



Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

MEMORANDUM

To: Southwest Water Authority Board of Directors

From: Jen Murray, Manager/CEO, SWA

Subject: September 8, 2026, SWA Board of Directors Meeting

Date: September 2, 2026

The next Southwest Water Authority (SWA) Board of Directors meeting will be on **TUESDAY, September 8, 2026, at 9:00 a.m. MDT at the Southwest Water Authority O&M Center Office in Dickinson.**

There are two policies for the Board to review and monitor this month, Policy III. General Governance Commitment and Policy III. F. Annual Board Planning Cycle. These policies are included in the Board packet for your review. This policy provides the Board an opportunity to plan and schedule items to be included on the agendas for the upcoming year. The current schedule of items for the agenda is included for your review.

Policy II. G. Executive Limitations – Communication and Counsel to the Board is on the agenda under decision-making. The policy and report are included in the Board packet.

The 2025 Board of Directors' Action Plan is included in the Board packet each month. The plan focuses on topics such as the Supplementary Intake and Raw Water Infrastructure, Outside Funding Sources, the Three-Pronged Approach, and SWPP Ownership.

The Budget Subcommittee met on August 27, 2026. The draft minutes are included with the Board packet.

The ND Water Users hosted a Regional Meeting at the SWA office on Monday, August 17, 2026. This meeting was an opportunity for ND Water Users to provide information and education on their organization. This meeting was well attended.

SWA hosted Congresswoman Julie Fedorchak and her entire staff on Wednesday, August 12, 2026. This was a great opportunity to speak with her about water issues facing ND and discuss solutions at the federal level.

The State Water Commission met on August 18, 2026, at the ND State Capitol. The Governor chaired the first portion of this meeting to reauthorize the Drought Disaster Livestock Program. This program provides grant assistance to those affected by drought conditions to install pasture taps, enhance dugouts, and address other water-related needs. The Governor also made a statement on both the Cost-Share Policy and the Regional Water Systems Governance and Finance Study. There were two SWPP items on the agenda. The first was a correction to the Contract 1-1C Award and Funding Authorization, which addressed an error in the reported cost. The second was the Award Authorization for the Contract 2-2I Metallic Raw Water Pipeline Replacement. Bid opening for Contract 2-2I was held on July 25, 2026. Bids are currently under review. Funding authorization will be requested at the October SWC Meeting.

Tyson Decker will give an SWPP update on the status of current construction and various projects. Also included in the Board packet is the SWPP funding to date.

Reice Haase, Sindhu S. Pillai-Grinolds, and Chris Kadrmas from the DWR will join us this month to discuss SWPP Funding, the proposed changes to the Cost-Share Policy and the Regional Water Systems Governance and Finance Study. In August, SWA sent a letter to the DWR requesting clarification on the mechanics of the bonding proposed in Option 2 of the report. SWA also requested that Kadrmas provide an update on current-biennium funding and on the repayment of the Legislatively Authorized Line of Credit.

Decker will provide an update on SWA Construction. The SWA Management team will provide an operations and maintenance (O&M) update for August. Items in this report include Distribution, Treatment, and Staff activities.

Misti Conzemius will give an update on subsequent customers, customer complaints and easement acquisition. The waiting list currently has 823 requests for service system-wide, and an additional 943 have signed up in the Hebron and Burt Service Areas for a total of 1,766 requests system-wide.

SWA has included an agenda item this month to educate the Board on the process for evaluating requests for water service, which is discussed under a separate memo.

The Upper Missouri Water Association Annual Conference will be held on September 21-22, 2026, in Pierre, SD. The agenda is included in the Board packet.

The Water Topics Overview Committee is scheduled to meet on Thursday, September 17, 2026. I have been asked to make two presentations to the WTOC that day. The first is a presentation on the Regional Water Systems Governance and Finance Study, and the second is a presentation on the funding needs for the SWPP for the upcoming biennium.

NRWA WaterPro will be held in Phoenix, AZ, on September 14-16, 2026. Director Odermann, Director Gaugler and I will be in attendance.

I look forward to seeing you on **TUESDAY, September 8, 2026, at 9:00 a.m. MDT at the SWA O&M Center Office in Dickinson, ND.**

The Bismarck Tribune



The Applied Digital data center campus near Ellendale. PROVIDED, APPLIED DIGITAL

Artificial intelligence has set off the biggest wave of data center construction in history, and North Dakota is squarely in the middle of it. Our Legislature is holding hearings, developers are knocking, and in July 2026, New York became the first state to hit the brakes, pausing new large data center construction for a year while it sorts out the rules.

That makes this a good moment to separate fact from fear. A lot of what gets said at public hearings is true. Some of it isn't. And some of the loudest worries turn out to depend entirely on how a project is built. This guide walks through the concerns we hear most often -- the electric bill, the water, the noise -- and lays out what the evidence actually shows. Then it turns to what North Dakota stands to gain, because the benefits are real and they're unusually large for a state our size. The goal isn't to cheerlead or to alarm. It's to give North Dakotans and their legislators an honest, sourced picture so we can make good decisions.

Two kinds of data centers

Most of the confusion in the public debate comes from lumping two very different things under one name. Getting this distinction clear settles half the argument before it starts.

Grid-connected data centers draw their power from the local utility, the same grid that serves your home. They typically run from about 100 megawatts up to 1 gigawatt. Because they pull electricity from the shared grid, these are the projects where questions about electric rates and grid strain are relevant.

Hyperscale, behind-the-meter facilities are the giants. They are multiple gigawatts, and they're so large that no ordinary grid can serve them. So they build and run their own power plants on-site, usually using natural gas, sometimes nuclear. Because they generate their own electricity, they typically don't touch your monthly bill at all.

To put the difference in perspective, it is useful to think about these numbers in terms of how much electricity we already use. Roughly speaking, 100 megawatts is about the electric demand of the Jamestown area. A gigawatt is roughly the electric demand of the entire Fargo area. Five gigawatts is more electricity than the whole state of North Dakota uses today. When you hear a number, ask which kind of facility it describes. The answer usually tells you whether the rate and grid worry even applies.

When someone raises the electric bill question, the first thing to ask is simple: Is this a grid-connected project, or does it bring its own power?

Will my electric bill go up?

This is the worry we hear most, and the honest answer is reassuring -- the best evidence says typically no. The largest hyperscale projects bring their own power, so they don't lean on your grid in the first place. And even for the grid-connected kind, the research points the opposite direction from the fear.

In Williston, the Atlas Power project connected to a grid that didn't have spare capacity, so the extra transmission costs landed on local ratepayers as higher bills and the community turned against it. In Ellendale, Applied Digital did the opposite. It bought "stranded" wind power electricity our wind farms were generating but the transmission lines couldn't carry; that would otherwise have been wasted. That purchase helped cut local electricity rates by about \$5 million in 2023, even as the facility pulled roughly 180 megawatts from the grid.

Some hyperscale data centers that generate their own electricity, like Microsoft's data center in Black Hills, Wyoming, are designed to sell their excess to the local grid during times of high demand, potentially improving reliability and lowering costs to consumers.

Whether a data center raises or lowers your bill comes down to the power plan, not the data center itself.

One honest caveat: the EPRI findings describe a period of relatively modest buildout. The authors caution that the very largest new facilities, if they outrun the grid's ability to add cheap capacity, could behave differently. That's not a reason to panic. It's a reason to insist that each project shows a credible power plan before it's approved.

Will they drain our water?

Not if they're built with the right cooling design. Water use isn't baked into what a data center is. It's a choice about how to cool the equipment, and the low-water options are proven technology.

Some older or hotter climate facilities use evaporative cooling, which can consume a lot of water. But two alternatives avoid that almost entirely. Air cooling uses very little water. When Microsoft built in Goodyear, Arizona, the city made air cooling a condition of approval. Closed-loop water systems fill their cooling circuit once and recycle it, losing almost nothing. Right here in Ellendale, Applied Digital's closed-loop facility reports using less water than a single-family home.

For a state where water often means water for crops, the takeaway is practical: this is a solvable problem, and the solution can be in the permit. We can ask developers to state their cooling design and their total water draw up front, in writing, before anything is approved.

How loud are they, really?

“Loud” is in the ear of the listener, so let’s use numbers and everyday comparisons instead. The noise comes from cooling fans and equipment that run around the clock. How much of it reaches a home depends almost entirely on distance.

Right next to the equipment, it’s roughly the sound of standing beside a running lawnmower.

At homes a few hundred feet away, measured at real sites in Northern Virginia, it runs about 55 to 60 decibels, like a central air-conditioning condenser running in your yard, except it never cycles off.

At about 800 feet, the distance Atlas Power chose in Williston, it’s roughly 50 to 55 decibels. That’s only a refrigerator’s hum, but against a rural nighttime background of 30 to 35 decibels, it stands out sharply. That contrast is exactly why the neighbors sued.

At a half mile or more, it’s down around 40 decibels or less, quiet library territory, and usually lost in the wind and ordinary background sound.

Sound falls off fast with distance, so adequate setback turns noise from a real problem into a nonissue.

Williston’s mistake wasn’t the technology. It was putting the equipment 800 feet from homes in a place where the nights are genuinely quiet. Good siting fixes this.

What North Dakota stands to gain

Now the other side of the ledger, and it’s a big one. These are among the largest private capital projects in the world. To see the scale, look at Louisiana, where Meta’s Richland Parish project has grown from an initial \$10 billion to more than \$50 billion, with roughly 7,500 construction jobs at peak, about 1,000 permanent jobs, and paying for over \$1 billion in local infrastructure.

North Dakota is already in this conversation: Two trillion-dollar companies have each weighed projects in our state that could run up to \$125 billion, building their own power on-site. If both projects are built, that’s a quarter of a trillion dollars invested in our state of 800,000 people.

Projects like these broaden the local tax base without the population boom that strains schools and roads. North Dakota already offers a sales tax exemption on data center equipment to help compete for them. But the real reason we’re built for this is energy, and here North Dakota holds a card almost no other state can play. We can serve both kinds of data centers, each with a different homegrown resource.

For grid-connected centers, our wind is the draw. When wind farms generate more than the transmission lines can carry, that “stranded” power is wasted. A data center can use it, and as Ellendale showed, that can lower rates for everyone else on the system.

For the hyperscale, self-powered giants, our Bakken natural gas is the draw, and this is where two North Dakota problems solve each other. As our oil wells mature, they produce more and more gas relative to oil; the statewide gas-to-oil ratio recently hit record highs and keeps climbing. The pipelines that carry that gas to market are filling up. When there’s no room left to move the gas, producers can be forced to cut back oil production itself, and that means lost jobs and lost tax revenue for the state.

A hyperscale data center is a giant, always-on customer for that gas. It turns a disposal headache into a revenue stream and protects the oil production the state depends on. New pipeline projects like the proposed Bakken East line already count data centers among the customers driving demand.

Our oil producers need somewhere for their natural gas to go, and hyperscale data centers need natural gas to make electricity. Those two problems can solve each other.

Adding it up, abundant wind and gas, wide-open land far from neighborhoods, a cold climate that cuts cooling costs, and a business-friendly permitting environment, few states can match what North Dakota offers this industry.

This is also a national security question

AI leadership has become a strategic contest with China, and data centers are the physical arsenal: no computing capacity, no frontier AI. The catch is that these systems need power 24 hours a day, every day. Wind and solar alone can’t guarantee that around the clock; natural gas and nuclear can. North Dakota has the gas, in surplus.

North Dakota’s own Doug Burgum put it bluntly at his confirmation hearing to lead the Interior Department: “Without baseload, we’re going to lose the AI arms race to China.” The United States currently hosts about 54% of the world’s hyperscale capacity, and holding that lead means having somewhere to build.

This is worth remembering when a state slams the door. When New York paused construction, the demand didn’t disappear; it started looking for a new home. As the head of New York’s construction trades put it, those projects will go “permanently to Virginia, Texas, Georgia and other states actively competing for these investments.”

A state that can host this infrastructure responsibly is doing the country a service and capturing the benefit at the same time.

The questions to ask

Nearly every problem in this guide traces back to how a project is planned, not to data centers as a category. The contrast between Williston and Ellendale is really a checklist in disguise. Before a project breaks ground, residents and officials can ask:

- Is it sited well away from homes, with setbacks measured in thousands of feet, not hundreds?
- Is the power plan verified, stranded wind, self-generated power, or developer-funded grid upgrades so that it won't push costs onto ratepayers?
- Does it use air or closed-loop water cooling, with the water draw stated in the permit?
- Did the developer engage with the community before breaking ground?

A project that answers those four questions well tend to become an Ellendale. One that skips them tends to become a Williston.

The bottom line

Banning data centers guarantees no problems, but it also guarantees no benefits, and it sends the jobs, the tax base and the strategic infrastructure to other states.

A free-for-all isn't the answer either; that's how Williston happened. The path between them is the one Ellendale already tested: appropriate siting, verified power, low water use and real community engagement.

Misinformation invites bad policy. Bad planning invites more Williston's. Good information and good planning together can let North Dakota capture an enormous opportunity while protecting the communities that host it.

Robert L. Mayo, Ph.D., is a research specialist at the Challey Institute for Global Innovation and Growth at North Dakota State University.

Drinking Water Math

📍 Dickinson, ND | September 16, 2026 | 9:30 AM – 3:30 PM MDT

Dickinson Public Works Building | 3411 Public Works Blvd. Dickinson, ND 58601



About this Training:

Fundamental knowledge of water math is essential to ensure proper operations of drinking water treatment plants and distribution systems.

Understanding and being able to perform water calculations allows operators to optimize and make proper adjustments to processes and enables administrators and decision makers to properly manage and make the best decisions for the utility and community. During this training, participants will learn how fundamental math concepts are applied to water facilities and operations, including concepts that are often found on operator certification exams.

Learning Objectives:

- Introduce common water math concepts
- Provide walkthroughs of water math problems in real-life scenarios
- Provide water math practice problems and provide guidance as needed
- Recommend further practice and study resources

Trainer: Tucker Colvin, Project Manager, Southwest Environmental Finance Center

CECs: This training is **approved for 5 hours of Drinking Water CECs** by North Dakota DEQ.

Register Now



For more information and to register visit: efcnetwork.org/training-events

SOUTHWEST WATER AUTHORITY
Board of Directors Meeting Agenda
Tuesday, September 8, 2026, 9:00 a.m. MDT
Southwest Water Authority O&M Center Office, Dickinson, ND
[Click here to join the meeting](#) or call: 1-321-558-6608 ID: 190145978#

Flip Chart Recorder: Director Eaton

Process Observer: Director Engelhardt

Minutes: Wendy Serhienko

- | | | |
|------------|---|---|
| 9:00 a.m. | 1. Call to Order – Pledge of Allegiance - Introductions | Chairperson Odermann |
| 9:02 a.m. | 2. Agenda
A. Review Agenda
B. Consent Agenda*
<i>Official Minutes of August 3, 2026, Board of Directors Meeting, Official Minutes of August 6, 2026, Executive Committee Meeting, Draft Minutes of August 27, 2026, Budget Subcommittee Meeting, Accounts Payable & Financial Reports and Return on Investment*</i> | Chairperson Odermann
Board of Directors |
| | 3. Public Comments | Board of Directors |
| 9:05 a.m. | 4. Board Policy Review and Monitoring
A. Policy III. General Governance Commitment
B. Policy III.F. Annual Board Planning Cycle | Board of Directors
Board of Directors |
| 9:15 a.m. | 5. Decision Making
A. Policy II.G Executive Limitations – Communication and Counsel to the Board and Manager/CEO Internal Report* | Board of Directors |
| 9:20 a.m. | 6. Incidental Information
A. SWC Meeting
1. Drought Disaster Livestock Program
B. SWPP Update and Funding
1. Cost Share Policy
2. Regional Water Systems Governance and Finance Study | Jen Murray/Odermann
Odermann/Misti Conzemius
Tyson Decker/Jen Murray
Reice Haase
Reice Haase |
| 10:15 a.m. | BREAK | |
| 10:30 a.m. | 7. Board Member Reports
A. Board Action Plan
B. Budget Subcommittee
C. ND Water Users Regional Meeting
D. Fedorchak Congressional Meeting
E. Bruce A. Fox Treatment Plant Dedication | Board of Directors/Jen Murray
Director Eaton
Odermann/Jen Murray
Director Schaible
Chairperson Odermann |
| 10:50 a.m. | F. Update from Manager/CEO/SWA Staff
1. SWA Construction and O&M Update
2. Easement/Signup Update
3. Process for Evaluating Requests for Water Service
4. Upper Missouri Water Association Conference
5. Water Topics Overview Committee | Decker/SWA Management
Misti Conzemius
Jen Murray/Misti Conzemius
Jen Murray
Jen Murray |
| 11:20 a.m. | G. Perkins County Rural Water System Update | Ledeanna O'Shields |
| 11:22 a.m. | 8. Review issues pending/Parking lot/Plan next agenda | |
| 11:25 a.m. | Adjourn for Lunch | |

***Items require Board action.**

**Minutes of Meeting
Southwest Water Authority
Board of Directors
August 3, 2026
Southwest Water Authority O&M Center Office, Dickinson, ND**

1. Call to Order – Pledge of Allegiance - Introductions

The Southwest Water Authority Board of Directors met on Monday, August 3, 2026, at Southwest Water Authority O&M Center Office, in Dickinson, ND. Chairperson Odermann called the meeting to order at 9:01 a.m. MDT, followed by the Pledge of Allegiance and roll call.

Present at the meeting were: Directors James Odermann, Ryan Baumgartner, Mark Begger, Kaylene Berg, Gerald Braaten, Dave Burke, Jonathon Eaton, Bruce Engelhardt, Larry Froelich, Harold Gaugler, Curtis Glasoe, Bob Ingold, Don Schaible, Mike Tietz and Scott Tschetter. Also present were: Justin Froseth, DWR, Tyson Decker, Bartlett & West, Jack Dwyer, Dwyer Law Office, Chelsey Jacobson, Odney, Inc., Grady Blewett, Odney, Inc., Jen Murray, SWA Manager/CEO, Andy Erickson, SWA Water Distribution Manager, Ledeanna O'Shields, SWA CFO/Office Administrator, Misti Conzemius, SWA Marketing Manager, Perry Grammond, SWA Water Treatment Manager, Wendy Serhienko, SWA Executive Assistant, and members from the public that joined online.

Director Odermann stated Odney, Inc. has restructured accounts and the SWA account is being transitioned from Chelsey Jacobson to Grady Blewett. Jacobson stated Blewett has been involved in previous projects and she will complete the SWA Strategic Plan Communications Video and be available to consult as needed.

2. Oath of Office

Three Directors re-elected at the June 9, 2026, primary election was administered the Oath of Office by Murray. This included Directors Mark Begger, Kaylene Berg, and Don Schaible.

3. Agenda

3.A. Review Agenda

Chairperson Odermann asked if there were any changes or additions to the agenda. There were none.

3.B. Consent Agenda*

Motion by Director Baumgartner, seconded by Director Glasoe, to approve item 3.B. Minutes July 6, 2026, Meeting, Accounts Payable, and Financial Reports and Return on Investment. Motion carried by voice vote without dissent.

4. Decision Making

4.A. Policy II. Executive Limitations-General Executive Constraint and Manager/CEO Internal Report*

Director Tschetter reviewed Policy II. Executive Limitations-General Executive Constraint and Manager/CEO Internal Report. Chairperson Odermann asked if there were any comments, questions or changes to Policy II. Executive Limitations-General Executive Constraint and Manager/CEO Internal Report. There were none.

Motion by Director Schaible, seconded by Director Tschetter, to approve Policy II. Executive Limitations-General Executive Constraint and Manager/CEO Internal Report. Motion carried unanimously by a roll call vote.

4.B. Policy II.F. Executive Limitations-Compensation and Benefits and Manager/CEO Internal Report*

Director Baumgartner reviewed Policy II.F. Executive Limitations-Compensation and Benefits and Manager/CEO Internal Report.

Murray noted the salary survey was completed by Graves Consulting, LLC and based on the survey results, the salary structure has been updated to better align employee compensation with market conditions.

Motion by Director Tietz, seconded by Director Engelhardt, to approve Policy II.F. Executive Limitations-Compensation and Benefits and Manager/CEO Internal Report. Motion carried unanimously by a roll call vote.

5. Board Member Reports

5.A. Board Action Plan

Murray stated SWA is moving forward with the priorities of the Board Action Plan. The updated *Rules and Regulations of the Southwest Water Authority for Water Service from the Southwest Pipeline Project* have been distributed to all Board members. Murray noted South Fairfield as the next hydraulic improvement area to begin preliminary design. Froseth stated the DWR is working on a revised preliminary engineering report for the Burt Service Area. The Supplementary Intake and raw water infrastructure will be discussed later on the agenda along with the ownership and governance priority.

5.B. Summer Water Tours-Bully! For a Sustainable Future

Gaugler reported on the Water Education Foundation Summer Water Tour on July 30, 2026. The SWA tour bus was full and featured a stop at the Theodore Roosevelt Presidential Library, Marathon Renewable Diesel facility, Phat Fish Brewery, and the Southwest Water Treatment Plant. It was noted Grammond did an exceptional job with the Water Treatment Plant tour.

5.C. Joint Summer Water Meeting

Directors Gaugler and Odermann attended the ND Water Resources District and ND Water Users Association Joint Summer Meeting held in Watford City, ND on July 15 and 16, 2026. Gaugler stated a summer water tour was held in conjunction with these meetings. The tour included stops at the Keene Fire Department and a local farm-to-table produce farm.

Murray was also in attendance at the meetings and reported on the Garrison Dam Safety Modification Project being proposed by the United States Army Corps of Engineers.

5.D. Garrison Diversion Conservancy District Board Meeting

Director Begger stated he attended the Garrison Diversion Conservancy District meeting on July 16 and 17, 2026, in Carrington, ND.

5.E. Partner's Annual Meeting

5.E.1. Goldenwest Annual Meeting

Director Begger attended the Goldenwest Annual meeting on July 15, 2026.

6. Incidental Information

6.A. SWC Meeting

Froseth stated the SWC pre-commission meeting was held July 23, 2026, in Minot, ND. SWPP items on the agenda included Contract 1-1C - Modifications to Existing Intake Pump Stations Award and Funding Authorizations and Contract 2-2I-Raw Water Main Transmission Pipeline Replacement. The award of SWPP Contract 1-1C; General Construction with Bid Alternate

G-1 to CC Steel, LLC was incorrectly reported at the June meeting in the amount of \$727,750. The correct amount is \$764,250. The funding authorization presented and approved at the June 2026 meeting was \$2.98 million. With the correction to the contract amount the required funding authorization is \$3.02 million.

Froseth noted Contract 2-2I-Raw Water Main Transmission Pipeline Replacement will be advertised for bids on August 4, 2026, with the bid opening scheduled for August 25, 2026, which is after the SWC meeting and the DWR staff will be requesting Director Haase to award the contract to the lowest responsible bidder at the August SWC meeting prior to the bid opening. The construction estimate is approximately \$6 million.

Decker reviewed a memo regarding the use of Pritec Coating system for ductile iron pipe for Contract 2-2I.

The next SWC meeting will be on August 18, 2026, in Max, ND, at the Biota Water Treatment Plant.

6.B. SWPP Update

Froseth provided an SWPP update and a slide presentation on SWPP construction progress. His memo is on file with the official minutes.

Froseth stated the contractor for the North New England Strategic Hydraulic Improvements is currently installing the six pressure reducing valve vaults and the two booster stations are expected to arrive in early October to support project completion this fall.

Froseth reported Dunn County officials requested SWA staff to contact all waitlist users. Murray noted SWA staff has completed this task and Dunn County will now start a public relations campaign and request for the people that want water to contact SWA.

6.B.1. Ray Christensen Pump Station Upgrades

Decker reviewed the Identified Needs Analysis for the North and East and South Zones. This report identifies the upgrades needed at the Ray Christensen Pump Station. This engineering report was done in the same manner as the West Zone Report, including identified needs, identified needs plus a 25% blue sky increase, and identified needs plus a 50% increase in design flow.

Decker noted the City of Bowman and Perkins County Rural Water Systems are included in the blue sky needs for the South Zone.

6.B.2. Supplementary Intake

Decker provided maps for the Preliminary Design Report 239, Supplementary Raw Water Intake. The report evaluates alignments for the Supplementary Raw Water Intake, probable costs, and potential timelines.

Decker noted B&W and the DWR have been working on alternative delivery methods. CMAR (Construction Manager at Risk) is a project delivery method where a construction manager would be a consultant to the owner in the design development and construction. This method is based more on contractor qualifications.

6.B.3. Regional Water Systems Governance and Finance Study

Murray stated Deloitte has submitted its final observations and considerations report for the ND SWC Regional Water Systems Governance and Finance Study. Three options are included in the report. The first option would keep the current model with improvements. The second option would keep current Governance and leverage Capital Repayment and the third option would transfer ownership to SWA and leverage Capital Repayment. The DWR Director has publicly stated a preference for option two, which would maintain current governance and leverage the SWA capital repayment for bonding.

Directors Engelhardt and Tietz stated the report does not have enough details to for the SWA Board to fully support option two. Some concerns with option two include: What are the interest rates on bonding? How will future affordability for SWA customer rates be impacted? Will the SWPP be able to apply for grants or the cost share policy for project funding? What is meant by using the Capital Repayment to ‘backstop’ bond issuance?

Murray would like to gather all the questions and concerns with option two from the Board to draft a letter to be sent to the DWR. Once their response is reviewed, a meeting would be scheduled with members of the DWR.

6.C. Update from Manager/CEO/SWA Staff

6.C.1. SWA Construction Update

6.C.1.a. SWPP Metallic Line Close Interval Survey

Decker reviewed a memo from WBI Energy Corrosion Services to perform a close interval survey based on approximately 120.9 miles of SWA metallic pipeline. The survey will assess the cathodic protection systems on the steel and ductile iron raw water transmission lines and the ductile iron potable water transmission lines. Survey results will be compared to the 2014 baseline to identify any anomalies or areas of concern that may indicate deterioration or MIC-related issues. The estimated close interval survey total is \$99,230.

Murray stated the Board approved \$200,000 for the survey and Engineer work in the 2026 REM budget.

6.C.2. SWA O&M Update

Decker updated the Board on ongoing SWA construction and REM items.

Decker stated the contract for relocating SWPP infrastructure along US Hwy 85 from the junction of Hwy 200 to the Long X Bridge is nearing close out. SWA was notified this week about a section of this relocation that is not at the proper depth that will need to be lowered. SWA is working with a contractor to schedule this work.

Murray stated SWA received a monitoring violation notice in early July that the required Bromate samples for the second quarter of the year were not collected. Bromate is a disinfection by-product. Due to the violation, SWA was required to send letters to all customers notifying them of the monitoring violation. SWA also has this information displayed on our website. The sample has since been collected and has been added to the sampling schedule.

Murray noted in July, over 200 million gallons of water were treated for SWTP and DWTP and over 50 million gallons for OMND. The highest treatment day recorded in SWA history was on July 10, 2026, with 11.88 million gallons. This day’s treatment needs were a combination of excessive heat and firefighting needs for a major fire in Dickinson.

Murray stated SWA received several requests for water in July for data centers and data center-related uses. SWA will continue to work with these entities to specify their needs and determine whether capacity is available to accommodate them.

6.C.3. Easement/Signup Update

Conzemius reviewed the sign-up and easement report. Subsequent cost quotes, customer complaints and waiting list numbers were reported. There are 800 requests for service system-wide plus 940 Burt Hebron Service Area Signups for a total of 1,740 requests system wide. Of the 800 waiting list requests, 107 have committed for service via intent forms once the North New England Strategic Improvements have been completed. 13 subsequent customers signed up in July. The department is focused on acquiring the remaining easements for the Hebron Rural Service Area.

6.C.4. Upper Missouri Water Association Conference

Murray stated the Upper Missouri Water Association Annual Conference will be held on September 21-22, 2026, in Pierre, SD. Chairperson Odermann and Murray will be in attendance.

6.C.5. ND Water Users Association Regional Meetings

Murray noted North Dakota Water Users Association is hosting regional meetings across the state in August. The first of these meetings will be held in Dickinson at the SWA Office on August 17, 2026. This is an opportunity to learn more about the ND Water Users Association and have conversations about water-related policy. Board members were encouraged to attend.

6.C.6. America's Water Infrastructure Act Risk and Resilience Assessment

Murray stated America's Water Infrastructure Act of 2018 (AWIA) required community water systems that serve more than 3,300 people to complete a risk and resilience assessment and develop an emergency response plan. This task was completed for the first time in June of 2021. Community water systems must review, revise (where applicable), and recertify their risk and resilience assessment and emergency response plan every five years. SWA recertified the risk and resilience assessments with the EPA in June 2026. SWA is reviewing and revising the emergency response plan, which is due for recertification by December 31, 2026.

6.C.7. Workforce Safety and Insurance

O'Shields stated SWA participates in two of the Workforce Safety and Insurance's (WSI) safety incentive programs; the Safety Management Program (SMP) and the Safety Action Menu (SAM). SWA successfully participated in WSI's SMP program, and received a premium discount of 10%. Plus, SWA successfully participated in three of the SAM programs and received a premium discount of 15%. Glasoe thanked the Safety Committee for their hard work and all SWA employees in helping SWA achieve this discount.

6.C.8. Water Day at the State Fair

Serhienko stated SWA had a booth at the North Dakota State Fair on July 23, 2026. SWA's booth had games, prizes and educational material regarding the importance of water. There was also a "water whiz" trivia game with over 325 trivia entries. About 500 free snow cones were served and over 250 bags of popcorn were provided by Bartlett & West.

6.D. Perkins County Rural Water System Update

O'Shields reported the Perkins County Rural Water System (PCRWS) provided minutes from their June 11, 2026, meeting, along with a copy of the agenda for the July 9, 2026. The next meeting will be held on August 13, 2026.

O'Shields noted PCRWS approved a preliminary rate increase of three percent for their 2027 budget.

7. Review issues pending/Parking lot/Plan next agenda

Director Engelhardt asked if a date has been set for the Budget Subcommittee. Murray stated a date will be selected and Subcommittee members will be contacted.

Murray reported SWA is hosting Congresswoman Julie Fedorchak on Wednesday, August 12, 2026. This meeting will be for water leaders in western North Dakota to express any water concerns or issues at a federal level.

There being no further business, Chairperson Odermann adjourned the meeting at 11:44 a.m. MDT.

Jim Odermann, Chairperson

Mike Tietz, Secretary/Treasurer

**Minutes of Meeting
Southwest Water Authority
Executive Committee
August 6, 2026
Southwest Water Authority O&M Center Office in Dickinson**

1. Call to Order

The Southwest Water Authority Executive Committee met on Thursday, August 6, 2026. Chairperson Odermann called the meeting to order at 9:03 a.m. MDT.

