

EXHIBIT 15
DATE JAN 31, 2011
HR 6

HILL COUNTY WATER DISTRICT

SPEECH FOR TESTIMONY FOR JANUARY 2011

My name is Scott Decker, I am the manager/ operator for Hill County Water District. Our public water system serves a population of approximately 1720 people. Our primary objective is to supply safe drinking water to our customers is six small towns along hiway 2. These towns include Joplin, Inverness, Rudyard, Hingham, Gildford, and Kremlin. Water is also provided to many rural ranchers and farmers with branch lines that extend north and south from the six small towns. Our distribution system totals over 500 miles. This is 40 miles longer than the new Rocky Boy water line that is currently under construction. When the District was designed in 1965, resident meters were installed .We currently read and monitor 706 meters. Our system is like many of others in the state in the sense that it is aged and needs to have modern improvements. We currently disinfect our water with chlorine gas and ultra-violet disinfection. We feel that this is the most cost efficient way to disinfect our water to ensure that our customers are getting safe water o drink. However, chlorine gas is very dangerous to use! Proper safety equipment is necessary to provide a safe working environment for myself and our two other employees. In 2009, a sanitary survey was conducted, a deficiency was issued to the district for not having a proper ventilation system and safety hardware. In 2004, Mt.Deq issued a consent decree, as they had determined that our Fresno water source was unsafe for use without the implementation of a filtration plant. The District obtained bids for a new water treatment plant, but the bids exceeded the project budget by over 1 million dollars. Next the District decided to disconnect from its Fresno source and utilize a secondary source, which is an infiltration gallery that runs along the edge of the Marias River. Bids for this project went out in July of 2007, and the projected was completed on January 3,2008. The cost of this project was in excess of \$1.7 million dollars. DEQ has recently determined that this source is ground water. Currently the District has been able to meet the avoidance criteria by regulating the water flow. Our flow rate cannot exceed 430 gallons per minute. This was decided by the state after numerous sampling procedures. Anything above this flow rate has the potential of introducing possible contaminants that could create a health issue to our customers. During our peak months of pumping, this flow rate is insufficient. Because of water demands being so great, this creates low pressures in our distribution line, falling below the required 35 psi standards set by the state. This also has the potential to create a sanitary issue to our customers. We still remain under an amended consent decree that was issued in 2008. This decree states that if one bad water sample at the Marias Source, would instigate the construction of a new treatment plant. The board has determined that the most cost efficient option is the Regional Water System that is being constructed by the Rocky Boy Reservation and North Central Montana Regional Water Authority. The cost to participate in this system is estimated at a current cost of \$1.25 million dollars.

We take these issues very seriously. We have an engineering firm on staff to help us address the problems that I have stated to you. These are items that need to be resolved so our employees can continue to provide safe drinking water to our customers.

- (1) Safety issues involving three chlorination injection sites. Proper safety hardware on doors. Ventilation that would expel dangerous chlorine gas from the building

