

Water & Wastewater Utility Valuation Reform: What It Is & Why It Matters



BACKGROUND:

What is Utility Valuation Reform?

Utility Valuation Reform, also referred to as Fair Market Value law (FMV), modernizes how municipal water and wastewater systems are valued when a community considers selling or transferring ownership of its water system to a regulated, private water utility. Instead of relying on old accounting records, which are often inaccurate, FMV uses independent valuation experts approved by local public service commissions to determine a system's true value. All sales are subject to state commission review and oversight.

Why Do Communities Consider Ownership Transfer?

Many local systems face rising costs from aging infrastructure, new regulatory mandates and limited capital. FMV provides a structured option to:

- Unlock asset value for other community priorities (debt reduction, public safety, parks, roads).
- Accelerate investment in pipes, treatment and resiliency—under regulatory oversight from state utility commissions.
- Improve reliability and quality with 24/7 response, experienced operators and access to capital.

Utility Valuation Reform Creates Shared Value for Communities and Solutions Providers

- Higher-quality, more reliable drinking water and fewer disruptions.
- Faster compliance with state and federal safety standards.
- Accelerated investment in lead service line replacement and PFAS.
- Major system upgrades that improve resilience and performance.
- Ability to eliminate debt and redirect funds to other local priorities.

- Clear, regulated pathways for systems in need.
- Ability to deploy capital at scale to modernize infrastructure quickly.
- Standardized, transparent valuation methods that limit uncertainty.



FOR COMMUNITIES:

FOR PROVIDERS:

States Leading on Utility Valuation Reform



The largest private, regulated water and wastewater providers in the U.S. are leading the way:

**East Dunkard -
Greene County,
Pennsylvania**

A Lifeline to a Failing System

After years of water quality violations, outages and deteriorating infrastructure, East Dunkard’s system reached a breaking point. An FMV-enabled sale allowed a professional water provider to restore stability, improve water quality, modernize operations and regain regulatory compliance. The provider committed over \$16 million in capital improvements, deployed 24/7 professional service, and upgraded pipes and treatment facilities –transforming a distressed system into a safe, clean and reliable water utility for 1,600 customers.

**City of Salem,
New Jersey**

Safer Water, Stronger Infrastructure & Stable Rates

Facing 1800s-era pipes, PFNA contamination, and a \$1M annual deficit, the City of Salem used modern valuation tools to pursue a sale that avoided a projected 68% rate hike for customers. The resulting \$18 million sale retired \$11 million in city debt while the private provider committed \$50 million in infrastructure upgrades, including PFNA treatment, lead service line replacement, new wells, wastewater treatment upgrades and smart monitoring. Residents secured safer water, stable rates and long-term investment the city could not have funded alone.

**City of Lake Station,
Indiana**

Unlocking Community Investment

Fair Market Value enabled Lake Station to turn a failing, debt-burdened water system into a community asset. The \$20.68M sale wiped out \$11 million in municipal debt and freed up \$9M for local priorities, while the private water provider invested over \$5 million to modernize treatment equipment, replace aging mains, boost fire protection and improve system reliability. FMV enabled the city to stabilize finances and find a solution with a private provider that delivered safe, reliable water service to its 3,200 residents.