Present at the meeting were: Chairperson James Odermann, Vice-Chairperson Jonathan Eaton and Secretary/Treasurer Mike Tietz. Also present were Bruce Engelhardt, Morton County Director; Jen Murray, SWA Manager/CEO; and Wendy Serhienko, SWA Executive Assistant.

2. Discuss Board Composition

Murray reviewed a memo describing how the City of Mandan Director position was established in the North Dakota Century Code (NDCC). The action to add the position was driven highly by SWA's collection of a mill levy. In 2020, the mill levy sunset and has not been collected since. As a result, the original justification for a dedicated Mandan Director has effectively been eliminated.

The committee discussed the current board composition. The committee called Engelhardt and requested he join the meeting. Director Engelhardt represents Morton County, and the city of Mandan is in Morton County.

The committee discussed the legislative action needed to pursue an amendment to the NDCC. The committee also discussed that due to the Regional Water Systems Governance and Finance Study, now may not be the time to amend SWA NDCC.

The committee agreed that, in the future, an amendment to eliminate the City of Mandan Director will be pursued only if other changes to the SWA NDCC are being made.

3. Adjourn

There being no further business, Chairperson Odermann adjourned the meeting at 9:46 a.m. MDT.

Jim Odermann, Chairperson

Mike Tietz, Secretary/Treasurer

**Southwest Water Authority
Budget Subcommittee Meeting Minutes
Thursday, August 27, 2026
SWA O&M Center Office, Dickinson, ND**

A. Call to Order

The Southwest Water Authority Budget Subcommittee met on Thursday, August 27, 2026, at the SWA O&M Center Office Dickinson, ND. Murray called the meeting to order at 9:05 a.m. MDT.

Present at the meeting were: Directors Jonathon Eaton, Bruce Engelhardt, Curtis Glasoe and Scott Tschetter. Also present were: Jen Murray, SWA Manager/CEO; Ledeanne O'Shields, SWA CFO/Office Administrator, and Connie O'Brien, Senior Accountant.

B. Elect a Chairperson*

Director Engelhardt nominated Director Eaton to serve as Chairperson for the Budget Subcommittee. There were no other nominations from the floor.

Motion by Director Engelhardt, seconded by Director Tschetter, to cease nominations and cast a unanimous ballot for Director Eaton as Chairperson.

C. Review Agenda

Director Eaton asked for any changes or additions to the meeting agenda. There were none.

D. Approve Minutes of Budget Subcommittee Meeting September 22, 2025*

Director Eaton asked for approval of the minutes for the September 22, 2025, meeting. Director Engelhardt noted that his last name was misspelled and asked for it to be corrected.

Motion by Director Glasoe, seconded by Director Tschetter, to approve the minutes of the September 22, 2025, meeting with corrections. Motion carried by voice vote without dissent.

E. Review 2027 Preliminary O&M Budget and Rates

Murray noted the purpose of the meeting is to lay out the assumptions staff is using for the 2027 budget and seek feedback from the Subcommittee on appropriate options.

O'Shields presented a summary with current rates and two options for proposed 2027 rates.

Both options would increase the rate for the Replacement and Extraordinary Maintenance (REM) Fund by 8.5% and the Capital Repayment by 3.06% subject to change based off the CPI for September. The increases for the first option would be passed on to the customer. The second option would pass on the Capital Repayment rate increases to the customer and absorb half of the REM increase by reducing the Transmission O&M portion of the rates. The third option will be presented during the October Board of Directors meeting that is a balanced budget as required by Board policy. The balanced budget reduces expenses as well as raises rates.

The 2026 Budget ends the year with 8.26 months in reserve; the annualized June actuals show 10.21 months in reserve. The SWA Board policy requires a minimum of 2.5 months in operating reserves. The Subcommittee discussed how many months in reserves is appropriate.

The Subcommittee supported the options that were presented. The Subcommittee discussed options for REM and reserve accounts.

Director Tschetter requested that the Board be educated on structure of the rates Capital Repayment requirement and the REM Analysis. Murray discussed having this as part of the 2027 Budget presentation to the Board of Directors in October. The subcommittee agreed that it would be well received by Board members since there are still new members to the Board.

Motion by Director Engelhardt, seconded by Director Tschetter, to present three options for the proposed 2027 rates and assumptions. Motion carried unanimously by a roll call vote.

G. Adjourn

Director Eaton adjourned the meeting at 10:23 a.m. MDT.

Jonathon Eaton, Chairperson



Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

MEMORANDUM

To: Jen Murray, Manager/CEO

From: Ledeanne O'Shields, CFO/Office Administrator

Subject: Financial, Administration and Customer Service – Incidental Information

Date: August 26, 2026

The financial statements included for your review are for July 2026. These include a summary income and expense statement that compares to budget, a detailed income statement of actual income and expenses for the year and the balance sheet. The balance sheet is a comparison of July 2025 to July 2026. Also included is a detailed statement of board expenses for the month of June.

The accounts receivable listing for rural customers is for July 2026 and the transmission accounts receivable listing is for July 2026. The checks written for the month are from July 21, 2026 to August 24, 2026.

Total rural usage for July 2026 was 54,165,400 gallons. By comparison, in July 2025 rural water sales were 45,533,700 gallons. This is an increase of 18.96%. During the month of July, there were 25 hookups with five hookups in 7-1B, four hookups in 7-9E, three hookups in 7-8E, two hookups each in 7-2A, 7-9C, and 7-9F, one hookup each in 7-5A, 7-7B, 7-8B, 7-9D, 7-9G, 7-9G Sch 1, and 7-9G Sch 2.

There are 2,440 customers using our Automatic Payment Plan, 408 paid online with a credit option and 384 paid online with a checking account. We had 37 spot checks (two months without a reading or the same reading). Currently there are 610 customers who are using the Customer Service Center to view their accounts.

Included with this memo are residual mill levy income and signup income for the month of July. SWA sold a total of 295,928,160 gallons of water in the month of July. The projection for the year 2026 is 2,430,122,000 gallons. A comparison of total usage through July is listed at the top of the next page. The difference shown in the first column is the difference between year-to-date for the year (2025) and 2026. This shows a historical year-to-date comparison. Also listed are the usage and the difference for the last two months. Sales through July were more than last year's sales through July by 16.60%. SWA had 7,901 active accounts with 3,110 subsequent users in July. As of July 31, 2026, SWA has 323 tenants.

Also listed below is O&M Income minus Capital Repayment and REM, along with percentages, through July 31, 2026.

Comparisons Through July	Listed in thousand gallons		
		June 2026	303,752,970
2017	315,137,110	July 2026	<u>295,928,160</u>
2018	233,636,590	Difference	7,824,810
2019	238,890,980		
2020	255,550,380		
2021	271,822,770		
2022	272,768,950		
2023	237,091,060		
2024	277,538,040		
2025	253,800,440		
2026	<u>295,928,160</u>		
Difference	42,127,720		

As of July 31, 2026	Amount	Percent
O&M Income	11,019,770	
Return on Investment Expense	(3,869,880)	35%
REM Expense	<u>(1,388,849)</u>	13%
Balance	<u>\$5,761,041</u>	52%

Water depot usage information is included with this memo.

The BMO General Fund account containing mill levy and state aid deposits will officially become a First Citizens account on September 8, 2026. First Citizens started the acquisition during the fall of 2025.

Bravera Bank fraud prevention is included with this memo.

A listing of Accounts Payables (aged trial balance) is included. In addition to the regular accounts payable, included in the listing are: Amazon for \$3,942.05 which includes \$3,416.90 for a mower cutter for OMND WTP; Atlas Copco for \$2,024.84 for the annual parts care plan; Baranko Bros, Inc for \$7,607.00 to hydro-excavate water lines on Hwy 85; Bartlett & West Engineers, Inc for \$47,681.26, which includes \$35,944.19 for New England recoat, \$3,775.03 for hydraulic and capacity studies, \$3,294.74 for Hwy 85, and \$1,992.80 for the closed interval survey; BL Contracting, LLC for \$2,551.03 for leak repair in contract 7-4; Core & Main for \$2,446.72 which includes \$2,026.82 for 2 stainless steel 3" gate valves for inventory; Dakota Supply Group for \$33,571.23 for subsequent material for inventory; Great Plains Technical Services, Inc for \$34,688.07 which includes \$29,802.07 to rewind Intake PB1 and \$4,886.00 for the 2026 maintenance agreement for vibration testing of pumps and motors; IXOM Watercare, Inc for \$9,354.00 for the Killdeer Mt mixer replacement; K B Repair for \$7,016.00 to remove & replace 3 pickup boxes; Ferguson Waterworks for \$6,852.03 which includes \$5,379.03 for a 16" Romac Alpha connection to be used for the gate valve replacement at C101-1 in Contract 2-31 and \$1,473.00 to replace City of Medora meter; Sletten Excavating, Inc for \$5,770.00 which includes \$3,930.00 for repairs west of Golden Valley and \$1,840.00 for repairs north of Coteau Coal Mine, and YES Electrical Service, LLC for \$2,447.50 to replace disconnect at Scranton BPS.



First Citizens Bank

August 3, 2026

03-5MB-FCB365-S1-1-237703-1
SOUTHWEST WATER AUTHORITY
4665 2ND ST. SW
DICKINSON, ND 58601-7231



Dear Customer:

We're looking forward to officially welcoming you to First Citizens Bank as your business accounts transition from BMO on September 8. From day one, you'll have bankers who know your business and a full range of services to help move it forward.

In this package, you'll find everything you need to get started with us:

- **Important Transition Information** on the reverse side of this letter highlights key dates and other timely details.
- Your **Customized Account Summary** lists your current BMO business accounts and the new First Citizens accounts they'll become on Tuesday, September 8.
- A **Welcome brochure** tells you more about the business banking services and support you'll find at First Citizens.
- An **Account Disclosures** booklet provides important account terms and conditions for your records.

Whether you're building something new or running an established organization, you're now backed by a top-20 U.S. bank with more than 125 years of history, a deep bench of experienced professionals, and online tools that help you manage cash flow and meet your objectives. And as your business evolves, we'll be here with the guidance and resources to support every stage of its growth.

We're focused on making this transition seamless, and we look forward to building a lasting relationship with you and your business. Welcome to First Citizens.

Sincerely,

John Keller
Regional Executive Vice President

Introducing your new accounts and services!

Key Information

Tuesday, September 8

Your BMO business accounts become First Citizens accounts.

Your access to First Citizens Digital Banking begins. Watch your mail for more details.

Please review the reverse side of this letter and the enclosed materials.

Questions?

Starting Tuesday, September 8

Call us at 800-219-5169

Monday–Friday

8 a.m. to 9 p.m. ET

5 a.m. to 6 p.m. PT



Visit your
Transition
Center for the
latest details

FirstCitizens.com/bmo-business

FRAUD PREVENTION

A guide to protecting your business



WHY FRAUD PREVENTION MATTERS

Fraud is a fast-evolving threat that affects businesses of every size. A single incident can lead to financial loss, operational disruption, damaged trust and long-term risk. Strong fraud controls help protect your business, your reputation and your momentum so you can move forward with confidence.

Common Fraud Threats

1. Check & Payment Fraud

- Altered or stolen checks
- Forged endorsements
- Unauthorized ACH withdrawals
- Requests to change payment instructions or invoices
- Business email compromise (BEC) and vendor impersonation

Impact: Financial loss, vendor disputes, operational delays

2. Cyber & Email Fraud

- Phishing and spear-phishing
- Business email compromise (BEC) and vendor impersonation
- Malware, ransomware, and data theft

Impact: Financial loss, compromised credentials, unauthorized transactions, system downtime

3. Internal Fraud

- Unauthorized transactions
- Misuse of system access
- Fraudulent vendor setup

Impact: Financial loss, cash leakage, reputational damage, regulatory risk

Your First Line of Defense: Strong Internal Controls

- Review payment methods regularly
- Require secondary verification for all payment-change requests
- Implement dual control for all payments
- Enable Positive Pay and ACH filters
- Configure alerts and reconcile accounts daily
- Restrict access based on job duties and use IP controls when possible
- Train employees to recognize red flags and suspicious behavior

What to Do if You Suspect Fraud

1. Stop all related transactions and contact your bank immediately
2. Notify internal leadership and IT
3. Document the incident
4. File a report with law enforcement or appropriate regulatory agencies, if necessary



Everyday Best Practices for Fraud Prevention

Strengthen Email & Authentication

- Use multi-factor authentication (MFA) wherever available
- Never rely solely on email to authorize payment or account changes
- Train staff to recognize phishing attempts

Validate Payment Requests

- Verify all new vendors
- Independently confirm all payment-change requests (payroll or vendor)
- Question urgent or out-of-pattern requests
- Always verify requests by phone using a known, trusted contact

Protect Your Systems & Devices

- Keep software and antivirus tools up to date
- Use secure Wi-Fi and restrict administrative privileges
- Back up critical data regularly

FRAUD PREVENTION WITH BRAVERA

We offer tools and controls to help protect your business at every step:

- **Positive Pay with Payee Match:** Monitor checks to help prevent fraud
- **ACH Positive Pay & Filtering:** Review and control incoming ACH activity
- **Dual Control:** Separate payment creation and approval to reduce misuse
- **Multi-Factor Authentication (MFA):** Add an extra layer of protection to credentials
- **Security & Card Alerts:** Monitor high-risk activity in real time
- **ACH Account Validation with Prenotes:** Help verify account information and reduce errors



Scan or click the link below to learn more about our comprehensive suite of fraud prevention services.

[Fraud Prevention](#)



Scan or click the link below to see our other security and fraud resources.

[Security and Fraud Resources](#)



Scan or click the link below to see our other business resources.

[Business Resources](#)

Other Resources:

- [Federal Bureau of Investigation \(FBI\): Common Frauds and Scams](#)
- [Nacha: Protecting Against Cyber Fraud](#)

We're here to help.

If you have questions about protecting your business from fraud or would like help reviewing your current controls, our advisors are here to support you. Contact us at 877-483-6811 or treasury@bravera.bank.



BRAVERA
BANK

Member
FDIC

Southwest Water Authority
Statement of Income & Expenses
For 1/1/2026 To 7/31/2026

	Current Period	Current YTD	YTD 2026 Budget	YTD % of Budget	Budget total 2026
Sales					
Sales of Water	\$2,201,601	\$10,773,216	\$10,270,078	54.52%	\$19,759,956
Sales of Equipment	\$44,472	\$227,183	\$148,240	89.40%	\$254,125
Sales of Services	\$5,047	\$19,371	\$15,983	70.70%	\$27,400
Gross Sales	\$2,251,120	\$11,019,770	\$10,434,301	54.99%	\$20,041,481
O&M Expense --Transmission	\$938,277	\$4,696,332	\$5,260,078	51.36%	\$9,143,392
O&M Expense --Distribution	\$533,751	\$3,619,589	\$3,850,208	54.51%	\$6,640,757
O&M Expense -- Treatment	\$293,842	\$1,861,146	\$2,142,642	49.63%	\$3,750,100
Customer Service Expense	\$21,151	\$129,565	\$171,092	43.51%	\$297,800
Total Expenses	\$1,787,021	\$10,306,632	\$11,424,020	51.97%	\$19,832,049
Gross Profit On Sales	\$464,099	\$713,138	(\$989,719)	340.51%	\$209,432
Other Income					
Mill Levy Income	\$1,296	\$9,262	\$0	0.00%	\$0
Other Income	\$59,370	\$432,281	\$361,156	69.82%	\$619,125
Grant Income	\$0	\$305,058	\$36,167	492.03%	\$62,000
Total Other Income	\$60,666	\$746,601	\$397,323	109.61%	\$681,125
Board of Directors Expense	\$14,981	\$138,471	\$180,819	44.67%	\$309,975
Administrative Expense	\$91,289	\$727,581	\$817,242	51.85%	\$1,403,300
Signup & Easement Expense	\$48,975	\$347,287	\$379,721	51.68%	\$671,950
Depreciation Expense	\$40,803	\$292,991	\$386,205	44.25%	\$662,066
Gain/Loss on Asset Disposal	(\$198,592)	(\$203,101)	\$0	0.00%	\$0
Net Income/Expenses	\$130,125	(\$249,692)	(\$2,356,382)	11.58%	(\$2,156,734)
Replacement & EM Fund Expense	\$100,840	\$283,606	\$2,611,614	6.38%	\$4,447,485
Net Income w/ Replacement & EM	\$29,285	(\$533,298)	(\$4,967,996)	8.08%	(\$6,604,219)

Board of Directors Expenses

For 1/1/2026 to 7/31/2026

	Current Period	Current YTD	2026 BUDGET YTD	2026 BUDGET Budget
Board of Directors Expenses				
Per Diem -- Board of Directors	\$3,614	\$28,361	\$44,252	\$75,860
Group Life Insurance -- Board of Directors	2	11	9	15
Workers Compensation Expense -- Board of Directors	5	20	117	200
FICA - Social Security -- Board of Directors	281	2,130	3,617	6,200
FICA - Medicare -- Board of Directors	66	498	875	1,500
Professional Services -- Board of Directors	2,903	40,363	36,750	63,000
Office Supplies -- Board of Directors	15	75	117	200
Copies & Duplication -- Board of Directors	0	20	58	100
Public Relations & Development -- Board of Directors	1,834	19,046	19,833	34,000
Development & Education -- Board of Directors	0	2,577	3,267	5,600
Mileage Reimbursement -- Board of Directors	1,243	8,518	13,358	22,900
Lodging & Meals -- Board of Directors	5	1,329	14,058	24,100
Travel Expenses -- Board of Directors	0	799	4,667	8,000
Telephone/Internet -- Board of Directors	321	2,155	2,917	5,000
Postage -- Board of Directors	201	763	583	1,000
Dues & Subscriptions -- Board of Directors	2,814	20,066	20,417	35,000
Insurance - Liability -- Board of Directors	1,677	11,739	15,925	27,300
Total Board of Director Expense	\$14,981	\$138,470	\$180,820	\$309,975
Total Expenses	\$14,981	\$138,470	\$180,820	\$309,975
	\$14,981	\$138,470	\$180,820	\$309,975

Comparative Balance Sheet

7/31/2026

	Through 7/31/2026	Through 7/31/2025
Assets		
Current Assets		
Cash		
Cash in Checking - O&M - Bravera	\$966,529	\$492,373
Cash in Checking - Payroll - Bravera	451,121	446,159
DDM - Reserve - O&M - Bravera	2,560,308	1,939,436
Cash in Checking - BMO Bank	92,454	76,907
Petty Cash	200	145
Total Cash	\$4,070,612	\$2,955,020
Short-Term Investments		
Short-Term Investment - O&M Fund	\$1,135,428	\$677,427
Short-Term Investment - General Fund	64,155	78,453
Short-Term Investment - Reserve Fund	1,054,590	82,328
Short-Term Investment - Escrow Fund	22,111	39,136
Short-Term Investment - Replacement	8,196,882	6,217,127
Cash Management Account - General Fund	24,442	23,351
Cash Management Account - O&M	1,302,722	1,249,226
Certificate of Deposit #18112	4,593,258	4,412,352
Certificate of Deposit #24572	1,119,173	1,074,577
Total Short-Term Investments	\$17,512,761	\$13,853,977
Accounts Receivable		
Accounts Receivable -- Distribution Prepayments	(\$31,252)	(\$47,751)
Accounts Receivable -- Transmission	1,385,913	1,206,530
Accounts Receivable -- Distribution	838,883	738,036
Accounts Receivable -- MWWS	15,447	17,936
Accounts Receivable -- Other	(616)	2,763
Grant Receivable	117,172	0
Allowance For Doubtful Accounts	(5,425)	(11,358)
Allowance For Doubtful Accounts -- MWWS	(497)	(2,168)
Total Accounts Receivable	\$2,319,625	\$1,903,988
Interest Receivable		
Total Interest Receivables	\$0	\$0
Inventory		
Inventory Contributed Capital	\$99,797	\$99,797
Inventory -- User Spare Parts	652,689	764,457
Inventory -- WTP	121,717	156,560
Inventory -- SWTP	195,437	161,101

Comparative Balance Sheet

	Through 7/31/2026	Through 7/31/2025
Inventory -- OMND WTP	142,528	148,925
Total Inventory	\$1,212,168	\$1,330,840
Prepaid Expenses		
Prepaid Expenses	\$63,275	\$56,777
Prepaid Deposit	197,987	24,845
Prepaid Insurance	74,334	145,095
Prepaid Workers Compensation	17,238	6,641
Total Prepaid Expenses	\$352,834	\$233,358
Total Current Assets	\$25,468,000	\$20,277,183
Long-Term Investments		
Long-Term Investment - O&M Fund	\$2,837,652	\$3,252,587
Long-Term Investment - General Fund	1,134,549	1,146,514
Long-Term Investment - Reserve Fund	423,845	1,363,679
Long-Term Investment - Escrow Fund	757,982	735,739
Long-Term Investment - Replacement	21,203,502	21,814,534
Total Long-Term Investments	\$26,357,530	\$28,313,053
Property, Plant and Equipment		
Land	\$113,318	\$112,817
Buildings & Improvements	4,045,943	3,959,597
Office Furniture & Fixtures	296,585	290,706
Vehicles	1,244,358	1,190,022
Contributed Vehicles	46,093	46,093
Other Fixed Assets	25,301	4,011
Computer Equipment	99,565	92,163
Machinery & Equipment	3,010,227	3,010,227
Contributed Equipment	60,530	60,530
Computer Software	178,590	178,590
Total Property, Plant and Equipment	\$9,120,510	\$8,944,756
Accumulated Depreciation		
Accum Depr -- Buildings & Improvements	\$1,438,229	\$1,326,793
Accum Depr -- Office Furn & Fixt	283,717	279,312
Accum Depr -- Vehicle	696,957	605,726
Accum Depr -- Contributed Vehicles	46,093	46,093
Accum Depr -- Other Fixed Assets	5,433	4,011
Accum Depr -- Computer Equipment	94,425	90,562
Accum Depr -- Machinery & Equipment	2,310,399	2,122,273
Accum Depr -- Contributed Equipment	60,530	60,530
Accumulated Amortization	178,590	178,590

Comparative Balance Sheet

	Through 7/31/2026	Through 7/31/2025
Total Accumulated Depreciation	\$5,114,373	\$4,713,890
Other Assets		
Deferred Pension Outflows	\$1,179,947	\$1,628,277
Deferred OPEB Outflows	41,104	43,485
Total Other Assets	\$1,221,051	\$1,671,762
Total Assets	\$57,052,718	\$54,492,864

Comparative Balance Sheet

	Through 7/31/2026	Through 7/31/2025
Liabilities and Equity		
Current Liabilities		
Accounts Payable		
Accounts Payable	\$1,610,743	\$1,627,105
Deferred Compensation Payable	(824)	0
Employee Benefits Payable	135,925	139,480
Deductions Payable	(842)	0
Total Accounts Payable	\$1,745,002	\$1,766,585
Taxes Payable		
ND State Withholding Payable	\$1,302	\$1,441
Employer Matching FICA - Social Security	18,853	18,524
Employer Matching FICA - Medicare	4,409	4,332
Total Taxes Payable	\$24,564	\$24,297
Other Current Liabilities		
Accrued Annual Leave Payable	\$245,106	\$200,247
Accrued Sick Leave Payable	232,062	183,067
Flex -- Medical Spending Payable	133	0
Accrued Salaries Payable	308,719	302,296
Total Other Current Liabilities	\$786,020	\$685,610
Total Current Liabilities	\$2,555,586	\$2,476,492
Long-Term Liabilities		
Deferred Revenue	\$1,022,825	\$947,075
Tenant Rental Deposits	23,850	22,350
Tenant Rental Deposits -- MWWS	375	375
Customer Escrow Deposit	40,000	40,000
Deferred Pension Inflows	1,828,404	2,630,067
Deferred OPEB Inflows	57,117	50,389
Net Pension Liability	3,776,854	4,131,317
Net OPEB Liability	131,093	152,208
Total Long-Term Liabilities	\$6,880,518	\$7,973,781
Total Liabilities	\$9,436,104	\$10,450,273
Equity		
Reserve Funds		
Reserve Account -- O&M Transmission	\$3,686,712	\$3,557,605
Reserve Account -- O&M Distribution	2,142,158	2,115,551

Comparative Balance Sheet

	Through 7/31/2026	Through 7/31/2025
Reserve Account -- O&M Treatment	(2,168,685)	(2,177,681)
Reserve Account -- General Operating Fund	424,619	391,030
Reserve Account-Replace & EM -- Transmission	18,559,603	18,273,876
Reserve Account-Replace & EM -- Distribution	1,431,225	903,633
Interest Income -- Replace & EM	9,112,203	8,542,524
Dividend Income -- Replace & EM	497,059	452,915
Interest Income -- O&M Reserve	1,250	0
Total Reserve Funds	\$33,686,144	\$32,059,453
Unappropriated Funds	\$13,897,101	\$12,395,677
Contributed Capital	566,665	566,665
Net Profit/(loss)	(533,295)	(979,202)
Total Equity	\$13,930,471	\$11,983,140
Total Liabilities and Equity	\$57,052,719	\$54,492,866

Ranges:
Vendor ID: First - Last
Class ID: First - Last
Payment Priority: First - Last
Vendor Name: First - Last

Accts Payable: First - Last
Posting Date: First - Last
Document Number: First - Last

Print Option: SUMMARY
Age By: Document Date
Aging Date: 12/31/2026

Exclude: Credit Balance, Zero Balance, No Activity, Unposted Applied Credit Documents, Multicurrency Info
Sorted By: Vendor ID
Document Date

Vendor ID:	AD1571	Name:	ADAMS COUNTY RECORD	
Voucher(s):	1	Aged Totals:		Due \$60.00
Vendor ID:	AM1956	Name:	AMAZON CAPITAL SERVICES	
Voucher(s):	5	Aged Totals:		Due \$3,942.05
Vendor ID:	AM2633	Name:	BRAVERA BANK	
Voucher(s):	1	Aged Totals:		Due \$60.00
Vendor ID:	AQ7167	Name:	AQUA-PURE, INC	
Voucher(s):	4	Aged Totals:		Due \$27,140.48
Vendor ID:	AT4171	Name:	ATLAS COPCO COMPRESSORS, LLC	
Voucher(s):	1	Aged Totals:		Due \$2,024.84
Vendor ID:	BA1491	Name:	BACKYARD MECHANICS	
Voucher(s):	1	Aged Totals:		Due \$126.50
Vendor ID:	BA6154	Name:	BARANKO BROS. INC.	
Voucher(s):	1	Aged Totals:		Due \$7,607.00
Vendor ID:	BA6742	Name:	BARTLETT & WEST ENGINEERS, INC.	
Voucher(s):	6	Aged Totals:		Due \$47,681.26
Vendor ID:	BA7351	Name:	BASIN AUTO PARTS	
Voucher(s):	1	Aged Totals:		Due \$108.94
Vendor ID:	BI3772	Name:	BIERSCHBACH EQUIPMENT & SUPPLY	
Voucher(s):	1	Aged Totals:		Due \$181.00
Vendor ID:	BL1557	Name:	BL CONTRACTING, LLC	
Voucher(s):	1	Aged Totals:		Due \$2,551.03
Vendor ID:	BO6225	Name:	BORDER STATES ELECTRIC SUPPLY	
Voucher(s):	6	Aged Totals:		Due \$3,894.81
Vendor ID:	BO8518	Name:	BOWMAN ACE HARDWARE	
Voucher(s):	1	Aged Totals:		Due \$27.42
Vendor ID:	BR2557	Name:	BRENNTAG PACIFIC	
Voucher(s):	3	Aged Totals:		Due \$13,020.00
Vendor ID:	BR3715	Name:	BRITANI KELLER PHOTOGRAPHY	
Voucher(s):	1	Aged Totals:		Due \$150.00
Vendor ID:	CE5285	Name:	CENEX SCRANTON	

Voucher(s): 3		Aged Totals:	Due \$734.32
Vendor ID: CE6752	Name: CENTRAL DAKOTA FRONTIER, CO		
Voucher(s): 1		Aged Totals:	Due \$196.25
Vendor ID: CM2776	Name: CM2 SUPPLY		
Voucher(s): 5		Aged Totals:	Due \$13,778.65
Vendor ID: CO5371	Name: COLE PAPERS, INC		
Voucher(s): 1		Aged Totals:	Due \$388.01
Vendor ID: CO5756	Name: CONSOLIDATED WATER SOLUTIONS		
Voucher(s): 1		Aged Totals:	Due \$2,880.00
Vendor ID: CO6251	Name: CORE & MAIN LP		
Voucher(s): 3		Aged Totals:	Due \$2,446.72
Vendor ID: DA4660	Name: DAKOTA PUMP INC		
Voucher(s): 1		Aged Totals:	Due \$26.97
Vendor ID: DA4963	Name: DAKOTA SUPPLY GROUP		
Voucher(s): 5		Aged Totals:	Due \$33,571.23
Vendor ID: DI1435	Name: CITY OF DICKINSON		
Voucher(s): 1		Aged Totals:	Due \$143.10
Vendor ID: DI1436	Name: DICKINSON HARDWARE		
Voucher(s): 2		Aged Totals:	Due \$84.98
Vendor ID: DI7135	Name: DISA GLOBAL SOLUTIONS, INC		
Voucher(s): 1		Aged Totals:	Due \$39.49
Vendor ID: DI7763	Name: DNOW L.P.		
Voucher(s): 1		Aged Totals:	Due \$122.50
Vendor ID: DW9264	Name: DWYER LAW OFFICE, PLLC		
Voucher(s): 1		Aged Totals:	Due \$789.25
Vendor ID: EG3267	Name: EGGERS ELECTRIC MOTOR COMPANY		
Voucher(s): 1		Aged Totals:	Due \$158.52
Vendor ID: EI2566	Name: EIDO PRINTING		
Voucher(s): 1		Aged Totals:	Due \$54.00
Vendor ID: FA6827	Name: FARWEST CORROSION CONTROL COMP/		
Voucher(s): 1		Aged Totals:	Due \$208.88
Vendor ID: FA7725	Name: FASTENAL COMPANY		
Voucher(s): 1		Aged Totals:	Due \$930.63
Vendor ID: FE5387	Name: FENIX USA LLC		
Voucher(s): 2		Aged Totals:	Due \$13,007.50
Vendor ID: FE6377	Name: FERGUSON ENTERPRISES INC		