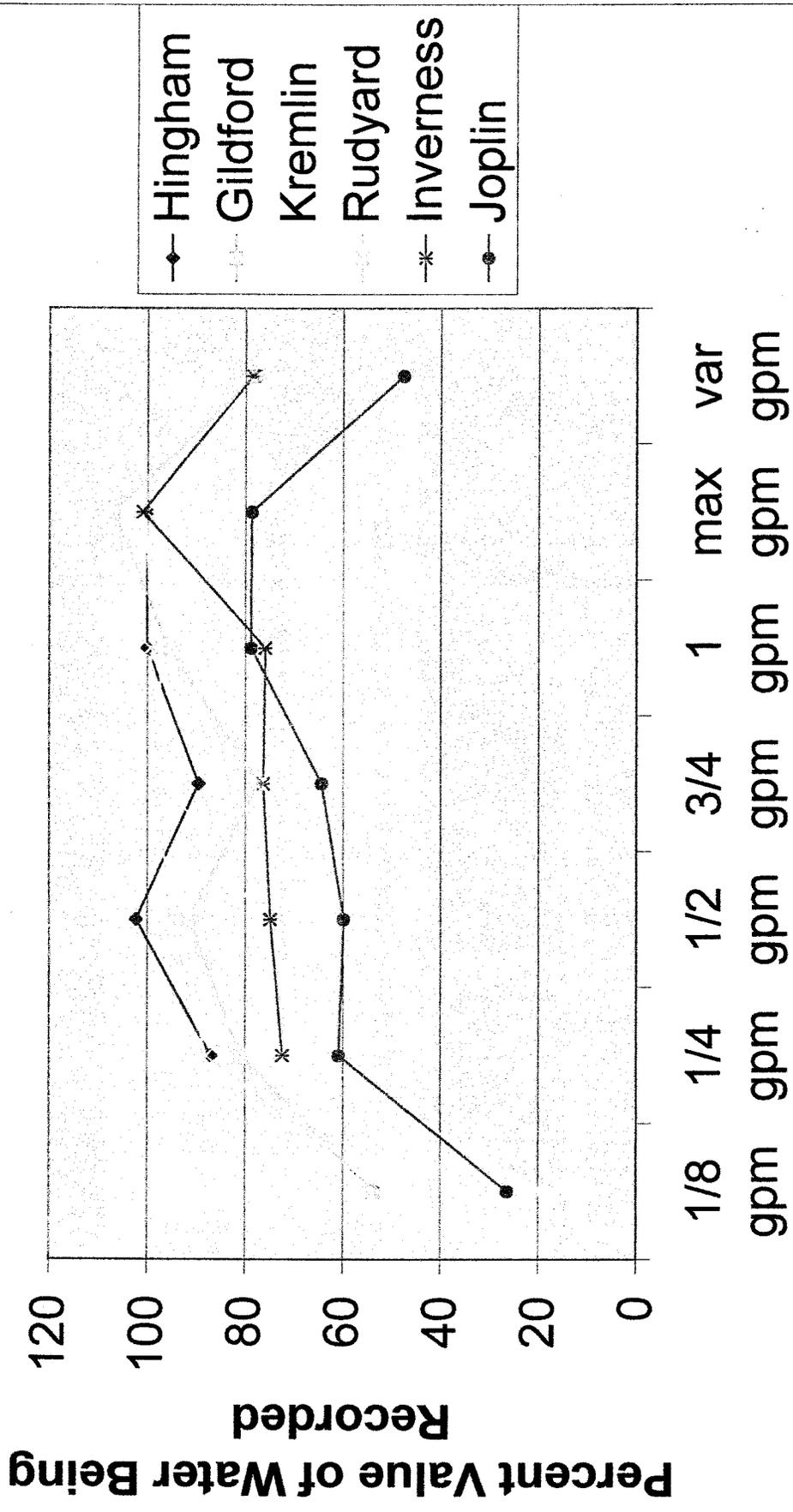
sites. And proper protection equipment for the operators These issues are described in the 2009 Sanitary Survey issued by the Mt. Department of Environmental Quality.

- (2) Water conservation has always been a goal for the District. Meters have been in operation since 1965, and are in need of replacement with modern features to improve billing and accuracy. Data gathered for one year has determined that our water loss is almost 30 percent. In response to comments received during the ranking process, my employees recently constructed a meter testing bench to determine the accuracy of the aged meters. Based on information obtained from this effort, it was determined that the meters were very inaccurate at low flows. In fact many of the meters did not register flows at a range of 1/8gpm to 1/4 gpm. Despite improved accuracies at higher flow rates, more consistent and metering accuracies are needed. We feel that we have taken extensive measures to provide data proving that meter replacement is an appropriate first step toward managing unbilled water for our utility. As mentioned earlier, the District supplies water to 13 branch lines that run north and south from the six small towns. Master meters were never installed on these lines. Without the data from these meters, identifying where unbilled water is occurring is nearly impossible. A proper metering system would help us measure unbilled water more efficiently. This would make it possible for the District to begin a process of correcting distribution system leaks most effectively.
- (3) Very low and inconsistent pressures during our peak usage from May through October. Very often we go below our 35 psi. standards set by the state. This has been confirmed by hydraulic modeling results. When this problem occurs, we risk the possibility of introducing foreign materials into our system. To remedy this problem for our users on the east end of our distribution line, the engineers have designed a bypass valve in Hingham pump station to increase pressures. A pressure reducing valve would actually be needed to reduce pressures between Hingham and Gildford.
- (4) A flow control valve will need to be installed at our two main pump stations to ensure that we do not exceed our flow rate of 430 gallons per minute. This is a safety issue as well as a conservation issue. Anything above this flow rate has been determined to cause negative effects on the infiltration gallery. Testing has proven that small particles break through and enter our system at higher flow rates above the 430 gpm. Again, one bad sample and the District will be faced with constructing a water treatment plant, which is estimated to be over 2 million dollars. With our flow control valves, this would enable us to control the flow during our pumping cycles to reduce the constant cycling of the pumps.
- (5) Our distribution mainline is an eight inch asbestos cement pipe. This was constructed in 1964. The life expectancy of the pipeline is nearing its end and is of particular concern given the known health effects of asbestos. Replacing the eight inch line with 12 inch pipe line over the next several years has been identified as the most appropriate approach to address the pressure problems and potential for increased water demands in the future. The estimated cost of this part of the project is staggering. The District recently went into debt to change water

sources and the anticipated cost of participating in the regional water system project is in today's money equal to approximately \$1.25 million dollars.

