Facility	\$14,764	\$17,645	\$16,874	\$17,403	\$19,731
Richardton Pump Station	\$146,453	\$123,269	\$133,951	\$144,646	\$145,966
Scranton Pump Station	\$12,842	\$11,542	\$9,909	\$11,412	\$11,005
Southwest Water Treatment Plant	\$39,196	\$47,156	\$55,799	\$51,351	\$59,616
Total WAPA, Wheeling, & MISO	\$1,086,274	\$1,032,417	\$1,074,485	\$1,118,239	\$1,139,066
Other Power Cost	\$210,365	\$251,251	\$220,476	\$219,294	\$234,946
Total Power Cost	\$1,296,639	\$1,283,669	\$1,294,960	\$1,337,533	\$1,374,012



WATER SERVICE SUMMARY

Treated Water Users & Gallons Used	
Assumption Abbey	933,400
Baker Boy	8,845,300
Basin Electric-Antelope Valley	2,748,900
Basin Electric-Leland Olds	1,128,400
Beach	33,618,500
Belfield	31,533,800
Billings County	562,100
Carson	7,266,600
Center	17,112,600
Coteau Properties	919,820
Coyote Creek Mining	225,900
Coyote Station-Otter Tail	1,574,700
Dakota Gasification	9,248,200
Dakota Prairie Refinery, LLC	13,198,900
Dickinson	933,606,330
Dickinson Research Center	1,936,300
Dodge	3,215,700
Dunn Center	7,326,200
East Weidner Bay	402,800
Elgin	13,317,900
Gladstone	9,282,700
Glen Ullin	17,245,100
Golden Valley	5,344,900
Golva	1,627,500
Halliday	9,075,600
Hazen	79,329,000
Hebron	19,211,000
Hettinger	43,454,700
Home on the Range	2,157,200
Killdeer	64,850,180
Lakeshore Estates	1,763,500
Legacy North	0
Manning	3,699,400
McKenzie Co. Grazing Assoc.	958,700
Medora	21,097,000
Missouri West Water System	41,812,100
Mott	19,356,500
ND Energy Services	421,200
New England	23,116,700
New Hradec	805,100
New Leipzig	4,297,800
Northern Improvement Company	368,600
Perkins Co. Rural Water System	93,839,070
Reeder	4,056,500
Regent	4,534,100
Rhame	3,828,300
Richardton	14,994,700
Rough Rider State Park	0
Sacred Heart Wellness Center	35,000
Scranton	7,087,700
Sentinel Butte	1,964,800
South Heart	16,321,300

Treated Water Users & Gallons Used Cont.	
Stanton	10,521,200
Steffes Manufacturing	2,461,300
Summit Prairie Recovery Center	1,143,700
Taylor	10,062,900
Theodore Roosevelt Presidential Library	671,600
West Medora Campground	1,953,700
Zap	7,271,600
Rural	475,239,800
Construction/Other	346,740
Total Potable	2,114,330,840

Raw Water Users & Gallons Used	
Assumption Abbey	79,340
Elkin, Jay	380,400
Hauck, Tracey	561,100
Hoerner, Mac	0
Hueske, Dustin 1	163,800
Hueske, Dustin 2	0
Jurgens, Robert	3,008,000
Kadrmass, Gerald	125,500
Lorenz, Fred 1	113,500
Lorenz, Fred 2	512,900
Moline, Dale & Sue	800
Neurohr, Charlotte	43,600
Perhus Brothers 1	62,200
Perhus Brothers 2	1,129,200
Perhus Brothers 3	64,000
Perhus Brothers 4	211,000
Net Zero - Richardton	216,252,000
Richau, Ken 1	77,900
Richau, Ken 2	119,800
Richau, Ken 3	65,600
Sacred Heart Wellness Center	0
Schlender, Jonathan	24,000
Schock, Ronald	13,800
Schriefer, Marc	376,100
SWA Depot	559,990
Swenson, Douglas	42,800
Construction/Other	0
Total Raw	223,987,330

Summary	
Potable Water	2,114,330,840
Raw	223,987,330
Rural*	475,239,800
Construction/Other	346,740
Contracts	1,638,744,300