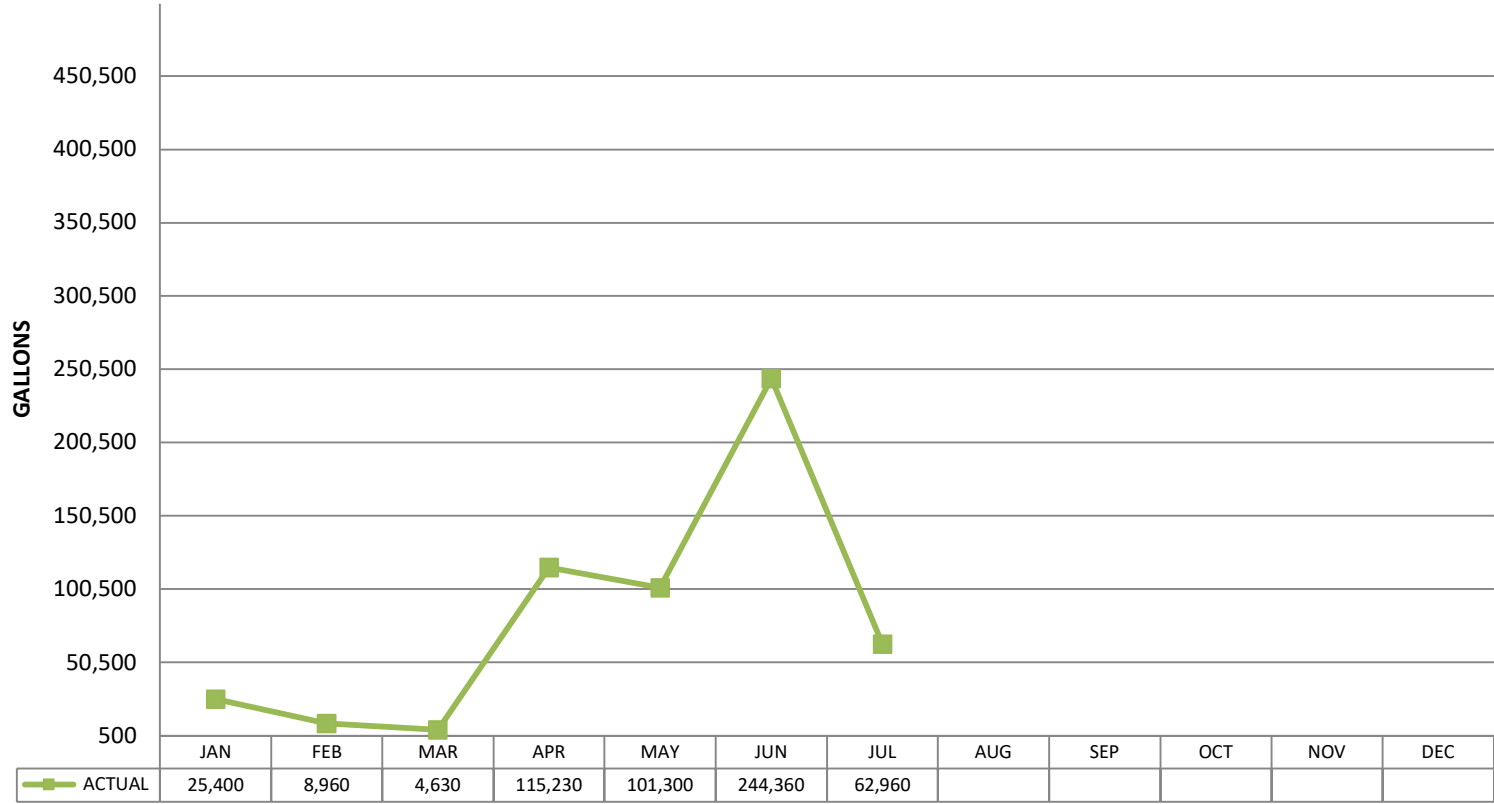
Voucher(s): 4		Aged Totals:	Due \$831.53
Vendor ID: FI7736	Name: FITTERER OIL CO INC		
Voucher(s): 2		Aged Totals:	Due \$489.46
Vendor ID: FO2567	Name: FORTE		
Voucher(s): 1		Aged Totals:	Due \$2,400.00
Vendor ID: GR1353	Name: GRAINGER		
Voucher(s): 1		Aged Totals:	Due \$1,012.17
Vendor ID: GR1955	Name: GRAYMONT (WI) LLC		
Voucher(s): 9		Aged Totals:	Due \$46,645.49
Vendor ID: GR2180	Name: GREAT PLAINS TECHNICAL SERVICES INC		
Voucher(s): 2		Aged Totals:	Due \$34,688.07
Vendor ID: HA8435	Name: HAWKINS INC		
Voucher(s): 9		Aged Totals:	Due \$42,763.94
Vendor ID: HA9251	Name: HAZEN ACE HARDWARE		
Voucher(s): 1		Aged Totals:	Due \$29.99
Vendor ID: IN2566	Name: INFORMATIONAL DATA TECHNOLOGIES L		
Voucher(s): 1		Aged Totals:	Due \$3,695.00
Vendor ID: IX5581	Name: IXOM WATERCARE, INC		
Voucher(s): 1		Aged Totals:	Due \$9,354.00
Vendor ID: JU7735	Name: JUST-IN GLASS, LLC		
Voucher(s): 1		Aged Totals:	Due \$861.54
Vendor ID: KB6261	Name: K B REPAIR		
Voucher(s): 3		Aged Totals:	Due \$7,016.00
Vendor ID: LE7268	Name: LEE SERVICES, LLC dba NAKOTA CLEAN		
Voucher(s): 1		Aged Totals:	Due \$1,624.00
Vendor ID: LO2243	Name: LOFFLER COMPANIES, INC		
Voucher(s): 1		Aged Totals:	Due \$928.81
Vendor ID: LO3551	Name: LOGO MAGIC, INC		
Voucher(s): 1		Aged Totals:	Due \$100.00
Vendor ID: ME2125	Name: SANFORD HEALTH OCCUPATIONAL MEDI		
Voucher(s): 1		Aged Totals:	Due \$193.00
Vendor ID: ME4152	Name: MERCER COUNTY TREASURER		
Voucher(s): 1		Aged Totals:	Due \$67.00
Vendor ID: MI2827	Name: MIDWEST DOORS OF DICKINSON, INC.		
Voucher(s): 1		Aged Totals:	Due \$256.83
Vendor ID: MO7355	Name: MOTION INDUSTRIES, INC		

Voucher(s): 1		Aged Totals:	Due \$331.98
Vendor ID:	NA6168	Name:	NAPA AUTO PARTS/BEULAH
Voucher(s): 1		Aged Totals:	Due \$27.82
Vendor ID:	NO6275	Name:	ND DIVISION OF MICROBIOLOGY
Voucher(s): 4		Aged Totals:	Due \$189.00
Vendor ID:	NO6301	Name:	ND DEPT OF ENVIRONMENTAL - CHEMIST
Voucher(s): 3		Aged Totals:	Due \$1,015.67
Vendor ID:	NO8172	Name:	FERGUSON WATERWORKS
Voucher(s): 2		Aged Totals:	Due \$6,852.03
Vendor ID:	OD5299	Name:	ODNEY
Voucher(s): 2		Aged Totals:	Due \$5,020.00
Vendor ID:	OL7558	Name:	OLSON'S SERVICE
Voucher(s): 10		Aged Totals:	Due \$929.00
Vendor ID:	ON2114	Name:	ONE CALL CONCEPTS
Voucher(s): 1		Aged Totals:	Due \$1,236.90
Vendor ID:	OU7111	Name:	OUTBACK LUMBER SUPPLY, INC.
Voucher(s): 1		Aged Totals:	Due \$620.00
Vendor ID:	PL7542	Name:	PLUNKETT'S PEST CONTROL
Voucher(s): 2		Aged Totals:	Due \$199.43
Vendor ID:	PO8266	Name:	POWERFLEET, INC
Voucher(s): 1		Aged Totals:	Due \$487.62
Vendor ID:	PR1351	Name:	PRAIRIE AUTO PARTS INC
Voucher(s): 1		Aged Totals:	Due \$55.92
Vendor ID:	PR2756	Name:	PRESORT PLUS, LLC
Voucher(s): 3		Aged Totals:	Due \$7,574.60
Vendor ID:	PU5679	Name:	PUMP SYSTEMS, LLC
Voucher(s): 1		Aged Totals:	Due \$13.23
Vendor ID:	QU1437	Name:	QUALITY QUICK PRINT, INC.
Voucher(s): 2		Aged Totals:	Due \$7,155.17
Vendor ID:	QU1438	Name:	QUALITY XTERMINATORS
Voucher(s): 2		Aged Totals:	Due \$160.00
Vendor ID:	RR1775	Name:	R & R AUTO, FARM & ELECTRIC, INC.
Voucher(s): 3		Aged Totals:	Due \$930.57
Vendor ID:	RU5535	Name:	RUNNINGS SUPPLY, INC
Voucher(s): 22		Aged Totals:	Due \$4,352.99
Vendor ID:	SL2772	Name:	SLETTEN EXCAVATING, INC

AGED TRIAL BALANCE
Southwest Water Authority

Voucher(s): 2		Aged Totals:	Due \$5,770.00
Vendor ID: SM1671	Name: SMART COMPUTERS AND CONSULTING		
Voucher(s): 1		Aged Totals:	Due \$29.99
Vendor ID: SO7739	Name: SOUTHWEST LIME, LLC		
Voucher(s): 1		Aged Totals:	Due \$7,750.00
Vendor ID: SO8901	Name: SOUTHWESTERN DISTRICT HEALTH UNIT		
Voucher(s): 1		Aged Totals:	Due \$450.00
Vendor ID: SO8909	Name: SOUTHWEST GRAIN/LEMMON		
Voucher(s): 1		Aged Totals:	Due \$186.53
Vendor ID: ST2215	Name: STEFFAN SAW & BIKE		
Voucher(s): 1		Aged Totals:	Due \$35.00
Vendor ID: TH2616	Name: THERAPY SOLUTIONS		
Voucher(s): 1		Aged Totals:	Due \$250.00
Vendor ID: TK6500	Name: TK ELEVATOR CORPORATION		
Voucher(s): 1		Aged Totals:	Due \$100.00
Vendor ID: TO7143	Name: TOTAL SAFETY US, INC		
Voucher(s): 1		Aged Totals:	Due \$115.75
Vendor ID: TW3513	Name: TWIN CITY ROOFING, LLC		
Voucher(s): 1		Aged Totals:	Due \$1,490.00
Vendor ID: UN3827	Name: UNIVERSAL RECTIFIERS, INC		
Voucher(s): 1		Aged Totals:	Due \$54.42
Vendor ID: US1147	Name: USA BLUE BOOK		
Voucher(s): 3		Aged Totals:	Due \$1,445.00
Vendor ID: VE7715	Name: VESSCO, INC.		
Voucher(s): 1		Aged Totals:	Due \$200.60
Vendor ID: VI7111	Name: VISA		
Voucher(s): 22		Aged Totals:	Due \$3,907.27
Vendor ID: YE7242	Name: YES ELECTRICAL SERVICE, LLC		
Voucher(s): 1		Aged Totals:	Due \$2,447.50
Vendor Totals:		<u>Vendor(s)</u> 84	<u>Due</u> \$392,477.15

2026 SWA DEPOT USAGE
TOTAL 562,840



2026 INDUSTRIAL SALES

CITY	*COMMENTS	*RATE/KGAL FOR INDUSTRIAL	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	TOTAL GALLONS	TOTAL ACRE FEET
BEACH	SELLS WATER TO FARMERS FROM CITY WELLS ONLY. DOES NOT SELL SWPP WATER										
BELFIELD	\$32.00/1,000 GALLONS, AS OF 5/21	\$32.00	8,600	10,230	15,170	28,300	52,500	92,200	57,800	264,800	0.81
CARSON	DO NOT SELL										0.00
CENTER	CURRENTLY NOT SELLING										0.00
DICKINSON	\$19.00/1,000 GALLONS, AS OF 5/ 21	\$19.00	34,700	63,000	57,100	88,460	191,200	264,800	211,140	910,400	2.79
DODGE	DO NOT SELL										0.00
DUNN CENTER	DO NOT SELL										0.00
ELGIN	DO NOT SELL										0.00
GLADSTONE	DO NOT SELL										0.00
GLEN ULLIN	DOES NOT SELL ON REGULAR BASIS ONLY TO FARMERS & CONSTRUCTION, 12/25	\$15.00	900	1,000	1,100	6,000	34,200	89,100	29,500	176,400	0.54
GOLDEN VALLEY	SPRAYING & DUST CONTROL USE ONLY										0.00
GOLVA	DO NOT SELL SWPP WATER - USES CITY WELLS										0.00
HALLIDAY	SELLS WATER TO FARMERS FROM CITY WELLS ONLY. DOES NOT SELL SWPP WATER										0.00
HEBRON	USUALLY SELLS TO FARMERS, ROAD CONSTRUCTION AND BRICK YARD. CHARGES THE SAME FOR ALL USERS 12/25	\$10.35	99,000	94,000	108,000	112,000	125,000			538,000	1.65
HETTINGER	CHARGES THE SAME FOR ALL USERS 6/24	\$10.00	0	0	0	0	0	10,300	10,825	21,125	0.06
KILLDEER	CHARGES THE SAME FOR ALL USERS 10/18	\$35.71	116,800	105,490	97,920	91,600	107,600	107,900	47,670	674,980	2.07
MEDORA	DO NOT SELL										0.00
MOTT	SPRAYING/DOES NOT SELL TO OIL INDUSTRY 6/24	\$10.00	10,100	0	0	10,850	80,532	98,556	39,480	239,518	0.74
NEW ENGLAND	CHARGES THE SAME FOR ALL USERS 10/18	\$20.00									0.00
NEW HRADEC	DO NOT SELL										0.00
NEW LEIPZIG	DO NOT SELL										0.00
REEDER	DO NOT SELL SWPP WATER - USES CITY WELLS										0.00
REGENT	DO NOT SELL										0.00
RICHARDTON	ONLY SELL TO FARMERS										0.00
SCRANTON	SPRAYING USE ONLY/DOES NOT SELL TO OIL INDUSTRY 10/18	\$8.00									0.00
SENTINEL BUTTE	INDUSTRIAL SALES ONLY 8/15	\$22.47									0.00
SOUTH HEART	DO NOT SELL										0.00
TAYLOR	DO NOT SELL										0.00
ZAP	DO NOT SELL										0.00
TOTAL GALLONS			270,100	273,720	279,290	337,210	591,032	662,856	396,415	2,825,223	8.67
TOTAL ACRE FEET			0.83	0.84	0.86	1.03	1.81	2.03	1.22	8.67	
CONTRACT											
BAKER BOY			682,700	789,300	509,700	873,100	732,000	928,000	969,000	5,483,800	16.83
BILLINGS COUNTY DIST 3			0	0	21,300	0	204,200	231,400	417,600	874,500	2.68
SWA WATER DEPOT - RAW			25,700	8,900	4,600	115,300	101,300	244,360	62,960	563,120	1.73
DAKOTA PRAIRIE REFINING			849,600	982,400	486,100	992,100	636,200	714,600	1,083,400	5,744,400	17.63
ND ENERGY SERVICES			42,800	0	0	28,700	19,100	19,600	9,400	119,600	0.37
NET-ZERO RICHARDTON, LLC			16,288,000	17,356,000	14,960,000	14,384,000	17,093,000	24,053,000	20,404,000	124,538,000	382.19
STEFFES CORPORATION			95,900	160,600	149,100	162,100	113,400	130,000	104,000	915,100	2.81
TOTAL GALLONS			17,984,700	19,297,200	16,130,800	16,555,300	18,899,200	26,320,960	23,050,360	138,238,520	424.24
TOTAL ACRE FEET			55.19	59.22	49.50	50.81	58.00	80.78	70.74	424.24	
TOTAL GALLONS COMBINED			18,254,800	19,570,920	16,410,090	16,892,510	19,490,232	26,983,816	23,446,775	141,063,743	
TOTAL ACRE FEET COMBINED			56.02	60.06	50.36	51.84	59.81	82.81	71.96	432.91	432.91

Southwest Pipeline Project

Return on Investment

YEAR	RESOURCES TRUST FUND	BOND PAYMENTS	TOTAL
1991	\$ 11,166.00		\$ 11,166.00
1992	\$ 212,899.00		\$ 212,899.00
1993	\$ 195,973.00		\$ 195,973.00
1994	\$ 300,472.00		\$ 300,472.00
1995	\$ 504,179.00		\$ 504,179.00
1996	\$ 734,994.15		\$ 734,994.15
1997	\$ 389,111.41	\$ 468,801.59	\$ 857,913.00
1998	\$ 415,197.60	\$ 500,593.77	\$ 915,791.37
1999	\$ 349,574.05	\$ 676,423.19	\$ 1,025,997.24
2000	\$ 418,164.86	\$ 728,614.91	\$ 1,146,779.77
2001	\$ 475,021.15	\$ 833,246.78	\$ 1,308,267.93
2002	\$ 416,859.08	\$ 1,015,365.60	\$ 1,432,224.68
2003	\$ 458,780.10	\$ 1,122,504.11	\$ 1,581,284.21
2004	\$ 615,337.62	\$ 1,005,901.63	\$ 1,621,239.25
2005	\$ 661,099.95	\$ 1,045,858.38	\$ 1,706,958.33
2006	\$ 611,674.29	\$ 1,336,805.97	\$ 1,948,480.26
2007	\$ 856,597.12	\$ 1,451,468.74	\$ 2,308,065.86
2008	\$ 1,451,385.68	\$ 1,004,121.20	\$ 2,455,506.88
2009	\$ 1,504,429.59	\$ 1,114,558.52	\$ 2,618,988.11
2010	\$ 877,624.28	\$ 1,898,922.31	\$ 2,776,546.59
2011	\$ 1,793,563.59	\$ 1,282,852.85	\$ 3,076,416.44
2012	\$ 3,303,608.16	\$ 983,667.70	\$ 4,287,275.86
2013	\$ 3,080,405.43	\$ 1,441,235.41	\$ 4,521,640.84
2014	\$ 3,753,622.85	\$ 1,340,702.63	\$ 5,094,325.48
2015	\$ 4,776,377.17		\$ 4,776,377.17
2016	\$ 4,936,757.79		\$ 4,936,757.79
2017	\$ 5,258,182.90		\$ 5,258,182.90
2018	\$ 5,015,416.74		\$ 5,015,416.74
2019	\$ 5,079,128.39		\$ 5,079,128.39
2020	\$ 5,476,914.31		\$ 5,476,914.31
2021	\$ 5,566,425.98		\$ 5,566,425.98
2022	\$ 5,688,266.69		\$ 5,688,266.69
2023	\$ 6,227,003.19		\$ 6,227,003.19
2024	\$ 6,642,973.92		\$ 6,642,973.92
2025	\$ 6,803,226.19		\$ 6,803,226.19
2026	\$ 2,728,398.04		\$ 2,728,398.04
	\$ 87,590,811.27	\$ 19,251,645.29	\$ 106,842,456.56
Perkins County	\$ 5,459,000.00		\$ 5,459,000.00
	\$ 93,049,811.27	\$ 19,251,645.29	\$ 112,301,456.56
Jan	\$ 530,737.07		\$ 530,737.07
Feb	\$ 497,659.02		\$ 1,028,396.09
Mar	\$ 519,101.89		\$ 1,547,497.98
Apr	\$ 486,889.97		\$ 2,034,387.95
May	\$ 494,570.62		\$ 2,042,068.60
June	\$ 544,464.68		\$ 2,091,962.66
July	\$ 694,010.09		\$ 2,728,398.04

III. POLICY TYPE: BOARD GOVERNANCE PROCESS

POLICY TITLE: *GENERAL GOVERNANCE COMMITMENT*

Adopted 10/4/99 - Amended 4/4/11

On behalf of the people of North Dakota and the Southwest Water Authority service area, the Board will govern the Southwest Water Authority with a strategic perspective continually improving its process and capability to express values and vision.

MONITORING:

<i>Method:</i>	<i>Board of Directors Internal Report</i>
<i>Frequency:</i>	<i>Bi-Annually - every six (6) months</i>
<i>Month:</i>	<i>March and September</i>

III. POLICY TYPE: BOARD GOVERNANCE PROCESS

F. POLICY TITLE: *ANNUAL BOARD PLANNING CYCLE*

Adopted 12/6/99 - Amended 8/6/07; 4/7/14

To accomplish its work with a governance style consistent with Board policies, the Board will develop and follow an annual plan which (a) includes an exploration of *Aims/Ends* policies and (b) continually improves Board performance using process improvement tools and with special attention to input and deliberation.

1. The cycle will conclude each year on the last day of September in order that administrative budgeting can be based on accomplishing a one to five year segment of the most recent Board long-range vision.
2. In the first one or two months of the new cycle, the Board will develop its agenda for the ensuing one-year period.
3. Education, input, and deliberation will receive paramount attention in structuring the series of meetings and other Board activities during the year.
4. To the extent feasible, the Board will identify those areas of education and input needed to increase the level of wisdom and forethought it can give to subsequent choices.

MONITORING:

<i>Method:</i>	<i>Board of Directors Internal Report</i>
<i>Frequency:</i>	<i>Bi-Annually - every six (6) months</i>
<i>Month:</i>	<i>March and September</i>

AGENDA ITEMS FOR SWA BOARD MEETINGS

Updated: April 6, 2026

ITEM	MONTH											
Annual Board Planning			MAR						SEP			
Annual Enrollment for Insurance									SEP			
Annual Operating Report				APR (O&M TO SWC)	JUN							
Audit Report				APR								
Board Meeting Schedule										OCT	NOV	
Board Member Reports	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board Monitoring	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board Policies	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board Retreat Information	As Needed											
Board Training	As Needed											
Budget for O&M & General Fund										OCT	NOV	
Budget Subcommittee							JUL-Even Yrs.		SEP	OCT		
Code of Conduct - Soul and Spirit							JUL					
Consumer Confidence Reports (CCR's)						JUN						
Drinking Water Week					MAY							
Election of Board Members		FEB				JUN						
Election of Officers (Even Years)							JUL					
Nominations Subcommittee (Even Years)			MAR									
NDPERS Open Enrollment									SEP	OCT		
Evaluation of Manager/CEO			MAR	APR	MAY	JUN						
Garrison Diversion Conservancy District	As Needed											
Legislative Information	As Needed											
Legislative Planning	As Needed											
Missouri River Advisory Council	As Needed											
Missouri River Joint Board	As Needed											
National Rural Water Rally	JAN	FEB	MAR								NOV	
ND Water Education Foundation Water Tour					MAY	JUN	JUL	AUG	SEP			
NRWA Water Pro Conference						JUN			SEP	OCT		
Oath of Office (Even Years)							JUL					
O&M Update	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Partner Annual Meeting (telephone & electric coops)				if needed	MAY	JUN	JUL					
PCRWS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Return on Investment (included in consent agenda)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Signup and Easement Update	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Strategic Plan	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SWA Update	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SWC Meetings	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SWPP Update & Project Review	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SWPP Funding	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Update from Manager/CEO (Incidental Information)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Upper Missouri Water Association	As Needed											
Water Coalition	As Needed											
Water Convention	JAN										NOV	DEC
Water Expo	JAN	FEB	MAR									
Water Festival		FEB	MAR	APR	MAY							
Water Topics Overview Committee	As Needed											
Water Users Association	As Needed											



Updated 2/23/2023

Board of Directors Annual Policy Monitoring Plan

January

III.D. Board Committee
Principles

February

III.E. Committee
Structure

March

III. General Governance
Commitment
III. F. Annual Board
Planning Cycle

April

III.C. Chairperson's
Role

May

IV.C. Manager/CEO
Compensation and
Benefits

June

III.B. Board Job
Description

July

IV. Manager/CEO Role

August

III. G. Board Member
Code of Conduct

September

III. General Governance
Commitment
III.F. Annual Board
Planning Cycle

October

III.A. Governing Style

November

IV.A. Delegation to the
Manager/CEO
IV.D. Organizational
Performance

December

IV.B. Manager/CEO
Job Description

II. POLICY TYPE: EXECUTIVE LIMITATIONS

G. POLICY TITLE: *COMMUNICATION AND COUNSEL TO THE BOARD*

Adopted 10/4/99 - Amended 4/7/14

With respect to providing information and counsel to the Board, the manager/Chief Executive Officer may not permit the Board to be uninformed. Accordingly, the manager/Chief Executive Officer may not:

1. Neglect to submit monitoring data required by the Board (see policy on Monitoring Executive Performance) in a timely, accurate and understandable fashion directly addressing provisions of the Board policies being monitored.
 - A. Fail to provide a copy of the Employee Policy Manual to the Board.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, significant external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to provide a mechanism for official Board, officer or committee communications.
4. Fail to deal with the Board as a whole except when
 - A. Fulfilling individual requests for information.
 - B. Responding to officers or committees duly charged by the Board.
5. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.
6. Give information to the Board, which is not clearly identified as *either Information for Decision Making, Incidental Information Only, or Monitoring Information*.
7. Fail to present Board with impact analysis and provide options on appropriate issues.

MONITORING:

<i>Method:</i>	<i>Manager/CEO Internal Report</i>
<i>Frequency:</i>	<i>Annually</i>
<i>Month:</i>	<i>September</i>

II. POLICY TYPE: EXECUTIVE LIMITATIONS

G. POLICY TITLE: *COMMUNICATION AND COUNSEL TO THE BOARD*

With respect to providing information and counsel to the Board, the manager/Chief Executive Officer may not permit the Board to be uninformed. Accordingly, the manager/Chief Executive Officer may not:

1. Neglect to submit monitoring data required by the Board (see policy on Monitoring Executive Performance) in a timely, accurate and understandable fashion directly addressing provisions of the Board policies being monitored.

Monitoring reports and copies of the policies being monitored are included in the board packet and sent the week prior to the board meeting. Refers to Policy IV.D. Board-Manager/CEO Relationship-Monitoring Organizational Performance on page 35 of the Board Policy Manual and as attached.

- A. Fail to provide a copy of the Employee Policy Manual to the Board.

The current Employee Policy Manual can be found at:

<https://swwater.com/wp-content/uploads/Employee-Manual.pdf>

2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, significant external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.

All pertinent information is forwarded to board members via email or included in monthly board packets for review. Calls are also made when needed.

SWA is engaged in the Regional Water Systems Governance & Finance Study and has submitted a letter to the Department of Water Resources asking for clarification on the mechanics of Option 2.

Capital Repayment is tied to the Consumer Price Index (CPI), which is attached.

Other trends being monitored include inflation, tariffs, construction bidding climate, and ongoing supply chain issues resulting in long lead times for materials. Issues with Missouri River and those looking to it for supplemental source are always being monitored.

Trends in technology and AI are being watched and considered in best business practices. This includes considerations in the budgeting process for more subscription-based services.

3. Fail to provide a mechanism for official Board, officer or committee communications.

Discussions and review of the Agenda and Board packet material are held with the Chairperson prior to board meetings. Executive committee and subcommittee meetings are held as needed to discuss specific policy issues, or as directed by the Board. Board members are encouraged to contact the Manager/CEO or the Chairperson with any requests.

4. Fail to deal with the Board as a whole except when

- A. Fulfilling individual requests for information.

The Manager/CEO does so as requested and appropriate.

- B. Responding to officers or committees duly charged by the Board.

The Manager/CEO works with the Chairperson of subcommittees to complete the work directive of the committee. The Manager/CEO responds timely to individual Board requests if made to the Manager/CEO as stipulated in Board policies.

5. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Reporting is done in a timely manner, and there has been no known noncompliance of Board policy. Additional pertinent information is provided to the Board in a timely fashion.

6. Give information to the Board which is not clearly identified as either Information for Decision Making, Incidental Information Only, or Monitoring Information.

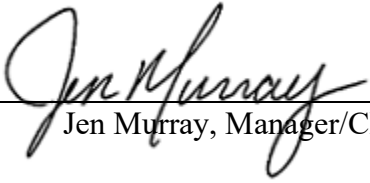
All information included in the board packet is clearly identified by category.

7. Fail to present Board with impact analysis and provide options on appropriate issues.

An example would be the poly pipe consideration and policy change approve in May of 2026.

The Department of Water Resources, Southwest Water Authority and Bartlett & West Engineers are evaluating the raw water needs and implementations plan. This study is being practically funded through Gevo.

Included in the Manager/CEO 2027 work plan is the reevaluation of the REM Analysis first conducted in 2022.



Jen Murray, Manager/CEO

August 27, 2026
Date

This information is current as of August 27, 2026.