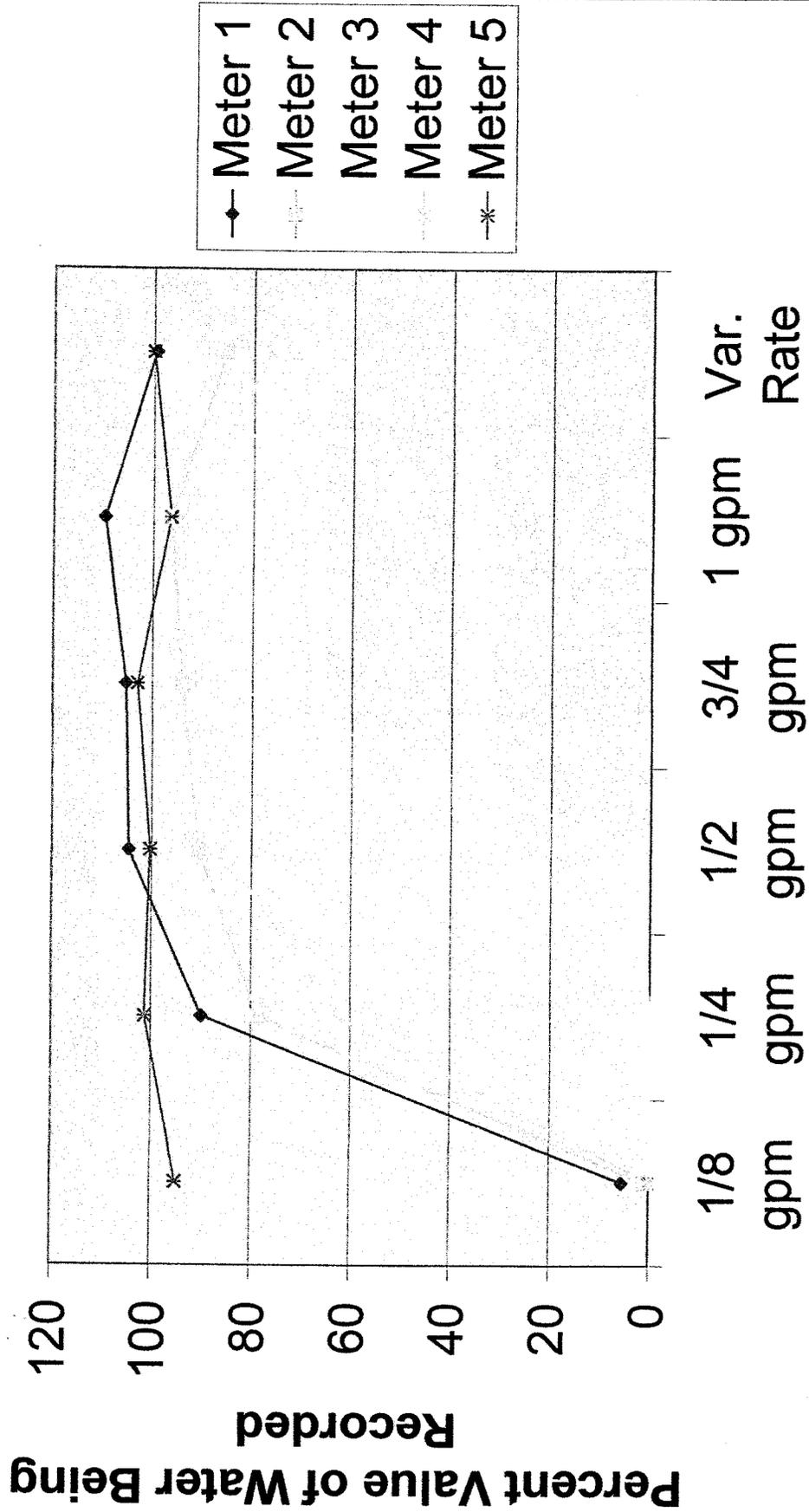
Overall, the improvements desired for implementation by Hill County Water District will address our near-term challenges, while preparing us for long-term connection to the regional system. The grant funding requested from the State of Montana is critical to making the needed improvements and continuing to provide affordable rates to our customers. Thank you for your time and consideration for our project

