

Manager's Message # by Ray Christensen, Manager/CEO

Medora-Beach Phase II construction slated to progress throughout several service areas

As many of you know, prior to construction, funding must be secured and construction bids obtained. While Southwest Water Authority (SWA) operates and maintains the Southwest Pipeline Project (SWPP) and works to secure state and federal funding, the project is actually owned by the State of North Dakota. Therefore, any construction that occurs must be authorized by the ND State Water Commission. We are very pleased to announce the

ND State Water Commission recently approved construction for a significant amount of the Medora-Beach Phase of the SWPP project.

We are proud to report that construction for Phase II of the Medora-Beach Service Area will begin in earnest this fall, with anticipated completion by September, 2007. The areas specifically scheduled for construction include the:

- Beach and Golva Service Area, including the city of Golva and 173 rural customers near Beach and Golva;
- Fifty-three rural users north of Belfield;
- South Fryburg Pocket, including 10 users south of Belfield; and
- Over 130 customers in eastern Morton County, including the Junction Inn, Tower Hill and North Crown Butte Service Areas.

We anticipate construction in the Beach, Golva, Belfield and Fryburg areas to be substantially complete by July 15, 2007, and construction in the Morton County pockets to be substantially com-

plete by September 1, 2007.

Note that three pockets within the Medora-Beach Phase, including Trotters, Fairfield and a portion of south Fryburg, were not included for construction this biennium. This is due in part to project criteria issues and budget constraints at the state and federal level. We will continue to work diligently to secure adequate funding for these pockets, which will be included in Phase III and constructed, possibly during the 2007-2009 biennium.

Funding constraints will also limit the number of users that can be added to the project during the construction phase. Traditionally, SWPP has seen requests for service increase as construction commences in a particular area. Construction in these service areas is no exception. In fact, nearly 40 additional sign-ups were obtained between the time the construction bids were let and awarded. Additional sign-ups during the construction phase, while expected, will further tighten an already tight budget. Thus, at their September meeting the SWA Board of Directors decided to accept additional users, contingent upon adequate funding, on a first come, first served basis, provided that construction cost per user not exceed \$3,500. Additional users whose costs exceed \$3,500 will be considered at the end of the contract contingent upon available funding. A similar policy was utilized in previous construction areas, such as the Bowman-Scranton Service Area, where construction funds were limited.

Thank you to the many individuals who, from a grassroots level on up, worked diligently to secure funding for Phase II of the Medora-Beach Service Area. Your support is greatly appreciated and key to our success.



*Ray Christensen,
Manager/CEO*

Attention pasture tap customers!

It is time to read your meters. You should have received a reminder letter the beginning of October to read your meter. In November, you will receive a bill for next year's annual minimum and for October's reported water usage.



Binstock recognized for decade of service

Southwest Water Authority (SWA) directors and management recently recognized Dale Binstock, Chief Water Distribution Operator for ten years of service. Binstock was hired in May of 1995 after considerable expansion of the Southwest Pipeline Project created the need for an additional full time maintenance employee.

“Through time, Dale has proven his ability to adapt to new responsibilities and requirements,” said Lee Messer, SWA Water Distribution Manager. In 2001, Binstock was promoted to his present position, Chief Water Distribution Operator, supervising distribution staff and controlling inventory.

“Each employee brings unique skills to the job,”

said Messer. “Not only has Dale’s farm background proved beneficial for pipeline reclamation, his ability to converse with rural customers and landowners, with a dose of wit and humor, has proven to be an asset, as well,” he added.



Dale Binstock, SWA Chief Water Distribution Manager

Southwest Water Authority customer satisfaction survey draws winners!

Kenneth and Garnet Rajewsky of Bowman are the lucky recipients of 10,000 gallons of Southwest Pipeline Project Water. The Rajewskys participated in a Customer Satisfaction Survey conducted by the Southwest Water Authority (SWA).



Kenneth and Garnet Rajewsky, Bowman, recently won 10,000 gallons of SWPP water in a customer satisfaction survey drawing

The survey was conducted in the Bowman-Scranton Service Area. Three out of four respondents rated SWA water quality as **very good to excellent**. Respondents also ranked the staff’s courtesy, accommodation, knowledge and fairness in providing resolutions as **very good to excellent**.

