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WAWSA Industrial Sales Slow Down

The Western Area Water Supply Authority (WAWSA) is closely monitoring industry conditions in northwestern North Dakota. The downturn in oil activity in the Bakken means decreasing industrial water sales revenue. The reduction in the number of drilling rigs coupled with an increasing amount of competition for water sales led to a 50 percent decrease in WAWSA's industrial water revenue between the first and second quarters of 2015. “The revenue we bring in from industrial water sales is crucial because we use those funds to pay back the loans from the State of North Dakota. We have a long-term plan for paying off WAWSA's loans. The dip in revenue this year has been worrisome. However, we are committed to working with the State to ensure the loans are repaid,” says Jaret Wirtz, WAWSA Executive Director.

WAWSA sells water at nine bulk fill depots as well as via direct pipeline connections to industrial customers. The State-backed Western Area Water Supply Project (WAWSP) is one of the first successful Public-Private-Partnerships in North Dakota. Oil companies purchase water from WAWSA for use during the hydraulic fracturing process, as well as other drilling, completion, and production activities. The revenue WAWSA receives from selling water to the oil industry is used to pay back loans from the Bank of North Dakota. To date, WAWSA has received approval for \$309 million from the State to construct a domestic water system that delivers treated drinking water from the Williston Regional Water Treatment Plant and R&T Water Treatment Plant to more than 70,000 people in the Cities of Williston, Watford City, Ray, Tioga, Stanley, Wildrose, Crosby, Fortuna, Noonan, Columbus and Ross, as well as several rural areas.

State funding for WAWSA through the 2015-2017 biennium includes 32 percent State grants and 68 percent funding from various sources, such as loans from the Bank of North Dakota, the State Water Commission, and other State sources. This split includes a much lower grant percentage than what is typically approved for regional or rural water systems in North Dakota.

Since 2013, WAWSA has repaid \$21.5 million in principal and paid \$8.6 million in interest to the State of North Dakota towards loans backed by industrial water sales. On the first note required to be repaid, WAWSA worked with the Bank of North Dakota to prepay on the principal through June of 2017 during months of higher industrial water sales. “We’ve purposefully paid ahead on these loans during periods of higher revenue to ensure we’re making good on our end of the deal with the State,” says Wirtz.

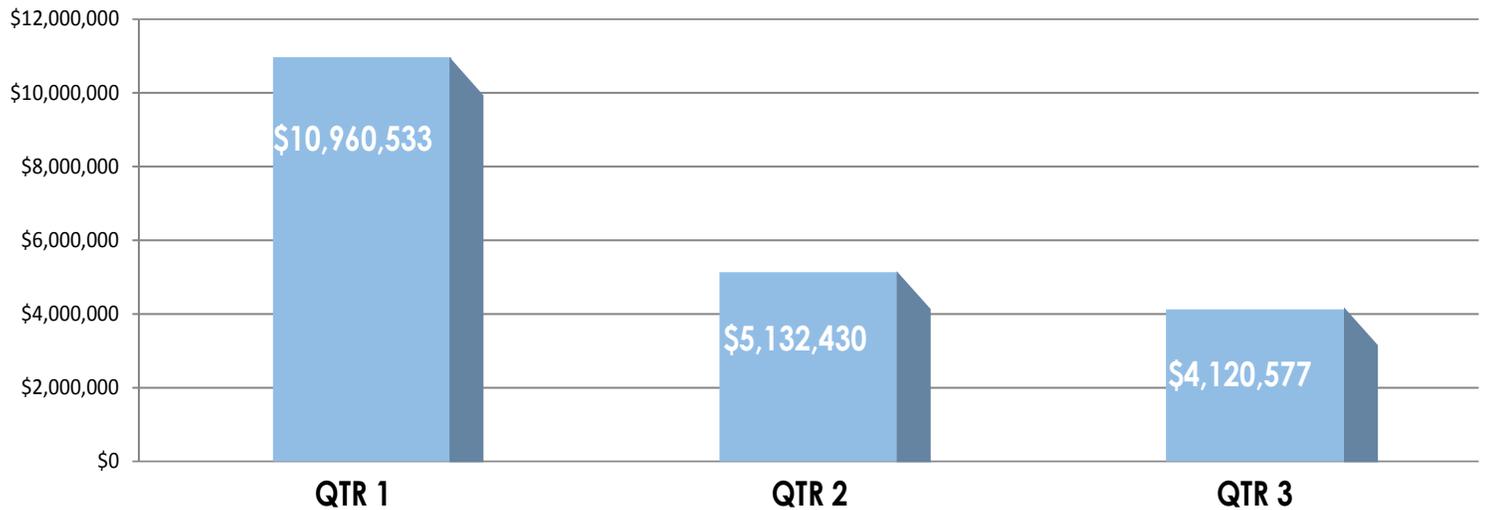
The increasing amount of competition for industrial water sales has tightened the market. In 2013, the North Dakota Legislature created a free market for oil and gas industrial water sales through the passage of SB 2233. **(Continued on Page 2.)**

WAWSA Industrial Sales Slow Down (Cont.)

“The free market led private companies utilizing Missouri River and Yellowstone River water to build several pipelines throughout McKenzie and Williams Counties. These private water pipelines can be built directly to where the industrial water demands are the greatest. However, since the WAWSP is first and foremost a public drinking water project, WAWSA has committed to limiting its new infrastructure only to areas where we will serve domestic municipal and rural water customers,” says Wirtz.

