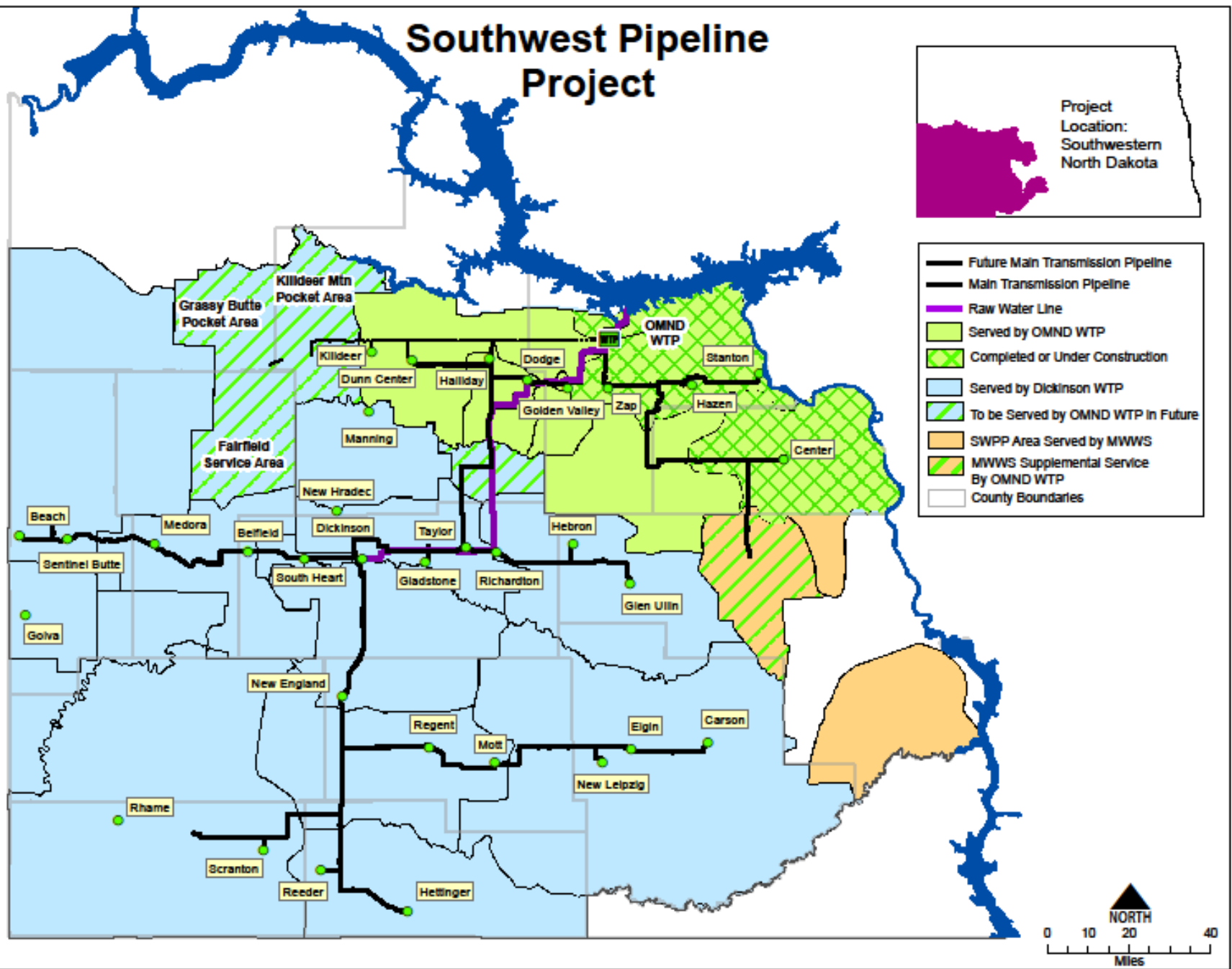
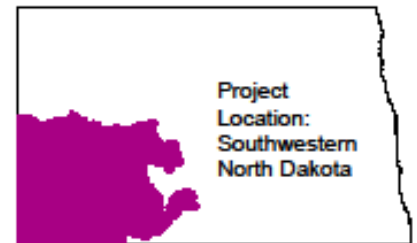


