

MONTANA · WATER UTILITIES · CAPITAL BRIEFING

Montana is growing fast and running lean. Your capital plan has to do both.

The Bozeman area is one of the fastest-growing regions in the country, most Montana communities run their own water on thin ratepayer bases, and roughly \$2.6 billion in needs sits against a short building season and shifting standards. For a utility CFO or capital lead, every one of those forces reshuffles the projects on your list. Invizion helps Montana utilities re-sequence a capital portfolio in a click — and defend every decision.

\$2.6B¹ Montana's drinking-water and wastewater investment needs over the next two decades — about \$2.3B for drinking water, \$347M for wastewater.	\$88.6M² Value set for Mountain Water Company when Missoula condemned it and brought its water system in-house.	+43.8%³ Population growth in Gallatin County (Bozeman) from 2010 to 2025 — among the fastest in the nation.	\$114M¹ Of Montana's federal Drinking Water SRF dollars since 2022, dedicated to lead service line replacement.
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THE MONTANA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

DEMAND — GROWTH

Among the fastest-growing regions in the country

Gallatin County — home to Bozeman — grew 43.8% between 2010 and 2025, from 89,513 to 128,740 residents, and added 8.2% since the 2020 census alone.³ That puts the Bozeman area among the fastest-growing places in the United States.

The pressure is statewide: Montana reached about 1.14 million residents in 2025, up 5.6% since 2020,⁴ and Billings, the largest city, now tops 121,000.⁵ Every new subdivision is a capacity commitment — treatment, storage, mains — competing with renewal for the same dollars.

AGING & SMALL SYSTEMS

A big backlog carried by very small systems

Montana carries roughly \$2.6 billion in drinking-water and wastewater needs over the next two decades. The \$327 million in federal help since 2022 covers only about 12.6% of that gap.¹

Most of that need sits with small systems. A Montana public water system is any that serves 25 or more people or has 15 or more service connections,⁶ and the state is full of them — a largest city of just 121,000 spread across 147,000 square miles.⁵ Short construction seasons and thin ratepayer bases make each project harder to finance and slower to build.

COMPLIANCE — WASTEWATER

Nutrient standards that keep moving

Montana was the first state to adopt statewide numeric nutrient standards, then repealed them in 2021 through Senate Bill 358. In May 2022 the EPA rejected the repeal as a violation of the Clean Water Act, effectively reinstating numeric nitrogen and phosphorus limits for permitting.⁷

DEQ then suspended its rewrite of the rules in 2024 amid the dispute,⁸ leaving treatment plants to plan nutrient-removal upgrades — among the most capital-intensive work a wastewater utility can take on — against a standard that will not sit still.

SUPPLY — WATER RIGHTS & DROUGHT

Senior rights, closed basins, and dry years

Montana runs on prior appropriation — “first in time, first in right.” In dry years junior rights are curtailed first, and the state has closed a number of basins to new surface-water appropriations,⁹ so a growing city often cannot simply take more water.

Recurring drought sharpens the constraint,¹⁰ pushing utilities toward storage, reuse, mitigation, and new groundwater — each a capital project that has to be sequenced against everything else on the list.

WHO RUNS MONTANA’S WATER

A municipal state — big cities and a long tail of small systems

Almost every Montana community owns and runs its own water and wastewater. There is no dominant investor-owned provider; instead the state has a handful of larger municipal systems and a very long tail of districts and small rural systems. The pressures are shared; the ratepayer base behind them is not.

Municipal utilities

Rates set by city councils · capital approved by governing boards

City of Billings Montana’s largest city · 121,000+ residents

City of Great Falls Municipal water & wastewater on the Missouri River

City of Bozeman Supplying water since 1889 · three source watersheds

Missoula Water City-owned since the Mountain Water takeover

Helena & Kalispell Growing municipal systems

Montana has no statewide utility commission rate case for municipal water — councils and boards approve rates and capital in public, in front of ratepayers.

Districts, rural & small systems

Rates set by district boards · most systems are very small

Water & sewer districts e.g. Big Sky County Water & Sewer District

Tribal & rural systems Serving reservations and unincorporated areas

Hundreds of very small systems 15+ connections meets the public-water-system thresholds

Small private systems Subdivisions, HOAs, mobile-home parks — where funding gaps hit hardest

Missoula ended decades of private ownership by condemning Mountain Water Company — a system valued at \$88.6 million that had been leaking more than 50% of its water and reinvesting under \$1 million a year.