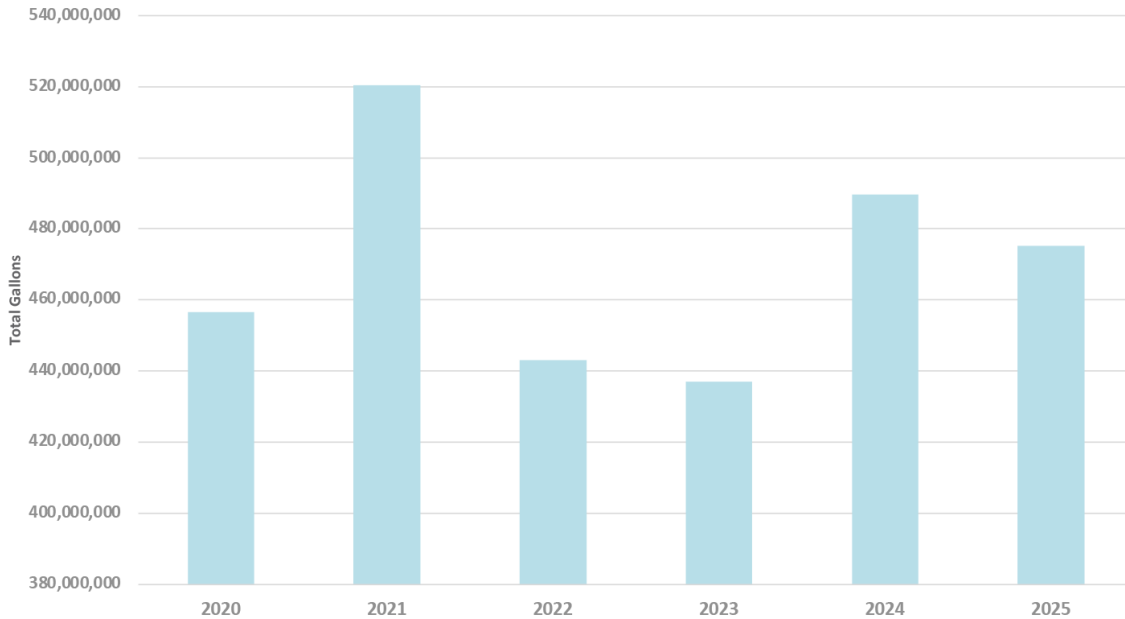
* Includes Missouri West Water System: 11,909,300

Total Water Used: 2,338,318,170

RURAL WATER USAGE HISTORY

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
January	20,942,600	23,396,800	23,677,900	22,507,400	24,175,800	25,726,200	25,656,300	26,317,000	26,105,500	23,584,900
February	21,309,100	23,565,000	22,273,000	22,228,600	22,572,500	24,578,800	24,995,500	23,557,900	24,136,500	24,410,900
March	22,594,300	22,630,700	20,763,100	22,227,400	21,610,500	23,756,400	21,828,500	22,850,600	22,956,200	24,274,700
April	25,813,800	25,691,200	23,345,500	23,731,000	26,507,800	31,596,400	26,339,000	25,045,300	28,590,800	31,124,500
May	28,815,000	35,025,300	31,585,000	29,964,300	33,349,500	37,569,600	26,974,400	33,201,300	34,324,800	37,889,800
June	44,048,600	48,351,600	43,482,200	38,235,800	48,562,200	49,662,400	36,035,400	49,924,200	43,288,300	49,969,600
July	44,456,900	52,355,100	38,225,600	39,082,300	43,629,000	53,562,800	42,013,400	39,267,100	44,974,600	45,533,700
August	42,312,800	43,575,000	43,947,400	39,117,800	46,787,800	56,380,000	47,130,200	42,275,400	47,334,800	35,247,100
September	40,269,600	39,564,400	38,056,000	30,384,200	39,985,200	41,504,700	45,903,500	35,001,800	43,208,800	43,019,400
October	82,190,600	90,051,300	87,433,700	79,695,000	100,564,300	127,271,100	98,064,700	90,127,300	119,858,200	111,560,200
November	20,699,100	25,489,900	22,633,600	21,858,500	24,807,600	24,759,900	22,699,900	25,478,900	26,464,400	25,537,900
December	21,947,500	23,195,800	22,816,400	21,780,800	24,123,600	24,076,600	25,514,900	23,886,700	28,372,800	23,087,100
Total Gallons	415,399,900	452,892,100	418,239,400	390,813,100	456,675,800	520,444,900	443,155,700	436,933,500	489,615,700	475,239,800