Rural Water Development in Oil Country



PEOPLE AND BUSINESS SUCCEEDING WITH QUALITY WATER

Southwest Pipeline Project



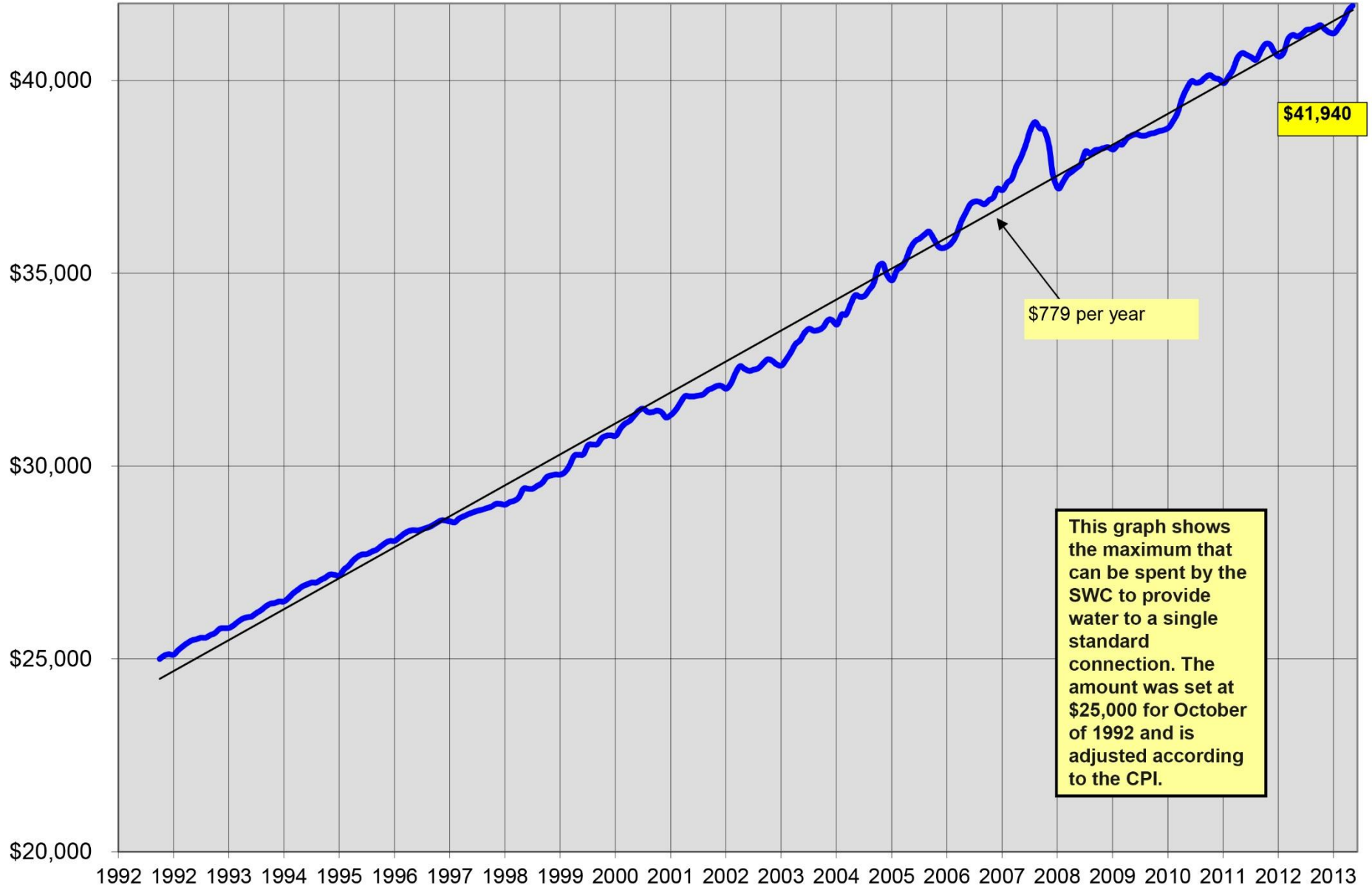
How the Southwest Pipeline Project works:

- 100% owned by the state of North Dakota and administered by North Dakota State Water Commission (SWC).
- Southwest Water Authority (SWA) Board of Directors guide the planning of service areas and set policy. Elected to 4-year terms in June Primary.
- SWC approves, bids, awards and oversees construction of contracts.
- When complete the SWC transfers O&M to SWA.

