

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In the Matter of the Proposed)
Commission Rule 20 CSR 4240-10.195)
Appraisal Requirements for) Case No. WX-2026-0108
Acquisition of a Small Water or)
Sewer Utility to be used by a Large)
Water or Sewer Public Utility)

RULEMAKING HEARING
VOLUME 1
WEDNESDAY, JANUARY 7, 2026
12:00 p.m.
Governor Office Building
200 Madison Street
Jefferson City, MO 65101
and WebEx

NANCY DIPPELL, Presiding
CHIEF REGULATORY LAW JUDGE

KAYLA HAHN, Chair,
MAIDA J. COLEMAN,
GLEN KOLKMEYER,
JOHN MITCHELL,
COMMISSIONERS

REPORTED VIA WEBEX BY:
Tracy Taylor, CCR No. 939

1 JUDGE DIPPELL: Good afternoon. My name
2 is Nancy Dippell. I'm the Regulatory Law Judge
3 assigned to this case. And we're here today for a
4 rule comment hearing in File Number WX-2026-0108, In
5 the Matter of the Proposed Commission Rule 20 CSR
6 4240-10.195 Appraisal Requirements for Acquisition of
7 a Small Water or Sewer Utility to be used by a Large
8 Water or Sewer Utility.

9 Since this is a rulemaking hearing,
10 anyone is allowed to comment. You don't have to be
11 sworn in and you don't have to be represented by
12 counsel. I will ask that when you give comments, that
13 you identify yourself and spell your name for the
14 court reporter, who is online taking down the comments
15 today.

16 And I will also ask that you're speaking
17 into a microphone. If you are at a counsel table, you
18 can use those mics, or if you want to come to the
19 podium, you can do that.

20 Commissioners are present with me today.
21 And I think we will just begin by having Staff give
22 their initial comments.

23 MR. STACEY: Thank you, Judge.
24 Afternoon, Judge and Commissioners. Scott Stacey for
25 Staff. I have with me Curtis Gateley and Mike Abbott

1 for any questions the Commissioners or the Judge may
2 have.

3 WX-2026-0108 is a result of Senate Bill 4
4 where Staff developed 20 CSR 4240-10.195 to implement
5 the provisions of the revised section of 393.320 of
6 the Revised Statutes of Missouri.

7 Staff is in favor of this rule that was
8 published on December 1st, 2025, as shown in its filed
9 comments on December 30th, 2025.

10 Staff has reviewed all comments filed by
11 Missouri-American Water Company and the Office of
12 Public Counsel and Staff submitted its responses to
13 those comments on January 7th, 2025 and also handed
14 out copies this mor- -- or this afternoon as well.

15 Staff has agreed with some of the
16 comments and disagreed with some as well, which are
17 notated in the filed documents. Ask that Staff's
18 comments -- responsive comments be submitted as
19 Exhibit 1, if it pleases the Commission. Thank you.

20 JUDGE DIPPELL: Thank you. Yes, I will
21 admit those or -- admit them onto the -- accept them
22 onto the comment record. That's Exhibit 1.

23 (Staff Exhibit 1 received into evidence.)

24 JUDGE DIPPELL: Are there any
25 Commissioner questions at this time for Staff?

1 All right. Thank you.

2 Would Office of the Public Counsel like
3 to go next?

4 MS. VANGERPEN: Yes, Your Honor. And if
5 it's okay, I'll use the podium.

6 JUDGE DIPPELL: That's fine.

7 MS. VANGERPEN: Okay. Good afternoon,
8 Judge Dippell, Commissioners. My name is Lindsay
9 Vangerpen, and I'm here this afternoon on behalf of
10 the Office of the Public Counsel.

11 The OPC appreciates the Commission
12 promulgating this rule to clarify the appraisal
13 process identified in the appraisal statute, Section
14 393.320 Revised Statutes of Missouri, which as Staff
15 has recognized, was recently amended as a result of
16 Senate Bill 4.

17 This afternoon I have given you both a
18 copy of our PowerPoint presentation so it's a little
19 bit easier to see, as well as a copy of our redlined
20 rule. That redlined rule is already in the record as
21 Attachment A to the OPC's filed comments.