MONITORING:

Method:	Manager/CEO Internal Report
Frequency:	Annually
Month:	September

SOUTHWEST PIPELINE PROJECT
CAPITAL REPAYMENT
2027

Adjustment for Inflation

CONTRACT RATES

July 2026 CPI:		\$333.92
Adjustment to Base:	0.3338279	1,000.3
Change from 448.4:		2.2
Adjustment:		\$ 0.89
Base Capital Repayment Rate:		\$ 0.72
Adjusted Capital Repayment Rate (2027 rate)		\$ 1.61
2026 Rate:		\$ 1.56
Change from 2026 Rate		\$ 0.05

RURAL RATES

Base Capital Repayment Rate:	\$21.95
Adjustment:	\$27.02
2026 Inflation (January -July)	3.06%
2027 Rate:	\$48.97
2026 Rate:	\$47.51
Change from 2026 Rate	\$1.46

Rural Minimum for 2026	\$56.67
Change from 2026 Rate	\$1.46
2027 minimum	\$58.13

Capital Repayment for customers who tie into MWWS - 2026	\$37.63
Change from 2026 Rate	\$1.15
2027 Rate	\$38.78

**State Water Commission Meeting
Pioneer Room, ND State Capitol
608 E Boulevard Ave, Bismarck, ND
Tuesday, August 18, 2026 – 1:00 p.m. CT**

Microsoft Teams [Need help?](#)

[Join the meeting now](#)

Meeting ID: 220 671 793 567 1

Passcode: cn3hX3hM

Dial in by phone

[+1 701-328-0950,,552291903#](#) United States, Bismarck

Phone conference ID: 552 291 903#

Join on a video conferencing device

Tenant key: teams@join.nd.gov

Video ID: 111 285 872 2

AGENDA

- 1:00 – 1:02 A. Roll Call
1. Pledge of Allegiance
 2. Conflict of Interest
- 1:02 – 1:03 B. **Consideration of Agenda**
- 1:03 – 1:06 C. Consideration of Minutes
1. **Draft Minutes for the June 9, 2026, SWC Meeting**
 2. **Draft Minutes for the July 23, 2026, Pre SWC Meeting**
- 1:06 – 1:15 D. SWC Secretary Update (Reice Haase) – No Attachment
- 1:15 – 1:20 E. Financials (Chris Kadrmas)
- 1:20 – 1:30 F. Southwest Pipeline Project (SWPP) (Justin Froseth)
1. **Contract 1-1C Modifications to Existing Intake Pump Stations—Award and Funding Authorization Update**
 2. **Contract 2-2I Metallic Raw Water Pipeline Replacement—Award Authorization**
- 1:30 – 1:40 G. Northwest Area Water Supply (NAWS) (Brandon Hicks)
1. **High Service Pump Station—Operations and Maintenance Agreement**
 2. **Replacement and Extraordinary Maintenance—Isolation Vault #2 Repairs**

CONSENT AGENDA

A consent agenda can be approved with one motion, or an item or items can be removed for additional discussion and separate action. Director Haase recommends approval of the following items:

1:40 – 1:45	H. General Water (Abigail Franklund)			
	1. Burke Co WRD	North Star Dam Removal	\$185,282	C
	2. GD CD	MM 10R Irrigation Project	\$253,729	C
	3. Ransom Co WRD	Fort Ransom Dam Modification	\$412,500	C
	I. General Water—Conveyance (Abigail Franklund)			
	1. Pembina Co WRD	Drain 4 Stabilization	\$100,609	C
	J. Water Supply (Discretionary) (Julie Prescott)			
	1. Medora	New Water Storage Reservoir	\$943,561	C
	K. Water Supply (Municipal) (Julie Prescott)			
	1. Underwood	Water System Improvements	\$450,074	C

AGENDA

1:45 – 1:50	L. General Water, Water Supply, and Deferred Project Funding (Duane Pool)			
1:50 – 1:55	M. General Water & Discretionary (Abigail Franklund)			
	1. Pembina Co WRD	Pembina City Dam Modification	\$1,185,243	C
1:55 – 2:10	N. General Water—Conveyance (Abigail Franklund)			
	1. Cass Co Joint WRD	Drain 13 Outlet Improvements	\$165,000	P
	2. North Cass WRD	Drain 26 Improvements	\$279,626	C
	3. Richland Co WRD	Drain 4 (33) Improvements	\$127,218	C
2:10 – 2:20	O. Water Supply (Rural/Regional) (Julie Prescott)			
	1. Northeast RWD	User and Facility Expansion	\$1,164,761	C
	2. WAWSA	R&T Stanley and Little Knife Bay	\$646,650	PC
2:20 – 2:25	P. Water Supply (Municipal) (Julie Prescott)			
	<u>Projects Deferred Pending Available Funding</u>			
	1. Grenora	Water Treatment Plant Improvement	\$30,000	PC
	2. Steele	Watermain Replacement	\$124,200	PC
	3. Almont	Drinking Water and Sanitary Sewer	\$47,540	C
	4. Casselton	Downtown Improvements Project	\$525,218	C
	5. Harwood	North Main Water Loop	\$491,129	C
	6. Grafton	Water System Replacement Phase I	\$2,556,064	C
	7. Regent	Main Avenue Reconstruction	\$644,705	C
	8. Watford City	2026 Water Main Replacement	\$2,130,923	C
	9. West Fargo	1 st Avenue E Reconstruction	\$1,136,346	C
	10. West Fargo	Meadow Ridge Reconstruction Phase I	\$1,120,118	C
	11. Rolla	WTP Improvements	\$15,000	O
	12. Binford	Water & Wastewater System Improvements	\$300,000	PC

13. Mandan	Intake Phase III Study	\$135,000	O
14. Stanley	Capital Improvements Project IV	\$95,460	PC

2:25 – 2:30 Q. Western Area Water Supply (WAWS) Update – Chris Barke

2:30 – 2:35 R. Legal Updates (Matt Sagsveen)

2:35 – 3:10 S. Project Updates (Presentations if time allows)

(5 min each)

1. Devils Lake (Yaping Chi)
2. Red River Basin (Yaping Chi)
3. Mouse River (Laura Ackerman)
4. Missouri River (Clay Carufel)
5. NAWS (Brandon Hicks)
 - a. Lake Water Delivery to Minot Update (Houston Engineering)
6. SWPP (Justin Froseth)

T. Adjourn

BOLD ITEMS REQUIRE

SWC ACTION

PC	Pre-Construction
C	Construction
L	Legislative
CI	Cost Increase
O	Other



TO: Lieutenant Governor Michelle Strinden
Members of the State Water Commission

FROM: Reice Haase, Secretary 
For Reice Haase

SUBJECT: SWPP Contract 1-1C – Modifications to Existing Intake Pump Stations -
Award and Funding Authorization Update

DATE: July 22, 2026

Through this memo a correction is requested to the contract award and funding authorization that was presented to the State Water Commission at the June meeting for the item titled "SWPP Contract 1-1C – Modifications to Existing Intake Pump Stations Award." The error resulted from a typographical mistake made by staff on the General Construction Contract's low bid from CC Steel in the memorandum.

The June 2026 memo included the award of SWPP Contract 1-1C General Construction with Bid Alternate G-1 to CC Steel, LLC in the amount of \$727,750. The correct amount is \$764,250. The funding authorization presented and approved at the June 2026 meeting was \$2.98 million. With the correction to the contract amount, the required funding authorization for all scopes of work, including Bid Alternate G-1 is \$3.02 million.

Updated Recommendation:

I recommend the State Water Commission authorize the Secretary to award SWPP Contract 1-1C General Construction with Bid Alternate G-1 to CC Steel, LLC in the amount of \$764,250, Contract 1-1C Mechanical Construction to Peterson Sheet Metal in the amount of \$612,500, and Contract 1-1C Electrical Construction to Edling Electric in the amount of \$1,137,000.

I recommend the State Water Commission allocate \$3.02 million to the Southwest Pipeline Project from funds appropriated in the 2025-2027 biennium.

RH:JF/1736-99

TO: Lt. Governor, Michelle Strinden
Members of the State Water Commission

FROM: Reice Haase, Secretary

SUBJECT: SWPP – Contract 2-2I Raw Water Main Transmission Pipeline
Replacement—Award Authorization

DATE: July 22, 2026



For Reice Haase

Background/Discussion:

The Department of Water Resources (DWR), in coordination with Southwest Pipeline Project's consulting Engineer, Bartlett & West/AECOM (BW/AECOM), is developing the plans and specifications for Contract 2-2I, Raw Water Main Transmission Pipeline Replacement, Dodge to Richardton. Publishing the advertisement for bids is planned for early August with a late August bid opening date.

Construction during late winter or early spring 2027 is beneficial for the project. To support the schedule, DWR staff is requesting authorization at the August State Water Commission meeting for the Secretary to award the contract to the lowest responsible bidder.

DWR staff evaluated Owner procurement of the pipeline and appurtenances for this project. After evaluation of the potential benefits Owner procurement is not being pursued. The primary advantages of the Owner procurement were the possibility of accelerating material delivery and achieving cost savings through the State's sales tax exemption. However, based on recent experience from the pre-procurement of equipment for the Existing Intake Modifications Project, staff concluded that pre-procurement did not improve delivery timelines. The main challenge was that material suppliers included numerous terms and conditions in their proposals resulting in prolonged contract negotiations. Suppliers typically negotiate directly with contractors and are generally not accustomed to submitting firm bids under State's procurement requirements. Conversely, contractors involved with public improvement construction routinely participate in competitive bidding and generally provide bids without such qualifications.

DWR staff concluded that the effective cost savings from the sales tax exemption would be less than the full 5% tax rate, as a separate procurement package would need to be developed in accordance with Office of Management and Budget (OMB) procurement requirements, resulting in additional time and associated costs. A traditional furnish-and-install contract also helps minimize the potential for change orders. Under this approach, the contractor is responsible for furnishing all materials required to complete the work and has direct control over suppliers to meet the project schedule.

Funding:

Funding authorization will be requested at the October SWC Meeting.

Recommendation:

I recommend the State Water Commission authorize the Secretary to award contract 2-2I, Raw Water Main Transmission Pipeline Replacement, to the lowest responsible bidder.

RH:JF/1736-99

TO: Lieutenant Governor Michelle Strinden
Members of the State Water Commission
FROM: Reice Haase, Secretary
SUBJECT: SWPP – Project Update
DATE: July 23, 2026



For Reice Haase

Updates from last Commission meeting memo are shown in bold italics.

Supplementary Raw Water Intake:

Bartlett & West/AECOM (BW/AECOM), the engineer for the Southwest Pipeline Project (SWPP) was authorized to develop a Preliminary Design Report (PDR) with analysis of alternatives for completing the supplementary raw water intake for the SWPP through Specific Authorization (SA) 239. Progress is being made on the development of the PDR. ***An amendment to the scope of SA 239 was executed. The amendment adds the following scope of works: discussion of the different contract delivery methods for completing the construction of the supplementary raw water intake, and the development of a plan for additional geotechnical exploration along the northern alignment.***

DWR staff had meetings with US Army Corp of Engineers (USACE) and US Bureau of Reclamation (USBR) in December and January discussing the different alternatives under consideration in the PDR. Neither agency has expressed any significant concerns with the alignments under development. DWR is also discussing with USBR the potential for them to continue being the lead federal agency for the project. Based on the preliminary information shared by USBR staff, the remaining federal Municipal, Rural, and Industrial funding must be allocated to the supplementary raw water intake project for them to continue being the lead federal agency for the project.

Contracts 1-1B & 1-1C Existing Intake Capacity Expansion:

This project will replace pumps inside both Basin Electric Power Cooperative (Basin) and the SWPP pump stations to take advantage of the amended agreement with Basin that allocated increased capacity to the SWPP. ***Two of the three Contract 1-1B contracts have been executed. At the June State Water Commission (SWC) meeting, award of the contracts on Contract 1-1C was approved. A memo correcting the award recommendation and funding authorization is included as a separate agenda item. Notice of Award has been issued to all three Contract 1-1C contracts and contract documents delivery is expected soon from the contractors.***

Distribution Capacity Expansion:

Southwest Water Authority (SWA) and SWC implemented a three-pronged plan to meet the distribution capacity needs of SWPP. The three prongs include:

- Prong 1. Improvements to the transmission facilities from the Ray Christenson Pump Station to the first tanks in the distribution system, which were completed in 2022. The West Zone Transmission improvements were added to Prong 1 in 2022.
- Prong 2. Addressing the waiting list users by implementing hydraulic improvements like a booster pump station, parallel piping, and water reservoirs at strategic locations.
- Prong 3. Canvassing targeted service areas for users interested in signing up for rural water and design of a rural distribution system for those areas.

Prong 1 – West Zone Transmission Improvements:

The West Zone transmission improvements include main transmission pipeline improvements, improvements to the Ray Christensen, Fryburg, and Beach pump stations, and a new reservoir west of Medora.

At the October 2024 SWC meeting, moving forward with developing bid ready documents for the design with the next nominal pipe size above identified needs with 25 percent additional capacity design was approved. Since the October meeting, SWPP's consultant engineer BW/AECOM was requested to provide a phasing analysis for completing construction of the West Zone capacity expansion. This is a necessary step to determine the implementation plan for building out the infrastructure needed in the West Zone with budget constraints.

The draft West Zone Preliminary Design Report includes the phasing analysis and designates improvements necessary to realize the incremental capacity achieved from the upgrades at the Ray Christensen Pump Station (RCPS) throughout the West Zone infrastructure as Phase 1. BW/AECOM is developing SAs that will create bid ready plans for infrastructure improvements included in Phase I of the West Zone Capacity Improvements project.

Ray Christensen Pump Station (RCPS) Preliminary Design Report (PDR):

The RCPS houses pumps for the West, South, North and East zones. Long term upgrades to the RCPS include improvements to the pumps for the South zone and North and East zone as well. SA 242 authorized BW/AECOM to complete PDR for the RCPS. SWA has reached out to communities and other users in the South and North and East zones to determine their projected future water needs.

Based on information provided by SWA, BW/AECOM has completed the future water-needs analysis for the South, North, and East Zones.

For the North and East Zones, the current allocation is 1,229 gpm. The analysis shows an additional 383 gpm in identified needs. DWR staff is authorizing BW/AECOM to complete the PDR using the identified needs plus an additional 50% for "blue sky" capacity, resulting in a future design allocation

For the South Zone, the current allocation is 2,118 gpm. The analysis identifies an additional 550 gpm in future needs. Applying the 50% “blue sky” factor to the identified need results in a projected allocation of 2,943 gpm. However, BW/AECOM recommends a future design allocation of 3,118 gpm, which includes:

- ***2,118 gpm (current allocation),***
- ***550 gpm (identified additional needs), and***
- ***450 gpm to account for the City of Bowman (300 gpm) and Perkins County (150 gpm).***

The 450 gpm noted above is not dedicated to the City of Bowman or Perkins County, but is used to aid in developing a conservative future allocation estimation. Staff welcomes Commissioner feedback on these proposed future capacity estimates for the project.

Contract 5-19 Buffalo Gap Reservoir:

This project is to construct a 500,000 gallon water storage tank located approximately 10 miles west of Medora to improve service capacity to the segment of the West Zone known as the Medora Service Area.

Contract Value	Substantial Completion Date	Approved Change Orders	Cost of Approved Change Orders
\$ 2,111,000	June 15, 2026	None	0

The tank has been operational since December 2025. Final punch list items and administrative items remain before the contract can be closed out.

Prong 2 -Strategic Hydraulic Improvements:

Contract 7-2B North New England Hydraulic Improvements:

Following the June 2024 SWC meeting that approved proceeding with final design of the hydraulic improvement project in the north New England Service Area, SA for completing the bid ready documents for this project was executed with BW/AECOM.

The North New England Hydraulic Improvements project scope includes about five miles of rural pipeline, six pressure reducing vaults (PRVs), and two pressure booster stations. The project will allow over 100 waitlist properties to connect to the system.

Contract Value	Substantial Completion Date	Approved Change Orders	Cost of Approved Change Orders
\$ 1,934,708.82	October 30, 2026	None	0

The project bid opening was July 2025 and the construction contract with Wagner Construction (Wagner) was signed in September 2025. The project has a completion date of fall 2026. The booster stations included in the contract are lengthy lead time items.

The contractor has now substantially completed the installation of all of the approximately 5 miles of pipeline included in the project. Installation of the six PRVs is underway. Delivery of the two boosters is still anticipated to be early October with installation expected soon after delivery.

Dunn County Hydraulic Improvements Preliminary Engineering Design:

In 2025, Dunn County (County) agreed to fund a Preliminary Engineering Design to identify the projects and associated costs required to serve all rural waitlist users in the county. The County committed to this study to determine whether any water system expansion projects could be pursued with County funding and incorporated into the SWPP.

The Preliminary Engineering Report (PER) identifies seven hydraulic service areas within the County, four of which serve the majority of the users. It estimates approximately \$9 million in system improvements would be required to serve the 105 rural users currently on the waitlist. Estimated cost per user varies significantly by service area. It should be noted that the cost estimates reflect only the hydraulic upgrades needed to enable future hookups, the individual service line costs to each property are not included.

The PER was provided to the County’s designated representative in April. Since then, meetings have been held with DWR staff to review the report’s findings and address questions from the County. ***The County is working with SWA staff to contact all of the waitlisted users to help with their decision making.***

South Fairfield Hydraulic Improvements:

Following the prioritization matrix update, the South Fairfield service area ranked the highest. DWR staff has directed BW/AECOM to move forward with completing preliminary engineering design of strategic hydraulic improvements necessary to serve the waitlisted users in the South Fairfield Service Area. The preliminary engineering design details and commitment from the waitlist users will be sought before the SWC before proceeding with bid ready documents.

July 23, 2026

Prong 3 – Rural Distribution System Improvements

Burt and Hebron Service Area Expansion:

In February 2021, SWA voted to proceed with a signup campaign in the Burt and Hebron service areas including Lake Tschida. SWC concurred with that request in April 2021.

As of July 2026, in the Burt-Hebron service area there are 936 signups with 299 around Lake Tschida and 637 in rural areas. The preliminary design for the Burt-Hebron Service Area expansion is divided into seven sub areas: the Hebron Service area divided into Hebron Rural, North Tschida, and Curlew Butte pocket areas. The Burt Service area is divided into Burt Rural, South Tschida, Burt VFD pocket area, and service to Flasher. The analysis for service to Flasher is not completed yet.

Following the February 2024 SWC action to increase the maximum cost per Equivalent Service Unit (ESU) limit to \$75,890 within the project's Feasibility Criteria, the SWA took action at their March 2024 meeting. The action focused on a project in the Hebron Rural area while also looking at the potential to develop a smaller project in the Burt Rural area that could be constructed with the \$11.2 million included in the 2023-2025 budget for Burt-Hebron Service Area expansion.

BW/AECOM completed a preliminary design that includes signups that meet the distance of three quarters of a mile, a distance that could be met with a maximum per ESU amount of \$75,980 approved by the SWC in February 2024.

Contract 7-5C Hebron Rural Expansion:

At the June 2026 SWC meeting, award of Contract 7-5C, Bid Schedule 1A and 1B was to Carstensen Contracting; and Contract 7-5C, Bid Schedule 2 to Abbot, Arne, and Schwindt Inc. was approved. Contract documents with Carstensen Contracting has been executed. DWR is awaiting contract documents for Contract 7-5C Bid Schedule 2.

Metallic Line Replacement and Assessment Progress:

Assessment and evaluation of metallic pipeline to determine the extent of Microbiologically Induced Corrosion (MIC) is continuing. Evaluation includes exploratory excavation to confirm presence or absence of MIC at locations where MIC are suspected to be likely. SWA hired BEK to conduct these exploratory excavations at ten locations, about ten miles southwest of Dodge in the fall of 2024. The excavation revealed MIC consistent with what has been observed before.

Submittal set of documents for SWPP Contract 2-2I, which includes replacement of two segments measuring 2,000 ft and 400 ft of 30" raw water pipeline, is currently under DWR and SWA staff review. The project is planned to be advertised for bids in August. Additional details on this project are covered under a separate memo.

Southwest Water Treatment Plant (SWTP) Expansion:

This project is to construct a 12 Million Gallons per Day (MGD) expansion to the existing SWTP at Dickinson to get the SWTP to its ultimate design capacity of 18 MGD. This project will allow for the retirement of a nearly 70-year-old Dickinson Water Treatment Plant currently used for SWPP.

Since the June SWC meeting, the precast walls have been installed and the building is visibly taking shape above ground. Work in the basement has focused on application of wall coatings, pipe installation, and running electrical conduit. The recycled water pump station was installed in early July. Upcoming work will include setting the roof's structural steel and continuing with additional piping and electrical installation.

Contract 3-2H Change Order Summary is noted below:

Bid Price	No. of Approved Change Orders (CO) s	Cost of Approved COs	Current Contract Cost	Approved COs as a % of Bid Price
\$86,382,500	3	\$679,430.84	\$87,061,930.84	0.8%

SWTP project picture below taken on July 21, 2026



Raw Water Implementation Study:

BW/AECOM is making progress on SA 246, which includes an update to the raw water upgrades implementation plan completed in 2014; an alternative service study to Net-Zero, the Richardton ethanol facility; and a study of the expansion of SWPP raw water conveyance infrastructure. Based on the cost-sharing agreement with Gevo, the parent company for Net-Zero for SA 246, monthly update meetings are held between DWR, BW/AECOM, and Gevo.

The Implementation Plan Update report as part of the study has been finalized. Since then, the study has progressed into evaluating the alternatives. Alternative #1, which examines the improvements and costs associated with increasing the water supply to Gevo's Net Zero Richardton facility by 500 gallons per minute, has been completed in draft form and is under DWR and Gevo review. Gevo has inquired the availability of additional capacity from the project before infrastructure improvements are completed. DWR staff analyzed the historic water demand and projected water demand for the project and has noted that no additional capacity is available at this time while some additional capacity may be available after the existing intake improvement project and the raw water pipeline replacement project are completed.

RH:JF:/1736-99



EXECUTIVE ORDER 2026-07

WHEREAS, Kelly Armstrong, Governor of the State of North Dakota, by the authority granted under Article V, Section 1 of the North Dakota Constitution, hereby declares a drought disaster for counties and tribal nations experiencing extreme and long-term drought conditions resulting in a D2 or higher rating by the United States Drought Monitor, as well as all adjacent counties and tribal nations; and,

WHEREAS, it was the sixth-warmest July on record in North Dakota, with an average high temperature of 86.9 degrees, and the 12th-driest July on record, with total average precipitation of 1.25 inches, according to the State Climate Office. Many areas of the state received less than an inch of rain in July; and,

WHEREAS, the weekly U.S. Drought Monitor map by the National Drought Mitigation Center shows 33.6% of North Dakota in moderate drought, 28.1% in severe drought and 2.3% in extreme drought, the first report this summer to include extreme status. The rest of the state is rated abnormally dry except for part of Dickey County; and,

WHEREAS, lack of precipitation and higher than average seasonal temperatures during the spring and summer months of 2026 are expected to continue through the fall; and,

WHEREAS, drought conditions have the potential to adversely impact our agricultural industry, the mainstay of our economy; farmers and ranchers face continued lack of moisture and long, hot days that may result in poor crop and forage production and jeopardize water sources for livestock; and,

WHEREAS, drought-related financial losses to the agricultural industry and agribusiness constitute a serious economic hardship for the entire state.

NOW, THEREFORE, Kelly Armstrong, as Governor of North Dakota, by virtue of the authority vested under Article V, Section 1, North Dakota Constitution and Chapter 37-17.1, North Dakota Century Code, hereby declares a statewide drought disaster and orders:

1. Activation of the State Emergency Operations Plan (SEOP) in order to assist local and tribal officials, to prevent injuries and save lives, alleviate hardships,

implement appropriate response and recovery actions and future mitigation measures, and facilitate restoration of services and infrastructure.

2. The North Dakota State Water Commission to administer the North Dakota Drought Disaster Livestock Water Supply Project Assistance Program within the counties and tribal nations impacted by drought rated D2 or higher, as well as adjacent counties and tribal nations.

All state agencies, including the N.D. Department of Emergency Services, N.D. State Water Commission, N.D. Department of Agriculture and N.D. National Guard, are ordered to maintain high readiness levels of drought-related resources and capabilities in preparation for timely execution of their respective responsibilities pursuant to the SEOP. The Adjutant General is authorized to activate and make available N.D. National Guard resources to support state agencies and local and tribal governments based upon normal cost shares.

This order is issued pursuant to the following authority and for the following reasons:

1. The Governor is vested with the executive authority pursuant to Article V, Section 1 of the North Dakota Constitution; and,
2. The Governor is vested with statutory authority to issue executive orders to minimize or avert the effects of a disaster or emergency pursuant to Chapter 37-17.1 of the North Dakota Century Code; and,
3. A coordinated and effective effort of all State departments is required to minimize the impact of disasters and emergencies in this state.

This order is in effect immediately and shall remain in effect until it is rescinded.

Executed at the State Capitol in Bismarck, North Dakota, this 12th day of August, 2026.



Kelly Armstrong
Governor

Attest: .



Michael Howe
Secretary of State



JOINT RELEASE: Armstrong, Goehring announce activation of livestock water supply program as drought disaster declared

Tuesday, August 18, 2026 - 01:30 pm

BISMARCK, N.D. – Gov. Kelly Armstrong and Agriculture Commissioner Doug Goehring today voted with the [State Water Commission](#) to activate a water supply assistance program for livestock producers as the governor [declared a drought disaster](#) for extremely dry conditions across North Dakota.

The weekly U.S. Drought Monitor map released Thursday by the National Drought Mitigation Center showed 33.6% of North Dakota in moderate drought, 28.1% in severe drought and 2.3% in extreme drought – the first report this summer to include extreme drought status. The remainder of the state was rated abnormally dry except for part of Dickey County.

“This July ranked as one of the hottest and driest on record in North Dakota, putting enormous strain on livestock producers who are just trying to keep their herds watered and fed and their operations afloat,” Armstrong said. “Today’s action supports producers who want to invest in water projects that will help them through the current drought and make their operations more resilient against future droughts. Our agencies will continue to explore every option for relief as drought conditions persist.”

It was the sixth-warmest July on record in North Dakota, with an average high temperature of 86.9 degrees, and the 12th-driest July on record, with total average precipitation of 1.25 inches, according to the State Climate Office. Many areas of the state received less than an inch of rain in July.

“The drought has dried up livestock dams that producers usually depend on for grazing, and water quality has been a serious concern,” Goehring said. “The actions

taken today will provide more permanent solutions and mitigate drought impacts for livestock producers in the future.”

The State Water Commission voted unanimously today to activate and make \$2 million available for the **Drought Disaster Livestock Water Supply Project Assistance Program**. The program provides cost-share assistance on items including new water wells, rural water system connections, pipeline extensions, pasture taps and associated works, as well as labor, materials and equipment rentals for work completed on new water supply projects. Each producer is eligible for cost-share on up to three projects and may be reimbursed up to 65%, but no more than \$10,000, of the eligible cost of each project.

The program is funded by oil extraction tax revenue, authorized by the State Water Commission and administered by the North Dakota Department of Water Resources (DWR).

Livestock producers in counties impacted by drought rated D2 (severe) or higher, and adjacent counties and tribal nations, will be eligible for the program, which was last activated in 2021.

“North Dakota ranchers are facing difficult conditions, and we want to ensure they have the tools and resources needed to weather this drought,” DWR Director Reice Haase said. “This program gives producers an opportunity to address those immediate needs while also investing in a more resilient future.”

Producers seeking more information about the program may call (701) 328-4959 or email dwrlivestock@nd.gov. Program details, eligibility requirements and application information are available at dwr.nd.gov.

The Department of Agriculture also **activated its hay hotline** last week as an option for producers seeking hay supplies. The hotline is available weekdays from 8 a.m. to 5 p.m. at (701) 328-5110.

A number of federal drought assistance programs also are available:

- **Conservation Reserve Program** (CRP), which allows for emergency haying and grazing on certain CRP acres in eligible drought-affected counties. Currently, 27 North Dakota counties qualify.

- **Emergency Conservation Program (ECP)**, which provides cost-share and technical assistance for implementing emergency water conservation measures during severe drought.
- **Livestock Forage Disaster Program (LFP)**, which provides financial support for grazing losses due to qualifying drought or fire conditions.
- **Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish (ELAP)**, offering financial aid to producers who suffer losses from specific adverse conditions not covered by other USDA disaster assistance programs.

In a letter received Monday, U.S. Department of Agriculture Deputy Under Secretary Brooke Appleton notified Armstrong that the USDA has issued a secretarial disaster declaration for two North Dakota counties – Golden Valley and McKenzie – as primary natural disaster areas due to recent drought with intensity ranging from severe to exceptional. Five additional counties in North Dakota were named as contiguous disaster counties – Billings, Mountrail, Williams, Dunn and Slope – along with the Montana counties of Fallon, Richland, Roosevelt and Wibaux.

A secretarial disaster designation makes farm operators in primary and contiguous counties eligible to be considered for Farm Service Agency (FSA) emergency loan assistance, provided eligibility requirements are met. Farmers in eligible counties have eight months to apply for the emergency loans. Those with questions are asked to contact FPAC.BC.Congressional@usda.gov and reference disaster designation number 2026N00000902.

Additional information on drought resources and current burn ban restrictions and fire danger levels is available at www.ndresponse.gov

DROUGHT DISASTER

August 2026

The Drought Disaster Livestock Water Supply Project Assistance Program (Program) provides cost-share assistance to livestock producers with water supply shortages caused by drought.

WHO IS ELIGIBLE?

The livestock operation must be in the specific drought disaster counties, as specified in the Governor's most recent proclamation, or adjacent eligible counties, to qualify for cost-share assistance through the Program. See attached map of eligible counties.

A "livestock producer" means an individual who produces livestock or operates a dairy farm, who normally devotes the major portion of the individual's time to the activities of farming or ranching, and who normally receives not less than 50 percent of the individual's annual gross income from farming or ranching.

HOW TO APPLY

Applicants are required to submit to the Department of Water Resources (DWR):

1. A cost-share assistance application;
2. A map and/or aerial photo of the project area showing proposed works; and
3. An estimate of project costs.

The application and additional information are available via the DWR website at www.dwr.nd.gov.

ELIGIBILITY

Eligible items include: new water wells, rural water system connections, pipeline extensions, pasture taps, and associated works, labor, materials, and equipment rentals for work completed to develop new water supply projects.

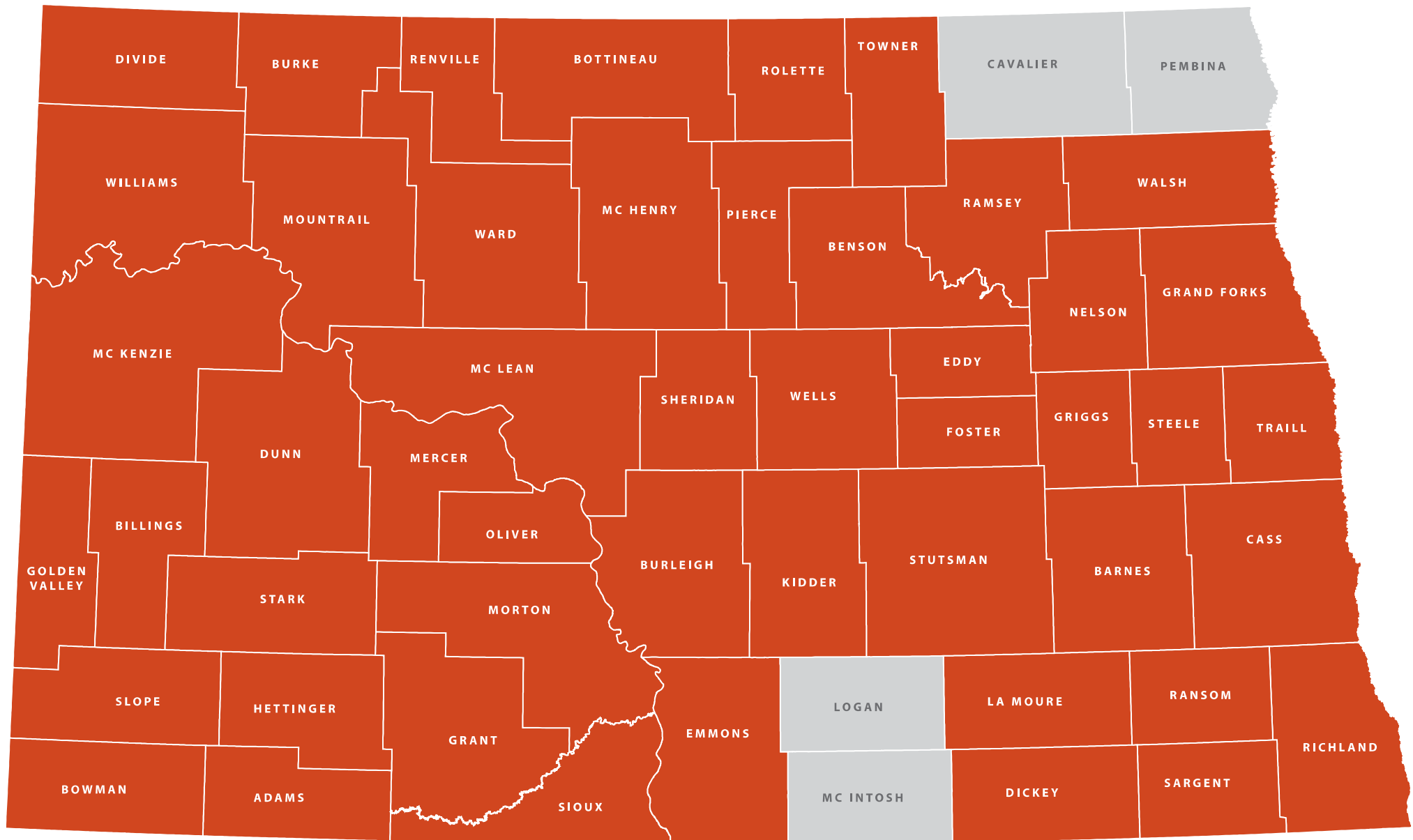
- Labor and materials paid for on, or after August 18, 2026, are eligible for reimbursement.
- The state will fund the program to the extent funding is available. Priority for funding will be based on earliest date of application received.
- Cost-share assistance may only be used for water supply projects that will provide a long-term and immediate solution to a drought-related water supply shortage.
- All wells drilled with funds provided through this program must be drilled by a North Dakota certified water well contractor.
- The applicant may be reimbursed up to 65 percent, but no more than \$10,000, of the eligible costs of the project. Each producer is eligible for cost-share on up to three projects.
- Cost-share payments made through this program can be considered taxable income. Successful applicants will need to submit IRS Form W-9 upon completion of their projects before program reimbursement can be made.