Currently, WAWSA has no immediate plans for additional depots. Instead, WAWSA has focused on direct pipeline connections for industrial clients. “WAWSA continues to depend on State funding to build out the public drinking water system. We’re grateful for the State’s past, current, and future support for the project. We’re going to ride out this bumpy patch and hope for improving market conditions in 2016,” says Wirtz. ■

WAWSA 2015 Industrial Sales Revenue



Easement Rule Implemented to Maintain Efficient Construction Process

In an effort to keep the construction process moving along as efficiently as possible, the Western Area Water Supply Authority (WAWSA) Board has adopted a new rule regarding easements. WAWSA has decided that it will not request bids for construction until 90 percent of the easements for each section of the Western Area Water Supply Project (WAWSP) have been acquired. “WAWSA implemented the 90 percent rule in an effort to ensure contractors will be able to get to work as soon as possible after we accept a bid. When we have a large number of easements that have not been acquired, it really holds up construction, and those delays cost money. Without landowner cooperation, water service will be delayed and costs will inevitably increase. This may require us to reduce the size of the project and delay service to some users indefinitely,” explains Jaret Wirtz, WAWSA Executive Director.

After several months of delays to acquire the necessary easements, WAWSA recently awarded bids for projects in the Epping, Stanley, and Burke-Divide-Williams (BDW) Water System Association service areas. About 175 new customers in rural Stanley and 175 more near Epping are slated to receive service when WAWSA’s pipeline projects are completed. **(Continued on Page 3.)**

SWC Approves \$70M in Cost-Share Funds for WAWSA

The State Water Commission (SWC) approved \$70 million in cost-share funds this fall for the Western Area Water Supply Project (WAWSP). In all, the SWC gave approval to \$160 million in water projects across the State, with the WAWSP receiving the largest share.

The \$70 million in funding will go towards the project's Phase IV improvements, to be completed between 2015 and 2017. In all, the projects will cost about \$80 million.

WAWSA is working with the Bank of North Dakota to acquire an additional \$10 million loan. The total cost of the WAWSP is estimated to be \$479 million. The WAWSP is projected to provide water to 125,000 people by 2038. ■

WAWSA Phase IV Improvements 2015-2017

The \$70M cost-share funds and requested \$10M loan from the Bank of North Dakota will be allocated to capital improvements projects over the current biennium as shown in the table to the right:

BDW – Part 1 Alternate 1 Rural Distribution	\$5,786,000
MCWRD – System I – Part 1 Alternate 1	\$2,371,000
R&T – North Tioga Rural Distribution	\$4,494,000
WRWD/R&T – Epping – Part 1 Base Rural Distribution	\$5,333,000
WRWD/R&T – Epping – Part 1 Alternate 1 Rural Distribution	\$4,446,000
WRWD/R&T – Epping – Part 1 Alternate 2 Rural Distribution	\$1,633,000
WRWD – Blacktail Dam Distribution – Part 1 Alternate 1	\$3,382,000
BDW South Crosby Rural Distribution	\$4,297,000
R&T – Stanley Distribution – Part 1 Rural Distribution Base	\$8,200,000
R&T – Transmission Main – Stanley High Point Reservoir to Stanley	\$8,360,000
R&T – Transmission Main – City of Ray	\$1,090,000
Williston/WRWD – East Williston Transmission – Pipeline	\$8,500,000
MCWRD – Watford City South By-Pass Transmission Main	\$5,565,000
MCWRD – System I – Part 1 Alternate 2 and Alternate 3	\$5,082,000
R&T – Transmission Main – Tioga High Point Reservoir to Tioga	\$3,100,000
R&T – Stanley Distribution – Part 1 Alternate 1	\$2,950,000
R&TWSA – White Earth West Rural Distribution Part 1 Base	\$3,000,000
Williston WTP Pretreatment Chemical Feed/Controls	\$1,469,000
TOTAL	\$79,058,000

In the BDW area, about 170 people will benefit from the WAWSP connection. The BDW project is expected to be complete in late 2016, and rural Stanley and Epping should to be complete in mid-2017.

“I know landowners are experiencing some easement fatigue right now. They may feel like they’re constantly being asked for access to their land, and I understand that it is frustrating. However, WAWSA’s pipelines will deliver high-quality treated water to your property as well as the properties of your family, friends, and neighbors,” says Wirtz. Moving into 2016, easement requests are expected to be sent out to property owners in rural Stanley, south of Crosby, and the White Earth Valley area. “We want property owners to remember the risks associated with other pipelines do not apply to drinking water. In addition, our post-construction reclamation services have improved over the past four years. We have the right equipment to make sure we leave the land as we found it. We really want landowners to be comfortable with the process,” says Wirtz.

Landowners who have questions about easements can contact Nathan Kleyer, WAWSA Easement Coordinator, at 701-774-6605. ■

“Like” the Western Area Water Supply Authority on Facebook



The Western Area Water Supply Authority is now on Facebook! Check out our page to see WAWSA’s project news, construction photos, and industrial water depot status updates.

“We’ve been sharing depot open and closure information on our Facebook page for a few months. It’s an easy way for industrial customers to stay up to date on lane closures or schedule changes due to maintenance,” says Todd Pokrzywinski, WAWSA Operations Manager.

To find WAWSA’s page, search for Western Area Water Supply Authority on Facebook and remember to “like” the page to receive our posts in your news feed. ■