22 So this afternoon I do have a PowerPoint
23 that I'd like to go through. And before I get to the
24 OPC's comments, I do want to start with a bit of
25 background.

1 So the appraisal, or the fair market
2 value process, is unique to the water and wastewater
3 industry. So typically when a water utility seeks to
4 acquire another water utility, the rate-making rate
5 base, or the amount that that the acquiring utility is
6 allowed to earn a return on, is set by the net book
7 value. And that is calculated by the original cost of
8 the system minus the depreciation, and that gives us
9 the net book value.

10 But under the appraisal process, what's
11 used is the fair market value. And that value is
12 determined by, in Missouri, two or three appraisers
13 going through and appraising the pro- -- appraising
14 the system or systems.

15 Now, typically fair market value exceeds
16 the net book value. And there are benefits to fair
17 market value legislation. Most pointedly, it
18 encourages large water public utilities to acquire
19 small water utilities. And those are the defined
20 terms from the statute. So they include wastewater
21 utilities as well.

22 And that can bring many different
23 attendant benefits. It can include, you know, a
24 larger customer base over which to share costs, as
25 well as greater or more specific knowledge on how to

1 operate those systems.

2 It's also helpful when the documentation
3 about the systems is sparse so it's -- it can be
4 difficult to calculate net book value in some
5 instances.

6 But fair market value -- value
7 legislation isn't without its concerns. The most
8 important being that it -- the likely higher cost
9 for -- for customers. As I mentioned, fair market
10 value is typically higher than net book value and so
11 that can increase costs for customers. As well as
12 being a customer of a larger utility, you're often
13 sharing costs for other systems as well, so that can
14 increase costs too.

15 There's also a concern that customers may
16 pay for their systems twice. So once when they --
17 when it was owned by the original owner and then again
18 when they're repaying the acquiring utility for the
19 fair market value of the system.

20 So one concern that I really want to
21 focus on is the concern that there's no incentive to
22 keep the cost low. This is really unique to fair
23 market value legislation and to rate-making in
24 general, because no party wants a lower price here.

25 Obviously the seller wants the highest

1 price possible for their system. But also the buyer
2 wants a higher cost for the system because, per the
3 statute, the rate-making rate base is typically the
4 lesser of the purchase price or the appraised value.

5 And typically the appraised value is the
6 purchase price. So the higher price, the higher
7 return the large water public utility earns.

8 And this is a concern that's been
9 recognized in the industry by the National Regulatory
10 Research Institute, NRRI, in their 2021 paper on fair
11 market value legislation.

12 So now turning to the OPC's comments,
13 kind of with that background in mind, we have
14 submitted 13 proposed -- proposed modifications.
15 Those proposals focus on procedure, fairness, and
16 clarity of the rule. They are all explained in our
17 written comments and reflected in our redlined rule.

18 This morning -- or this afternoon, excuse
19 me, I'd like to first spend a little bit of time on
20 three of our proposals that require a bit more
21 background. I'll go through the other ten as well,
22 but a little bit quicker.

23 Those three proposals are a procedure so
24 the Commission may choose an appraiser. The next
25 would be an appraiser making a public interest

1 determination. And the third being the timeline for
2 Staff's recommendation when the acquisition value is
3 less than five million dollars.

4 So as I go through these, I will be
5 referring to the subsections in the OPC's redlined
6 rule. You'll notice, as the OPC included its changes
7 and tracked changes, some sections have moved around
8 with letters and numbering from the original proposed
9 rule. So I will be referring to the sections as
10 reflected in the OPC's redlined rule.

11 So to begin: The procedure for the
12 Commission's appraiser. This is one of the most
13 important modifications that the OPC has suggested in
14 its comments for the concern that I just mentioned
15 about how no party to this transaction has an
16 incentive to keep the cost low.

17 When the legislature amended the statute,
18 they changed how appraisers are chosen. So under the
19 prior version of the statute, there were three total
20 appraisers in every appraisal case; one chosen by the
21 buyer, one chosen by the seller, and then those two
22 appraisers working together to choose the third
23 appraiser.