Turner joins Southwest Water Authority as accountant

Dickinson, ND ~ Kim Turner has joined the staff of Southwest Water Authority (SWA) as an Accountant. Turner obtained a bachelor of science degree in accounting with a minor in business administration from Regis University, Denver, Colorado. Turner held various accounting positions over the years prior to joining SWA.

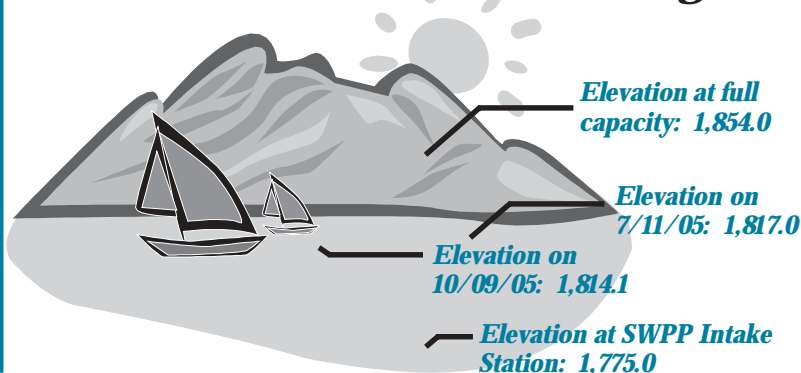
“We’re very excited to have Kim as a member of our team,” said Mary Massad, SWA CFO/Office Administrator. “We are certain that her past experience and education will be a great asset to SWA.”

Turner resides in Dickinson with her husband, Toby, who is part owner of Turner Plumbing of Dickinson.



Kim Turner, SWA Accountant

Lake Sakakawea - Elevation Gauge



Vickie’s water notes:

by Vickie Franchuk, Customer Service Representative

If you are planning on being away for the winter months, please contact our Customer Service Department at 701-225-0241 or toll-free at 1-888-425-0241. Make arrangements to pre-pay your monthly minimum bill or sign up for the Automatic Payment Plan and turn the water off until you return.





2004-05 PROGRESS *report*

2005 Funding Acquisition

Throughout the 2005 North Dakota Legislative Session, Southwest Water Authority (SWA) and the North Dakota Water Coalition collaborated to secure funding for water projects statewide. While the budget for water was downsized, SWA was successful in securing \$5.3 million in state funding, with \$4.7 million for construction. An additional \$3.6 million was sourced in the form of a loan/grant from the United States Department of Agriculture (USDA), bringing funding to \$8.3 million. This allowed construction to proceed for several service areas in the Medora, Beach, Morton Service Area. By mid-summer construction bids were opened for Phase II of the Medora, Beach, Morton Service Area including the city of Golva and rural customers near Beach, Golva, Fryburg, Belfield, St. Anthony and Breien and Junction Inn.

In late August, the ND State Water Commission (SWC) approved an additional \$1.1 million in state funding, bringing the total funding package for the Medora, Beach, Morton Phase II to \$9.4 million, including \$5.8 million in state funds and \$3.6 million in USDA funding.

Service to Morton County

A bulk water purchase agreement was reached between SWA and Missouri West Water System (MWWS) to cooperatively serve portions of Morton County. Under the agreement, SWA will tie into existing MWWS infrastructure and oversee construction bringing service to approximately 137 customers. When complete, SWA will purchase water from MWWS and provide service to those customers.

Rates Remain Stable

For the third year in a row, SWA Directors voted to absorb the required Consumer Price Index increase in capital repayment fees for both contract and rural customers. This action is consistent with the board's goal of stabilizing rates for customers and with the board's philosophy that SWA's objective is to manage, operate and maintain the pipeline, while covering costs.

Background Information

The Southwest Water Authority (SWA), a political subdivision, was established by the North Dakota State Legislature in 1991 to manage, operate and maintain the Southwest Pipeline Project (SWPP). The SWA is governed by a 14-member board of directors, elected on a four-year rotation. One director represents each county within the 12-county service area and two directors represent the city of Dickinson.

The SWPP, a state-owned project administered by the ND State Water Commission (SWC) and operated and maintained by SWA, transports raw water from Lake Sakakawea to Dickinson where it is treated and delivered to project customers in southwest North Dakota and Perkins County, South Dakota.