RURAL WATER USAGE



POTABLE WATER USAGE PER 1,000 GALLONS

User	January	February	March	April	May	June
Assumption Abbey	66.1	81.3	66.3	68.6	76.6	97.9
Baker Boy	444.60	518.30	549.70	733.10	771.30	932.50
Basin Electric-Antelope Valley	196.80	307.80	308.40	317.40	299.20	316.10
Basin Electric-Leland Olds	71.60	91.30	120.20	132.40	122.80	116.40
Beach	1,963.40	2,300.50	2,509.70	2,085.90	2,879.00	4,527.70
Belfield	2,012.40	2,259.00	2,022.50	1,924.20	2,540.10	3,433.00
Billings County	0.00	0.00	56.10	41.60	100.20	90.30
Carson	738.40	627.50	497.10	669.40	636.70	695.00
Center	944.30	1,077.70	994.50	1,368.70	1,196.10	1,899.40
Coteau Properties	47.20	62.50	62.10	76.00	75.80	91.22
Coyote Creek Mining	2.80	12.20	2.50	3.70	3.10	3.40
Coyote Station-Otter Tail	87.20	107.90	91.30	88.60	87.10	124.80
Dakota Gasification	811.10	961.10	823.50	817.50	740.90	910.30
Dakota Prairie Refinery, LLC	906.90	1,033.90	885.50	1,858.40	1,376.60	573.00
Dickinson	53,777.90	65,959.80	52,811.00	68,938.30	73,118.70	113,464.70
Dickinson Research Center	117.80	115.60	148.30	178.70	198.20	218.20
Dodge	151.00	279.80	211.70	242.80	284.10	399.70
Dunn Center	465.50	600.80	432.90	385.30	595.90	881.50
East Weidner Bay	0.00	0.00	0.00	0.00	95.40	143.80
Elgin	919.30	1,113.70	928.70	1,027.30	1,029.70	1,511.90
Gladstone	841.30	746.50	667.60	760.30	720.70	931.20
Glen Ullin	1,178.30	1,759.60	1,072.50	1,314.00	1,495.40	1,771.90
Golden Valley	374.30	355.80	332.30	351.00	440.10	600.90
Golva	60.00	97.00	75.70	79.40	107.80	257.60
Halliday	659.10	821.50	639.90	748.90	723.30	1,026.40
Hazen	4,337.00	5,072.00	4,453.00	4,978.00	6,930.00	10,191.00
Hebron	1,270.60	1,532.90	1,283.20	1,766.00	1,489.00	2,185.20
Hettinger	2,789.70	3,297.20	2,574.50	2,847.80	3,223.10	4,728.40
Home on the Range	186.70	173.50	142.00	165.00	178.50	197.50
Killdeer	4,125.00	4,325.10	3,587.00	3,757.10	5,814.30	7,713.40

July	August	September	October	November	December	Total
100.2	83.1	74.1	75.6	65.7	77.9	933.40
853.00	893.80	984.00	731.90	805.30	627.80	8,845.30
157.90	166.90	176.50	148.40	177.30	176.20	2,748.90
87.60	90.10	79.80	68.70	77.10	70.40	1,128.40
4,096.10	3,809.10	3,548.60	2,289.20	1,725.90	1,883.40	33,618.50
2,971.00	3,372.80	3,862.60	2,536.00	2,113.90	2,486.30	31,533.80
86.30	66.00	49.20	58.90	13.50	0.00	562.10
675.30	626.30	582.20	553.70	490.80	474.20	7,266.60
1,579.90	1,730.90	1,629.80	1,494.80	1,456.40	1,740.10	17,112.60
82.00	99.70	95.00	83.60	83.30	61.40	919.82
2.90	3.20	3.10	66.80	113.00	9.20	225.90
170.00	167.70	176.70	127.70	132.90	212.80	1,574.70
797.20	723.90	789.90	607.20	633.50	632.10	9,248.20
1,269.00	1,722.70	688.50	505.30	561.30	1,817.80	13,198.90
105,920.80	112,490.03	102,660.10	68,019.60	53,351.10	63,094.30	933,606.33
112.10	126.30	118.40	103.80	244.30	254.60	1,936.30
327.90	319.90	284.90	236.60	225.10	252.20	3,215.70
935.50	773.80	775.30	568.70	448.10	462.90	7,326.20
77.40	39.90	28.90	17.40	0.00	0.00	402.80
1,309.70	1,302.20	1,156.10	997.20	909.80	1,112.30	13,317.90
809.30	833.80	792.90	675.10	633.20	870.80	9,282.70
1,713.90	1,539.70	1,517.00	1,249.00	1,187.50	1,446.30	17,245.10
650.90	591.10	486.70	385.00	376.10	400.70	5,344.90
201.90	189.00	171.30	121.80	104.20	161.80	1,627.50
881.40	885.10	740.80	619.00	702.30	627.90	9,075.60
10,248.00	9,779.00	8,395.00	5,144.00	4,617.00	5,185.00	79,329.00
1,979.30	1,837.10	1,671.70	1,388.20	1,289.90	1,517.90	19,211.00
5,148.30	5,366.40	3,679.00	3,738.90	2,616.30	3,445.10	43,454.70
198.50	245.50	187.00	149.00	154.50	179.50	2,157.20
7,210.60	7,436.38	7,360.20	5,160.70	3,688.80	4,671.60	64,850.18

POTABLE WATER USAGE PER 1,000 GALLONS CONT.

