PWSD #1 OF STONE COUNTY
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Important Customer Update

The Future of Your Water Service

Dear Valued Customer,

We are writing to provide an important update regarding the future of **Public Water Supply District #1 of Stone County (PWSD #1)** and the proposed dissolution of the District, which will be decided by voters within the district on the **November 3, 2026 ballot**.

How We Arrived Here

For more than a decade, our water system has faced severe, ongoing water loss. Despite investments in mechanical repairs and line replacements, our infrastructure is still insufficient to meet customer needs and system water loss has consistently remained between **65% and 70%.** That water never reaches our District's customers and is instead lost and wasted. The District's current water storage is likewise insufficient only holding .35 days' worth of supply. Additionally, the District lacks "fire-flow" infrastructure meaning that when a building catches fire within the District's territory, water must be brought in from outside the District to fight the fire. This causes significant delay often resulting in a building's total loss when a fire breaks out.

To better understand the scope and cost of addressing these challenges, the District commissioned an engineering study by **Cochran Engineering**. The study determined that approximately **$34 million in system-wide infrastructure improvements** would be necessary to adequately address the condition of the system.

With approximately **875 customers**, assuming this level of debt would place an extraordinary financial burden on our small customer base. The Board of Directors therefore carefully evaluated alternatives to ensure customers have access to reliable, sustainable water service without taking on an unmanageable level of debt or imposing significant rate hikes on the District's customers.

Why the Board Supports Dissolution

After evaluating the available options, the Board determined that transitioning the system to an established water provider offers the best opportunity to address the District's infrastructure

challenges while protecting customers from the financial burden of a $34 million system rehabilitation project.

PWSD #1 has entered into an agreement with **Missouri American Water** to acquire and operate the system, subject to voter approval. The District believes Missouri American Water has the personnel, technical expertise, regulatory experience, and financial resources needed to operate and improve the system over the long term

Key highlights under the proposed agreement include:

- **$5 million in System Investment:** Missouri American Water is contractually obligated to invest **$5 million in system improvements during its first five years of ownership.**
- **No Existing Long-Term Debt:** PWSD #1 carries **no long-term debt**; all routine operational obligations will be settled as part of the transition.
- **Local Employees:** Our current district staff will have the opportunity to transition to employment with Missouri American Water, helping maintain continuity and local knowledge during the transition.
- **Customer Rates:** Following the transfer, customers will transition to Missouri American Water's approved rate structure. You can review rate information and comparison through the PWSD #1 website at **pwsd1stonecounty.com** and Missouri American Water's website at **amwater.com/moaw**.

Court Approval and November Ballot

On **August 20, 2026**, representatives from PWSD #1 appeared before the **Stone County Circuit Court** regarding the District's dissolution petition. The Court approved the petition, allowing the PWSD #1 Water District dissolution question to proceed to the **November 3, 2026 ballot**. The Court recognized the District is in a dire situation and in its Order approving the petition, specifically stated that:

- "[D]issolution of the District is in the interest of public welfare and safety."
- "[T]he District lacks the resources necessary to perform all maintenance, repairs, and infrastructure improvements required for the safe, reliable, and long-term operation of the water system."
- "[T]he District faces significant system issues, including substantial water loss, inadequate water storage, infrastructure limitations, and fire-flow capacity concerns."
- "[C]ontinued operation of the District is not in the best interests of the District's inhabitants."

Under Missouri law, approval of the dissolution measure requires a **two-thirds (66.67%) majority vote** of the District's qualified voters.

What Happens Next?

The decision now rests with you – the customers and voters of PWSD #1.

In the coming weeks, we will provide additional information regarding the ballot language, voting process and customer rates. Representatives from Missouri American Water will be active in the community over the next several weeks to engage with voters and answer questions.

Please watch for a postcard inviting you to open house sessions hosted by Missouri American Water on Wednesday, September 30, 2026, 4pm-6pm and Thursday, October 1, 2026, 10am-12pm. Both sessions will be held at the Kimberling City Community Center, 34 Kimberling Blvd, Kimberling City, Missouri.

We recognize that changes to your water provider are significant. The Board has approached this decision with careful consideration of the District's financial position, the condition of the existing infrastructure, and the long-term reliability and affordability of water service for our customers.

Thank you for your time, attention, and continued partnership as we work toward a sustainable and reliable water future for our community.

Sincerely,

Board of Directors
Public Water Supply District #1 of Stone County