The following projects are not eligible for funding from the Drought Disaster Livestock Water Supply Project Assistance Program.

- Labor and materials purchased prior to August 18, 2026.
- Rehabilitation of an existing well.
- A water supply project on federal or state land.
- A dry hole drilled in an attempt to construct a water well or to locate a water source.
- The construction of stock dams or dugouts.
- The development of springs.
- Projects that require repair or replacement to an existing water source.
- Hours billed for work completed by the applicant, the applicant's family, or their employees.



Drought Disaster Livestock Water Supply Program



ELIGIBLE COUNTIES

Map effective August 20, 2026.

In response to ongoing conditions, please check for the most current map on the Department of Water Resources website at www.dwr.nd.gov.



Drought Disaster Livestock Water Supply Assistance Program Funding Fully Committed

All available funding for the Drought Disaster Livestock Water Supply Assistance Program has been committed, and DWR is no longer accepting applications.

The program was reactivated on August 18, 2026, following Governor Kelly Armstrong's declaration of a drought emergency. The State Water Commission initially approved \$2 million for eligible livestock water supply projects and increased the available funding to \$4 million on August 26 in response to strong demand from producers across the state.

DWR appreciates the tremendous response to the program and the opportunity to work with more than 400 North Dakota livestock producers during this challenging drought. We will continue to monitor drought conditions throughout the winter and spring.

MEMORANDUM

To: Southwest Water Authority Board of Directors, Staff
From: Sindhuja S.Pillai-Grinolds, Water Development Division Director
Subject: SWPP Project Update
Date: September 1, 2026

Contract 1-2A Supplementary Raw Water Intake:

The Department of Water Resources (DWR) team is focused on developing a project needed to complete the supplementary intake for the SWPP. BW/AECOM is working on a Preliminary Design Report (PDR) for completing the supplementary intake.

Following execution of Amendment No. 1 to the Preliminary Design Report (PDR) agreement, the project's focus has shifted to evaluating a northern intake pipeline alignment as an alternative to alignments that utilize the existing caisson. The amendment also expands the scope to include a comprehensive evaluation of alternative project delivery methods. Because North Dakota law authorizes the use of Construction Manager at Risk (CMAR) contracts, the amendment includes a detailed assessment of the CMAR delivery model and its potential applicability to the project. This design effort is underway and a 30% design deliverable was distributed on August 25, 2026 and is under review.

Existing Intake Improvements:

This project will increase the SWPP's existing intake capacity to align with the amended agreement with Basin Electric, which authorizes pumping an additional 3,000 gallons per minute (gpm). The increased capacity will be achieved by replacing the smallest pump unit at both Basin Electric's intake pump station and the SWPP intake pump station with pump units that match the capacity of the other three units at each facility.

Award notices were issued in July to the apparent low bidders for the General, Mechanical, and Electrical contracts. The contract documents are under review by BW/AECOM.

Distribution Upgrades – Strategic Plan

Prong 1 Transmission Improvements

West Zone Main Transmission Expansion:

At the October 2024 SWC meeting, the SWC approved proceeding with bid-ready documents for the West Zone Main Transmission expansion with a pipe size greater than the pipe size needed to meet the identified needs and 25% blue sky capacity. The estimated cost for achieving this capacity is \$40.4 million.

Upon receiving the West Zone PDR, DWR staff is moving forward with phase I improvements. Phase I improvements are a collection of projects that partially benefit all segments of the West Zone for roughly half the cost of the full build out identified. All phase I projects are ultimately needed for the full build out as well. DWR is currently focused on executing Specific Authorizations with BW/AECOM to accomplish the phase I projects. Specific Authorization 250 for the West Zone MTL Expansion and Specific

Authorization 251 for Golve Tank have been reviewed and are being finalized for execution.

Buffalo Gap Tank:

The Buffalo Gap Tank was placed into service in early December and has been performing as expected. The contractor has completed most of the required corrective work, with only a few remaining items to be addressed as the project progresses toward final closeout.

Ray Christensen Pump Station (RCPS) Preliminary Design Report (PDR):

BW/AECOM is preparing the Preliminary Design Report (PDR), which will identify the primary components needed to implement the capacity upgrades identified during the West Zone preliminary engineering evaluation. Concurrently, projected future demands for the North, East, and South Zones are being evaluated to ensure that long-term planning needs for these areas are coordinated with near-term improvements to increase West Zone capacity.

Following delivery of BW/AECOM's draft needs analysis for the South, North, and East Zones, DWR and SWA staff completed their review of the report. DWR staff has identified the design flows to be carried forward into the preliminary engineering phase. DWR presented the study findings and recommended design flows as an informational item at the August SWC meeting. This information will be brought before the SWC at its October SWC meeting for a decision.

Prong 2 Strategic Improvements

North New England Strategic Hydraulic Improvements

Resuming work in April 2026, Wagner Construction has substantially completed pipeline installation for the project, with only the bacteria testing remaining on the 3" pipeline remaining. The contractor has installed the six pressure reducing valve (PRV) vaults included in the contract. The two booster stations have been delayed by the manufacturer and are tentatively expected to arrive in early November, with installation planned shortly thereafter to support project completion this fall.

Prong 3– Expansion into Under-Served Areas

Burt-Hebron Service Area:

The Hebron Rural Service Area Distribution Project bid results were presented at the June SWA Board meeting. Following that presentation, the results were brought before the June SWC meeting, where the Commission approved authorization to award the project and associated funding.

The contract has been executed with Carstensen Contracting for Schedules 1A and 1B. A preconstruction meeting for these schedules was held on August 19, 2026 and Carstensen plans to mobilize and start construction activities in mid-September 2026. The project team continues to work with Abbott, Arne, and Schwindt to finalize execution of the Schedule 2 contract.

SWA staff continue to work on acquiring the easements necessary for project construction. The most recent update from SWA staff regarding individual landowner easement status is as follows:

- Sent: 850
- Obtained: 812 (95%)
- Refused: 23 (3%)
- Remaining: 15 (2%)

Easement acquisition remains a key focus for SWA easement staff. In coordination with SWA's efforts, the project team has continued meeting with landowners as needed to address specific concerns. This effort will continue; however, with the significant progress made on easement acquisition, the contractor will be able to complete a substantial portion of pipeline installation while the remaining easements are pursued.

Southwest Water Treatment Plant (SWTP) Expansion:

The project consists of constructing an expansion to the Southwest Water Treatment Plant (SWTP). Upon completion, the expanded SWTP will have the capacity to treat 18 million gallons per day (MGD), allowing for the eventual retirement of the Dickinson Water Treatment Plant, which was originally constructed approximately 60 years ago.

The grade level precast walls have now been installed, giving the project the appearance of a completed building footprint. Major ongoing activities include installation of structural steel including the roof joists, basement piping, clarifier equipment installation, electrical conduit installation, and HVAC ductwork installation,

SWTP project picture below taken on September 1, 2026



Metallic Pipeline Replacement:

The project will utilize 30-inch and 42-inch Ductile Iron Pipe (DIP) with a two-layer bonded coating system known as Pritec . The bid documents require the contractor to submit an engineered dewatering plan following project award.

The project was advertised on August 4, 2026 and a pre-bid meeting was held on August 13, 2026. A bid opening was held on August 25, 2026 where two bids were received and read aloud. The bids are currently under review by BW/AECOM. This project was brought before SWC at its August 18, 2026 meeting and the pre-approval for the Secretary to execute the award was approved at this meeting. The preapproval is intended to help expedite the award process and the approval of shop drawings by eliminating the need to wait until the October SWC meeting for authorization. The construction efforts for this contract are anticipated to occur in the Spring of 2027.

Raw Water Implementation Study:

BW/AECOM continues to make progress on the study, which includes an update to the Raw Water Upgrades Implementation Plan originally completed in 2014, an alternatives service analysis for the Net-Zero Richardton ethanol facility, and an evaluation of potential expansions to the SWPP raw water conveyance infrastructure.

The implementation plan portion of the study has been finalized. The draft Alternative #1 analysis report, which evaluates increasing raw water delivery to Gevo's Net-Zero Richardton facility by 500 gallons per minute (gpm), has been completed and provided to

DWR and Gevo staff for review. Under the cost-sharing agreement with Gevo, the parent company of the Net-Zero facility, monthly coordination meetings continue between DWR, BW/AECOM, and Gevo to maintain alignment throughout the study. The most recent meeting was held on August 20. The Alternative #2 analysis, which evaluates an additional 1,400 gpm increase in flow to the Net-Zero Richardton facility, is currently underway with a draft anticipated in mid-September 2026.

Dunn County Hydraulic Improvements Preliminary Engineering Report (PER):

In 2025, Dunn County agreed to fund a preliminary engineering report (PER) to identify the projects and associated costs necessary to serve all rural waitlist users within the County. The County committed to this effort to evaluate whether system expansion projects could be advanced using County funding and potentially incorporated into the SWPP.

As previously reported, the PER identifies seven hydraulic service areas within the County, with four areas serving the majority of existing users. The report estimates approximately \$9 million in system improvements would be required to serve the 105 rural users currently on the waitlist. Estimated cost per user varies significantly by service area. It should be noted that these estimates reflect only the hydraulic infrastructure upgrades required to enable future service connections and do not include individual service line costs to each property.

Dunn County officials met with SWA staff to request that all waitlisters within the county be contacted. SWA staff has completed the remaining calls and will assist the county in determining the next steps based on the information gathered.

Project Funding

Southwest Pipeline Project (SWPP) Funding Sources

State Funding (in millions of dollars)

Resources Trust Fund \$334.63
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 **\$367.54**

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: \$489.46

(As of May 31, 2026)



Capital Replacement Funding

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

North Dakota WATER COALITION

North Dakota Water Coalition Members,

The State Water Commission continues to work on updates to its cost share policy. After receiving significant feedback from the water community, the Department of Water Resources has revised the proposal. Revised documents can be [viewed here](#).

Top line changes include:

1. Cost share continues to be allocated based on priority. The goal of the reformulated percentages is that no project type would be cut more than 10%. Note: changes were made in priority categories. Irrigation remains a high (Tier 1) priority, whereas drainage has fallen back to a medium (Tier 2) priority. It's important to note that any project that has been approved for planning dollars already will be grandfathered into existing cost share percentages with guardrails to prevent drastic scope changes.
2. All professional services costs (legal, environmental, engineering) will be eligible for 40% cost share.
3. No caps are included in this proposal.
4. Keep the BAIA requirement.

The Department of Water Resources has asked for our feedback on this revised proposal. Please provide your feedback to Dani at dquissell@ndwater.net or Annika at aplummer@ndwater.net by the end of the day on September 8. The Department will be providing an update to the interim [Water Topics Overview Committee September 17](#).

Proposed ND State Water Commission Cost-Share Program Modification Options & Recommendations

August 10, 2026

Reference #	Option & Description	Recommendation(s)	Notes & Public Comment Summary
REPLACEMENT PROJECT OPTIONS			
1A	- Adjust replacement project cost-share percentage to 25%. - Replacement eligibility limited only to systems and components past their useful life as defined in SWC's Life Cycle Cost Analysis schedule. - All projects must first apply for loan assistance through the Water Infrastructure Revolving Loan Fund or Drinking Water State Revolving Fund (DWSRF) to demonstrate affordability challenges before applying for SWC grants. "Replacement" is proposed to be defined as <i>"installing parts, systems, or components similar to what currently exists with the intention of preserving or enhancing service levels."</i>	1A.1 – Do not adjust cost-share percentage to 25%. Instead, adjust replacement cost-share percentages to coincide with prioritization guidance tiers (up to 50% for Tier 2 or 40% for Tier 3, including considerations for disadvantaged community status and population). 1A.2 – Implement as proposed. 1A.3 – Do not implement. In consideration of project review efficiency between the SWC and DEQ programs, either the current system or proposed option 1D.2 are the most preferable and workable in practice. 1A.4 – Implement definition as proposed.	Support from some larger cities to adjust replacement cost-share to 25% or slightly higher at 40%. Wide-spread concerns were expressed by smaller communities about affordability to develop projects at 25%. Recognition that larger cities (above 10,000) have more options to afford lesser percentages. Some comments to remove paving, curb/gutter, and hydrant-related costs from eligible items. No support from rural water to adjust below existing percentages.
1B	- Deferred maintenance not eligible for cost-share. "Deferred maintenance" is proposed to be defined as <i>"maintenance and repairs that were not performed as scheduled and were put off or delayed for a future period."</i> - Extraordinary maintenance not eligible for cost-share. "Extraordinary maintenance" is proposed to be defined as <i>"non-routine maintenance and repair work performed to restore an existing facility, system, or component to an operating condition when needs arise beyond normal maintenance—including work prompted by unexpected failures, accelerated deterioration, accidents, or force majeure/acts of God (e.g., weather/climate related)."</i>	1B.1 – Implement as proposed. 1B.2 – Implement as proposed. 1B.3 – Implement as proposed. 1B.4 – Implement as proposed.	Definitions were largely supported as proposed. A comment was provided that "enhanced service levels" be removed from the replacement definition. This is counter to the purpose of the definition as necessary for actual implementation and is not recommended.
1C	Limit individual sponsors to \$2 million (M) for replacement projects through June 30, 2039.	1C.1 – Do not implement. This would be extremely limiting for sponsors over the entire 12-year timeframe in combination with rising project costs.	Many concerns among various project sponsor-types. Some support for the cap being implemented on a biennial basis.
1D	- Replacements not eligible for cost-share through DWR. - Or, water supply replacements not eligible for cost-share through DWR but rather are considered by ND Department of Environmental Quality (DEQ) for DWSRF financing and supplemental grants to address demonstrated affordability challenges (as determined by DEQ). Grant funding revenue at DEQ would likely have to come from a legislative transfer through DWR.	1D.1 & 1D.2 – Because shifting water supply replacement project support to DEQ would require a transfer of funding from DWR to DEQ, this would largely be a Legislative decision.	Not really addressed in comments other than continued support for streamlined application processes.
FUNDING CEILINGS FOR MREFPP & RRVWSP, & BONDING FOR REMAINING STATE COMMITMENTS			
2	Implement Legislative funding ceilings for MREFPP and RRVWSP as provided for in HB 1020 (2025 Legislative Assembly). Includes \$304M for the MREFPP and \$773M for the RRVWSP beginning with the 2025-2027 biennium.	2.1 – Legislative Assembly decision. No SWC action required.	No SWC action required.
3	Leverage Legacy Fund earnings to issue bonds to aid in funding remaining Legislative commitments to MREFPP (\$223M after 2025-2027 SWC approval of \$81.1M) and RRVWSP (\$568M after 2025-2027 SWC approval of \$205M) totaling \$791M.	3.1 – Legislative Assembly decision. Bonding options to be discussed as part of DWR budget-development process.	Wide-spread support for state bonding.
REALIGNMENT OF COST-SHARE PERCENTAGES AS A FUNCTION OF PRIORITY			
4A	- Adjust cost-share percentages to a function of SWC's Prioritization Guidance rather than basing percentages on project type. - Percentages would be adjusted accordingly: 50% for high priority projects, 45% for moderate priority projects, and 40% for low priority projects. (Replacement projects would remain at the recommended cap of 25%.) - Exception projects per Legislative intent include NAWS, SWPP, RRVWSP, WAWS, MREFPP, VCPFP, and BSFP.	4A.1 – Implement with modifications, including transitioning to "Tiers" instead of previous "High, Moderate, Low" categories to account for a more comprehensive prioritization concept that considers affordability. (See 4A.2). 4A.2 – Recommend modification to percentage schedule: 65% for Tier 1 priority projects, 50% for Tier 2 priority projects, and 40% for Tier 3 priority projects. Replacement projects would not be capped at 25%. 4A.3 – Continuation of current cost-share percentages through the conclusion currently planned works as part of NAWS, RRVWSP, MREFPP, VCPFP, WAWS, and BSFP are recommended to complete those efforts as they were initially supported. The recommendation for SWPP is "Option 2" as recommended in the 2026 "Regional Water Systems Governance and Finance Study," which is a change from the existing financial model. However, the SWC may look at future project elements on a case-by-case basis.	See 1A notes. Concerns expressed about adjustments to water conveyance and irrigation. Frustrations expressed related to 4A.3. As such, the recommended modifications as revised are meant to minimize sponsor impacts, and more appropriately align cost-share percentages with affordability concepts – while maintaining percentages for projects that are currently in early or advanced development stages.

BSFP (Bismarck South Flood Protection), MREFPP (Mouse River Enhanced Flood Protection Project), NAWS (Northwest Area Water Supply), RRVWSP (Red River Valley Water Supply Project), SWPP (Southwest Pipeline Project), WAWS (Western Area Water Supply), VCPFP (Valley City Permanent Flood Protection)

		Related to this concept and 4A.2, it is recommended that projects approved for pre-construction funding during the 2025-2027 and prior biennia continue with those same percentages (including construction) through completion of the existing approved scope.	
4B	1. Implement a funding ceiling of \$5M per project through 2039. (Excludes exception projects identified in 4A.)	4B.1 – Do not implement. This would be extremely limiting for sponsors over the entire 12-year timeframe in combination with rising project costs.	Wide-spread concerns expressed over this proposal. Some support for cap concepts per biennium.
DELAY MODERATE & LOW PRIORITY PROJECTS			
5	1. Delay moderate priority projects until the 2029-2031 biennium. 2. Delay low priority projects until the 2031-2033 biennium. This includes replacement projects.	5.1 & 5.2 – Do not implement. This creates an unnecessary limitation for the SWC to consider projects that are able to proceed when available funding exists.	Wide-spread concerns expressed over this proposal.
OBLIGATION OF LINES OF CREDIT			
6	1. Fully obligate \$260M in lines of credit authorized by the 2025 Legislative Assembly. This includes \$50M for SWPP and \$210M for other projects.	6.1 – Implement as proposed.	General support and no concerns provided.
DELAY WATER INFRASTRUCTURE REVOLVING LOAN FUND (WIRLF) REIMBURSEMENT FROM RESOURCES TRUST FUND (RTF)			
7A	1. Includes utilization of the entire \$100M available through the state's WIRLF by project sponsors by 2031.	7A.1 – The WIRLF is currently fully allocated.	The WIRLF is currently fully allocated.
7B	1. Includes delayed reimbursement of the \$100M in loans through the WIRLF from RTF revenues until 2031. This will allow \$100M in RTF revenues to be made available for project cost-share until 2031 – instead of being used to repay the WIRLF in the short-term.	7B.1 – Legislative Assembly decision. No SWC action required.	No SWC action required.
OTHER PROGRAM OPTIONS			
8	1. Clarify definitions of deferred maintenance, extraordinary maintenance, and replacement. Also clarify that deferred maintenance and extraordinary maintenance projects are not eligible.	8.2 – Implement as proposed. Replacements are proposed for varying levels of eligibility as described in options 1A-1D.	Definitions were largely supported as proposed. A comment was provided that "enhanced service levels" be removed from the replacement definition. This is counter to the purpose of the definition as necessary for actual implementation and is not recommended.
9	1. For cost-share increase requests – implement dollar or percentage caps.	9.1 – If the concept of bids in hand prior to application for construction cost-share is not implemented, an alternative is that cost increases related to higher bids after approval would not be eligible for increases. Changes of original scope resulting in cost increases would be considered on a case-by-case basis.	Comments were mostly focused on the SWC maintaining their ability to use discretion as needed. A comment was provided that SWC approvals prior to bids be the cap should bids come in higher at a later date.
10	1. For engineering-related costs – implement dollar or percentage caps. 2. Engineering fees associated with cost increases not eligible.	10.1 & 10.2 – Implement a 40% cost-share reimbursement for all professional services (engineering, legal, environmental, etc.), regardless of project type.	Comments were mostly focused on the SWC maintaining their ability to use discretion as needed.
11	1. Implement per user maximum hook-up thresholds for rural and non-rural expansion projects. Costs beyond the maximum established thresholds would be a local sponsor responsibility.	11.1 – Recommend SWC consider this on a case-by-case basis.	Comments by Commissioners considering cost-share requests in July and August suggest further discussion is needed.
12	1. Establish a capital repayment structure back to the state for water supply projects that have received grants. The repayment would likely come from water use fees charged to system customers and would be for a portion of the grant received. The required percentage of repayment would need to be determined.	12.1 – Do not implement.	If cost-share percentage reductions are implemented, this is not feasible as it would put additional financial burden on local sponsors.
13	1. Require projects to be included/submitted during the Water Development Plan project inventory process to be eligible for cost-share assistance during each biennial budget cycle.	13.1 – Implement as proposed. Name exceptions could be approved at the SWC's discretion.	Most comments support the existing process with no changes.
14	1. Require cost-share applicants to have all easements and bids in hand before applying for construction cost-share assistance.	14.1 – Implement bid requirement as proposed. Do not implement easement requirement.	Wide-spread concerns expressed, with reference to duration of time bids would need to be held. However, with SWC meeting dates posted well in advance, the scheduling of bids by sponsors can mitigate this concern with little additional effort and no project delays. The easement requirement for large-scale flood protection and pipeline

BSFP (Bismarck South Flood Protection), MREFP (Mouse River Enhanced Flood Protection Project), NAWA (Northwest Area Water Supply), RRVWSP (Red River Valley Water Supply Project), SWPP (Southwest Pipeline Project), WAWS (Western Area Water Supply), VCPFP (Valley City Permanent Flood Protection)

			expansions is not practicable in many situations.
15	1. Eliminate the requirement of sponsors having to submit Basic Asset Inventory Assessments (BAIA) with water supply project construction cost-share requests. The SWC's BAIA management tool would continue to be made available to sponsors for inventory efforts as they choose to use it.	15.1 – Do not implement.	Mostly support from sponsors for removal of this requirement, with no specific reasoning. Commissioners have expressed concerns about removing this requirement – citing reasons for original implementation, particularly if the Commission will continue to provide cost-share for replacement projects.
16	1. Cost-share sponsors that have not requested reimbursement or have shown no activity for two years after SWC approval would be required to: 1) report back to the SWC to continue with an active agreement; or 2) have funding deobligated.	16.1 – Implement as proposed.	Wide-spread support for this proposal.
17	1. Sponsors who are not in compliance with DWR permit requirements or have not completed necessary Emergency Action Plans for high or significant hazard dams would be considered ineligible to apply for cost-share assistance. (Exceptions would include eligible efforts related to achieving compliance.)	17.1 – Implement only EAP requirement as proposed.	Concerns were expressed by sponsors and suggested the DWR instead work with them to gain compliance. However, this is being done currently without results in many cases. Issues with EAP compliance have once again been raised in the agency's most recent audit.

2027-2039 Total Estimated Shortfall	\$1.7B
Total Estimated Shortfall Reduction (All Options)	\$1.5B
Estimated Shortfall	\$240M

SWC PROJECT PRIORITIZATION GUIDANCE

Projects submitted during the project planning inventory process¹ that meet SWC cost-share eligibility requirements will be considered for prioritization. In the interest of strategically investing in the state's highest water development priorities, the Water Commission will give funding preference to projects by tier when necessary.

ESSENTIAL PROJECTS

Agency operational expenses.
 Governor declared emergency response efforts, including, but not limited to an immediate flood or dam related threat to human life or primary residences.
 Existing agency debt obligations.
SWC project mitigation.
 Low head dam removal or roller effect mitigation.

TIER 1 PRIORITY PROJECTS (UP TO 65% COST-SHARE)

High hazard dam safety improvements and emergency action plans.
 Regionalization of water systems that result in reduced costs through economies of scale, and mitigate drought-related impacts with a sustainable water supply.
 Expansion of rural water supply systems into low-density service areas.
 Irrigation central supply works.
 Protects primary residences or businesses from flooding in population centers or involves flood-related property acquisitions.

TIER 2 PRIORITY PROJECTS (UP TO 50% COST-SHARE)

Medium and low hazard dam safety improvements.
 Replacement of water supply infrastructure in areas designated with disadvantaged community status² with populations less than 10,000.
 Levee system accreditations.
New or reconstructed agricultural assessment drainage.
 Rural flood control projects (non-agricultural assessment drains), or water retention.
 Bank stabilization.
 Snagging and clearing in population centers or specific critical infrastructure locations.
 Expansion of water systems into rural or municipal subdivisions, or to industrial water users.

TIER 3 PRIORITY PROJECTS (UP TO 40% COST-SHARE)

Studies, reports, analyses, surveys, models, evaluations, mapping projects, or engineering designs.³ *all P.C. 40%*
 Improvement of a water supply system.
 Expansion of water supply systems to recreational property developments.
 Recreational related projects.
 Individual rural and farmstead ring dike constructions.
 Replacement of water supply infrastructure in non-disadvantaged communities, or communities with populations of 10,000 or more.
 Snagging and clearing in sparsely populated areas.

1. All local sponsors are encouraged to submit project financial needs during the budgeting process. Projects not submitted as part of the project information collection effort may be held until action can be taken on those that were included during budgeting, unless determined to be an emergency that directly impacts human health and safety or that are a direct result of a natural disaster.
2. Disadvantaged community is one where the entire service area of a public water system meets affordability criteria as determined by North Dakota's Department of Environmental Quality as part of its implementation of the Drinking Water State Revolving Fund. Criteria are outlined in annual Intended Use Plans. Project sponsors receiving 5 or more affordability points under DWSRF criteria are considered "disadvantaged."
3. May be considered as a higher priority if the related project is of higher priority.

Disclaimer

This process is meant to provide guidance for prioritizing water projects during the budgeting process that may be eligible for cost-share assistance through the Department of Water Resources. Interpretation and deviations from the process are within the discretion of the state as authorized by the State Water Commission or Legislature.



Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

August 24, 2026

Reice Haase, Director
North Dakota Department of Water Resources
900 E. Boulevard Avenue
Bismarck, ND 58505

RE: Regional Water Systems Governance and Finance Study – Option 2

Dear Reice:

The Southwest Water Authority (SWA) Board of Directors has reviewed Deloitte’s final Observations and Considerations Report for the North Dakota State Water Commission Regional Water Systems Governance and Finance Study. We appreciate the work that has gone into the study and the continued discussion regarding a sustainable governance and financing structure for the regional water systems and the State of North Dakota.

The report identifies three options for consideration: maintaining the current model with improvements; maintaining the current governance structure while leveraging Capital Repayment for bonding; or transferring ownership to SWA and leveraging Capital Repayment.

At the August 18 State Water Commission meeting, Governor Armstrong expressed his support for Option 2. SWA recognizes the significance of that support and believes it is important to better understand how Option 2 would function in practice and what it would mean for the future of the Southwest Pipeline Project (SWPP).

At its most recent meeting, the SWA Board discussed the study and expressed that additional detail is necessary before it can fully evaluate Option 2 and its long-term implications for the SWPP and its customers. The Board's questions are less about the governance structure itself and more about the proposed change in how SWPP capital projects could be financed.

Under the current model, SWPP capital projects receive legislative appropriations primarily through the Resources Trust Fund, with Capital Repayment collected from SWPP customers and remitted to DWR. Under Option 2, Capital Repayment would be leveraged in connection with the issuance of bonds. This concept created discussion at the Board level, resulting in the following questions:

1. **What is intended by the term “backstop” as it is used in the report?** The report references Capital Repayment as a means to “backstop” bond issuance. Would Capital Repayment be pledged as security for the bonds, used directly to make scheduled principal and interest payments, or accessed only if another identified revenue source

were insufficient to meet the debt obligation? If Capital Repayment is intended only as a “backstop”, what would be the primary source of repayment?

2. **What does it mean for the SWPP to move from Resources Trust Fund appropriations to a bonding model?** Would future SWPP capital projects be expected to be funded primarily or entirely through debt supported by SWPP Capital Repayment, or would bonding serve as an additional financing mechanism within the existing State funding structure? If future SWPP Projects are expected to be funded entirely on a debt basis with Capital Repayment, how much funding would be available per biennium based on current Capital Repayment?
3. **Would bonding become the expected financing mechanism for future SWPP projects, or would it be one financing tool among several?** How would the State determine which projects are appropriate for bonding and which may warrant or be eligible for direct appropriations, grants, cost-share, or another funding mechanism?
4. **What is the anticipated financial impact of bonding on SWPP customers?** In addition to repayment of project principal, bonding introduces interest, issuance costs, and potentially other debt-related requirements. What assumptions regarding interest rates, bond terms, debt coverage, and other financing costs have been used in evaluating Option 2? How would those costs ultimately affect Capital Repayment and customer rates?
5. **Have alternative financing mechanisms been evaluated to determine the most financially advantageous option for SWPP customers?** If the objective of Option 2 is to leverage Capital Repayment to provide a more predictable source of capital funding, has DWR evaluated whether other financing mechanisms could accomplish the same objective at a lower overall cost? For example, could low-interest loans through the Bank of North Dakota, State Revolving Fund programs where applicable, or other State or federal financing programs provide a more economical alternative to traditional bond issuance? The Board would be interested in understanding whether a comparative analysis of financing options has been completed or is contemplated before a specific financing mechanism is selected.
6. **How would Option 2 address SWPP's long-term capital needs while maintaining affordability?** As the system continues to expand while existing infrastructure ages, SWPP will have significant needs for expansion, capacity, replacement, and rehabilitation. How will the proposed financing structure ensure sufficient funding is available for those needs without placing an unreasonable financial burden on existing and future customers? Would Option 2 enable the SWPP to expedite identified projects?