User	January	February	March	April	May	June
Lakeshore Estates	79.60	90.70	85.50	101.70	132.90	261.50
Manning	225.00	314.90	241.20	257.60	282.30	437.80
McKenzie Co. Grazing Assoc.	1.90	0.00	0.00	0.00	0.00	82.40
Medora	498.70	610.90	561.10	691.80	1,418.80	3,719.40
Missouri West Water System	2,353.50	1,924.60	3,642.10	3,252.90	4,359.20	5,829.90
Mott	1,597.70	1,467.30	1,258.10	1,373.90	1,555.80	2,416.00
ND Energy Services	112.90	44.30	23.40	0.00	0.00	0.00
New England	1,183.30	1,523.60	1,368.70	1,571.60	1,925.20	3,537.30
New Hradec	46.70	63.70	47.50	62.30	84.40	139.80
New Leipzig	265.10	277.20	277.40	342.50	328.70	490.30
Northern Improvement Company	9.20	13.00	14.50	17.40	39.60	57.70
Perkins Co. Rural Water System	5,201.60	6,702.70	5,083.20	8,137.00	7,269.10	10,922.50
Reeder	259.00	268.20	294.80	413.80	271.20	357.90
Regent	335.20	261.20	315.00	326.10	322.40	553.60
Rhame	248.20	280.40	257.20	290.90	299.70	482.00
Richardton	913.20	1,228.70	1,003.50	1,039.30	1,116.60	1,652.00
Sacred Heart Wellness Center	4.00	2.00	2.00	5.00	2.50	10.00
Scranton	363.00	446.90	368.80	463.70	677.20	1,161.20
Sentinel Butte	129.20	107.80	108.50	133.30	91.10	323.80
South Heart	844.90	989.20	696.40	821.80	1,359.90	2,371.90
Stanton	669.30	744.50	680.40	716.40	856.10	1,182.40
Steffes Manufacturing	161.30	218.80	268.30	220.70	213.00	302.80
Summit Prairie Recovery Center	80.10	101.70	97.30	107.30	109.30	112.40
Taylor	511.80	639.50	1,202.10	715.50	735.00	1,058.00
TR Presidential Library Foundation	0.00	0.00	0.00	0.00	0.00	70.60
West Medora Campground	33.30	40.60	37.10	124.30	204.80	289.00
Zap	468.80	548.00	448.50	1,448.00	810.00	745.50
Rural	23,584.90	24,410.90	24,274.70	31,124.50	37,889.80	49,969.60
Total	119,727.70	139,013.10	121,007.00	151,484.70	169,704.30	248,571.62

July	August	September	October	November	December	Total
272.30	248.60	182.70	113.70	94.50	99.80	1,763.50
420.90	482.20	409.90	344.20	119.30	164.10	3,699.40
227.30	147.80	184.80	127.70	80.60	106.20	958.70
3,751.80	4,086.40	3,081.40	1,239.50	765.40	671.80	21,097.00
4,895.80	4,836.30	2,712.50	2,360.00	2,184.30	3,461.00	41,812.10
1,731.40	1,721.70	1,766.50	1,666.00	1,393.60	1,408.50	19,356.50
0.00	39.20	0.00	136.70	20.60	44.10	421.20
2,986.20	2,609.30	1,933.80	1,661.20	1,280.70	1,535.80	23,116.70
79.10	61.60	53.90	65.80	47.60	52.70	805.10
489.60	449.60	387.00	378.10	316.90	295.40	4,297.80
45.70	23.90	45.40	52.30	38.20	11.70	368.60
10,552.30	11,567.70	8,567.90	7,593.90	5,941.77	6,299.40	93,839.07
424.70	384.80	347.00	332.80	291.70	410.60	4,056.50
525.70	567.10	384.10	345.60	286.20	311.90	4,534.10
359.90	449.60	406.60	270.30	246.70	236.80	3,828.30
1,549.70	1,645.30	1,381.70	1,130.10	1,121.90	1,212.70	14,994.70
5.50	2.00	0.00	0.50	0.50	1.00	35.00
904.40	764.20	556.00	446.80	461.20	474.30	7,087.70
267.40	369.70	135.10	127.20	86.30	85.40	1,964.80
2,154.60	2,219.10	2,035.40	1,166.60	784.80	876.70	16,321.30
1,089.30	1,118.50	1,018.70	792.60	728.00	925.00	10,521.20
186.60	181.10	188.40	175.30	210.70	134.30	2,461.30
60.60	85.00	107.00	82.50	106.20	94.30	1,143.70
909.00	1,118.00	941.00	699.00	693.00	841.00	10,062.90
147.90	131.90	189.40	88.10	15.90	27.80	671.60
346.90	450.80	325.10	40.40	33.60	27.80	1,953.70
711.50	532.50	512.00	314.50	364.90	367.40	7,271.60
45,533.70	35,247.10	43,019.40	111,560.20	25,537.90	23,087.10	475,239.80
231,844.80	228,852.41	213,638.00	231,233.40	122,251.07	137,217.10	2,113,984.10

