



**MISSOURI
AMERICAN WATER**

Missouri American Water Region 7 Water Finance Forum

“The benefits of private ownership”

September 12, 2017

Missouri American Water Facts at a Glance

- Provide service to approximately 1.5 million customers in more than 160 communities.
- Largest privately owned water utility in the state and U.S.
- Deliver 70 billion gallons of water across Missouri every year.
- Provide clean and reliable water service for about a penny per gallon.
- Maintain over 6,700 miles of water and sewer mains.



Advantages of Working with a Private Water Utility

- Economic Benefits to a Community and its Customers
- Access to Technology and Expertise
- Regulatory Oversight
- Cost Efficiencies
- Environmental Excellence & Sustainability
- Water Quality Compliance



Economic Benefits to a Community and its Customers

- **Missouri American brings operational and procurement expertise, as well as access to capital dollars for system upgrades. We have invested more than \$100 million in capital in Missouri annually during the last five years.**
- **Missouri American becomes a tax payer, and a new tax revenue stream will be generated from both the assets that were publicly owned and on new investment in the future. We paid more than \$14 million in Missouri property taxes in 2016.**
- **Fire fighting grant funds available for department training and equipment, and environmental grants for your projects demonstrating environmental stewardship.**
- **Excellent corporate citizen with strong track record of supporting local community activities.**

Access to Technology and Expertise

- Private water utilities provide a wide array of expertise in areas of engineering, plant operation, biology, environmental science and other technical areas.
- Network of employees across the country gives allows for extensive knowledge sharing and access to resources when needed.
- Water and sewer services are the **ONLY** services we provide.
 - Employees are experts in the field
 - Average Missouri American Employee has 15 years of experience.



Regulatory Oversight Means Rates Cannot be Arbitrarily Set

- **Role of Regulators (the Public Service Commission)**
 - Ensure Missouri customers receive safe and reliable service at just and reasonable rates.
 - Rates are set based on the total cost of running a water/sewer system.
 - This includes investment needs, water source, service area elevation and density and water treatment needs.
 - The Commission only allows cost recovery for investments that are necessary to maintaining reliable water and sewer service.
 - Rate making process allows for public comment and input.

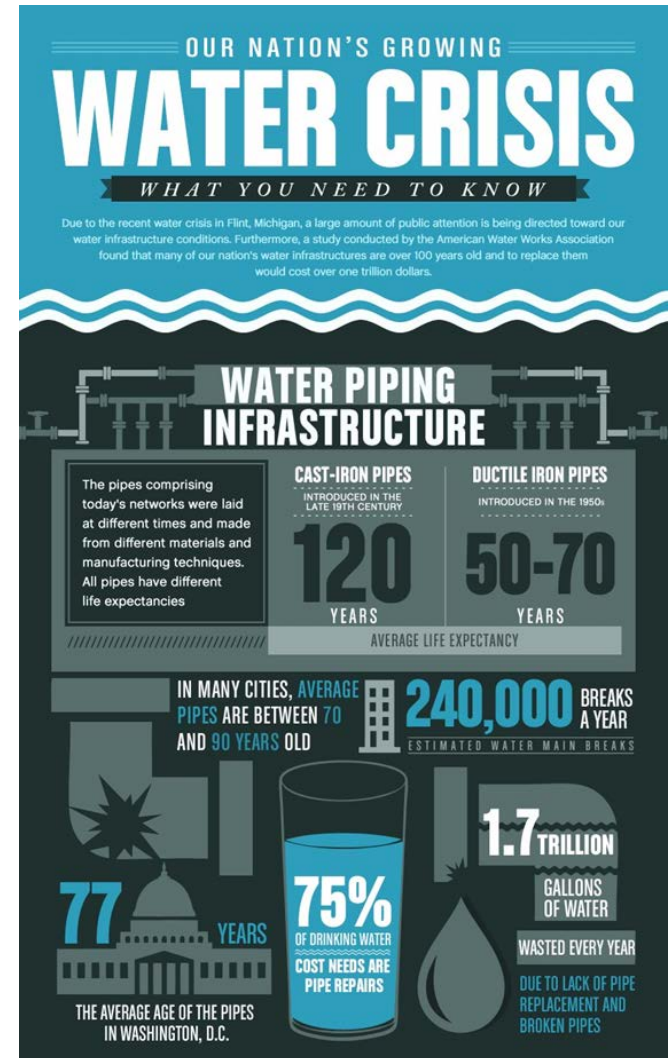


Cost Efficiencies

- Large private utilities like American Water purchase many items on a centralized basis, driving down material costs.
- According to a study by *Public Works Financing*, private providers can save municipalities an average of 17 percent due to cost reductions and operational efficiencies under a public-private partnership.
- Current rate structure allows for cost to be allocated over a larger customer base than a single municipality.
- Water and sewer investments are extremely costly and many have been postponed across the United States due to lack of funding or funding being directed elsewhere.

Investing in our future

- The need to improve water and sewer systems is a national challenge
- The American Society of Civil Engineers recently estimated that over the next 25 years:
 - **\$1 trillion** is needed in **water** system investments
 - **\$271 billion** is needed in **sewer** systems
- Increasing regulations and water quality standards continue to increase the cost of providing service



Graphic from Eastern University of Kentucky

Environmental Excellence and Sustainability

- Private providers like Missouri American Water maintain a comprehensive environmental policy.
 - Responsible business practices
 - Compliance with environmental law and regulations
 - Effective use of natural resources
 - Stewardship of biodiversity



Water Quality Compliance

- Missouri American Water exceeds regulatory requirements for water quality.
- Five operations have a Missouri Department of Natural Resources and Missouri Rural Water Association recognized Source Water Protection Program. (Brunswick, Joplin, Mexico, St. Joseph, Warrensburg)
- Five of our six surface water treatment plants are part of the US EPA's Partnership for Safe Water Program and have received the Ten-Year Phase III Award. The sixth will receive the award in 2018.



Water Quality Compliance Continued

- Last year, 612 community drinking water systems in Missouri (43%) receive at least one notice of violation. (NOV)
- If Missouri American Water performed at the same level, it would have had drinking water NOV's in 12 systems in 2016, when in fact it had ZERO drinking water NOV's.

The country's largest private water companies have "near perfect" records in delivering water compliant with the Safe Water Drinking Act according to a 2012 American Water Intelligence analysis of EPA data.



Private Providers Deliver Reliable Water and Sewer Service to nearly 73 million people every day

- Approximately 2000 water-related public/private partnerships in existence today.
- Given municipal challenges with limited budgets, capital needs, more stringent water quality standards and competing priorities, many cities and towns across the United States could benefit from partnerships with the private sector.

Many communities are facing major and urgent water and sewer infrastructure needs. Public capital alone cannot cover the cost. Private financing can provide additional funding.

Private water models are a proven mechanism to help communities meet water and sewer infrastructure needs.

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