Every capital dollar has to be defensible

Most Montana utilities answer to their own councils and boards rather than a state rate regulator — but the question is the same: why this project, why now, why at this cost? And the standards behind those projects keep shifting.

Municipal governing bodies set the rates. Montana runs its water utilities locally; Missoula was the last of the state's 129 municipalities to bring its water system in-house, ending private ownership in the process.²

Montana DEQ holds Safe Drinking Water Act primacy and defines and oversees the state's public water systems — lead service line inventories and drinking-water compliance included⁶

Water-quality & nutrient standards remain unsettled. DEQ suspended its nutrient rulemaking in 2024⁸ and a 2025 round of water-quality laws drew a formal notice of intent to sue the EPA¹²

Montana DNRC administers water rights — prior appropriation, basin closures, and the permits a new supply project needs⁹

The money is moving — can your plan absorb it?

Montana utilities have more capital funding available than in a generation, blending federal SRF dollars with state coal-tax programs, plus USDA Rural Development and WIFIA for larger projects. The constraint is no longer only dollars — it's readiness: which projects are shovel-ready, which qualify, and how the timing lines up with everything else.

State Revolving Funds. Since 2022 Montana has drawn about \$259 million through the Drinking Water SRF and \$67 million through the Clean Water SRF, plus a \$9.7 million administrative set-aside¹ DEQ handles the technical side; DNRC issues the bonds and makes the loans.¹³

\$114 million for lead lines. Of the Drinking Water SRF total, roughly \$114 million is dedicated to lead service line replacement¹

Montana Coal Endowment Program (MCEP). The coal-severance-tax program — formerly the Treasure State Endowment Program — grants up to \$750,000 per water or wastewater project¹⁴

Renewable Resource Grant & Loan and other DNRC funding. DNRC has distributed more than \$300 million in grants across all 56 Montana counties since 2021 for water and other infrastructure¹⁵

MONTANA WATER, IN BRIEF

Questions Montana utility leaders are asking

Short, sourced answers — the same facts we'll dig into on a call, in the context of your system.

How big is Montana's water infrastructure funding gap?

Montana faces roughly \$2.6 billion in drinking-water and wastewater needs over the next two decades — about \$2.3 billion for drinking water and \$347 million for wastewater. The \$327 million in federal SRF support since 2022 covers only about 12.6% of that gap, so most of the bill still falls on local rates and state programs.¹

Why did Missoula buy Mountain Water Company?

Missoula was the last of Montana's 129 municipalities without a city-owned water system. It condemned Mountain Water — then owned through Carlyle-controlled holding companies — after the system was found to be leaking more than 50% of its water while reinvesting less than \$1 million a year. Commissioners set the value at \$88.6 million, and the city now runs the system as Missoula Water.²

What is happening with Montana's nutrient and wastewater standards?

Montana repealed its statewide numeric nutrient standards in 2021 (SB 358); the EPA rejected that repeal in May 2022, effectively reinstating numeric nitrogen and phosphorus limits for permitting.³ DEQ later suspended its rewrite of the rules in 2024,⁴ which leaves wastewater utilities planning expensive nutrient-removal upgrades against a moving target.

What funding is available to Montana water utilities?

Since 2022 Montana has drawn about \$259 million through the Drinking Water SRF (including roughly \$114 million for lead lines) and \$67 million through the Clean Water SRF.⁵ State programs add to that: the coal-tax Montana Coal Endowment Program grants up to \$750,000 per project,⁶ alongside DNRC's Renewable Resource grants and USDA Rural Development financing for small systems.

How do water rights and drought affect my supply projects?

Montana follows prior appropriation — senior rights are honored first and junior rights are curtailed in dry years — and the state has closed a number of basins to new surface-water appropriations.⁷ For a growing system that means new supply usually comes through storage, reuse, mitigation, or groundwater, each a capital project on its own timeline.¹⁰

How does Invizion help Montana water utilities plan capital?

Invizion is scenario-based capital portfolio optimization for water utilities. It lets you model how a growth surge, a new SRF or coal-tax award, a nutrient deadline, or a supply constraint reshuffles your whole project list, re-sequence the portfolio automatically against your budget and building season, and keep a defensible record of every decision for your council, board, or ratepayers. The best next step is a short first meeting to look at it against your own program.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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9. Montana DNRC, Water Rights — prior appropriation ("first in time, first in right"), senior vs. junior rights, and state authority to close basins to new appropriations, 2025. dnrc.mt.gov
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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for water and wastewater utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See what a defensible Montana capital plan looks like — book a 20-minute first meeting.

Book your first meeting →