Feasibility Criteria

- All rural customers must meet feasibility criteria set by the SWC and SWA Board of Directors before construction of the SWPP.
- Feasibility Criteria was established in 1992 and adopted by SWC and SWA in 1993.
 - Primarily based on need
 - Greater than 50% of potential hookups in Rural SA
 - Maximum Cost Per User (service unit)
 - \$41,940 ESU (equivalent service unit) – 2014
 - Established in October 1992 - \$25,000 ESU
 - Adjusted annually to the CPI

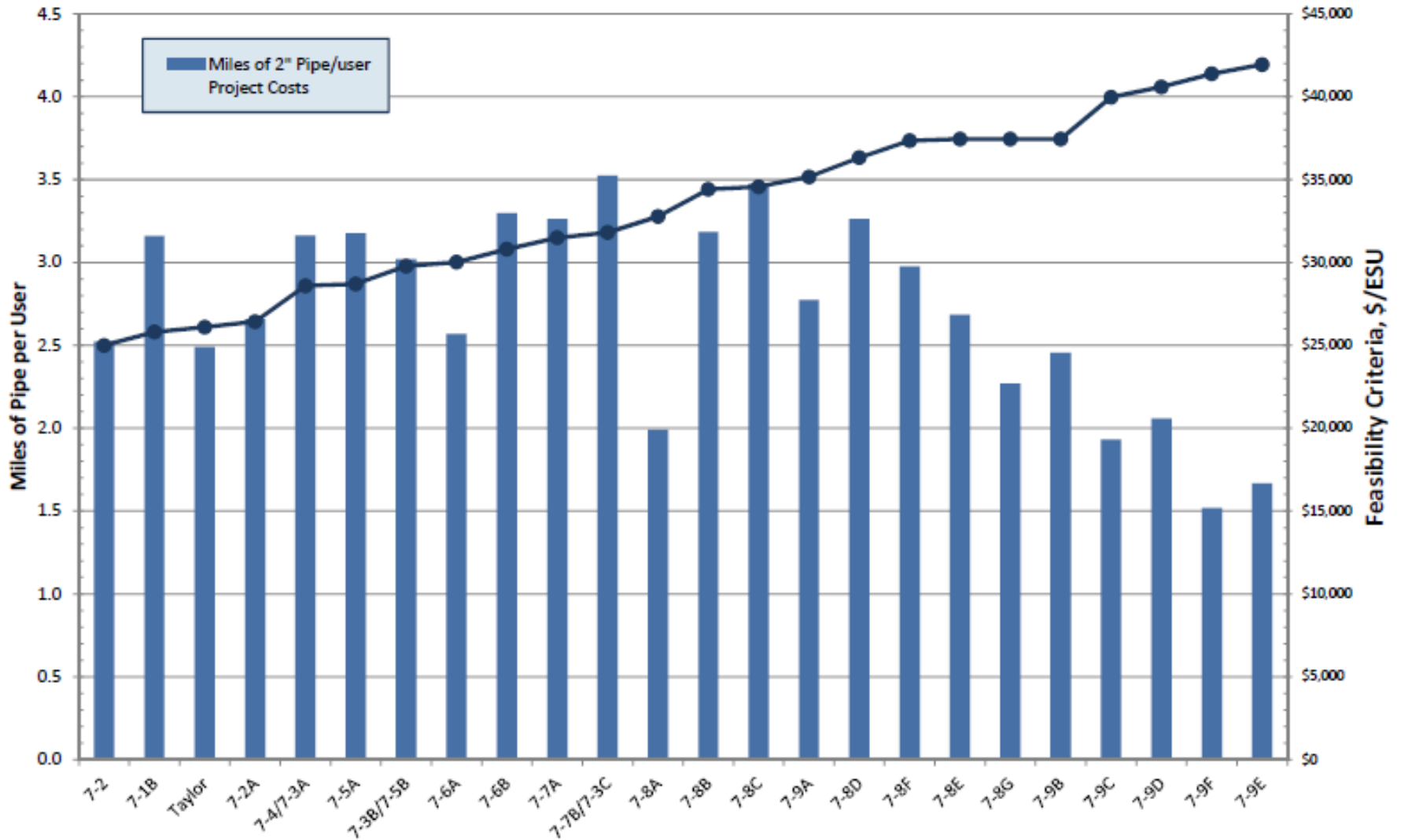
Southwest Pipeline Project Maximum Construction Cost for Standard User



Southwest Pipeline Project

Feasible Miles of Pipeline Per User

based on 20' 1 1/2" pipe, 2" valve and box, meter assembly, curb stop, 1 Type 4 road crossing
remainder divided by 2" pipe cost