SWA understands that Capital Repayment would continue to be remitted to DWR and that the State has statutory authority to issue bonds. What remains unclear to the Board is the broader policy and financial framework surrounding that authority and, most importantly, what leveraging or “backstopping” debt with Capital Repayment means for the State's future funding of SWPP infrastructure.

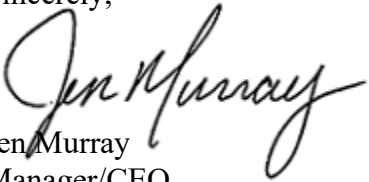
This distinction is important. The question before the Board is not simply whether Capital Repayment can support bonding. The Board needs to understand whether Option 2 represents an additional financing tool available to the State or a fundamental shift in the funding model in which SWPP customers, through Capital Repayment, become the primary source of funding for

future SWPP capital investment. Further, if leveraging Capital Repayment is pursued, the Board believes consideration should be given to the financing mechanism that provides the greatest long-term value and lowest reasonable cost to SWPP customers and the State.

We appreciate your willingness to attend the September SWA Board meeting to continue this discussion. We are providing these questions in advance to allow DWR an opportunity to consider them and, where possible, provide additional information prior to or at the meeting. A clearer understanding of these issues will help the Board have a productive discussion and make an informed determination regarding Option 2.

SWA values its longstanding partnership with DWR and the State of North Dakota. We look forward to continuing this dialogue and working together to ensure that any changes to the governance and financing structure protect the long-term sustainability and affordability of the Southwest Pipeline Project.

Sincerely,

A handwritten signature in black ink, appearing to read "Jen Murray". The signature is fluid and cursive, with the first name "Jen" and last name "Murray" clearly distinguishable.

Jen Murray
Manager/CEO
Southwest Water Authority

Electronic Copy: Sindhuja S. Pillai-Grinolds, P.E., Water Development Director, DWR
Chris Kadrmas, Director of Administration, DWR
Justin Froseth, P.E., SWPP Project Manager, DWR
James Odermann, SWA Board of Directors, Chairperson
Ledeanna O'Shields, CFO/Office Administrator, SWA

MEMORANDUM

TO: Southwest Authority Board of Directors
FROM: Reice Haase, Director
DATE: September 1, 2026
SUBJECT: Regional Water Systems Governance and Finance Study – Option 2 - Questions



This memorandum is in response to the Southwest Authority Board (SWA) of Directors letter dated August 24, 2026. Below is the Department of Water Resources response to the Board's questions we would like to provide prior to the September 2026 SWA Directors meeting.

1. What is intended by the term “backstop” as it is used in the report?
 - The term “backstop” refers to the capital repayment serving as the underlying revenue source supporting financing. Capital repayments would be used to support repayment of the debt being leveraged to finance the SWPP project.
2. What does it mean for the SWPP to move from Resources Trust Fund (RTF) appropriations to a bonding model?
 - This refers to shifting from primarily funding SWPP capital needs through RTF appropriations, which is primarily made up of oil extraction tax revenues, to utilizing the financing capacity created by the SWPP capital repayments deposited in the RTF to finance infrastructure needs.
3. Would bonding become the expected financing mechanism for future SWPP projects, or would it be one financing tool among several?
 - Bonding could be one financing tool available to support SWPP projects. The recommendation is to leverage the financing capacity associated with capital repayments, which could include bonds, loans, or other financing mechanisms. The specific financing method would be evaluated based on the project and the most advantageous financing structure available at the time.
4. What is the anticipated financial impact of bonding on SWPP customers?
 - The financing analysis is based on existing capital repayment revenue, and the intent is to utilize that existing revenue stream without increasing costs to SWPP customers because of the financing. Any future adjustments to capital repayments would continue to be evaluated based on the system's needs and customer affordability.

5. Have alternative financing mechanisms been evaluated to determine the most financially advantageous option for SWPP customers?
 - Yes. Bonding is one financing option available to support SWPP infrastructure needs. Other financing mechanisms would also be considered, and the State would evaluate the available options in consultation with the Southwest Water Authority to determine the most financially advantageous approach.
6. How would Option 2 address SWPP's long-term capital needs while maintaining affordability?
 - Dedicating capital repayment revenue to support SWPP infrastructure ensures that there is an ongoing revenue source available to address the system's capital needs. It also allows the State to leverage those revenues to access additional financing capacity, allowing infrastructure needs to be addressed sooner while spreading the cost over time. This directly benefits the customers paying the capital repayment by using those revenues to support and maintain the system.
 - Regarding affordability, the current capital repayment structure was developed following an extensive affordability study and includes adjustments based on inflation. The State Water Commission remains mindful of the affordability of the water system and retains the authority to review and adjust the capital repayment as necessary to balance system needs with customer affordability.

Please reach out to Chris Kadrmas if there are any additional questions.

Regional Water Systems Detailed Analysis

This section of the Study provides a detailed assessment of each of the three regional water systems, including its history, status, current governance, and finance structures, a SWOC Analysis, opportunities to improve the current model, and alternative models to strengthen the governance and finance of the system. While some weaknesses cut across all three systems (see Common System Governance Enhancement Opportunities and Common System Finance Enhancement Opportunities sections below), the analysis and options are tailored to the specific regional water system being addressed.

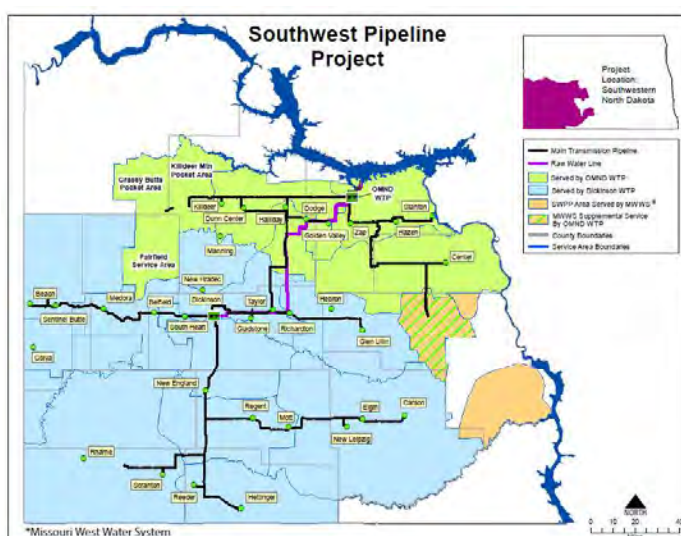
Southwest Pipeline Project

Project Development History and Current Status

SWPP is a regional water supply initiative intended to address chronic water supply constraints in southwestern North Dakota by developing a pipeline transmission and retail delivery system to supply water for domestic, rural, industrial, and municipal uses.

Construction of the system began in 1986, and the project's scope broadened in 1989 to integrate rural water distribution into the development approach. Today, SWPP is a State-owned system with over 5,200 miles of pipelines that serve more than 58,000 customers across 33 communities and approximately 7,700 rural service locations. The project provides over two billion gallons of treated water to its customers annually.

Figure 3: SWPP Map



SWPP currently has four primary areas of focus beyond servicing its current customer base:

1. There are roughly 1,700 customers waiting for service, and SWA considers it a top priority to expand the system to connect these potential customers.
2. The Southwest Water Treatment Plant (SWTP) is currently being expanded to grow capacity from 6 million gallons per day (MGD) capacity to an ultimate 18 MGD, with construction expected to be completed in 2027. With funding secured for the SWTP expansion, successful completion of this project will provide reliable water treatment capacity for SWPP.
3. SWPP has identified microbiologically influenced corrosion (MIC) as a driver of accelerated internal deterioration in certain metallic pipeline segments. MIC creates structural integrity risk and is forcing the program to address key uncertainties such as the true extent and pace of MIC across the pipeline network, optimization of the replacement through improved inspection, condition assessment and prioritization, and

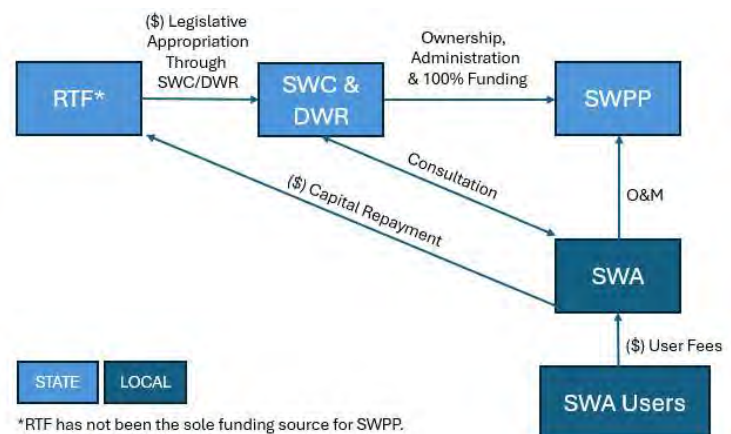
identification of additional segments due to constructability constraints and inflationary pressures.

4. A supplementary raw water intake for SWPP has been in the plans since 2012. With three failed drilling attempts and extended time lost due to the failures, successful completion of the supplementary raw water intake is critical for the project.

Current Governance and Financing Structure

SWPP is a State-owned project administered and developed by SWC and DWR. The project is operated and maintained by SWA. As owner, SWC and DWR are responsible for managing capital construction and investment for SWPP. Instead of a traditional cost-share approach used by other systems, the State funds 100% of the upfront costs of SWPP capital construction in exchange for the perpetual stream of capital repayment, which is collected by SWA as part of user fees (adjusted annually using the Consumer Price Index (CPI) as noted in the agreement that transferred management and operations and maintenance (O&M) to SWA) and repaid into the RTF. Capital repayments currently amount to approximately \$7M per year and will continue indefinitely without regard to any target cost-share percentage. SWA reports that customers have repaid over \$109M in capital repayment through 2025.

Figure 4: SWPP Current Structure



SWA has been responsible for the day-to-day management, operations, and maintenance of SWPP since 1996 under a contract with SWC. SWA, a political subdivision established in 1991, is governed by a 15-member Board of Directors representing 12 counties in southwest North Dakota and the cities of Dickinson and Mandan. SWA employs a full-time Manager/CEO who leads SWA's customer-facing administration, and O&M of the system. When it comes to overall system stewardship, SWA supports the State in ongoing development, planning, and preparing biennium funding requests. SWA is also responsible for customer administrative practices such as user fee collection. This governance split effectively separates statewide program stewardship (State ownership and administration) from regionally managed operations and maintenance (SWA as the operating authority).

SWA collects user fees from its customers based on water usage that fall into three broad types and purposes. First, the bulk of the user fees are base water use fees that fund regular expenses such as salaries, operating and regular maintenance costs, and administrative overhead. Second, SWA collects a formula-based capital repayment fee that is paid back to the State in the form of perpetual capital repayment, adjusted annually according to increases in CPI. Third, user fees contribute to the growth of a fund established for replacement and extraordinary maintenance (REM) to enable at least portions of future large-scale capital investment to maintain the system.

In support of continuing capital needs, SWPP's 2023–2025 biennium request totaled \$131.6M across major initiatives (treatment expansion, transmission improvements, hydraulic improvements, and supplementary intake pump station) with \$130M appropriated by the Legislature. In the 2025-2027 biennium, the request totaled \$150M with \$101M appropriated by the Legislature. The request and appropriation illustrate ongoing reliance on State capital appropriations alongside fee-based repayment and reserves.

Key Governance and Financing Challenges

Several critical governance and financing challenges have emerged from the SWOC Analysis for SWPP, which is summarized in **Table 3**. SWPP's primary governance challenge arises around decision-making related to the control and prioritization of system expansion and infrastructure improvements. With over 1,700 potential customers remaining on the waitlist there is significant need for continued capital investment, but the cost per new connection of these investments continues to escalate as the connections become more complex and remote.

While DWR staff consults with SWA regarding SWPP expansion and prioritization decisions, the State, as owner of SWPP and sole upfront funder of capital investments, has the ultimate decision-making authority for the execution of system expansion.

To complicate matters, the capital repayment model creates potential financial misalignment between the interests of SWC and SWA in system expansion decisions. Unlike a traditional cost-share model that requires some upfront local investment (i.e., "skin in the game"), under the current capital repayment approach, the State funds all upfront investment and the capital repayment collected from the system users remains unchanged no matter the cost-effectiveness of a capital investment (subject to an agreed upon cap on the cost per new connection). Thus, the State has an interest in managing the upfront buildout costs, while SWA has limited incentive to prioritize cost-effectiveness in reaching the 1,700+ customers on the waiting list. This disconnect between interests, incentives, and decision-making has the potential to lead to increased misalignment between SWC and SWA going forward as investment decisions become more complex, particularly without shared strategic and financial plans and a strong performance monitoring system.

SWPP has been operational for many years, and the aging pipeline system will likely incur significant REM expenses in the near future. While a REM reserve fund has been established to help cover those costs as required by N.D.C.C. § 61-24.5-21, concerns were expressed by certain stakeholders that those funds may not be sufficient over the longer term. This represents a considerable risk particularly if ownership of the project is transferred to SWA.

Figure 5: SWPP Current State

Evaluation Criteria	Status
Alignment of Risk Burden with Decision Making Authority	Medium
Effectiveness of Current Governance Structure & Authority	High
Level of Stakeholder Representation, Transparency & Public Accountability	High
Alignment of Structure, Capacity & Capabilities with Stated Policy, Strategy & Goals	High
Efficient Use of State and Local Resources and Availability of Alternatives	Medium
Long Term Affordability for Stakeholders	Medium
Structured to Address Future Risks and Facilitate Sustainability	Medium
Ability to Attract Federal, State and Local Investment	Medium

Finally, the capital repayment approach to cost-share has some weaknesses that are exacerbated by the current funding environment and alternative ownership models. As identified in a study of the cost-share program performed in parallel to this study, there is a projected near-term shortfall in the RTF, which will make it more challenging for the State to pay 100% of the upfront costs of the remaining SWPP buildout. In addition, if ownership is transferred to SWA without changes to the current capital repayment structure, the perpetual capital repayment obligation would limit the ability of SWA to reinvest those funds back into the project over the long-term and would likely make the economics of the project unworkable for SWA. While this does not mean that the capital repayment approach should be abandoned, it does require that options are considered to address these limitations.

Table 3: SWPP SWOC Analysis

Strengths	Weaknesses
• Well-functioning system that is generating revenue and delivering water to the customer base in southwest North Dakota • Have been able to expand initial project scope and customer base over life of the project • Clear understanding of project scope and purpose • Have capital repayment stream built into rates, which has generated the equivalent of 32% of State funding and 23% of total project funding as of December 2025 • SWA has a sufficient CEO and staff structure to support operations • O&M Agreement in place	• While DWR/SWA collaboration has been strong, limited formal local control over system buildout decisions • Potential incentive mismatch in buildout decisions due to no upfront local investment • Reserves for REM may not be sufficient • Indefinite capital repayment obligations of \$7M+ per year limits the ability to reinvest those funds directly back into project • Lack of a clear and strategic long-term buildout and financial plan • No clear KPIs or performance measurements for determining cost effectiveness of O&M
Opportunities	Challenges
• Exploring alternative operations and delivery models to address current challenges • Additional unmet demand for water supply (1,700+ potential customers on waiting list) • Potential to restructure perpetual capital repayment into something mutually beneficial for the State and SWPP • Create mutually beneficial partnerships with private industry to advance economic development	• Significant investment still required to reach unmet customer demand and the cost per new connection is increasing • Declining expected oil extraction tax revenues invested in the RTF could make future funding less certain

Recommended Options to Improve Governance and Finance Models

After analyzing the current governance and finance model for SWPP and assessing potential solutions to the major weaknesses and challenges for the governance of the project using the Evaluation Criteria, the study has identified three potential options for improving the governance and finance model of SWPP:

- **Option 1:** Keep State ownership and SWA operations and implement collaborative planning process to align on buildout decision-making.
- **Option 2:** Keep State ownership and SWA operations and use capital repayment to backstop a long-term loan or bond issuance.
- **Option 3:** Transfer ownership to SWA and keep capital repayment in-system and use it to backstop a long-term loan or bond issuance.

Table 4: SWPP Peer Project Spotlight

Lewis and Clark Regional Water System (SD/IA/MN) – A Similar System in Similar Context

Like SWPP, the Lewis and Clark Regional Water System (LCRWS) that spans parts of South Dakota, Iowa and Minnesota is a large, phased regional water supply system built to solve long-term water quality and quantity challenges for a mix of cities, rural users, and rural water systems. Both systems deliver supplemental water from a major river source and have sought to expand their original configurations as demand grew. SWPP can draw on a couple of practical lessons from the Lewis and Clark system. First, LCRWS shows the value of stronger member-driven capital alignment, where beneficiaries co-fund additional construction and commit early to future capacity increases, which can improve expansion discipline as SWPP pursues growth. And second, LCRWS demonstrates the benefit of diversified and flexible financing, including pursuing funding from a variety of sources to keep construction moving when outside funding pressure grows, a model SWPP could adapt for priority expansions instead of relying so heavily on a single state-centered repayment structure.

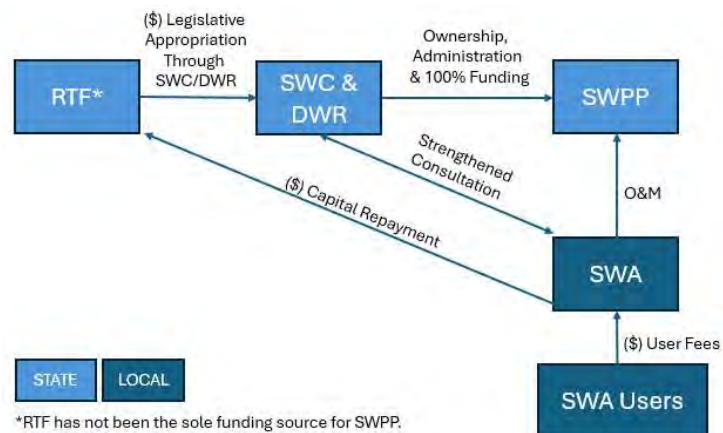
Option 1 — Keep State ownership and O&M by SWA, implement collaborative planning process to align on buildout decision-making, and deploy a performance monitoring program

This option preserves the current governance split between State ownership and SWA responsibility for O&M and focuses on removing one of the biggest points of uncertainty: how remaining buildout decisions should be made to fully incorporate local understanding of outstanding needs. This option seeks to better align SWA and SWC priorities through a more collaborative and structured approach to planning buildout and financing decisions. To decrease investment priority misalignment between SWA and the State, SWA and SWC would coordinate and formalize a collaborative short and long-term planning process that builds on the current ongoing collaboration between DWR, the SWA Board, and SWA staff to provide additional structure for SWA to communicate the local perspective of pressing buildout needs and the State to provide context and details about investment priority criteria and magnitude. The result of this planning process will be a clear long-term financial plan for remaining system buildout and REM, including a build out schedule with sequencing and prioritization (including limits and thresholds for uneconomical system

expansion). The financial model should include detailed revenue, cost, and funding projections, and plans for revenue and rates management, REM, capital improvements, reserve funds, and financial monitoring.

In addition, SWC and SWA would implement a performance monitoring program using targeted metrics to inform decision-making, track progress against the financial plan, and monitor the impact of State funding. Additional details on performance monitoring, including potential metrics, can be found under “Common System Governance Enhancement Opportunities” at the end of this report.

Figure 6: SWPP Option 1 Proposed Structure



Summary of Benefits and Tradeoffs

This option is a “low disruption” governance refinement that would tighten collaborative decision rules, align planning expectations, and improve performance tracking without changing who owns assets or who operates them. Option 1 can strengthen risk forecasting and mitigation and improve the transparency of buildout decision-making and when and how REM spending is approved.

The level of effort of implementing Option 1 is low to medium and the feasibility is high because it can largely be implemented through administrative rule, policy and procedure updates, rather than wholesale statutory restructuring.

The following summarizes the benefits and cost implications of Option 1:

Benefits: The primary benefits are improved clarity through collaborative decision-making (reducing ambiguity-driven delays), and better forecasting of capital needs. This restructuring would shift buildout decisions from negotiated case-by-case outcomes to a more structured and strategic approach within a repeatable decision-making framework. This approach also helps strengthen the alignment of risk with decision-making authority as it gives local stakeholders, which have repaid over 23% of total project cost to date and will be making capital repayments indefinitely, a greater say in buildout and REM decisions. The more collaborative long-range planning can reduce ad hoc capital requests, support steadier reserve behaviors, and modestly improve stakeholder affordability through fewer emergency-driven cost spikes, while keeping the underlying rate and cost-share framework largely intact.

Tradeoffs: The key tradeoffs are decreased financial flexibility and increased engagement requirements for the State. Working more collaboratively with SWA will take additional time and effort to find consensus in long-term planning efforts that balance both State and local priorities. State costs are modest and primarily administrative, including a one-time effort to define multi-year asset planning expectations, update governance and process documentation, and conduct stakeholder communications and administrative logistics.

SWPP Option 1 Implementation Roadmap and Responsibilities

The following table sets forth the key components, timeline, responsibilities, and legislative actions or other authorities required to implement SWPP Option 1:

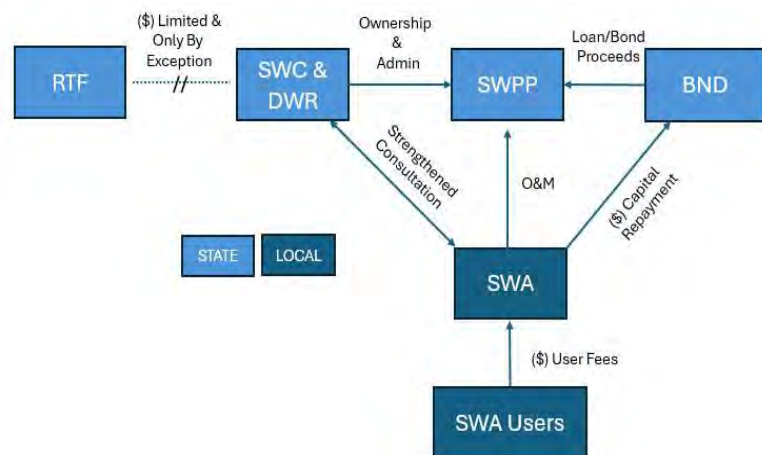
Implementation Components and Timeline	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)	Legislative/ Authority Implications
First 3 Months: Establish the joint SWC/DWR–SWA planning structure, including charter, roles, meeting cadence, and escalation protocols.	DWR, SWA Staff	SWC; SWA Board	SWC; SWA Board; Legal Counsel	SWPP Stakeholders	Can be implemented through administrative/board action, interagency protocols.
Months 4 to 6: Adopt common buildout prioritization criteria, eligibility definitions, uneconomical expansion thresholds.	DWR, SWA Staff	SWC; SWA Board	SWC, SWA Board; Legal Counsel	SWPP Stakeholders	Requires policy and procedure updates by SWC and SWA.
Months 6 to 12: Develop the integrated short and long-range buildout and financial plan and establish the performance monitoring framework and KPI definitions.	DWR; SWA Staff	SWC; SWA Board	SWC; SWA Board	Legislature; SWPP Stakeholders	Can be completed under existing authority. The main legislative implication is use of the plan to support future appropriation requests.
Annually: Conduct annual plan update and corrective-action assessment.	DWR; SWA Staff	DWR	SWC; SWA Board	SWPP Stakeholders	Can be completed under existing authority.

Option 2 — Keep State ownership and SWA operations; use capital repayment to backstop a long-term loan or bond issuance

This option keeps the current governance structure with State ownership and SWA managing O&M but changes the financing model to address short-term RTF funding challenges while strengthening the longer-term financial footing of SWPP. Under this option, the capital repayment stream (or an applicable portion of it) would be rechanneled back into SWPP and pledged to secure a long-term (i.e., 30-40 year) bond or loan, funding a significant portion of

near-term buildout. Depending on debt structure, tenor and interest rate, the loan could reduce upfront investment required from the RTF by \$100-200M and cover a significant portion of the estimated SWPP funding requirements over the next 10 years. By explicitly using the capital repayment stream to support a long-term borrowing strategy, the system can accelerate capital investment and system expansion and mitigate funding risks for the project.

Figure 7: SWPP Option 2 Proposed Structure



Summary of Benefits and Tradeoffs

ant shift in how the development of SWPP is currently funded. Instead of fully-funding capital investment from the RTF, this option leverages the capital repayment stream to access debt capital that funds project development. While this approach is quite feasible, it will require a moderate to high level of effort to design, structure, and execute the loan or bond transaction and complete the necessary legislative authorizations and agreements it will require.

The following summarizes the benefits and cost implications of Option 2:

Benefits: Leveraging the capital repayment stream could reduce near-term State upfront funding pressure by \$100-200M, covering a significant portion of the next decade's buildout and planned REM, which will significantly reduce SWPP's draw on the RTF and allow RTF funding to be deployed for other priority projects. This option also increases the certainty and speed of capital availability for planned projects, which directly addresses concerns shared by SWA leadership. Additional benefits include smoother funding versus waiting for RTF appropriations and potentially lower total lifecycle costs if proactive investment captures construction timing advantages. Finally, because this option does not change the capital repayment rates charged to SWPP customers, affordability remains consistent while investment accelerates.

Tradeoffs: Tradeoffs include diverting the capital repayment stream away from broader State uses for the life of the borrowing, the incurrence of an additional interest expense, and increasing administrative complexity (e.g., increased reporting and compliance requirements). State execution costs are both one-time (e.g., debt structuring, legal documentation, legislative action, and enhanced forecasting and reporting) and ongoing (e.g., debt administration and monitoring).

The main legal and institutional hurdles are debt authority and oversight considerations (terms, repayment protections, and reporting), plus ensuring SWC and SWA governance documents explicitly define cashflow priorities and decision rights in a way that remains workable under covenant-like constraints.

SWPP Option 2 Implementation Roadmap and Responsibilities

The following table sets forth the key components, timeline, responsibilities, and legislative actions or other authorities required to implement SWPP Option 2:

Implementation Components and Timeline	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)	Legislative/ Authority Implications
First 3 Months: Discussion with BND and PFA to determine financing options.	DWR	DWR	SWC; SWA Staff, SWA Board; Legal Counsel	SWPP Stakeholders	Likely can begin under existing administrative authority as a planning and diligence activity.
Months 3 to 9: Develop an integrated long-range buildout and financial plan (from Option 1).	DWR; SWA Staff	SWC, SWA Board	SWC; SWA Board	Legislature; SWPP Stakeholders	No additional authority needed to execute and will support future legislative consideration and financing approval.
Months 3 to 9: Define the proposed cashflow framework and priority of funds under a borrowing structure.	DWR; SWA Staff	SWC, SWA Board	SWC; SWA Board; BND and PFA	Legislature; SWPP Stakeholders	Century Code language allows borrowing against Capital Repayment.
Months 7 to 11: Adopt required policy changes and secure legislative authorization for the financing model.	DWR; SWA Staff; Legislature	DWR, SWA Board	SWC, SWA Board; Legal counsel	SWPP Stakeholders	This step requires legislative action including authorization to enter long-term borrowing arrangements.
Months 12 to 21: Negotiate the financing terms, assemble the approval package, and establish the ongoing administration and compliance framework.	DWR; SWA Staff	DWR; SWC	SWC; SWA Board, Legal Counsel; BND and PFA	Legislature; SWPP Stakeholders	Can proceed once enabling policy decisions and required legislative authority are in place.

Option 3 — Transfer ownership to SWA; keep capital repayment in-system and use it to backstop a long-term loan or bond issuance

This option presents the largest governance shift: SWA becomes the sole owner and operator of SWPP, assumes control of all investment and construction decisions, and uses the capital repayment stream to secure the long-term loan or bond. Following the transfer of ownership, the capital repayment fees collected by SWA would remain in SWPP and be reinvested by SWA into the development and

maintenance of the system rather than transferred to the State, subject to the determination by the State and SWA that sufficient local funding has been provided for the project after taking into account the proceeds of the long-term loan or bond. This will provide a long-term stream of funding that promotes SWA's financial self-sufficiency in supporting future expansion of SWPP. By bundling ownership transfer with the updated approach to capital repayment, this option seeks to address one of the largest concerns expressed by SWA leadership - taking over ownership without long term financial certainty.

Summary of Benefits and Tradeoffs

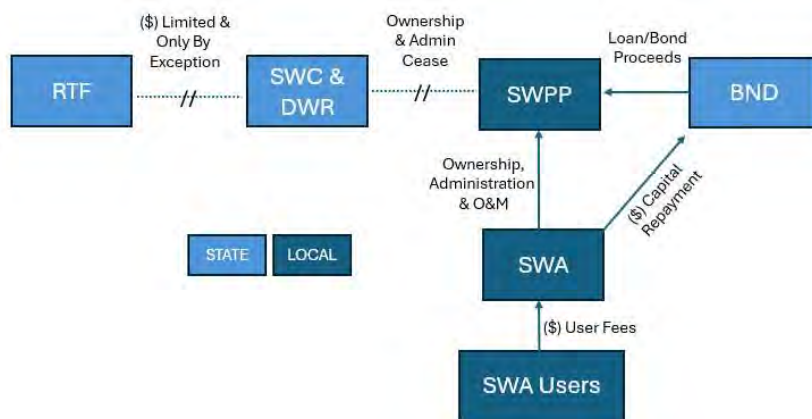
This option turns SWPP into an independent regional water system with ownership and operation managed by SWA, an authority that was created to represent the interests of local stakeholders. By consolidating ownership and operations under SWA, it better aligns the governance and decision-making for the project with the end users and enhances the accountability of SWA for system performance, long-term planning, and O&M sustainability, which are key elements of this study's Evaluation Criteria.

The level of effort of this option is high and the feasibility is medium because the transfer of State-owned infrastructure likely requires statutory authorization and detailed asset-transfer terms, due diligence, and new accountability guardrails.

