



Ohio Revised Code

Section 4909.052 Evaluation of petition for purchase of municipal water-works or sewage disposal system; acceptance of cost report.

Effective: April 5, 2019

Legislation: House Bill 422 - 132nd General Assembly

Subject to a finding that such costs are just and reasonable, the public utilities commission in evaluating a petition submitted under section 4905.481 of the Revised Code shall accept the original cost, reported under division (C)(3) of section 4909.05 of the Revised Code, of the acquisition of a municipal water-works or sewage disposal system company that is acquired by a large water-works or sewage disposal system company, provided that the original cost is determined according to all of the following requirements:

(A) The acquiring company has three appraisals performed on the property of the company being acquired.

(B) The three appraisals are performed by three independent utility-valuation experts mutually selected by the acquiring company and the company being acquired from the list maintained under section 4909.054 of the Revised Code.

(C) The average of the three appraisals is used as the fair market value of the company being acquired.

(D) Each utility-valuation expert does all of the following:

(1) Determines the fair market value of the company to be acquired by establishing the amount for which the company would be sold in a voluntary transaction between a willing buyer and a willing seller under no obligation to buy or sell;

(2) Determines the fair market value in compliance with the uniform standards of professional appraisal practice;

(3) Employs the cost, market, and income approach to independently quantify the future benefits of



the company to be acquired;

(4) Incorporates the assessment described in division (D) (5) of this section into the appraisal under the cost, market, and income approach;

(5) Engages one engineer who is licensed to prepare an assessment of the tangible assets of the company to be acquired. The original source of funding for any part of the tangible assets shall not be relevant to the determination of the value of those assets.

(E) The lesser of the purchase price or the fair market value, described in division (C) of this section, is reported as the original cost under division (C)(3) of section 4909.05 of the Revised Code of the company to be acquired.