Capital Repayment

- 1982 study based on ability to pay
- SWA pays back to the State to the Resources Trust Fund and to SWPP Bond Bank (bond payments go away this year)
- To date, \$39.6 million paid back
- \$5.2 million budgeted for 2014
- \$4.5 million paid back in 2013
- \$7 million in pay back projected per year

Water Rates

	1992	1999	2005	2010	2012	2014
Operations & Maintenance	\$0.80	\$0.83	\$1.05	\$1.06	\$1.12	\$1.12
Treatment	\$0.56	\$0.56	\$0.55	\$0.65	\$0.75	\$0.80
Replacement & Extraordinary Maintenance	\$0.30	\$0.35	\$0.35	\$0.35	\$0.35	\$0.50
Capital Repayment	\$0.62	\$0.79	\$0.91	\$1.04	\$1.09	\$1.12
Reserve Fund	-	\$0.05	\$0.12	\$0.07	\$0.07	\$0.07
Contract Rate Total	\$2.28	\$2.63	\$2.98	\$3.17	\$3.28	\$3.61
Capital Repayment % of Total	27.19%	30.04%	30.54%	32.81%	32.25%	31.02%
Rural Monthly Minimum	\$25.00	\$35.10	\$38.25	\$41.10	\$43.35	\$39.30
Rural Water Rate	\$2.50	\$2.56	\$3.60	\$3.70	\$3.86	\$4.06
Capital Repayment for Rural	\$20.00	\$23.64	\$27.79	\$32.13	\$33.22	\$34.30
Capital Repayment % of Total	80.00%	69.73%	72.65%	78.18%	76.63%	87.28%
Consumer Price Index	2.90%	1.36%	2.65%	-1.50%	3.78%	1.53%

Proudly Serving Quality Water to:

- More than 58,000 residents
- 31 communities
- Over 5,350 rural service locations
- 28 contract customers
- 23 raw water customers
- 3 crew camps
- 2 rural water systems
- 2 raw water depots

15 Elected Board of Directors

Representing 12 counties and two cities in Southwest North Dakota

+ \$100 million Funding request for the 2015-2017 biennium



Proudly serving more than **58,000** residents in Southwest North Dakota

More than

\$5 Million

budgeted in 2014 for Capital Repayment



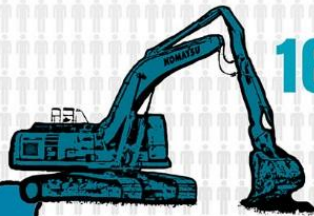
21 Water Storage Reservoirs

Range in sizes from 197,000 to 6,000,000 gallons



2 Water Treatment Plants

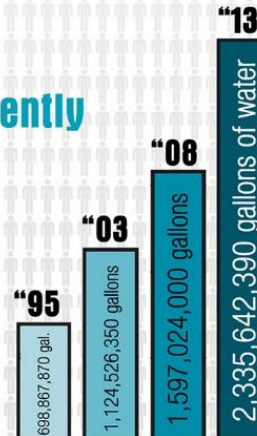
Capacity of 15.5 million gallons per day



16 contracts Currently

Under Construction

Water Sales Growth



More than 4,260 miles of Pipeline

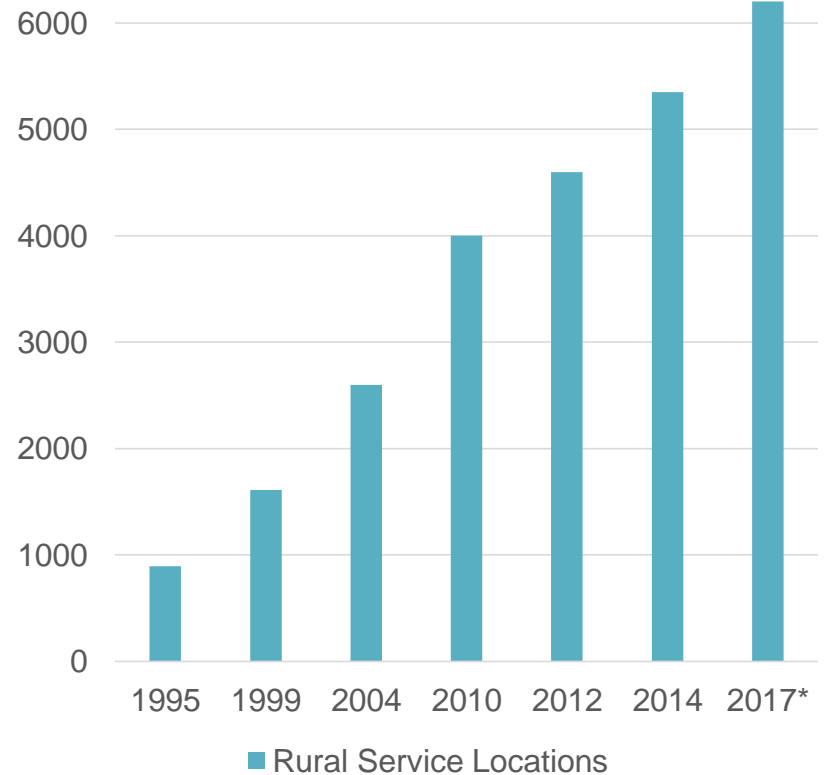
An additional 600 miles will be added when current construction projects are complete.