Meter Tests by Town Averages



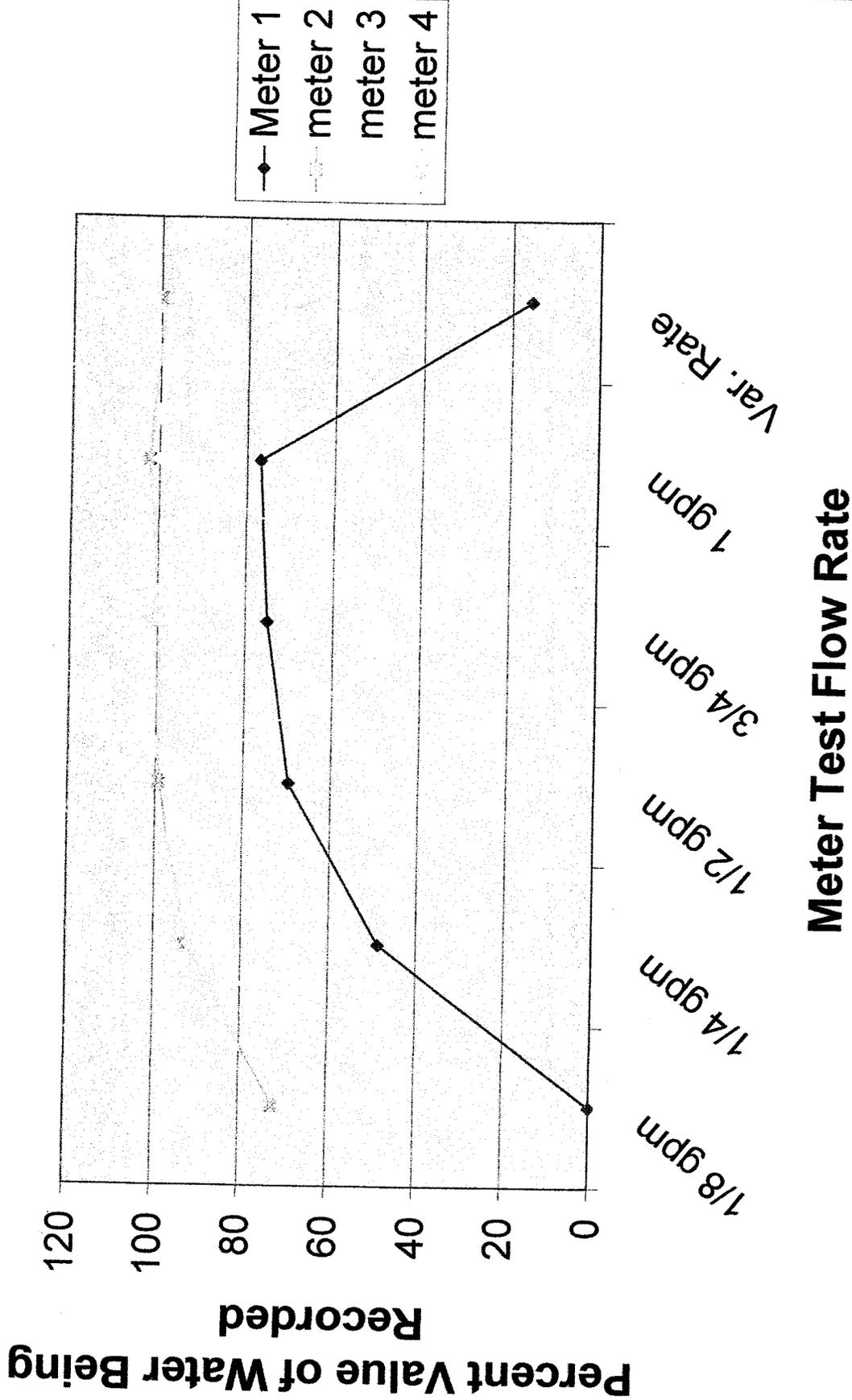
Meter Test Flow Rate

Meter Tests for Kremlin

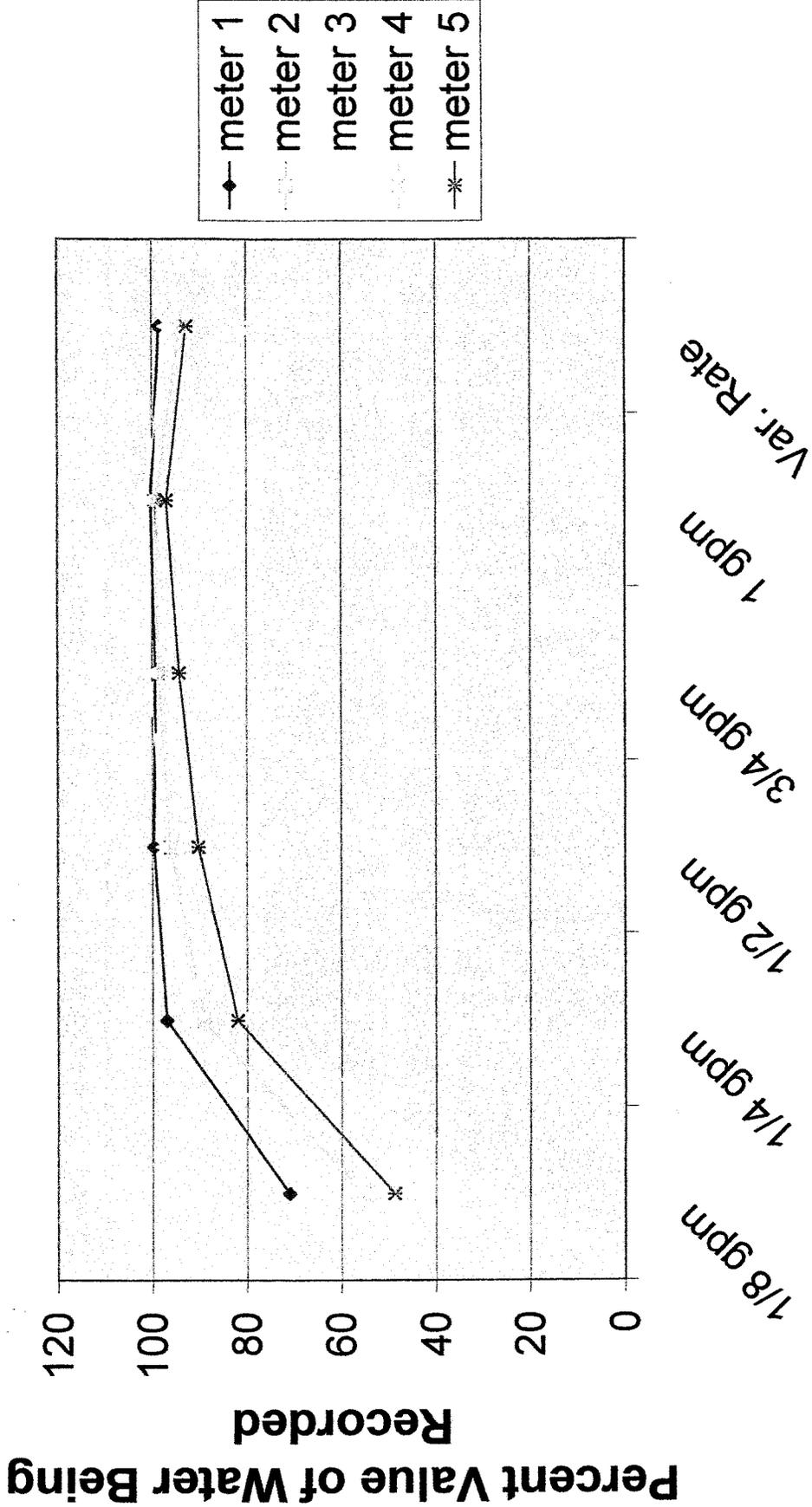


Meter Test Flow Rate

Meter Tests for Gildford

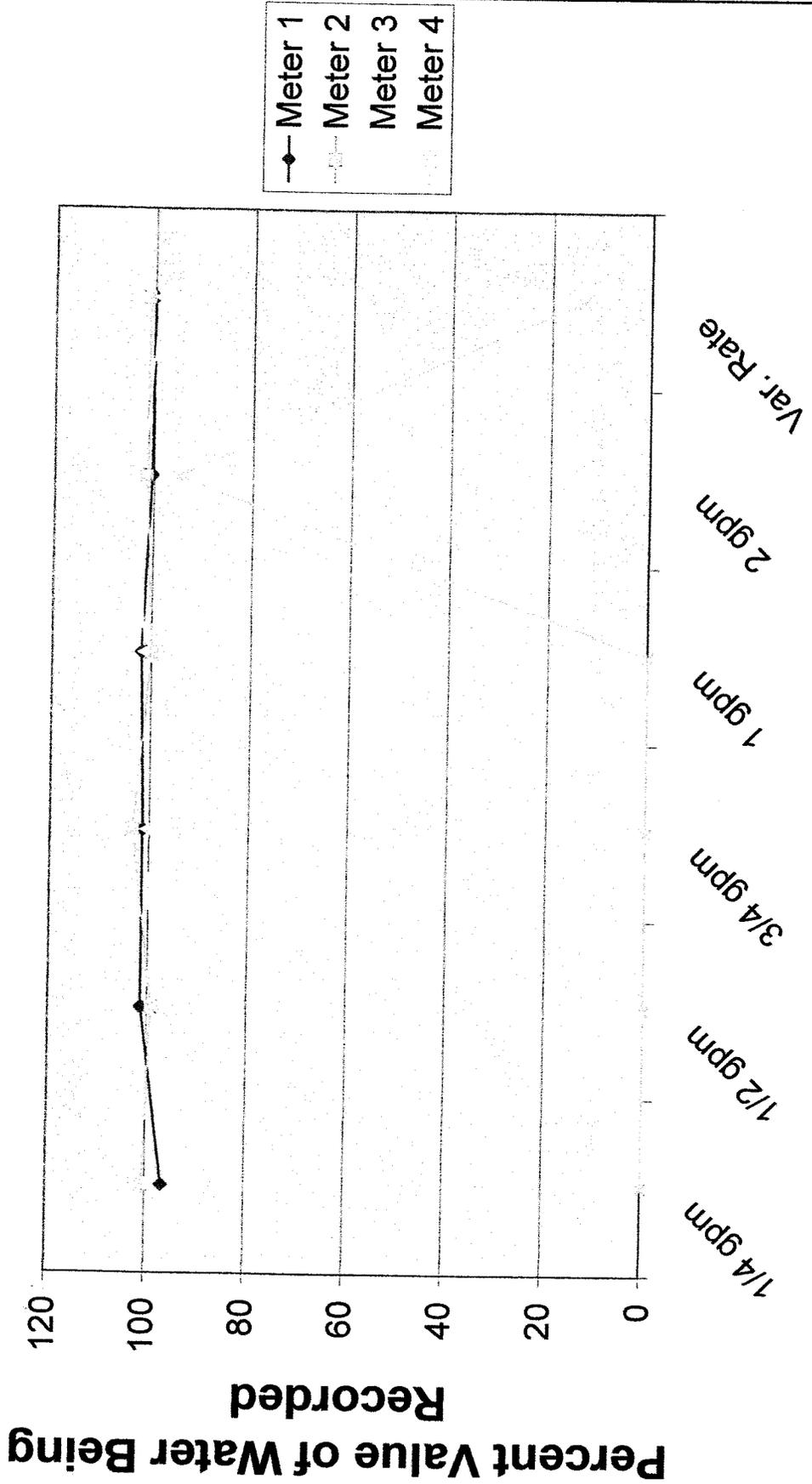


Meter Tests for Rudyard



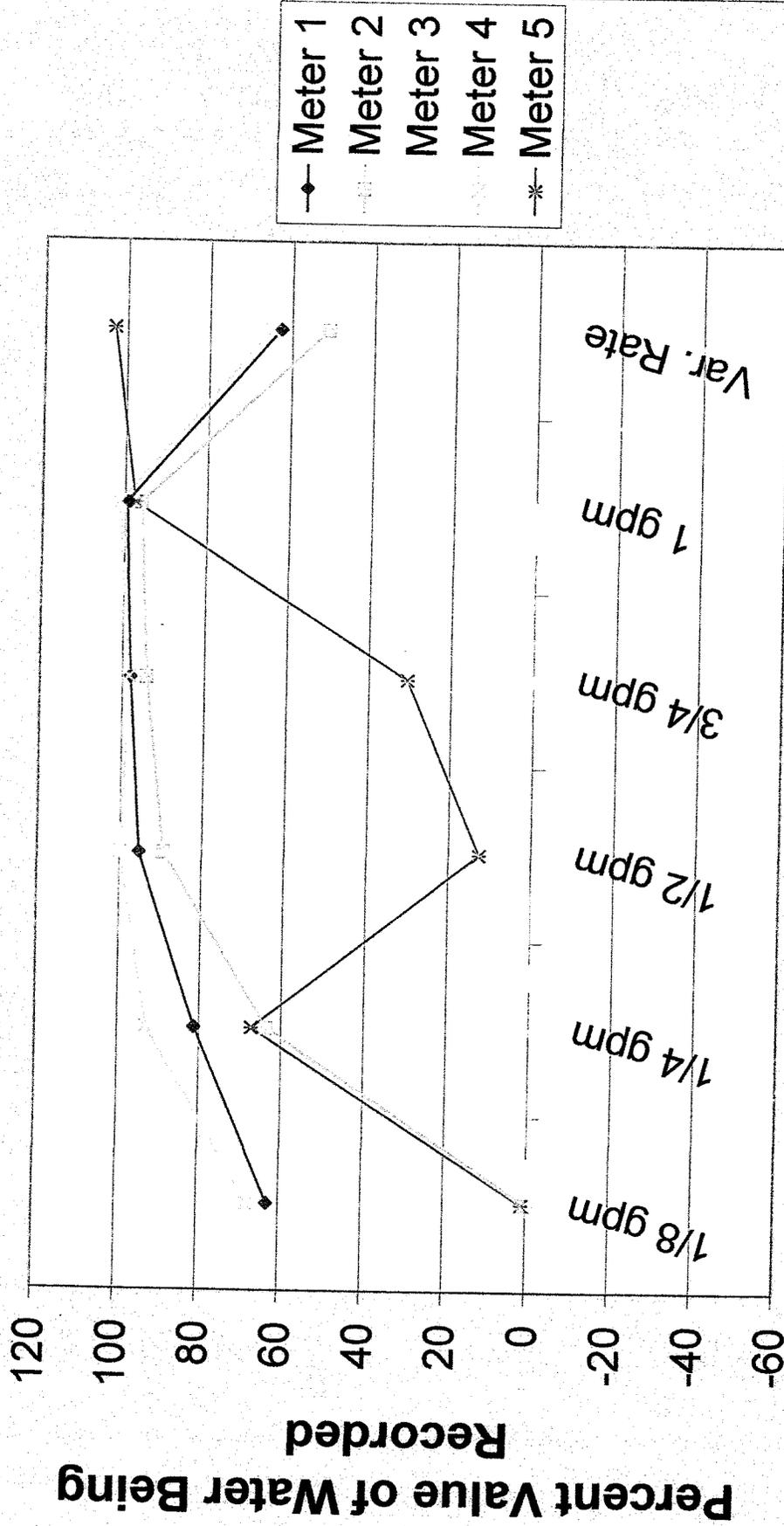
Meter Test Flow Rate

Meter Test for Inverness



Meter Test Flow Rate

Meter Test for Joplin



Meter Test Flow Rate

HILL COUNTY WATER DISTRICT
Profit & Loss
 January 1 through December 30, 2010

Jan 1 - Dec 30, 10

Ordinary Income/Expense	
Income	
4000 · District Water Revenue	36,014.50
4010 · Gildford Water Department	55,899.04
4020 · Rambo & Wilson - Gildford	1,937.50
4030 · Town Of Hingham	49,150.06
