

ALLOWING COMMUNITIES TO RECEIVE MORE VALUE FOR THEIR SYSTEMS



WE KEEP LIFE FLOWING®



FAIR MARKET VALUE APPRAISAL PROCESS for Water and Wastewater Systems

INVESTMENT CHALLENGES

Communities throughout Missouri are looking for solutions to address their aging water and wastewater systems. According to the U.S. Environmental Protection Agency, over the next 20 years, Missouri's combined water and wastewater investment needs will be \$18.5 billion. For many communities, keeping up with these necessary improvements is a large, financial burden and requires considerable expertise.

FAIR MARKET VALUE APPRAISAL PROCESS

Missouri's Fair Market Value law (RSMo 393.320) empowers communities to leverage the financial and technical strength of the private sector by providing a fair and transparent method for valuing their water or wastewater system. Previously, an investor-owned utility could only pay the original cost minus depreciation to acquire another utility system. Because of this, communities were restricted from receiving the true value of their system.

The Fair Market Value law provides an alternative appraisal process for Missouri communities with 8,000 or fewer customer connections when the system is sold to a larger water or wastewater utility. Under the alternative process, the large water utility and small water utility both appoint an appraiser, and the two appraisers then appoint a third appraiser to jointly prepare a report of the fair market value of the small water system. At least two of the three appraisers must agree on the appraised value.

This voluntary appraisal practice establishes an objective and transparent process to provide voters and stakeholders with valuable information prior to approving a potential sale. As with any deal involving an investor-owned water utility, the Missouri Public Service Commission must approve it to determine if a sale is in the best interests of existing and future customers.

BENEFITS OF MISSOURI AMERICAN WATER

We have been solving water-related problems in Missouri since 1879 and are proud to currently serve 1.6 million people in 200 communities throughout the state. Our operational and technical experts are experienced in tackling challenges like increasing environmental regulations and replacement of aging infrastructure. We are a subsidiary of American Water, the nation's largest water and wastewater services company, which allows us to leverage greater purchasing power and the efficiencies of centralized business functions to keep costs low while providing exceptional quality and service to our customers. We look forward to discussing how we can address the needs of your community.



EUREKA

- 4,200 customers
- \$28 million appraised value for water and wastewater systems

GARDEN CITY

- Nearly 700 customers
- \$3 million appraised value for water and wastewater systems

QUESTIONS?

For more information on how we may be able to provide solutions for your community, please contact MOAWBusinessDevelopment@amwater.com.