Serving more than 5,350 rural service locations

Rural Service Locations

Year	Rural Service Locations
1995	894
1999	1,610
2004	2,600
2010	4,000
2012	4,600
2014	5,350
2017*	6,200



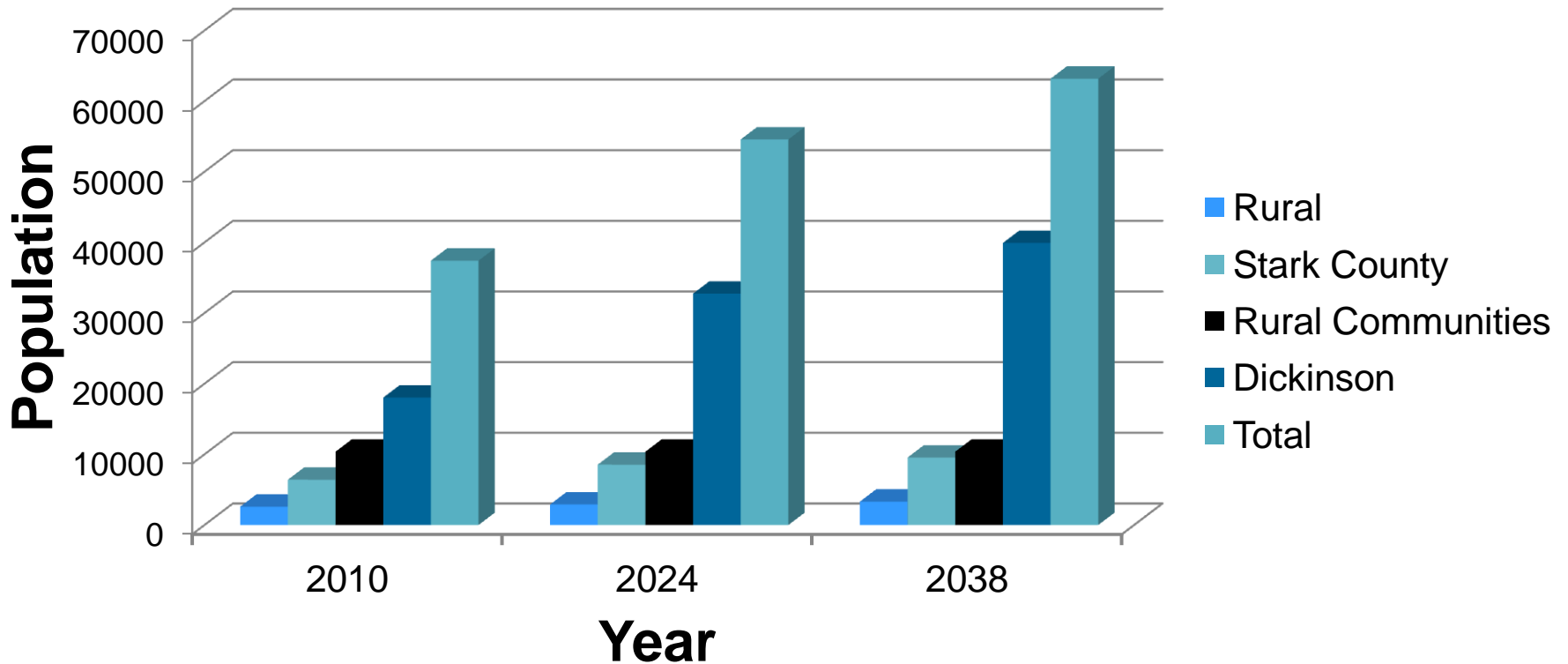
When construction is complete will add more than 850 rural service users.