4040 · North Hingham Water Users	7,383.50
4050 · Hingham South	2,325.00
4060 · Inverness Water Users	18,860.40
4070 · Inverness - North Slope	3,857.00
4080 · Joplin Water Users	52,332.31
4090 · North Joplin Water Users	14,468.50
4100 · Kremlin Water Users	32,229.74
4110 · North Kremlin Water Users	7,252.01
4120 · East Kremlin Water Users	23,291.00
4130 · South Kremlin Water Users	746.50
4140 · Rudyard Service Improvements	80,513.00
4160 · North Rudyard Water Users	17,991.00
4180 · South Rudyard Water Users	7,804.00
4200 · Rudyard South #2	1,765.50
4240 · Other Water Sales	229.00
4260 · Small Parts & Supplies	2,132.71
Total Income	416,182.27
Gross Profit	416,182.27
Expense	
6020 · Advertising	353.00
6060 · Bank Charges	1,383.95
6080 · Depreciation	100,689.45
6140 · Dues & Subscriptions	435.00
6150 · Employee Benefits	9,970.20
6160 · Equipment Rental	75.70
6170 · Fees	1,730.00
6180 · Insurance	8,581.32
6240 · Accounting	14,758.55
6260 · Payroll Taxes	16,576.95
6270 · Pension Plan	2,527.18
6280 · Wages	108,473.82
6300 · Repairs & Maintenance	13,877.11
6340 · Supplies - Office	3,862.96
6350 · Supplies - Other	5,571.41
6360 · Supplies - Small Parts	14,569.56
6370 · Postage	618.60
6380 · Telephone	5,643.19
6400 · Travel	1,694.37
6410 · Fuel	6,609.34
6411 · Fuel-Generator	3.47
6420 · Utilities	68,185.91
6440 · Water & Water Supplies	6,742.16
6450 · Lab Fees	6,706.80
6460 · Director Fees	7,680.00
6480 · Legal & Secretary	2,229.69
6490 · Vehicle	11,274.42
6520 · Meals & Entertainment	1,335.19
6530 · Training & Education	380.00
Total Expense	422,539.30
Net Ordinary Income	-6,357.03

HILL COUNTY WATER DISTRICT
Profit & Loss
January 1 through December 30, 2010

	<u>Jan 1 - Dec 30, 10</u>
Other Income/Expense	
Other Income	
4300 · Other Income	16,161.77
4320 · Interest Income	42,324.53
4950 · Patronage Dividend	654.42
Total Other Income	<u>59,140.72</u>
Other Expense	
9100 · Interest	12,782.80
Total Other Expense	<u>12,782.80</u>
Net Other Income	<u>46,357.92</u>
Net Income	<u><u>40,000.89</u></u>

STATE OF MONTANA
GENERAL OBLIGATION BONDS
DRINKING WATER
(REVOLVING FUND PROGRAM)

BORROWER: Hill County
PROJECT NAME: Water System Upgrades
LOAN COMMITMENT: \$758,000
INTEREST RATE: 3.75%