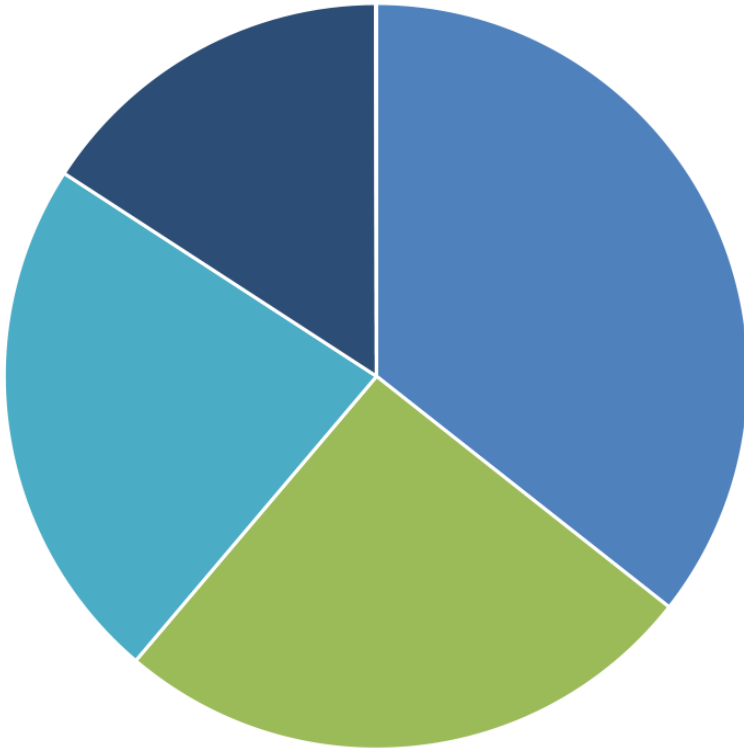
WATER SERVICE CONTRACTS (PER 1,000 GALLONS)

Treated Water Users	Gallons Used	Total Revenue
Assumption Abbey	933	6,805
Baker Boy	8,845	51,922
Basin Electric-Antelope Valley	2,749	16,136
Basin Electric-Leland Olds	1,200	7,044
Beach	33,619	197,341
Belfield	31,534	187,413
Billings County	1,200	7,044
Carson	7,267	42,655
Center	17,113	100,451
Coteau Properties	1,200	7,044
Coyote Creek Mining	2,113	12,403
Coyote Station-Otter Tail	1,575	12,328
Dakota Gasification	12,326	72,354
Dakota Prairie Refinery, LLC	13,199	138,958
Dickinson	933,606	5,494,961
Dickinson Research Center	1,936	14,113
Dodge	3,216	18,876
Dunn Center	7,326	43,005
East Weidner Bay	1,200	8,748
Elgin	13,318	78,176
Gladstone	9,283	54,490
Glen Ullin	17,245	101,229
Golden Valley	5,345	31,375
Golva	1,628	11,864
Halliday	9,076	53,274
Hazen	79,329	465,661
Hebron	19,211	109,939
Hettinger	43,455	255,079
Home on the Range	2,157	15,726
Killdeer	64,850	386,612
Lakeshore Estates	1,764	12,909
Legacy North	2,100	12,337
Manning	3,699	26,969
McKenzie Co. Grazing Assoc.	1,200	7,044
Medora	21,097	123,839
Missouri West Water System	41,812	245,447
Mott	19,357	113,623
ND Energy Services	1,200	14,400
New England	23,117	135,695
New Hradec	805	5,869
New Leipzig	4,298	25,228
Northern Improvement Company	1,200	7,044
Perkins Co. Rural Water System	93,839	417,584
Reeder	4,057	23,812
Regent	4,534	26,615

Treated Water Users Cont.	Gallons Used	Total Revenue
Rhame	3,828	22,472
Richardton	14,995	88,019
Rough Rider State Park	1,402	8,228
Sacred Heart Wellness Center	35	255
Scranton	7,088	41,605
Sentinel Butte	1,964	11,531
South Heart	16,321	95,806
Stanton	10,521	61,760
Steffes Manufacturing	2,461	14,448
Summit Prairie Recovery Center	1,200	7,044
Taylor	10,063	59,069
TR Presidential Library	1,471	8,635
West Medora Campground	1,954	14,243
Zap	7,272	42,684
Total	1,651,701	\$9,677,239

Raw Water Users	Gallons Used	Total Revenue
Assumption Abbey	100	467
Elkin, Jay	380	1,777
Hauck, Tracey	561	2,620
Hoerner, Mac	25	117
Hueske, Dustin 1	164	765
Hueske, Dustin 2	100	467
Jurgens, Robert	3,008	14,047
Kadmas, Gerald	167	781
Lorenz, Fred 1	113	530
Lorenz, Fred 2	513	2,396
Moline, Dale & Sue	100	467
Neurohr, Charlotte	100	467
Perhus Brothers 1	100	467
Perhus Brothers 2	1,129	5,273
Perhus Brothers 3	100	467
Perhus Brothers 4	211	985
Net Zero--Richardton	216,252	1,009,897
Richau, Ken 1	100	467
Richau, Ken 2	120	560
Richau, Ken 3	100	467
Sacred Heart Wellness Center	500	2,335
Schlender, Jonathan	100	467
Schock, Ronald	100	467
Schriefer, Marc	376	1,756
SWA Depot	560	6,719
Swenson, Douglas	100	467
Total Raw Contracts	225,180	\$1,055,696

WATER SERVICE CONTRACT REVENUE



- \$3,820,332.68 O&M
- \$2,743,064.24 CAPITAL REPAYMENT
- \$2,463,319.93 TREATMENT
- \$1,695,391.33 REM
- \$384.17 RESERVE
- \$3,106.29 O&M DISTRIBUTION
- \$81.29 RESERVE DISTRIBUTION
- \$54.21 REM DISTRIBUTION



2025 RATES

The water rate for rural customers in 2025 remained the same with a minimum payment of \$55.32 per month plus consumption. The rate for water per gallon was \$6.47 per thousand gallons.