Growth of SWA

- New O&M Building in 2013
- 43 Current Employees
- 4 Satellite Offices
- 2 Water Treatment Plants
 - OMND WTP
 - WTP in Dickinson



Projected Growth Impacts

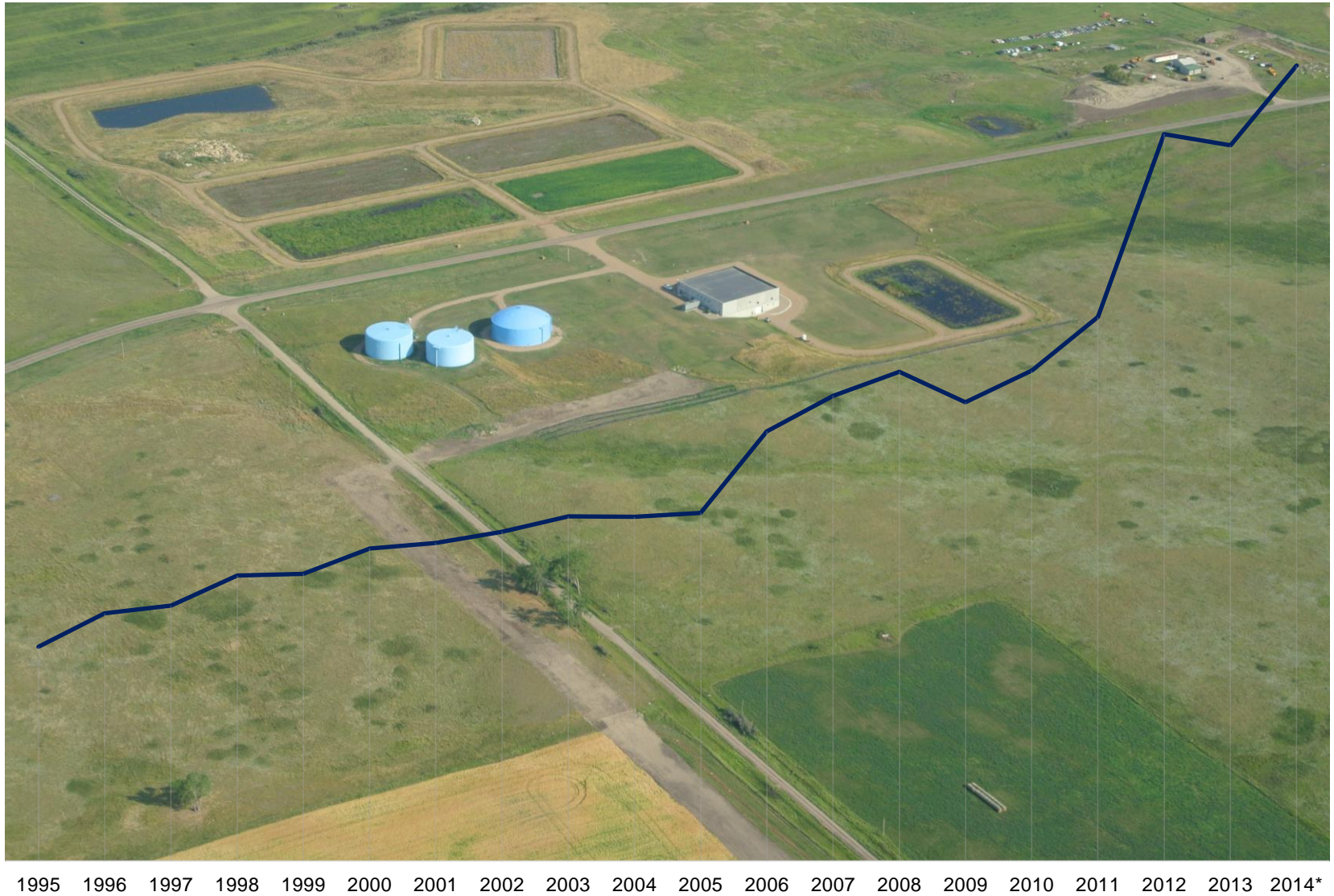


Southwest North Dakota Population Change

- 2011 – 36,000 Population
- 2014 – 58,000 Population
- 22,000 population change in 4 years

Growth Impacts

Total Water Usage by All Customers



Growth Impacts

Total Water Usage by Rural Customers



Rural Water Construction

- 7-9F – East Center Service Area
 - Currently under construction
 - 230 miles of pipeline
 - 330 water users
- 7-9E – West Center Service Area
 - Construction will begin later this year
 - 250 miles of pipeline
 - 255 water users
- 7-9G – Dunn Center Service Area
 - Final design phase
 - Class III Cultural Resource Survey
 - 270 miles of pipeline
 - 281 water users