FINAL LOAN PAYMENT: 7/1/2027
TOTAL # OF LOAN PAYMENTS: 40
PROJECT NUMBER:
DATE OF LOAN FUNDING: 9/25/2007

PAYMENT DUE	ADM EXPENSE SURCHARGE	LOAN LOSS SURCHARGE	INTEREST PAYMENT	PRINCIPAL PAYMENT	O/S LOAN BALANCE	TOTAL PAYMENT
01/01/08	377.99	503.99	1,007.97	11,000.00	384,051.00	\$12,889.95
07/01/08	2,253.45	3,004.60	6,009.21	13,000.00	699,998.00	\$24,267.27
01/01/09	2,672.99	3,499.99	6,999.98	13,998.00	686,000.00	\$22,227.96
07/01/09	2,572.50	3,430.00	6,860.00	13,000.00	673,000.00	\$25,862.50
01/01/10	2,523.75	3,365.00	6,730.00	13,000.00	660,000.00	\$25,618.75
07/01/10	2,475.00	3,300.00	6,600.00	14,000.00	646,000.00	\$26,375.00
01/01/11	2,422.50	3,230.00	6,460.00	14,000.00	632,000.00	\$26,112.50
07/01/11	2,370.00	3,160.00	6,320.00	14,000.00	618,000.00	\$25,850.00
01/01/12	2,317.50	3,090.00	6,180.00	14,000.00	604,000.00	\$25,587.50
07/01/12	2,265.00	3,020.00	6,040.00	15,000.00	589,000.00	\$26,325.00
01/01/13	2,208.75	2,945.00	5,890.00	15,000.00	574,000.00	\$26,043.75
07/01/13	2,152.50	2,870.00	5,740.00	15,000.00	559,000.00	\$25,762.50
01/01/14	2,096.25	2,795.00	5,590.00	15,000.00	544,000.00	\$25,481.25
07/01/14	2,040.00	2,720.00	5,440.00	15,000.00	529,000.00	\$25,200.00
01/01/15	1,983.75	2,645.00	5,290.00	16,000.00	513,000.00	\$25,918.75
07/01/15	1,923.75	2,565.00	5,130.00	16,000.00	497,000.00	\$25,618.75
01/01/16	1,863.75	2,485.00	4,970.00	16,000.00	481,000.00	\$25,318.75
07/01/16	1,803.75	2,405.00	4,810.00	17,000.00	464,000.00	\$26,018.75
01/01/17	1,740.00	2,320.00	4,640.00	17,000.00	447,000.00	\$25,700.00
07/01/17	1,676.25	2,235.00	4,470.00	18,000.00	429,000.00	\$26,381.25
01/01/18	1,608.75	2,145.00	4,290.00	18,000.00	411,000.00	\$26,043.75
07/01/18	1,541.25	2,055.00	4,110.00	18,000.00	393,000.00	\$25,706.25
01/01/19	1,473.75	1,965.00	3,930.00	19,000.00	374,000.00	\$26,368.75
07/01/19	1,402.50	1,870.00	3,740.00	19,000.00	355,000.00	\$26,012.50
01/01/20	1,331.25	1,775.00	3,550.00	19,000.00	336,000.00	\$25,656.25
07/01/20	1,260.00	1,680.00	3,360.00	20,000.00	316,000.00	\$26,300.00
01/01/21	1,185.00	1,580.00	3,160.00	20,000.00	296,000.00	\$25,925.00
07/01/21	1,110.00	1,480.00	2,960.00	20,000.00	276,000.00	\$25,550.00
01/01/22	1,035.00	1,380.00	2,760.00	21,000.00	255,000.00	\$26,175.00
07/01/22	956.25	1,275.00	2,550.00	21,000.00	234,000.00	\$25,781.25
01/01/23	877.50	1,170.00	2,340.00	21,000.00	213,000.00	\$25,387.50
07/01/23	798.75	1,065.00	2,130.00	22,000.00	191,000.00	\$25,993.75
01/01/24	716.25	955.00	1,910.00	22,000.00	169,000.00	\$25,581.25
07/01/24	633.75	845.00	1,690.00	23,000.00	146,000.00	\$26,168.75
01/01/25	547.50	730.00	1,460.00	23,000.00	123,000.00	\$25,737.50
07/01/25	461.25	615.00	1,230.00	24,000.00	99,000.00	\$26,306.25
01/01/26	371.25	495.00	990.00	24,000.00	75,000.00	\$25,856.25
07/01/26	281.25	375.00	750.00	24,000.00	51,000.00	\$25,406.25
01/01/27	191.25	255.00	510.00	25,000.00	26,000.00	\$25,956.25
07/01/27	97.50	130.00	260.00	26,000.00	0.00	\$26,487.50
				<u>723,998.00</u>		