The SWPP pumped a total of 1.16 billion gallons of water from Lake Sakakawea in 2004, an increase of 14 million gallons over 2003. The water delivered to the end user was 97.1 percent of the total water pumped from Lake Sakakawea.

For 19 years, SWPP has been constructing an efficient network of pipelines, pump stations, reservoirs and treatment facilities bringing southwest North Dakota an adequate supply of quality water. The project currently serves 26 communities and approximately 2,500 rural customers. Service is also provided to eight contract customers, five raw water customers and Perkins County Rural Water System. Beach, Sentinel Butte, West Medora Campground and 70 rural customers received service in 2004. Medora chose to delay service until 2005 so individual service meters could be installed. Home on the Range also chose to delay service until 2005 so additional storage and booster pump installation could be completed to meet their distribution needs.



*Nothing ever comes to one that is worth
having except as a result of hard work.*
- Booker T. Washington

People and Business Succeeding with Quality Water

- Southwest Water Authority Vision

Beulah Interim Service

On August 31, 2005, the United States Department of Agriculture approved the funding necessary (\$1.1 million) to construct the Beulah Interim Project. Contingent upon meeting the requirements included in the letter of conditions, the project will deliver water from the city of Beulah to Country Club Estates, the city of Zap and several rural customers from Beulah to Zap. Although funding is available, construction is still contingent upon obtaining necessary contracts/agreements from the cities of Beulah, Zap and the SWC. Construction is expected to begin in 2006.

Rate Structure – Declining Block Rate

The declining block rate three year trial period that provided discounts to high volume users expired June 30, 2005. A review of the trial period results determined that goals established by the SWA Board of Directors were exceeded. Thus, the SWA Board of Directors voted to continue the declining block rate structure on a permanent basis.

Strategic Planning

In 2003, SWA Board Members conducted a comprehensive strategic planning session outlining the mission and vision of the SWA. Throughout 2004 and 2005 board members discussed and strategized the future course of direction to achieve their collective *mission: providing quality water for southwest North Dakota* and *vision: people and business succeeding with quality water*.

Red Trail Energy LLC

A raw water service contract is expected with Red Trail Energy LLC (RTE), after SWA determined system capacity could accommodate their needs without adversely affecting other customers. RTE will utilize SWPP water in the ethanol production process. Under terms of the agreement, RTE will become SWPP's second largest user, after the city of Dickinson.

New E-Mail Capabilities

In an effort to enhance communication among SWA staff and directors, two computer training sessions were held on the use of e-mail. The e-mail system will be utilized to relay pertinent information and provide a more timely method of communication among directors and staff.

Water Week Celebrated

SWA celebrated National Drinking Water Week May 1-7, 2005. Mayors from the cities of Dickinson, Beach and Sentinel Butte signed proclamations in support of the promotional week. An informational window display was developed and posters were sent to project partners and stakeholders, as well.

Customer Satisfaction High

Three out of four customers rated SWA water quality as *very good to excellent*, according to a customer satisfaction survey conducted in August, 2005. SWA staff also received high marks for customer service.

6th Annual Water Festival

The 6th Annual "Make A Splash" Water Festival was coordinated educating youth on the importance of quality water in their lives. Fifth grade students throughout the SWA 12 county service area were invited to attend the event held September 22 and 23 at the Dickinson Recreation Center. A special Thursday evening session, "Family Night," was open to the public, drawing over 500 participants in 2005.



The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.
- Roosevelt

Phased Development Plan

Current Development Phase:

Medora, Beach, Morton Phase West

Next and Final Development Phase:

Oliver, Mercer, North Dunn Phase North

Southwest Pipeline Project (SWPP) Funding Sources through June, 2005

State Funding (in millions of dollars)

Resources Trust Fund	\$	42.9
Water Development Trust Fund	\$	7.3
Subtotal	\$	50.2

Grants

Garrison Diversion Conservancy District		
Municipal Rural & Industrial Fund	\$	69.7
USDA-Rural Development	\$	9.2
Natural Resources Conservation Service PL566	\$	0.9
Subtotal	\$	79.8

State Bonds Repaid by Users

Public Revenue Bonds	\$	7.0
USDA-Rural Development	\$	8.8
ND Drinking Water Revolving Loan Fund	\$	1.5
Subtotal	\$	17.3

Total Funding \$ **147.3**

*It is when the well is dry,
that we know the price of water.*

- Ben Franklin



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