Oil Impacts

- Competition for Employees
 - Cost to Hire
 - Safety Issues
 - Housing Costs
 - Cost of Living
- Need for More Water
 - Communities expanding into SWPP SA
 - Rural Growth
- Construction
 - Cost has increased exponentially
- Pipeline Crossings
- Moving Pipeline
- Damage to SWPP facilities by contractors

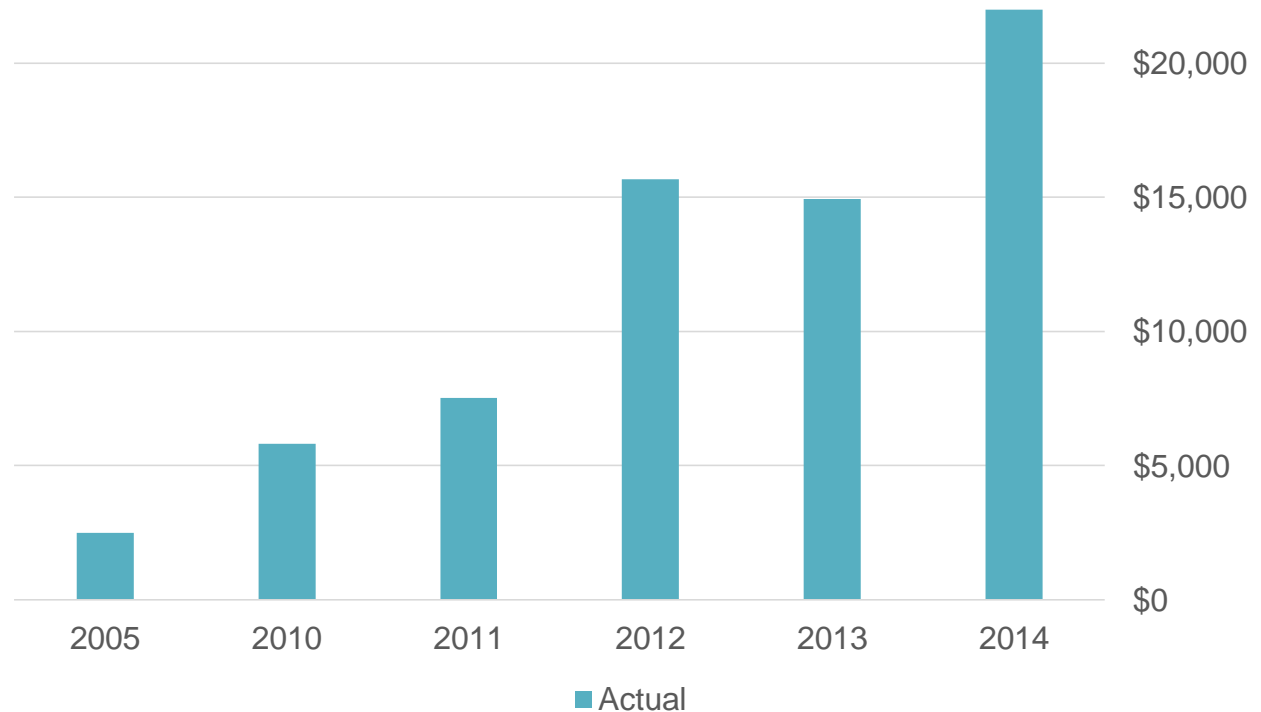


811 - One Call Budget

Year	Actual
2005	\$2,492.10
2010	\$5,804.50
2011	\$7,529.60
2012	\$15,682.17
2013	\$14,943.00
2014*	\$22,000.00

*2014 Budget

\$7,000 budget increase in 2014
\$1.10 per ticket does not include staff
time or mileage spent per ticket