The following summarizes the benefits and cost implications of Option 3:

Benefits: This option creates better alignment of incentives because, with SWA ownership, the entity making expansion decisions directly bears the long-run lifecycle, O&M, and affordability consequences, which can sharpen planning discipline, clarify accountability for performance, and potentially improve lender confidence in a single, financeable counterparty. SWA gains autonomy and the ability to move faster, but it assumes greater financial and reputational risk. Benefits to the State include shifting project management responsibility away from the State and improving governance clarity by consolidating ownership and operations. Like Option 2, borrowing against the capital repayment stream and reinvesting it in SWPP creates significantly

Figure 8: SWPP Option 3 Proposed Structure



more certainty around funding system development and REM expenses, which addresses one of SWA's largest concerns about taking over ownership. The upfront investment required from the RTF will also be significantly reduced, enhancing its short-term funding position. It should be noted, however, that the capital repayment-backed loan will not likely cover all projected capital investments needed for SWPP to reach all potential customers, which will require SWPP to prioritize its use of funds and/or consider additional sources of funding and financing.

Tradeoffs: Given the scope and complexity of Option 3, there are some significant implementation costs. One-time State costs will be significant, including transfer legislation and contracting, intensive stakeholder management, and legal fees. While the State's direct administrative burden will decline after the transition, it should reserve a reasonable level of oversight to preserve public accountability as direct State control diminishes. For SWA, taking over ownership and management of the system development and buildout will require an expansion of both its capacity (e.g., staffing, systems, financial governance capability) and budget, ensuring they have sufficient resources to be held to a higher bar for transparency, conflict resolution, and performance reporting as owner of the water system they operate. During an anonymous survey of the SWA Board, reduced access to funding was listed as the primary cost and concern of transferring ownership to the Authority, although leveraging the capital repayment stream helps mitigate those concerns.

The primary legal and institutional hurdles are obtaining and structuring statutory authority for asset transfer, defining enforceable governance conditions that balance autonomy with public oversight, and ensuring the post-transfer model remains consistent with applicable code chapters and expectations for public accountability.

SWPP Option 3 Implementation Roadmap and Responsibilities

The following table sets forth the key components, timeline, responsibilities, and legislative actions or other authorities required to implement SWPP Option 3:

Implementation Components and Timeline	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)	Legislative/ Authority Implications
First 6 Months: Conduct a legal and operational readiness assessment for ownership transfer.	DWR; SWA Staff	SWC, SWA Board	SWC, SWA Board; Legal Counsel	Legislature; SWPP Stakeholders	No additional authority needed but should be structured to support eventual transfer legislation and formal transfer documentation.
First 6 Months: Draft the post-transfer governance and oversight framework, including the State's retained oversight rights.	DWR; SWA Staff	SWC, SWA Board	SWC, SWA Board; Legal Counsel	SWPP Stakeholders	N/A
Months 7 to 11: Secure statutory authority for asset	DWR; SWA Staff; Legislature	DWR, SWA staff	SWC, SWA Board	SWPP Stakeholders	N/A

transfer and execute the ownership transfer documentation.					
Months 12 to 24: Structure the long-term financing backed by the capital repayment stream, including State's role, if any.	SWA Staff	SWA Board; SWC	SWC; SWA Board; Legal Counsel; potential financing partners;	SWPP Stakeholders	N/A
Months 24 to 36: Implement SWA capability and internal-control upgrades needed to operate as owner.	SWA Staff	SWA Board	SWA Board; Legal Counsel	SWPP Stakeholders	Most of this can be implemented through SWA board action but some elements may need to be incorporated into transfer conditions.

Potential Additional Opportunities to Strengthen SWPP Finances

Several opportunities were already identified to strengthen the finances of SWPP in the options above, including the co-development of a long-term financial plan for remaining system buildout and REM and leveraging the capital repayment stream. In addition, under Option 3, the State could take additional action to address one of the limitations of that option. Given that SWA does not have a credit rating and if it obtains one it will likely be lower than the State's rating, the cost of borrowing against the capital repayment stream will likely be higher if ownership (and borrowing responsibility) is transferred from SWC to SWA. To address this challenge, the State could provide a guarantee to backstop the loan for SWA to allow SWA to benefit from the State's strong credit rating and reduce borrowing costs.

See the "Common System Finance Enhancement Opportunities" section at the end of this report for other actions that could be taken to improve the financial management and sustainability of SWPP and access additional sources of funding and financing for the system.

Figure 9: SWPP Impact Analysis

Evaluation Criteria	Current State	Option 1 Impact	Option 2 Impact	Option 3 Impact
Alignment of Risk Burden with Decision Making Authority	 Medium	 Improved	 Improved	 Limited Net Impact
Effectiveness of Current Governance Structure & Authority	 High	 Improved	 Improved	 Improved
Level of Stakeholder Representation, Transparency & Public Accountability	 High	 Limited Net Impact	 Limited Net Impact	 Improved
Alignment of Structure, Capacity & Capabilities with Stated Policy, Strategy & Goals	 High	 Improved	 Improved	 Improved
Feasibility to Implement/ROI of Implementing Recommendations	N/A	Feasible w/ limited ROI	Higher LOE, higher ROI	Feasible, high potential ROI
Efficient Use of State and Local Resources and Availability of Alternatives	 Medium	 Improved	 Improved	 Improved
Long Term Affordability for Stakeholders	 Medium	 Limited Net Impact	 Limited Net Impact	 Limited Net Impact
Structured to Address Future Risks and Facilitate Sustainability	 Medium	 Improved	 Improved	 Improved
Ability to Attract Federal, State and Local Investment	 Medium	 Limited Net Impact	 Improved	 Improved

Table 5: Summary of Recommended Options for SWPP

	Option 1: Keep Current Model with Improvements	Option 2: Keep Current Governance and Leverage Capital Repayment	Option 3: SWA Ownership and Leverage Capital Repayment
Option Summary	State retains ownership of the pipeline and SWA retains operational responsibility and authority with several improvements to the current approach, including: • Establishing a collaborative short- and long-term planning process where SWC and SWA set forth a plan to address buildout and financing; • Co-developing a clear financial plan for remaining system buildout and REM, including setting limits/ thresholds for uneconomical system expansion; and • Implementing a performance monitoring program using targeted metrics to inform decision-making and track impact of State funding.	• State retains ownership of the pipeline and SWA retains operational responsibility and authority while implementing many of the improvements from Option 1. • Capital repayment will be reinvested back into SWPP by servicing a loan or bond to fund a significant portion of the required investment in the near term. • Under this approach, the capital repayment stream (or a large % thereof) will no longer go to the RTF but will be pledged as collateral to backstop a 30- to 40-year loan to cover SWPP buildout and planned REM costs. • Depending on loan structure, tenor and interest rate, the loan could reduce upfront investment required from the State by \$100-200M, covering a significant portion of the buildout and planned REM over the next 10 years. • Additional investments beyond the projected amount of the loan proceeds would require RTF funding or alternative sources of capital.	• State transfers ownership of the pipeline to SWA making SWA solely responsible for the ownership, construction, operation, and maintenance of SWPP. • The Capital Repayment will be fully reinvested back into SWPP and, following transfer of ownership, will no longer go to the State. • Additional investments beyond the projected amount of capital repayment-backed loan proceeds would require further SWA borrowing, RTF funding or other alternative sources of capital.
Benefits	• State retains capital repayment stream in perpetuity; provides clarity around financial requirements and responsibility for pipeline expansion and REM; relatively easy to implement; reduces risk of unfunded REM.	• Upfront State investment in SWPP is lowered and reduces the short-term shortfall in the RTF; increased clarity; provides more certainty to SWA on availability of funding.	• SWA is fully incentivized to make efficient pipeline expansion decisions; upfront State investment in SWPP is significantly lowered and reduces the shortfall in the RTF; increased clarity; provides more certainty to SWA on availability of funding.
Tradeoffs	• State remains responsible for full upfront cost of buildout and REM; doesn't address incentives for SWA on buildout positioning.	• Capital repayment stream does not flow to RTF during loan repayment; still requires a capital outlay from the RTF (i.e., loan doesn't cover the full cost); relatively complex to implement with Bank of North Dakota (BND) or other lender involvement and a different loan structure; adds interest expense (amount dependent on terms of loan).	• Will require further expansion of capacity and budget of SWA; capital repayment stream no longer flows to RTF; will still require additional financing to complete full buildout; relatively complex to implement with BND involvement and a different loan structure.

Southwest Water Authority

Board of Directors Action Plan

2025-2027

Intake and Raw Water Infrastructure

The last Close-Interval Survey (CIS) was conducted in 2014; Microbiologically Induced Corrosion (MIC) issues have emerged in multiple locations.

1. Proceed with CIS on Southwest Pipeline Project (SWPP) metallic lines (including raw water and potable pipelines that are either Ductile Iron or Steel).
2. Data from the CIS will be used to identify potential areas of concern regarding MIC on the Ductile Iron Pipe. The 2026 budget includes \$200,000 from Replacement and Extraordinary Maintenance for this purpose.
 - Develop scope of work
 - Select vendor and schedule survey for metallic transmission lines
 - Incorporate findings into 5-year capital planning
3. Cross-industry outreach on MIC
 - Coordinate and consult with other industries/entities on MIC
 - ND Petroleum Council, Energy & Environmental Research Center (EERC), NAWs, etc.
 - Revisit the SWPP Potential Indicators of MIC Matrix and update criteria with any new information
4. Remain engaged in discussions with the Department of Water Resources and the State Water Commission regarding the Intake Construction.

Rules and Regulations and Outside Funding Sources

As the SWPP evolves, outside funding becomes more prevalent. The SWA Board of Directors has discussed concerns about fairness, leapfrogging, implementation, interpretation, and alignment with prioritization. Sections of the *Southwest Water Authority's Rules and Regulations for Water Service from the Southwest Pipeline Project* require review.

1. SWA staff review and develop interpretations of existing *Rules and Regulations* and provide details on scenarios in which these *Rules and Regulations* may apply.
2. Appoint an Ad Hoc Committee to review interpretations and update *Rules and Regulations*
 - Conduct internal redline review, draft revisions if necessary, and provide recommendations to the SWA Board of Directors
 - Section IV.D. I Construction – New Property Owner Portion (Page 8)
 - Section VI. E. Application for Water Service (Page 10)
 - Section XVI.A. Extension of Transmission-Curb Stops-Relocations-Wet Taps (Page 20)
 - Present to the ND Department of Water Resources (DWR) for further discussions and collaboration.

3. Ad Hoc Committee to also consider outside funding as a criterion.
 - Outside funding score and weight, as well as the percentage of total project costs to be covered by such funding.
4. Draft a framework and pathway for customers that may contribute outside funding toward design or construction, taking prioritization into account.

Three-Pronged Approach

The Three-Pronged Approach was adopted in 2019. 1) Main Transmission Line Capacity 2) Strategic Hydraulic Improvements 3) Rural Expansion. The SWA Board of Directors discussed revisiting each prong armed with the information and lessons learned over the past six years.

1. Remain engaged with the Main Transmission Line Capacity plans
 - SWC approved 25% + blue sky scenario for West Zone
 - Advocate for the same template for other zones
2. Amend the Strategic Improvement Prioritization Matrix to include all service areas
 - Consider outside funding as a criterion
 - Outside funding score and weight, as well as the percentage of total project costs to be covered by such funding.
3. Rural Expansion - Pocket Areas
 - Identify areas of the SWPP where Strategic Hydraulic Improvements are not possible because there is no existing infrastructure
 - Develop a list of these 'pocket areas' to be considered for potential rural expansion.
 - Identify rural expansion areas that are financially viable and hydraulically practical
4. Strategic Hydraulic Improvement vs. Rural Expansion
 - Any Service Areas that have existing pipelines should be included in the prioritization matrix for strategic improvements. Rural Expansions do inherently have longer design timelines than strategic improvements.

Ownership and Governance

During the 2025 Legislative Session, House Bill 1020 included a requirement for a Regional Water Systems Governance and Finance Study. Deloitte is conducting this study.

1. Engage with Deloitte to provide feedback and stakeholder interviews.
2. Continue to support the existing position statement of remaining a state-owned entity with operations and maintenance management by SWA.
3. Review Deloitte findings as soon as available.

Operational and Organizational

1. Emergency Response Planning – Identify strategic points of contact.



Scan the code to visit our website





Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

MEMORANDUM

To: Budget Subcommittee, SWA

From: Ledeanne O'Shields, CFO/Office Administrator, SWA

Subject: 2027 Budget

Date: August 25, 2026

The budget is currently being finalized using preliminary income and expense figures. Following Thursday's Budget Subcommittee meeting, a copy will be emailed to you for further analysis.

Key Metrics & Proposed Rates:

- CPI: Reached 333.92 as of July 1, 2026—a 3.06% increase for 2027 (up from 2.92% in 2026). Rates based on CPI remain subject to final adjustment as of September 1, 2026.
- Capital Repayment: Rates will increase to \$1.61 for contract customers (+\$0.05) and \$48.97 for rural customers (+\$1.46).
- REM Increase: An 8.5% increase (\$0.08 Transmission / \$0.02 Distribution) is proposed across all options per the 2022 REM Analysis.

Assumptions utilized for budget development:

- 3% increase to Insurance
- 14.5% increase to MDU
- 5% increase to WAPA
- Water sales for 2027 are estimated to be 2,593,522,000 gallons. This includes 480,000,000 gallons for rural usage. This is based on average past usage as well as estimates for 270 new customers.
- Employees cost of living allowance of 3.06% and merit increase of 3%

Budget Options:

- Option 1: Increase customer rates by both the required REM and Capital Repayment adjustments.
- Option 2: Pass along the Capital Repayment increase while absorbing \$0.05 of the REM increase via a reduction in Transmission O&M.
- Option 3: Will be a balanced budget and will be presented at a later date.
- Current months in reserve as of June 30, 2026 was 10.21, and was budgeted to be 8.26 months at the end of 2026.

From: [Danielle Quissell](#)
To: [dquissell](#)
Cc: [Mary Massad](#); [jellingson](#)
Subject: Water Users Regional Meeting Thank you!
Date: Tuesday, August 25, 2026 9:46:22 AM

All-

Thank you for your sponsorship and hosting of the Water Users regional meetings last week. The regional meetings were a wonderful opportunity for members to get together and start policy discussions ahead of the Joint Water Convention in December and the Legislative Session in January. Your participation was critical in making these events a success.

We hope to see you in Bismarck for the Joint Water Convention December 8-11 at the Bismarck Hotel! Be on the lookout for registration information in the coming weeks!

Thanks,

Dani



Dani Quissell

Executive Vice

President

North Dakota Water
Users

Phone 701-223-4615

Mobile 605-209-6021

PO Box 2254

Bismarck, ND 58502



Supporting Reliable Water for Growing Communities:

Water is essential to nearly everything we do in North Dakota—from agriculture and energy production to supporting rural communities and economic development.

Local and state water leaders gathered at the Southwest Water Authority in Dickinson to share updates on projects underway across North Dakota and discuss ideas for how the federal government can support future projects and growth. The conversation covered the opportunities and challenges facing rural, municipal, industrial, agricultural, and tribal water supplies.

As North Dakota communities grow and plan for the future, reliable access to water is critical. Investing in the infrastructure needed to store, treat, and deliver water will strengthen our communities and create new opportunities across the state.



August 19, 2026, -- Mandaree, ND

To: Southwest Water Authority Board of Directors

RE: Bruce A. Fox Water Treatment Plant Dedication



Ribbon cutters at the Bruce A. Fox Water Treatment Plant grand opening were Joe Silveria, Robert White, Mark Fox, Bruce A. Fox, Kevin Cramer, Fred Fox, Marlon Duke, Dr. Monica Mayer, Sherry Turner Lone Fight.

Close to 150 people attended the Fort Berthold Rural Water Bruce A. Fox Water Treatment Plant grand opening and ribbon cutting on Wednesday, August 19, 2026. Special speakers and guests included North Dakota U.S. Senator Kevin Cramer and MHA Nation Chairman Mark Fox. Representatives from various other entities involved in the planning, engineering, financing and construction of the treatment plant also spoke on behalf of their respective agencies.

As the eagle flies, the dedication took place at treatment facility, about 3.5 miles northeast of Mandaree. The plant is about 1.5 miles from the shores of Lake Sakakawea.

Bruce Fox was praised for 33 years of monumental service to the MHA nation when he nurtured elders and protected children. His daughter, Dallas Fox, has followed in his footsteps and is involved in continuing the family tradition as part of the Fort Berthold Rural Water System.

Chairman Mark Fox acknowledged the support of the federal and state governments. "Without water this is no life. Without water (there is) no future," he said in his remarks. "We will do more with what water for our future than we will do oil."

He praised Bruce Fox. "(I am) glad to see this day, to recognize Bruce because of what he did for the future. His knowledge and experience are invaluable. We will always remember him for what he has done for all."

Sen. Cramer praised the partnership of local, state and federal officials. He noted great things can be accomplished "when we are all pulling in the same direction. . ." A total of \$33.6 million in federal funds was made available for the project.

Various other MHA leaders also spoke at the event, praising Bruce Fox for his dedication, effort and attention to service. "Bruce, I love you, I love your family. You have done so much for this community," West Segment councilwoman Sherry Turner Lone Fight said as a tribute.

White summed up the atmosphere of the dedication. "If serving is below you, then leadership is above you."

Respectfully submitted,

James Odermann, director
Billings County



Above, Sen. Kevin Cramer spoke at the dedication; below ND Rural Water Executive Director Eric Volk, MHA Nation Chairman Mark Fox, SWA director James Odermann, Leona Odermann.



MEMORANDUM

To: Southwest Water Authority Board of Directors
From: Jen Murray, Manager/CEO
Subject: SWA Construction and O&M Update – Incidental Information
Date: August 31, 2026

This memo updates the SWA Board of Directors on ongoing and upcoming SWA Construction and O&M activities.

SWA Construction:

The contract for relocating SWPP infrastructure along US Hwy 85 from the junction of Hwy 200 to the Long X Bridge is nearing close out. SWA received reimbursement from the NDDOT in May in the amount of \$1,814,059, and \$94,423.49 in July. There will be at least one more reimbursement disbursement. SWA was notified about a section of this relocation that is not at the proper depth needed to be lowered. The pipeline was lowered and placed into service the week of August 10, 2026.

The OMND WTP Roof was damaged in summer storms in 2022 and required complete replacement. The OMND WTP Roof Replacement is complete, and the final pay application was approved on Friday, June 26, 2026. NDIRF has not yet responded to the coverage amount. On June 7, 2026, storms damaged the metal flashing and a small section of the roof adjacent to the metal flashing at the southwest corner of the facility. repaired roof. Windspeed reports recorded wind gusts of 82 mph, and the new roof is rated as 90 mph under warranty. We did reach out to the contractor to begin the warranty claim. The contractor, Herzog, is doing an initial investigation into the warranty claim and is waiting for a response from the manufacturer.

Maguire Iron, Inc., was awarded the contract for the New England Tank Recoat and Rehabilitation. The Contractor mobilized to the site the week of June 8, 2026. Upon performing the interior blasting and assessing the structural integrity of the roof, it has been observed that all of the roof beams have significant corrosion and the entire structural roof is planned to be replaced. The roof steel has impregnated soluble salts present in the steel that required removal. The contractor changed their blast media, and the steel was retested and was within acceptable limits as required by the coating manufacturer. The substantial completion date on this project is October 31, 2026.

SWA, B&W and WBI had a meeting on July 31, 2026, to outline the details of the Close Interval Survey (CIS) on the metallic line in the SWPP system. The CIS will evaluate and the cathodic protection on both the raw and potable ductile and steel main transmission lines which may indicate areas affected by MIC. WBI was on site the week of August 10, 2026, and wrapped up the survey on August 21, 2026. The final report is not yet available but there may be several actionable items, including excavations to assess segments and their conductivity.

Treatment:

SWA returned the claim resolution letter to Evoqua on April 21, 2026. The resolution letter notes a 6-month special warranty period to evaluate performance of the fabricated plate hangers for the shifters on the press at the Residuals Handling Facility. Evoqua indicated via email on August 5, 2026, that the plate hangers will be fabricated in September 2026 and will be onsite in October 2026 to install hangers on the first filter press and the second press is scheduled to be installed November 2026.

On July 29, 2026, OMND operators completely replaced 16 filters on Ultra Filter Secondary #7 skid. The filters were part of original construction and work harder than the UF Primary skids, requiring sooner replacement. Primary UF filters are expected to last 20 plus years while the secondary filters lasted 14 years.

On August 10, 2026, Operators added additional reinforcement screws to skylights on the Finished Water Pump Station to prevent high winds from causing more damage.

On August 13, 2026, SWTP Operators replaced a leaking gasket on the CO₂ feed skid which caused a mixture of water and CO₂ to spill on the floor.

On August 18, 2026, all four treatment facilities were inspected by NDDEQ. The inspection went well and the results will be included in the October Board packet.

On August 30, 2026, DWTP operators incurred an avalanche from the lime silo day bin, causing the chemical powder and rock to fill up the #106 Slaker machine. Operators quickly utilized the #105 Slaker to maintain operations. On August 31, 2026, operators were able to clean up the mess and restore the #106 Slaker machine to operation.

Distribution Operations:

On August 3, 2026, staff responded to power fail and low discharge pressure alarms at the Coffin Butte VFD in Contract 7-6B, by placing the Hand-Off-Auto (HOA) switch to Hand allowing a pump to run and manually filling up the lines after power was restored. Once the lines were full of water, the HOA switch was placed in Auto, allowing for telemetry control.

On August 3, 2026, staff responded to a request from the City of South Heart for demand service so they could isolate and make repairs to the South Heart city reservoir. Two days later the City of South Heart called and said they had no water; staff investigated and found the South Heart Fire Department filling fire trucks and depleting the city's water supply. Once the fire hydrants were closed the city residents had water as intended. On August 10, 2026, the City of South Heart called to say they had no water, a leak was found that was depleting the city's water supply. Once the leak was repaired, South Heart was placed on a boil order by the North Dakota Department of Environmental Quality (NDDEQ) because the pressure in the city lines dropped below 20 PSI and South Heart could not flush the lines with their tank out of service.

On August 4, 2026, staff responded to calls from the public of water surfacing near the Lefor PRV in Contract 7-2. Staff back fed the south zone using the east zone crossover at RCPS to keep as many people with water as possible and assisted BEK Consulting LLC (BEK) to repair a baseball size hole on the bottom of the Contract 2-3E 16" CL 250 Ductile Iron (DI) pipeline likely caused by Microbiologically Induced Corrosion (MIC). Before the leak could be repaired, Roughrider Electric had to relocate an underground power line because it was directly on top of the leaking waterline. In an effort to conserve water in the New England Reservoir during the leak repair, the HOA switch in the City of New England meter vault was placed into the off position until a farmer started his CRP on fire while haying near New England and the HOA switch was returned to auto. BEK replaced about 4' of 16" DI pipe that was compromised by MIC. Once the pipe was replaced, all equipment was returned to its normal operating positions, and air was flushed from the line.

On August 5, 2026, staff responded to power/phase fail alarms at the Bucyrus and Scranton BPS and low reservoir levels at the Bucyrus and Bowman Reservoirs by connecting the Kohler 230KW portable generator (G1) to the Bucyrus BPS and the 100KW portable generator (G2) to the Scranton BPS until Slope Electric's utility power was restored. Once power was restored Bucyrus and Scranton BPS were returned to utility power. The portable generators were left on-site until system reservoirs were healed up from the Contract 2-3E leak repair.

On August 12, 2026, staff assisted JK Excavation to bore in about 500 feet of 6" Yelomine to accommodate improvements to Highway 85. Once the new line was tied in, valves were returned to their normal operating positions and air was flushed from the line.

On August 18, 2026, staff shut valves and drained down the line so subsequent Aaron Boswell could repair his leak downstream of the service line valve in Contract 7-8A Bid Schedule 2. Boswell attempted to dig the leak up with a mini-excavator and when his trench collapsed, he rented a slightly bigger machine. The pack nut on the 1½" service

line valve that Boswell installed in 2008, was only finger tight. Replacing and tightening the 1½” pack joint allowed water to flow as intended. Staff assisted in this leak repair and time and labor will be assessed to the customer.

On August 18, 2026, staff provided access and escorted Jake Schaefer of the NDDEQ to perform Sanitary Surveys at New Hradec Valve, New Hradec Reservoir, Hebron Valve, and Richardton BPS.

On August 22, 2026, staff switched the crossover at RCPS to feed as many south zone customers as possible from the east zone and assisted BEK to repair a 16” DI pipe leak at Dry Creek that was replaced in 2017. BEK removed about 10’ of MIC compromised pipe that began leaking due to a pressure spike in the pipeline. Once the leak was repaired, valves were returned to their normal operating positions and air was flushed from the line. Two consecutive Bac-t samples were passed at the New England Reservoir.

On August 24, 2026, staff assisted BEK to repair a 2” CL 160 pull apart in the Highway 22 road bore near the Dickinson Airport by replacing the 2” CL 160 in 4” casing with 2” Yelomine. Once the 2” Yelomine was installed, the valves were returned to their normal operating positions, and air was flushed from the line.

On August 26, 2026, staff shut valves and replaced the leaking 8” check valve on RCPS south zone P3 and placed P3 into service.

On August 27, 2026, staff shut valves and replaced the leaking 8” check valve on RCPS south zone P2 and placed P2 into service.

Lead Service Line Inventory:

SWA staff continue to collect information for the Lead Service Line Inventory (LSLI) for the NDDEQ. SWA has collected inventories from 5,536 accounts, or 70% of all connections. The survey link remains active on the SWA website, and O&M staff continue to collect the information during routine operations and new connections.

Staff

SWA Water Treatment Operator Mitch Caudle was promoted to Chief Water Treatment Operator.

SWA hired Emma Goetz as our new Administrative Assistant.

Lean Solutions LLC, was onsite August 26-28, 2026, to kick off the implementation for the new accounting software.

SWA is working with North Dakota Rural Water Systems Association on dual back flow meter testing certification to allow SWA staff to gain knowledge and certification needed to perform future testing independently.





Look Familiar?

Dunn County is exploring a project that could expand water capacity from the Southwest Pipeline Project (SWPP).

To ensure it meets local needs, **we're asking residents to share their interest in rural water service.**

If the project moves forward, landowners would still cover the costs of extending SWPP service to their property (i.e. constructions materials, easements, permits, and any connection cost as a subsequent user.)

A better future starts with YOU.

*Call 701-225-0241 to
Sign Up, Today!*





Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

MEMORANDUM

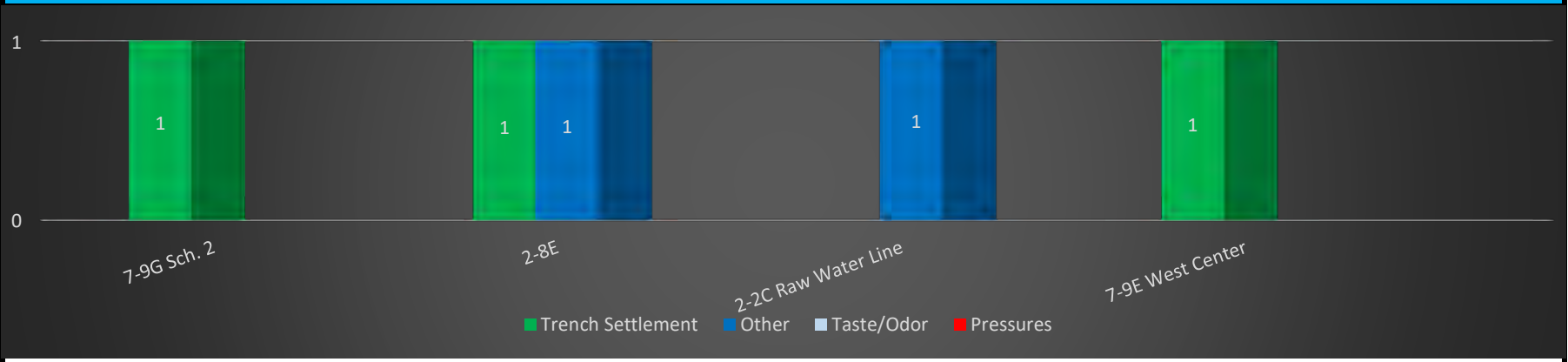
TO: Jen Murray, Manager/CEO, Southwest Water Authority
FROM: Misti Conzemius, Marketing Manager, Southwest Water Authority
SUBJECT: Report for August, 2026
RE: Marketing Manager's Incidental Information
DATE: August 26, 2026

AUGUST 2026 SIGN-UP REPORT

SUBSEQUENT CUSTOMERS

NAME	TYPE OF CUSTOMER	SERVICE AREA	SERVICE DESCRIPTION
Juan & Erika Arguello	Standard	7-1B Davis Buttes	140-96-24
Pamela Thaxton	Standard	7-8A Fryburg	140-103-23
Nick & Nona Sibla	Standard	7-8A Fryburg	140-103-23
Andrew & Heather Hauck	Standard	7-1B Taylor	141-92-14
Arvid Hecker	Pasture Tap	7-1B New Hradec	143-97-33
Tracy Anderson	Standard	7-9F Center	142-84-24
John Roswech	Standard	7-3 Jung Lake	134-95-4
Jordan Braun	Standard	7-1B Davis Buttes	140-96-9
Kortney Kindsfater	Standard	7-4 Bucyrus	129-94-26
Mike, Kaylene, & Wes Berg	Standard	7-9F Center	143-85-2
Mike, Kaylene, & Wes Berg	Standard	7-9F Center	144-85-35
Richard Scheid	Standard	7-9C Zap	144-86-19
Dickinson Municipal Airport	Standard	7-2 New England	138-96-4
Dickinson Municipal Airport	Standard	7-2 New England	138-96-4
Dickinson Municipal Airport	Standard	7-2 New England	138-96-4
Dickinson Municipal Airport	Standard	7-2 New England	139-96-33
Tsenguun (Chris) Bulgan	Standard	7-1B Davis Buttes	140-96-26

Seventeen (17) subsequent customer signed up in August and 114 subsequent customers have been added year-to-date. A total of 148 customer quotes have been given year-to-date. SWA had a total of 3110 active subsequent users in August.

2026 COMPLAINTS	
	
One (1) complaint was called in during the month of August. Zero (0) complaints were closed during the month of August. Open complaints are shown above by area and type. Open complaint numbers may not include landowner/customer concerns handled in the field.	
WAITING LIST UPDATE	
Twenty-three (23) water requests have been added to the waiting list during the month of August. There are currently 823 requests system wide.	
BURT, HEBRON SERVICE AREA	
Three (3) services were signed up in August for a total of 943 services signed up to date. Of the 943 signups, 644 or 68% are Rural and 299 or 32% are Lake Tschida. One (1) signup was received in the month of August in Hebron Rural including North Lake Tschida for a total of 495, and Two (2) signups were received in August in Burt Rural including South Lake Tschida for a total of 448.	
SYSTEM WIDE SERVICE REQUESTS	
There are currently 823 waiting list requests and 943 Burt Hebron Campaign Signups for a total of 1,766 requests system wide. Waiting list will decrease by 94 upon completion of the 7-2B North New England Strategic Improvement Project. Waiting list will decrease by 102 upon completion of the Burt and Hebron Service Area Projects.	
HEBRON RURAL & MAIN TRANSMISSION LINE EASEMENTS	
To date a total of 732 easements sent for the Hebron Rural Area. A total of 688 easements or 94% obtained. 42 easements for 27 parcels remain.	
To date a total of 116 easements sent for the Main Transmission Line. A total of 116 easements or 100% obtained.	