Rural Customers

Treatment	\$1.45
Transmission Operations and Maintenance	\$2.15
Transmission Replacement and Extraordinary Maintenance	\$0.89
Distribution Operation and Maintenance	\$1.76
Distribution Replacement	\$0.13
Distribution Reserve	\$0.09
Total.....	\$6.47

The standard rural minimum fee (\$55.32) is broken into two separate components: O&M fee and Capital Repayment. The Capital Repayment portion (\$46.16) of the minimum is used to pay back to the Resources Trust Funds, along with a portion of the O&M fee (\$5.00) for new accounts. After two years, the entire O&M fee is paid to the operations and maintenance fund, covering fixed O&M costs.

The 2025 rate for demand contract customers was \$7.29 per 1,000 gallons of potable water.

Demand Contract Customers

Treatment	\$1.45
Transmission Operation and Maintenance	\$1.93
Transmission Replacement and Extraordinary Maintenance	\$0.89
Capital Repayment	\$1.51
Demand Charge	\$1.51
Total.....	\$7.29

The 2025 rate for contract customers was \$5.87 per 1,000 gallons of potable water.

Contract Customers

Treatment	\$1.45
Transmission Operation and Maintenance	\$2.02
Transmission Replacement and Extraordinary Maintenance	\$0.89
Capital Repayment	\$1.51
Total.....	\$5.87

The 2025 rate for oil industry customers was \$12.00 per 1,000 gallons of water.

The raw water contract rate was \$4.67 per 1,000 gallons of water.

2026 RATES

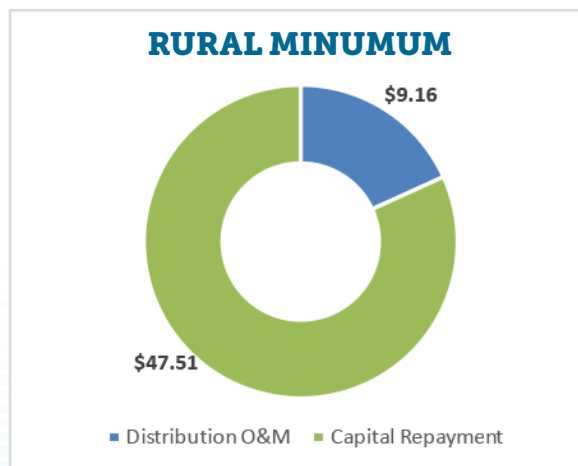
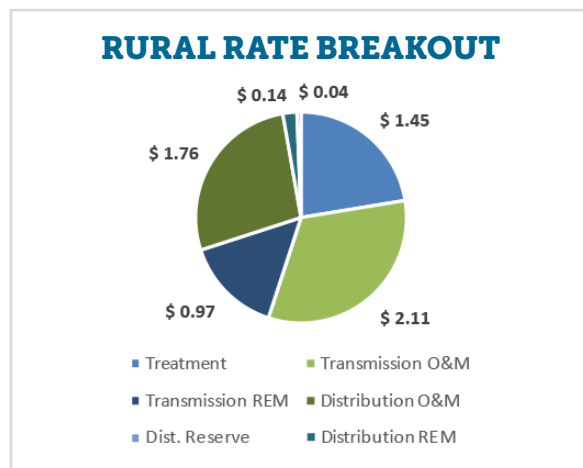
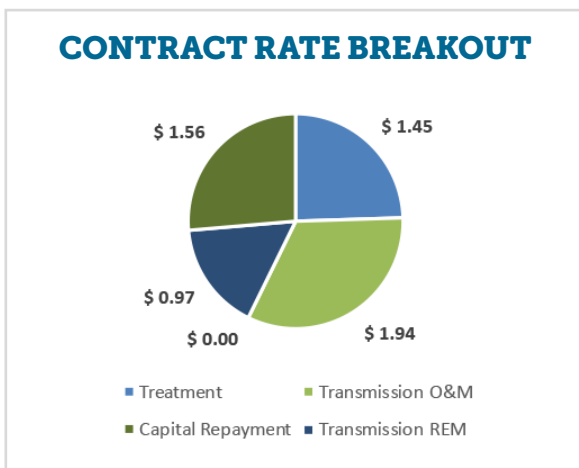
Rural Customers

The rural monthly minimum will remain at \$56.67. This rate will include Capital Repayment (\$47.51) and O&M fee (\$9.16). The Capital Repayment amount is tied to the Consumer Price Index and adjusted annually by the North Dakota State Water Commission. Capital Repayment will increase by \$1.35.

The rural customer rate per 1,000 gallons will remain \$6.47.