**Know what's below.
Call before you dig.**

Challenges - Construction Costs

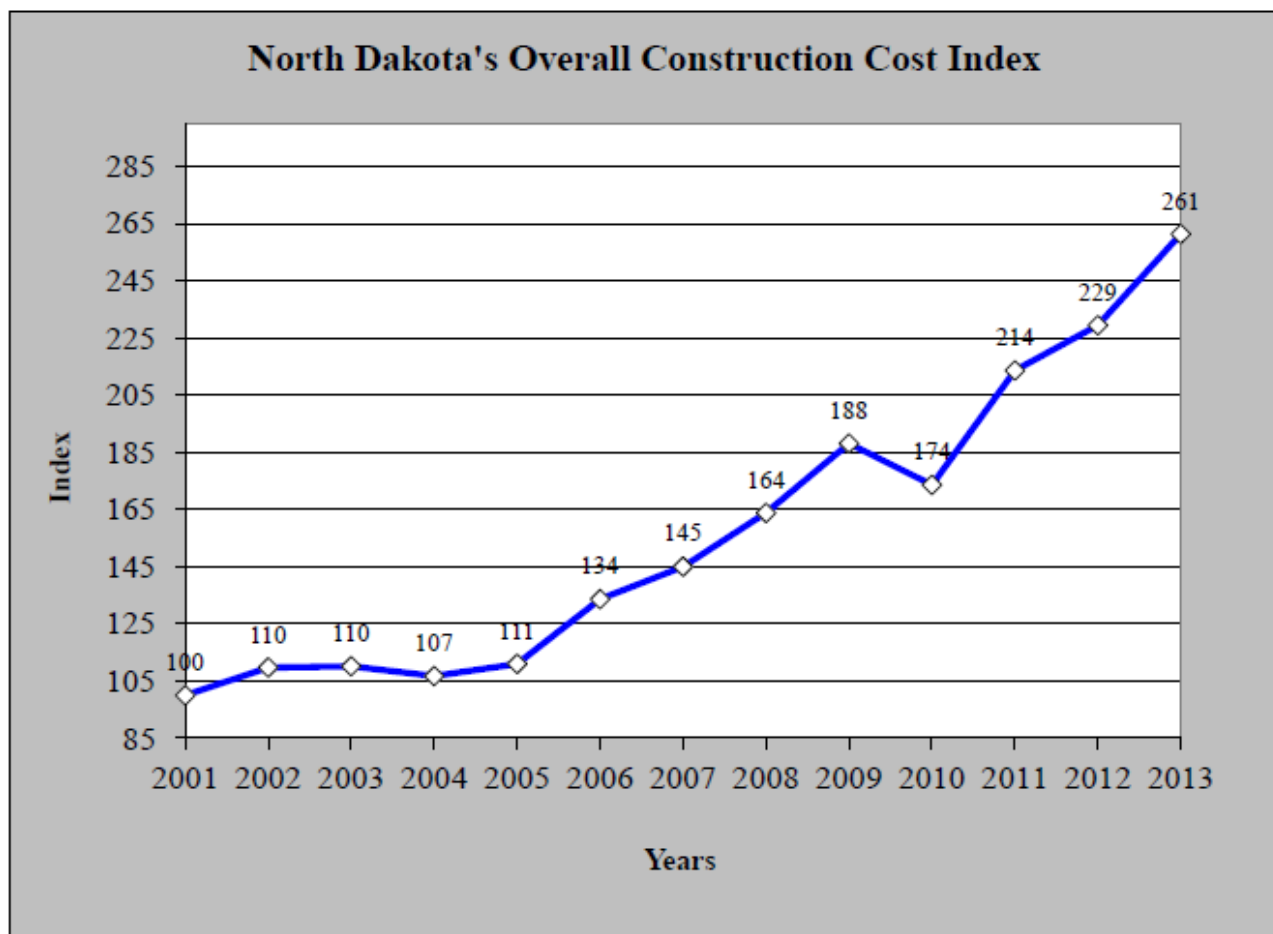


Chart illustrates what cost \$1.00 in 2001, cost \$2.61 for North Dakota construction in 2013.

Cost Of Doing Business

Project Type	West	East	% Difference
Concrete Overlay	\$ 1,066,879.04	\$ 660,465.00	61.5%
Mine & Blend	\$ 1,870,656.85	\$ 854,075.36	119.0%
Structural Overlay	\$ 655,166.24	N/A	N/A
Minor Rehab	\$ 509,033.32	\$ 292,557.86	74.0%
Mill & Overlay (4 Lane)	N/A	\$ 250,160.16	N/A
Mill & Overlay (2 Lane)	\$ 762,279.55	\$ 224,328.68	239.8%
Thin Lift Overlay	\$ 188,057.82	\$ 156,991.53	19.8%

Numbers are based on a limited number of construction projects; numbers can change with every new contract awarded.

Thank You

Learn More about SWA



Website: www.swwater.com

Find us on Facebook at www.facebook.com/swwater

PEOPLE AND BUSINESS SUCCEEDING WITH QUALITY WATER