WAITING LIST REQUESTS BY CLASSIFICATION						
SERVICE AREA	WAITING LIST START DATE	STD	PT	HC	OTHER	TOTAL
7-1B DAVIS BUTTES	10/3/2022	16	3	0	0	19
7-1B NEW HRADEC		0	0	0	0	0
7-2 NEW ENGLAND*	3/6/2012	145	36	6	0	187
7-2A BELFIELD	3/6/2013	1	0	0	1	2
7-3 JUNG LAKE	3/1/2016	26	7	2	0	35
7-4 BUCYRUS		0	0	0	0	0
7-5 HEBRON**	5/30/2017	3	1	0	0	4
7-6 BURT**	3/15/2012	61	32	3	2	98
7-7 BOWMAN	6/13/2012	79	32	8	0	119
7-8 BEACH	10/5/2011	34	35	2	0	71
7-8 FRYBURG	6/20/2016	7	6	1	3	17
7-8C TOWER HILL/JUNCTION INN/ NORTH CROWN BUTTE	TOWER HILL-7/29/2015 JUNCTION INN-12/1/2015 N. CROWN BUTTE-1/20/2021	43	33	3	0	79
7-8 FAIRFIELD/GRASSY BUTTE POCKET	10/17/2016	18	43	2	1	64
7-9B KILLDEER MOUNTAIN		0	0	0	0	0
7-9E WEST CENTER	7/24/2019	17	19	0	0	36
7-9G DUNN CENTER	10/20/2017	30	35	1	3	69
7-9G HALLIDAY	1/3/2021	6	17	0	0	23
TOTALS		486	299	28	10	823

*Intent forms signed for hydraulic improvement project in this area will decrease waiting list numbers by a total of 94.

**Current signups from Burt and Hebron service areas will decrease waiting list numbers by 102.

Updated through August 26, 2026



Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

County	Waiting List Locations	Standard Service	Pasture Tap Service	High Consumption	Other
Adams	25 locations	12	12	1	0
Billings	76 locations	20	52	2	2
Bowman	83 locations	52	26	4	1
Dunn	98 locations	51	43	1	3
Golden Valley	72 locations	34	34	2	2
Grant	62 locations	46	12	2	2
Hettinger	52 locations	33	16	3	0
Mercer	30 locations	13	17	0	0
Morton	107 locations	57	47	3	0
Oliver	1 location	1	0	0	0
Slope	60 locations	37	17	6	0
Stark	157 locations	130	23	4	0
Grassy Butte (McKenzie County)	0 locations	0	0	0	0
Total Waiting List	823	486	299	28	10

Other: Subdivisions, Additional Capacity, or Higher Usage

Updated through August 26, 2026



Our Vision: People and Business Succeeding with Quality Water **Our Mission:** Quality Water for Southwest North Dakota

MEMORANDUM

To: Southwest Water Authority Board of Directors
From: Jen Murray, Manager/CEO
Subject: Process for Evaluating Requests for Water Service
Date: August 26, 2026

Southwest Water Authority receives requests for new or expanded water service from a variety of customers, including rural users, communities, commercial businesses, agricultural operations, and industrial customers. Industrial requests can vary significantly in both the volume of water requested and the timing and operational characteristics of that demand.

The purpose of this memorandum is to provide the Board with an overview of the process SWA uses to evaluate requests for service, particularly those involving significant water demand. This discussion is intended to focus on SWA's process for determining whether, and to what extent, service can be provided, rather than on any particular industry or proposed development.

Initial Request and Order of Consideration

Requests for water service are generally considered in the order received. However, a request for service does not, by itself, constitute a commitment of capacity.

When a potential customer approaches SWA, staff first works to understand the proposed use and the customer's anticipated water requirements. For larger commercial or industrial requests, the requested water volume or flow rate alone is not sufficient to determine whether the system can accommodate the demand.

Information Requested

To properly evaluate a significant request for service, SWA generally asks the potential customer to provide information including:

- Proposed location and type of use;
- Is fire flow required, either through the use of hydrants or for a building fire suppression system
- Anticipated average water demand (daily and if seasonal usage applies, monthly average use);
- Peak daily, Peak hourly, and instantaneous demand;
- Anticipated annual water usage;

- Proposed timeline for construction and commencement of water service;
- Expected growth or changes in future water demand;
- Is On-site water storage planned
- Operational flexibility, including whether demand can be reduced or shifted during periods of peak system demand; and
- Any unusual water quality, pressure, redundancy, or reliability requirements associated with the proposed use.

This information allows staff to move from a preliminary request to a more realistic understanding of the demand the proposed customer would place on the Southwest Pipeline Project (SWPP).

System Evaluation

Once sufficient information is available, SWA evaluates the request in relation to existing system conditions, design flows, and limitations. Depending upon the location and magnitude of the request, this may include consideration of:

- Raw or Potable needs;
- Potential service locations including potential connections to existing transmission and distribution pipelines; Hydraulic assessment for service impacts to existing customers and/or contract customers using the hydraulic model
- Hydraulic assessment of the service pipeline route and service location using the hydraulic model
- Service Area Storage assessment and system storage assessment if applicable.
- Main Transmission Line and pump station capacity assessment if applicable
- Water Treatment plant capacity assessment if applicable
- Evaluate impacts and limitations to system operations with service line connection if applicable.

The system may have an adequate annual water supply while still experiencing limitations in treatment, transmission, pumping, storage, or peak demand. For this reason, each significant request must be evaluated based upon both the quantity requested and where, when, and how that water would be used.

Determination of Potential Service

After evaluating the available information, SWA can determine whether the request appears feasible under existing system conditions, whether a lesser amount could potentially be served, or whether infrastructure improvements would be necessary before service could be considered.

For large requests, this is often an iterative process. A potential customer may initially request a certain volume, but further discussion regarding peak demand, storage, operational flexibility, or project phasing may identify a level of service that can be accommodated without negatively affecting existing customers or system reliability.

SWA's responsibility is, first and foremost, to maintain reliable service to its existing customers and to meet its contractual obligations. New service commitments must therefore be evaluated carefully to ensure they do not compromise the SWPP's ability to meet those obligations.

Board Information and Oversight

Recent inquiries from large potential customers provide useful examples of why a consistent evaluation process is important. However, the process is not specific to any industry. The same fundamental considerations apply whenever SWA receives a request that could represent a significant new demand for the system.

Providing the Board with an understanding of this process will help distinguish between an inquiry or request for water and an actual commitment by SWA to provide water.

SWA will continue to evaluate requests based upon their order of consideration, the information provided by the potential customer, existing system commitments, available system capacity, infrastructure requirements, and SWA's responsibility to provide reliable water service to its existing customers.

Upper Missouri Water Association CONFERENCE

September 21-22, 2026

Ramkota Hotel & Conference Center
Pierre, SD



MONDAY, SEPTEMBER 21

- 10:00 a.m. Registration Opens, *Lake Oahe Lobby*
- 10:30 a.m. Upper Missouri Water Association (UMWA) Board of Directors Meeting, *Lake Sharpe*
- 12:00 p.m. Opening Luncheon and Distinguished Service Awards Presentation, *Gallery B*
Welcome from Governor Larry Rhoden, invited
- 1:00 p.m. – 5:00 p.m. Bureau of Reclamation Customer Meetings, *Lake Sharpe*
- 1:00 p.m. Welcome, *Gallery C*
UMWA President Darrell Raschke
- 1:10 p.m. Water in South Dakota, *Gallery C*
Mark Mayer, South Dakota Dept. of Agriculture and Natural Resources
- 2:00 p.m. Updates from the Bureau of Reclamation, *Gallery C*
Dani Fettig, Rural Water Division Manager, Dakotas Area Office
Ryan Newman, Manager, Montana Area Office
Lyle Myler, Manager, Wyoming Area Office
- 3:20 p.m. Break, *Gallery C*
- 3:50 p.m. Water in Washington, D.C., *Gallery C*
Greg Morrison, National Water Resources Association
- 4:30 p.m. – 5:30 p.m. Social Hour and Reception, *Gallery B*

TUESDAY, SEPTEMBER 22

- 8:00 a.m. Registration Opens, *Lake Oahe Lobby*
- 8:30 a.m. Breakfast, *Gallery B*
- 9:30 a.m. Panel Discussion on the Missouri River Basin, *Gallery C*
Moderator:
Troy Larson, Lewis & Clark Regional Water System
Panelists:
Wade Bachmeier, Missouri River Joint Water Board
Dana Berwick, Montana Irrigator
Larry Buss, Iowa Corn Growers Association
Frank Huseman, NEW Cooperative
Kurt Pfeifle, Dakota Mainstem
Greg Totze, WaterOne
- 12:00 p.m. Conference concludes



August 2026

Monthly Briefing

Dedicated to protect, manage and develop Upper Missouri water

P.O. Box 2599, Bismarck, ND 58502

phone: 701-223-4232 fax: 701-223-4645 email: staff@ndwater.net

The Upper Missouri Water Association's Monthly Briefing is available via email! If you'd prefer to receive this useful resource in a more timely manner, and save postage and other resources, please email staff@ndwater.net and indicate your first and last name along with your email address.

UMWA Submits Comments Opposing Section 120 of the WRDA

The Upper Missouri Water Association (UMWA) recently submitted comments to the Upper Basin congressional delegation regarding its opposition to Section 120 of the House version of the Water Resources Development Act (WRDA) and urged the legislators to oppose its inclusion in the final legislation.

The letter focused on how Section 120 introduces significant practical and administrative challenges that could affect water development, permitting, and long-term planning throughout the Missouri River Basin. Specifically:

- Section 120 would prohibit diversions of Missouri River water, including tributary water, outside designated basin states unless the governors of all other basin states unanimously approve the project. This creates a new interstate approval process that departs sharply from longstanding practice where each state manages water within its borders according to its own laws and permitting systems. Beginning more than one hundred years ago, Congress has deferred to state water law as embodied in Section 8 of the Reclamation Act, Section 10 of the Federal Power Act, Section 101(g) and 101(b) of the Clean Water Act, and a myriad of other federal statutes. Any weakening of the deference to state water law would be inconsistent with over a century of cooperative federalism and a threat to water rights and water rights administration in all western states.

- Because unanimous approval from all other states is required, any single state could effectively veto or delay a project, even if it meets all legal requirements in the proposing state. This would undermine established state authority and introduce uncertainty in how water rights, permits, and future-use reservations are applied.
- The provision also raises questions about Tribal water rights. Several Tribes in the Upper Missouri Basin hold federally recognized rights. These rights are distinct from state systems and central to basin-wide planning. A new interstate approval mechanism could complicate how Tribal rights are acknowledged and incorporated into future water supply and development projects.
- Overall, Section 120 would limit the ability of states and Tribes to put Missouri River water to beneficial use under their established authorities. It introduces administrative uncertainty, impacts ongoing and future planning efforts, and raises broader concerns about shifting water management decisions away from states. Adoption of this provision could impede responsible water development and restrict opportunities to meet long-term water needs across the basin.

For more information, reach out to UMWA Executive Director, Dani Quissell, at dquissell@ndwater.net.

The Irrigation Leader magazine featured the Upper Missouri Water Association in its May 2026 Montana Edition magazine. The article talks about how the UMWA is a voice for water users in the Upper Missouri Basin. Read the article on page 9 here: <https://irrigationleadermagazine.com/volume-17-issue-5-may-7/>.



WESTERN GOVERNORS

NGA/Data Centers

WSWC Executive Director J.D. Strong attended the National Governors Association's (NGA) 2026 Summer Meeting in Oklahoma City on July 30-August 1. Governors and other public- and private-sector leaders discussed energy and infrastructure development, artificial intelligence, workforce transitions, federalism and other issues confronting states. Western Governors participating in Friday's public sessions included Oklahoma Governor Kevin Stitt (R), Utah Governor Spencer Cox (R), Wyoming Governor Mark Gordon (R), Kansas Governor Laura Kelly (D), and Colorado Governor Jared Polis (D).

Of particular interest to western water leaders was a luncheon discussion between Governor Stitt and Intersect CEO Sheldon Kimber on the rapid growth of data centers and the energy and water infrastructure needed to support them. Stitt highlighted Oklahoma legislation enacted this year to address concerns about data-center water consumption. The new law restricts groundwater permits for data centers to closed-loop, dielectric-immersion or similarly low-consumptive cooling technologies that substantially recirculate water. During the discussion, Stitt said the requirement was intended to remove water consumption as one of the principal concerns surrounding new data-center development.

Kimber similarly argued that newer facilities can be designed to minimize both water and grid impacts, including through low-water cooling technologies and onsite—or “behind-the-meter”—power generation.

He stressed the importance of early and sustained engagement with communities, while Stitt emphasized the need for reliable, affordable energy and greater permitting certainty for major infrastructure investments. Their discussion highlighted the increasingly important intersection of water availability, energy development, data-center siting and infrastructure permitting—an issue of growing significance throughout the West.

Artificial intelligence was another recurring theme. Governors discussed how states can prepare workers for an AI-driven economy while serving as laboratories for new approaches to workforce development and responsible AI use. Governor Cox described a “pro-human AI” approach focused on human flourishing and maintaining people at the center of technological change. A separate session on state-government AI highlighted shared technology infrastructure, employee training and opportunities to redesign document-heavy processes such as permitting and procurement.

The meeting concluded Saturday with outgoing Governors Kelly, Stitt, Gordon, and Tim Walz (D) of Minnesota reflecting on their time in public service. Maryland Governor Wes Moore (D) then assumed the NGA chairmanship. Across the meeting, a consistent theme was the importance of state leadership and practical state-based solutions to rapidly changing national challenges—principles that continue to resonate strongly with western water policy.

ADMINISTRATION/WATER QUALITY

EPA/Tribal Water Quality Rule

On August 7, the Office of Management and Budget confirmed that an Environmental Protection Agency (EPA) proposal to rescind the 2024 Tribal Reserved Rights Rule is under interagency review prior to public comment. The EPA's May 2024 rule requires states and the agency to protect treaty-reserved tribal rights—such as fishing, hunting, and gathering often at higher rates than the general population—when setting Clean Water Act standards. Whenever a tribe asserts these rights in writing, water quality limits must account for higher traditional consumption rates and unsuppressed historical harvesting levels rather than standard statewide averages.

In May 2024, an Idaho-led coalition of eight states sued the agency in *State of Idaho et al. v. EPA* (U.S. Dist. Ct., D.N.D., No. 1:24-cv-00100, 2024). The plaintiffs argued the regulation exceeded statutory authority under Clean Water Act Section 303(c), violated Tenth Amendment anti-

commandeering principles, and infringed upon state water allocation rights. Industry groups representing mining, manufacturing, paper, and homebuilding sectors joined the challenge, citing severe permitting uncertainty and economic burdens. Thirteen Tribal Nations, represented by Earthjustice and the Native American Rights Fund, intervened to defend the rule's protections for traditional treaty resources. EPA elected to review the regulation administratively rather than continue defending it in court. The U.S. District Court for the District of North Dakota stayed active litigation in *Idaho v. EPA*, while the formal rescission proposal completes interagency review ahead of its publication in the Federal Register.

EPA held tribal consultations this spring on the planned rescission, seeking input on alternative mechanisms for incorporating tribal rights into water quality standards once the 2024 requirement is removed.

ADMINISTRATION/WATER RESOURCES

Wyoming

The Wyoming Department of Agriculture (WDA) supported removing air and water quality from the Fundamentals of Land Health (Section 1700), agreeing that state agencies possess the sole authority to address water quality exceedances. WDA warned that references to water quality remaining in § 1700.1(a) undermine the goal of keeping water quality regulation separate from BLM's land health/grazing decisions, allowing federal range staff to restrict grazing on subjective water evaluations. They strongly urged the BLM to remove these references to ensure water quality is completely decoupled from BLM decisions.

The Wyoming Game and Fish Department (WGFD) supported the BLM's new methods for assessing rangeland health, provided they utilize the best available science at a meaningful scale for on-the-ground decisions. They emphasized the critical need to maintain optimal field staffing to successfully implement these revisions.

Western States Water Council

The WSWC submitted comments agreeing that water quality is best regulated by the state agencies responsible for enforcing state standards, but noting that regulatory frameworks, technical capacity, and financial resources of states vary. WSWC urged the BLM to "engage and coordinate closely with states to ensure that the changes proposed do not create unintentional gaps in monitoring and administration of water quality responsibilities."

WSWC provided analysis of how the proposed federal water mandate in § 4120.3-9(a) may conflict with complex western state water laws, noting that "perfecting and maintaining" water rights often depends on continuous beneficial use. If a grazing permittee ceases watering stock, or the BLM suspends grazing on an allotment, a valuable stockwater right may be lost through non-use, forcing any future operator to apply for a junior water right, potentially more vulnerable to drought.

WSWC noted that requiring water rights to be "acquired, perfected, maintained, and administered" in the name of the United States, where allowed by state law, implies that existing, privately held permittee water rights would have to be transferred to federal ownership. This is potentially an unconstitutional taking of a property right in some states.

In states where federal agencies are legally prohibited from holding stockwater rights, the proposed regulation could not be fulfilled. WSWC noted the rule's silence on what happens in these jurisdictions, particularly whether private ownership of stockwater would become a barrier to receiving a federal grazing permit.

WSWC concluded by urging the BLM to engage with state water administrators, understand and comply with each state's water laws and water quality standards, and work collaboratively with states toward shared solutions. WSWC also urged the BLM to adopt rule language encouraging flexible, state-specific cooperative mechanisms, such as memoranda of understanding (MOUs) and other administrative agreements.

CONGRESS/WATER RESOURCES

Cyber Security Legislation

On August 10, Sens. Adam Schiff (D-CA) and Amy Klobuchar (D-MN) introduced the Water Cyber Shield Act of 2026, which would amend the Safe Drinking Water Act and Clean Water Act to give the EPA authority to assess cybersecurity risks across the water sector, require corrective action for significant vulnerabilities, and extend federal incident-reporting requirements to state and locally owned systems. The bill would also authorize an additional \$300M annually through the Drinking Water and Clean Water State Revolving Funds for cybersecurity improvements. The legislation follows a July 30 Federal Bureau of Investigation (FBI) advisory warning that malicious actors were targeting internet-facing water and wastewater control systems, after utilities in at least seven

states reported related incidents since late July.

In March, Sens. John Boozman (R-AR) and Mark Kelly (D-AZ) introduced the FLOWS Act of 2026, which would authorize \$50M annually in grants to help small rural utilities modernize operations and strengthen cybersecurity.

An industry-backed alternative, the Water Risk and Resilience Organization Establishment Act, sponsored by Rep. Rick Crawford (R-AR) and backed by the American Water Works Association (AWWA) and the Association of Metropolitan Water Agencies (AMWA), would instead let an independent, sector-led organization develop cybersecurity standards for large and midsize utilities, subject to EPA approval.

WESTFAST Federal Resources

On June 30, the National Academies of Sciences, Engineering, and Medicine released Improving Future U.S. Drought Assessment, a consensus study conducted at NOAA's request that proposes a framework for incorporating nonstationarity—shifting drought conditions over time—into drought assessment to better support water management, infrastructure, and adaptation planning.

On July 8, the Montana Climate Office launched the Drought Data Dashboard (D3), a free, open-source platform

developed with NIDIS support that delivers daily drought information—including precipitation, streamflow, snowpack, and soil moisture—across the contiguous United States.

On July 8, NIDIS also held two Western Drought Media Briefings covering current drought, heat, and wildfire conditions across the West—one on the Intermountain West and California-Nevada regions, the other on the Pacific Northwest and Missouri River Basin. Recordings of both are available online for those who missed the live sessions.

WATER RESOURCES/DATA CENTERS CRS/Data Centers and Water Report

On July 31, CRS released a primer on data center water use, sourcing, and regulation, along with a tracker of 119th Congress bills addressing the issue. The report covers cooling technology types, discharge and permitting requirements under the Clean Water Act, and water rate structures familiar to most water professionals.

On federal water infrastructure, CRS found no data center operator with a direct water supply agreement with Reclamation or the Army Corps of Engineers, based on research conducted in early July. Indirect connections are more common: the report identifies at least 66 data centers completed or under construction in Central Arizona served by municipalities—Phoenix, Tucson, Scottsdale, and Mesa—that draw significant supplies from the Central Arizona Project and the Salt River Project.

The report also documents friction between data center developers and irrigation districts in two western cases, illustrating one route developers may pursue to access surface water outside the municipal system: Marana, Arizona barred its water department from serving data centers with potable water in 2024, leaving a proposed facility to seek nonpotable water from the Cortaro Marana Irrigation District instead. In an unincorporated area of Imperial County, California, a developer sued the Imperial Irrigation District after it denied a request to convert conserved agricultural water to industrial cooling use. CRS suggests local restrictions like Marana's may shape developer interest in siting data

centers outside municipal service areas altogether, as in the Imperial County case.

The report's legislative tracker includes several bills with implications for western water, including the GROW SMART Act (S. 3737), which would expand Reclamation's Drought Response Program—currently limited to state and local governments and water or power delivery entities—to include data centers and other industrial or commercial entities as eligible applicants for drought resiliency project support.

H.R. 9442 and its Senate companion, S. 4214 (Artificial Intelligence Data Center Moratorium Act), would halt new data center construction pending further AI safeguards, requiring quarterly Department of Energy (DOE) reporting on water usage and discharge in the interim.

The only data-center water provision enacted to date is Section 1531 of the FY2026 National Defense Authorization Act (NDAA) (P.L. 119-60), which added water usage estimates to the Defense Department's data center reporting requirements for military installations. The pending FY2027 NDAA provision, S. 4784, would expand and increase the frequency of that reporting.

The remaining bills include a number of water-use transparency and reporting requirements (S. 3852, S. 4213/H.R. 9825, S. 5054, H.R. 9777) and water reuse tax incentives (H.R. 2940, H.R. 6900, H.R. 9419), alongside two study mandates directed at DOE, EPA, and the National Academies (H.R. 7858, H.R. 9629).

CALENDAR OF EVENTS

2026 Events

September 21-22	Upper Missouri Water Association Conference, Ramkota Hotel & Conference Center, Pierre, South Dakota
November 2	NWRA 2026 Annual Conference and Leadership Forum, Coronado, California
December 8-10	63rd Annual Joint North Dakota Water Convention and Irrigation Workshop

2027 Events

April 12–14	National Water Resources Association, Policy Conference, Royal Sonesta WDC Capitol Hill, Washington, DC
-------------	---



WATER TOPICS OVERVIEW COMMITTEE

Thursday, September 17, 2026
Roughrider Room, State Capitol
Bismarck, North Dakota

9:00 a.m. Call to order
 Roll call
 Consideration of the [minutes of the June 10, 2026, meeting](#)
 Comments by the Chairman

REQUIRED REPORTS AND UPDATES

9:05 a.m. Presentation by Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, regarding the Tax Reform and Relief Advisory Committee's study of the stripper well oil extraction tax exemption

9:15 a.m. Presentation by Mr. Reice Haase, Director, Department of Water Resources, regarding:

- The projects the State Water Commission has designated as a project receiving carryover funding, the total amount obligated to a project receiving carryover funding, the total amount of funds not yet obligated to a project receiving carryover funding, and the prioritization of each project seeking cost-share funding
- The plans to implement the recommendations of the department's studies relating to the state's cost-share policies and governance and finance of regional water systems
- An update on Missouri River water usage by stakeholders within and outside the Missouri River Basin
- Recent activities of the department
- Other statewide matters concerning water-related topics

10:30 a.m. Break

10:40 a.m. Presentation by Mr. Spencer Halvorson, Executive Director, Lake Agassiz Water Authority, regarding the results of the Department of Water Resources' study of the governance and finance of regional water systems

11:00 a.m. Presentation by Mr. Duane DeKrey, General Manager, Garrison Diversion Conservancy District, regarding the results of the Department of Water Resources' study of the governance and finance of regional water systems

11:20 a.m. Presentation by a representative from the Northwest Area Water Supply Authority regarding the results of the Department of Water Resources' study of the governance and finance of regional water systems

11:40 a.m. Presentation by Ms. Jen Murray, Manager and Chief Executive Officer, Southwest Water Authority, regarding the results of the Department of Water Resources' study of the governance and finance of regional water systems

12:00 noon Public comment and committee discussion

12:15 p.m. Recess

- 1:00 p.m. Presentation by Mr. Marty Haroldson, Director, Division of Water Quality, Department of Environmental Quality, of a report regarding the use of one-time funding for regulation of onsite wastewater treatment systems
- 1:20 p.m. Presentation by Mr. Darin Hanson, Director, Homeland Security and Emergency Management Division, Department of Emergency Services, regarding the cybersecurity of critical water infrastructure within the state
- 1:40 p.m. Presentation by a representative from the Information Technology Department regarding the cybersecurity of critical water infrastructure within the state
- 2:00 p.m. Presentation by Mr. Haase regarding an update on the Northwest Area Water Supply Project
- 2:20 p.m. Presentation by Ms. Murray regarding an anticipated request for which the state cost-share is estimated to be \$10 million or more for the authority's water supply infrastructure
- 2:40 p.m. Presentation by the Legislative Council staff of a memorandum summarizing the requests submitted to the committee for which the state cost-share is estimated to be \$10 million or more during the 2027-29 biennium
- 2:50 p.m. Committee discussion regarding the prioritization of each project submitted to the committee pursuant to North Dakota Century Code Section 54-35-02.7(2)

ADMINISTRATIVE MATTERS

- 3:30 p.m. Comments by interested persons
- 3:45 p.m. Staff directives and final motions
- 4:00 p.m. Adjourn

A livestream of the meeting will be available to the public at: <https://video.ndlegis.gov>.

Committee Members

Representatives: Steve Swiontek (Chairman), Mike Beltz, Mike Berg, Jay Fisher, Karla Rose Hanson, Jon O. Nelson, Todd Porter, Dan Ruby, Matthew Ruby, Daniel R. Vollmer

Senators: Randy A. Burckhard, Michael Dwyer, Justin Gerhardt, Larry Luick, Ronald Sorvaag, Paul J. Thomas, Mark F. Weber

Staff Contacts: Dustin A. Richard, Counsel
Levi Kinnischtzke, Senior Fiscal Analyst

AGENDA

Perkins County Rural Water System Board Meeting

Date: August 13th, 2026 Time: 4:30 PM

PCRWS Office, Bison, SD

1. Call to Order.....President

A) Additions and Approval of AgendaBoard**

B) Minutes of July 9th, 2026Board**

2. Financial Report.....

A) Approve paid and unpaid billsBoard**

B) Financial ReportsBoard**

3. Delegations

4. Bartlett & West.....Nathan Danner

5. Managers Report.....Staff

6. Directors Reports.....Board

7. All Other Matters.....Board

Adjournment

Next Meeting

Date: September 10th, 2026 Time: 4:30 pm

****BOARD ACTION NECESSARY**

Perkins County Rural Water System, Inc.
104 West Main Street PO Box 160 Bison, SD 57620-0160
Tele: (605)244-5608 Fax: (605)244-5926
E-MAIL: pcrws@sdplains.com WEBSITE: www.pcrws.com

July 9, 2026

The regular monthly meeting was called to order by President Don Melling at **4:30 PM MT** at the Perkins County Rural Water Sys. Inc. boardroom in Bison, SD. Other directors present were Brian Morris (4:35 pm), Lynn Frey, Pat Dalzell and Luke Clements. Board members absent were none. Also in attendance were Shiloh Baysinger and Brandi Baysinger, staff.

Agenda

Motion by **Luke Clements**, seconded by **Lynn Frey**, to approve agenda, motion passed.

Minutes

Motion by **Pat Dalzell**, seconded by **Luke Clements**, to approve the June 11th, 2026, minutes, motion passed.

Financial Report

Motion by **Lynn Frey**, seconded by **Pat Dalzell**, to approve paid and unpaid bills, motion passed.

Motion by **Don Melling**, seconded by **Luke Clements**, to approve financial reports, motion passed.

Delegations

None.

Bartlett & West

Metcalf is starting on the Archeological survey, and a tentative route was shared with the board.

Managers' Report

Shiloh Baysinger reported on his visits with the landowners regarding the potential route and the survey crew being present. The meter pit at L12 was replaced; correspondence from the representing attorneys for the PFAS lawsuit was reviewed; and things have been going well during the warm temperatures.

Director's Report

Luke Clements reviewed the last SDARWS meeting including National RW still taking information regarding RD and how they can possibly help and that StartUp SD has money for apprenticeship programs.

Lynn Frey reported that 3 members of SDARWS came for lunch; SD WARN is changing their fee structure; RWC is hosting a Trap Shooting contest; pumps are being replaced; \$500 was raised at the fishing tournament for SDWARN; Nat'l RW made a video with SDARWS for marketing and training; Kurt Pfeifle wrote a good article that was published in the *ND Water* magazine; 2 more delegates will be attending the national RW conference; 2 more people were added to the government relations committee and they approved up to \$500 to individual candidates during elections cycles at the committees discretion; Executive Director evaluation was positive.

All Other Matters

None.

Meeting adjourned at **5:05 pm MT**

Next meeting August 13th, 2026, at 4:30 pm MT.

**Southwest Water Authority
Board of Directors**

**Parking Lot
September 8, 2026**

Item

Date put on Parking Lot

Agenda Date

Planning Agenda

DATE: Monday, October 5, 2026 TIME: 9:00 A.M. MDT LOCATION: SWA O&M Center Office
 ASSIGNMENTS

☐ Director Eaton ☐ Wendy Serhienko ☐ _____ ☐ _____
 Scribe/Flip Chart Minutes Reporter
☐ _____ ☐ Director Engelhardt ☐ _____ ☐ _____
 Timekeeper Process Observer Warm-up

MEETING OBJECTIVE _____

PLAN		ACTUAL CLOCK	AGENDA ITEMS	WHO	METHOD	DESIRED OUTCOMES
TIME	CLOCK START					
			Call to Order – Pledge of Allegiance			Meeting readiness
			Review Agenda			Additions, focus meeting
			Consent Agenda		Voice Vote	Meet legal requirements
			Board Monitoring Policy III.A. Governing Style		Monitoring	
			Policy II.C. Executive Limitations-Financial Condition		Roll Call	
			Policy II.E. Executive Limitations-Asset Protection		Roll Call	
			Review issues pending / Parking Lot / Plan next agenda			
			Monitoring			
			Adjourn			