Contract Customers

Rates will remain the same for demand and contract customers. The demand rate will be \$7.29 per 1,000 gallons of potable water. The contract customer rate will be \$5.92 per 1,000 gallons of potable water. The raw water rate will be \$4.72 per 1,000 gallons of water. The oil industry rate will remain the same at \$12.00 per 1,000 gallons of water. For demand, contract, and raw water customers, Capital Repayment will increase by \$0.05 and extraordinary maintenance and replacement will increase by \$0.08.



CONTRACT & RURAL RATES

CONTRACT RATES

Year	Contract Rate Total	Operations & Maintenance (O&M)	Treatment	Replacement & Extraordinary Maintenance	Reserve Fund	Capital Repayment	Capital Repayment as a percentage of Total
2017	\$4.26	\$1.48	\$0.90	\$0.65	\$0.07	\$1.16	27.23%
2018	\$4.43	\$1.53	\$0.95	\$0.70	\$0.07	\$1.18	26.64%
2019	\$5.23	\$2.30	\$0.95	\$0.70	\$0.07	\$1.21	23.14%
2020	\$5.50	\$2.45	\$1.05	\$0.70	\$0.07	\$1.23	22.36%
2021	\$5.60	\$2.45	\$1.11	\$0.70	\$0.09	\$1.25	22.32%
2022	\$5.71	\$2.15	\$1.45	\$0.70	\$0.09	\$1.32	23.12%
2023	\$5.87	\$2.15	\$1.45	\$0.76	\$0.09	\$1.42	24.19%
2024	\$5.87	\$2.09	\$1.45	\$0.82	\$0.03	\$1.48	25.21%
2025	\$5.87	\$2.02	\$1.45	\$0.89	\$0.00	\$1.51	25.72%
2026	\$5.92	\$1.94	\$1.45	\$0.97	\$0.00	\$1.56	26.35%

RURAL RATES

Year	Water Usage Rate	Monthly Minimum	Capital Repayment	Capital Repayment as a percentage of Total	Consumer Price Index
2017	\$4.84	\$40.32	\$35.32	87.60%	1.05%
2018	\$5.04	\$42.00	\$36.00	85.71%	1.93%
2019	\$5.91	\$47.00	\$36.97	78.66%	2.71%
2020	\$6.26	\$49.00	\$37.62	76.78%	1.76%
2021	\$6.36	\$50.00	\$38.11	76.22%	1.31%
2022	\$6.40	\$52.01	\$40.12	77.14%	5.26%
2023	\$6.47	\$55.32	\$43.43	78.51%	8.25%
2024	\$6.47	\$55.32	\$45.02	81.38%	3.66%
2025	\$6.47	\$55.32	\$46.16	83.44%	2.53%
2026	\$6.47	\$56.67	\$47.51	83.84%	2.92%

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 that reach their life expectancy. Disbursements from this account have to meet these and other criteria and must be approved by the Southwest Water Authority (SWA) Board of Directors and the North Dakota State Water Commission.

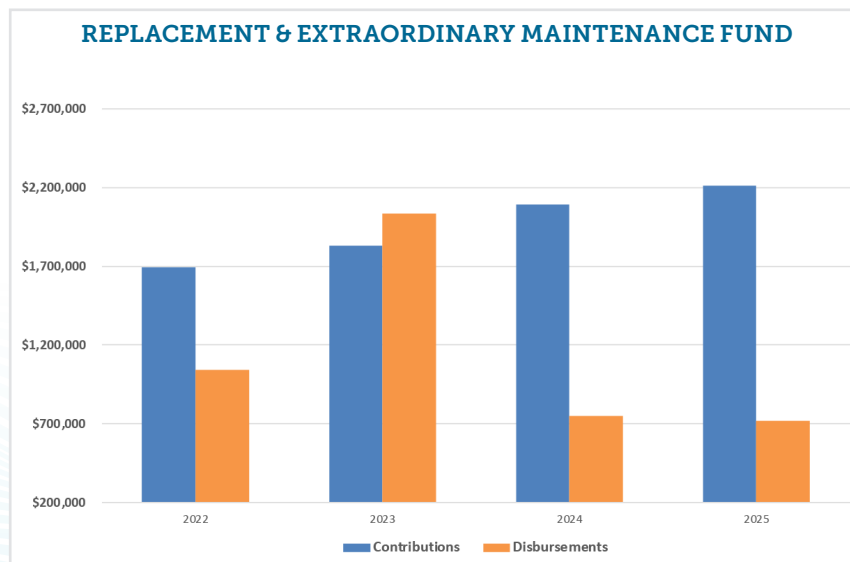
When SWA became responsible for management, operations and maintenance of the SWPP from the North Dakota State Water Commission in 1996, a trust account was established to track REM funds separately to follow the North Dakota Century Code.

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, including contract and rural.

In 2022, the DWR and SWA Board of Directors conducted a sustainability analysis for the SWPP REM fund. The analysis indicated increases to the REM rate are needed to cover future REM expenses. The REM analysis provided guidance which was approved by the SWA Board of Directors and the SWC, stating the SWPP REM fund will provide 100 percent of extraordinary maintenance and replacement expenses for components of the system and a portion of the replacement expenses of Capital Projects. The 2025 REM rate of \$0.89 will increase by \$0.08 for 2026.

