



REQUEST FOR PROPOSALS (RFP)

Independent Valuation and Decision-Support Analysis

Craggy Dam Hydroelectric Facility – French Broad River, North Carolina

Overview

American Rivers seeks proposals from qualified firms to conduct an independent valuation of the Craggy Dam Hydroelectric Facility (Facility) owned by the Metropolitan Sewerage District (MSD) of Buncombe County, North Carolina.

This analysis will inform consideration of a potential sale of the Facility for not less than fair market value for purposes of its removal, alongside continued operation. The analysis is intended to support a transparent and credible decision-making process for evaluating the Facility as a future of the asset. It is critically important to MSD and American Rivers to ensure ratepayers do not incur a material loss of future net economic benefits in the event the Facility is removed.

MSD is conducting a parallel valuation effort. This engagement is intended to complement, not replicate, that work by providing an independent perspective with a focus on key value drivers, assumptions, and decision-relevant comparisons.

Background

Craggy Dam is an approximately 2.5 MW hydroelectric facility adjacent to MSD's wastewater treatment operations on the French Broad River in Woodfin, North Carolina. The Facility provides a portion of the plant's electricity and generates revenue through power sales.

The dam is aging infrastructure with known capital investment needs, operational constraints, and broader public impacts including flooding, safety concerns, and ecological conditions. Additional background information may be found at: <https://www.americanrivers.org/craggy-dam-removal/>

Purpose of the Engagement

The purpose of this engagement is to develop a credible, independent valuation that:

- Evaluates the factors contributing to a fair market value of the dam

- Estimates the (quantifiable) present value of the net economic benefits MSD would reasonably expect to receive for the Facility
- Independently evaluates key financial assumptions and cost drivers underlying that value
- Supports consideration of a potential purchase of the Facility at not less than fair market value

The resulting analysis should be analytically rigorous, transparent, and clearly communicated for both technical and non-technical audiences.

Scope of Work

The scope is intentionally focused to prioritize independent analysis of key financial drivers and decision-relevant comparisons. It is not intended to replicate a full multi-method appraisal or comprehensive benefit-cost study.

Task 1 – Project Initiation and Scoping

- Confirm valuation purpose, assumptions, and key questions
- Develop data request list, and submit detailed request to MSD
- Establish valuation framework and methodology

Task 2 – Asset Cost Review

- Determine book value (Original Cost less Depreciation) and/or confirm the assets are fully depreciated from an accounting perspective.
- Assess the extent of historical condition assessments and reinvestments to maintain the assets in good working order.
 - To define appropriate adjustments to replacement cost estimates based on original cost escalation
 - To inform range of future CapEx cost estimates and related probabilities

Task 3 – Market (Comparable Sales) Approach

Though there is not a significant “market” per se for vintage hydroelectric facilities, a review of similar circumstances and related transactions may inform both assessments of fair monetary value and consideration of market externalities. American Rivers can share a list of known transactions.

Task 4 – Discounted Cash Flow (Income) Approach / Sensitivity Analysis (Primary Task)

Prepare an independent assessment of the potential net present values of alternative cash flow forecasts under a range of different scenarios that include, at a minimum, continued operation and dam removal. The scenario analysis will entail a review of available cash flow projections and independent review of supporting data and analyses (informed, to the extent practicable, by MSD-provided data noted in Task 1).

The valuation should clearly define key assumptions, critical uncertainties, methodology and analytical framework, and rationale. The sensitivity analyses of key variables should address

- MSD Dam Benefits: Avoided Costs / Energy Sales:
 - Energy rates / pricing
 - Dam capacity factors / availability / scheduled and unplanned outages
- MSD Operation and Maintenance Costs (OpEx)
 - Current costs estimates and alternative OpEx cost escalation rates
 - Alternative cost estimates (based on industry standards/benchmarks, asset condition assessments, above defined generation scenarios)
- MSD Capital Costs (CapEx)
 - Capital Improvement Program cost estimates (based on recent condition assessments and remaining useful life estimates) and alternative CapEx escalation rates
 - Alternative CIP cost estimates (referencing recent trends)
 - Excludes dam removal costs as assumed not to be paid by MSD
- Discount Rates
 - Alternatives based on MSD's weighted average cost of capital, assumed cost escalation factors, risk assessments (related to benefit and cost factors noted above), and real rates of return available on MSD investments

Task 4 is expected to be a primary focus of the engagement and a key driver of valuation conclusions. To appropriately inform decision making, it must be based on independent assessment, normalization, and risk analysis of the factors outlined above. The resultant range of discounted cash flow derived net present values, in combination with the non-monetary benefits discussed below, will provide a foundation for informed valuation decision-making.

A summary of the cash-flow sensitivity analysis should provide a clear explanation of how net present values change under different conditions ranging from continued dam operations to dam removal. The summary will highlight primary drivers of NPV values and the prevailing uncertainties that could materially alter results. The summary will offer a clear explanation of what is included and excluded in the analysis.

Task 5 – Ratepayer and Financial Considerations (High-Level)

Provide a high-level assessment of implications for ratepayers and existing financial obligations based on available information.

Detailed financial restructuring or advisory analysis is not required.

Deliverables

The selected consultant will provide:

- First Draft report
- Final report incorporating feedback
- Executive summary (approximately 5–10 pages) suitable for decision-makers
- Presentation materials for stakeholders or board audiences

Proposal Requirements

Proposals should include:

Firm Qualifications

- Experience in infrastructure, utility, or energy asset ideally hydropower valuation
- Experience with discounted cash flow modeling
- Familiarity with public-sector or quasi-public infrastructure

Proposed Approach

- Methodology for valuation
- Approach to independent development of financial assumptions
- Approach to scenario comparison
- Description of how the scope will complement, not replicate, MSD's valuation effort

Project Team

- Key personnel and roles
- Relevant experience

Work Plan and Schedule

- Proposed timeline (anticipated 10–14 weeks)

Fee Proposal

- Total cost
- Key assumptions
- Optional additional services (if any)

Independence

- Disclosure of any past or current work with MSD or related entities

Budget Guidance

The anticipated budget for this engagement is approximately \$30,000–\$40,000.

Proposals should clearly describe how the scope of work will be delivered within this range, including any assumptions regarding level of effort or scope refinement.

Evaluation Criteria

Proposals will be evaluated by a selection panel led by American Rivers based on:

- Clarity and focus of proposed approach
- Ability to provide analysis to support decision making related to purchase/sale of the dam
- Relevant experience and expertise
- Independence and objectivity
- Cost and schedule

Anticipated Schedule

RFP Issued: Friday, May 15th, 2026

Questions Due: Tuesday, June 9th, 2026

Proposals Due: Friday, June 26, 2026

Interviews (if needed): Week of June 29th, 2026

Selection: Wednesday, July 8th, 2026

Project Start: After selection, upon contract execution.

Submission Instructions

Proposals should be submitted electronically to:

craggy@americanrivers.org

Questions may be directed to Erin McCombs at the same address with subject line:

“Question: Craggy Valuation RFP”