The table below and on the following page gives a summary of activity for this account.

	2021	2022	2023	2024	2025
Beginning Balance	\$22,948,706	\$23,682,545	\$24,627,596	\$24,840,290	\$26,667,261
Contract Distributions	\$1,418,477	\$1,310,956	\$1,551,746	\$1,604,586	\$1,687,008
Rural Distributions	\$455,975	\$382,485	\$280,492	\$489,387	\$524,207
Interest	\$367,372	\$384,103	\$470,127	\$515,676	\$579,568
Dividends	\$22,692	\$38,955	\$40,388	\$46,526	\$49,417
Gain/Loss	\$(53,638)	\$(53,381)	\$(19,588)	\$(5,109)	\$(81,529)
Fiduciary Fees	\$(81,712)	\$(77,617)	\$(74,163)	\$(77,544)	\$(87,031)
Disbursements	\$(1,395,328)	\$(1,040,451)	\$(2,036,309)	\$(746,552)	\$(718,952)
Ending Balance	\$23,682,546	\$24,627,596	\$24,840,290	\$26,667,261	\$28,619,948



ANNUAL CAPITAL REPAYMENT

Capital Repayment is a portion of the water rate charged by SWA to repay the cost of construction of the Southwest Pipeline Project. In 1982, a study determined that there should be a limit to the amount customers could afford due to the economic constraints in southwest North Dakota. Since the Capital Repayment is based on the ability to pay, this portion of the rate is indexed to the Consumer Price Index and adjusted annually by the SWC.

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 SWC for repayment to the Resources Trust Fund.

The table to the right shows the payment history of Capital Repayment by water users throughout the system.

Year	Contract	Rural	Total
1991-1993	\$414,498	\$5,540	\$420,038
1994	\$292,997	\$7,475	\$300,472
1995	\$408,563	\$95,616	\$504,179
1996	\$418,180	\$316,814	\$734,994
1997	\$487,828	\$370,085	\$857,913
1998	\$568,498	\$347,293	\$915,791
1999	\$580,865	\$445,132	\$1,025,997
2000	\$634,276	\$524,953	\$1,159,228
2001	\$751,392	\$556,471	\$1,307,863
2002	\$800,160	\$630,005	\$1,430,164
2003	\$861,015	\$718,769	\$1,579,784
2004	\$846,041	\$774,668	\$1,620,709
2005	\$897,290	\$809,669	\$1,706,958
2006	\$1,067,346	\$881,135	\$1,948,480
2007	\$1,244,386	\$1,063,680	\$2,308,066
2008	\$1,269,698	\$1,184,035	\$2,453,733
2009	\$1,255,131	\$1,363,857	\$2,618,988
2010	\$1,344,386	\$1,432,161	\$2,776,547
2011	\$1,595,570	\$1,480,846	\$3,076,416
2012	\$2,634,954	\$1,652,322	\$4,287,276
2013	\$2,582,831	\$1,938,810	\$4,521,641
2014	\$2,955,122	\$2,139,203	\$5,094,325
2015	\$2,501,339	\$2,275,039	\$4,776,377
2016	\$2,344,001	\$2,592,757	\$4,936,758
2017	\$2,394,258	\$2,863,925	\$5,258,183
2018	\$2,067,664	\$2,947,753	\$5,015,417
2019	\$2,063,106	\$3,016,022	\$5,079,128
2020	\$2,369,097	\$3,107,817	\$5,476,914
2021	\$2,378,546	\$3,187,880	\$5,566,426
2022	\$2,313,007	\$3,375,260	\$5,688,267
2023	\$2,523,117	\$3,703,886	\$6,227,003
2024	\$2,741,497	\$3,901,477	\$6,642,974
2025	\$2,746,044	\$4,057,183	\$6,803,226
Perkins County	\$ -	\$ -	\$5,459,000
Total	\$50,352,703	\$53,767,535	\$109,579,238

SOUTHWEST PIPELINE PROJECT FUNDING

State Funding (in millions of dollars)

Resources Trust Fund	\$310.59
Water Development Trust Fund	\$8.55
Bonds	
USDA – Rural Development	\$15.81
Public Revenue Bonds	\$7.05
ND Drinking Water Revolving Loan Fund	\$1.50
Subtotal	\$343.50

Federal Funding

Garrison Diversion Conservancy District – Municipal Rural & Industrial (MR&I) Fund (ARRA Funding \$11.90)	\$105.63
USDA – Rural Development (RUS)	\$15.36
Natural Resources Conservation Service PL566	\$0.93
Subtotal	\$121.92

Total Funding: \$465.42
As of December 31, 2025

2025 Funding

\$20.37 million from the Resources Trust Fund for new construction.



Capital Replacement Funding

State Fiscal Recovery Fund	\$4.50
Replacement & Extraordinary Maintenance	\$2.14
Subtotal	\$6.64



SOUTHWEST WATER AUTHORITY

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