24 That third appraiser in that instance --
25 the thought was hopefully that they would be --

1 they're not beholden to any party to the transaction
2 so there is some independence there.

3 The new -- the revised version of the
4 statute now allows for three appraisers, but it
5 doesn't require it. Rather, we have an appraiser
6 appointed by the buyer, an appraiser appointed by the
7 seller, and then the Commission may appoint a third
8 appraiser.

9 So the problem here is that the statute
10 allows the Commission to choose an appraiser, but it
11 doesn't specify how to accomplish that choice. The
12 proposed rule also did not include a procedure for
13 this to occur.

14 And the OPC is concerned that without
15 that procedure, the Commission likely would never
16 choose an appraiser. And that's because how the
17 appraisal process is set up.

18 So the appraisal statute, both the -- the
19 prior version of the statute and the revised version,
20 require that the appraisal be jointly prepared by the
21 appraisers. As I mentioned, typically the appraised
22 value becomes the purchase price. And if the
23 Commission approves the acquisition, that becomes the
24 rate-making rate base, along with the closing
25 transaction and transition costs.

1 Now, if the first time the Commission is
2 notified of a potential acquisition is when the large
3 water public utility files its application before the
4 Commission, that appraisal has already been -- taken
5 place. It's -- because typically the appraisal is
6 attached to the application. And by the Commission's
7 proposed rule, it must be attached to the application.

8 So if all of the appraisers must work
9 together to jointly prepare the appraisal, if the
10 Commission at that time chose to appoint an appraiser,
11 that first appraisal would become invalid because a
12 new one must be completed with all three appraisers
13 working together.

14 That could lead to different types of
15 problems, including the large water public utility
16 choosing not to go through with the acquisition. It
17 would also increase costs as customers would have to
18 pay for two appraisals.

19 So, again, it's imperative for the
20 Commission to appoint an appraiser, because this would
21 give an element of independence to the appraisal
22 process as that third appraiser wouldn't be beholden
23 to either party of the transaction.

24 As I mentioned before, neither the buyer
25 or the seller have an incentive to keep costs low

1 here. And so the Commission appraiser adds an element
2 of independence.

3 So what the OPC has done -- and this is a
4 screenshot of our proposal, which is a little bit hard
5 to see on the screen, but it's hopefully a little
6 easier to see in the redlined rule. This is OPC
7 subsection one, is really build off the process
8 suggested by Missouri American.

9 So it begins with a confidential letter
10 to the Commission's general counsel, copying the
11 Office of the Public Counsel and Staff, notifying the
12 Commission of the large water public utility's intent
13 to begin pursuing the appraisal process. Then the
14 Commission responding in writing to all parties
15 whether it will appoint an appraiser.

16 And then another change that the OPC has
17 made to what Missouri American had proposed is
18 allowing the Commission to take more than 45 days to
19 appoint that appraiser.

20 And so the OPC has included that
21 provision just in recognition that there are certain
22 State of Missouri requirements that State entities
23 have to go through in order to retain expert -- expert
24 witnesses or advice. So just giving that little bit
25 of extra time there.

1 And then the OPC also proposes including
2 the provision that if the Commission declines to
3 appoint an appraiser or no action occurs within
4 45 days, then the large water public utility may
5 proceed.

6 So the next proposal that I want to focus
7 on appears in 3(N)(3). And this is about the
8 appraisers making a public interest determination. So
9 as proposed, the rule says that the appraisal must
10 include a fair market value determination showing that
11 the acquisition is in the public interest.

12 Now, the OPC interprets this language as
13 suggesting that the appraisers make a public interest
14 determination. Now, we're concerned with that because
15 when the legislature amended the appraisal statute as
16 part of SB4, they included three provisions to show
17 that the O -- or that the Commission must make the
18 public interest determination.

19 That's in 393.320.2, which says that the
20 Public Service Commission must independently conclude
21 that a Certificate of Convenience and Necessity should
22 be granted, which as the Commission is aware,
23 typically requires the Commission to consider the
24 Tartan factors, the fifth one being the public
25 interest.

1 And then two provisions of 393.320.8.
2 The first one, the sentence that says: A large water
3 public utility's choice does not automatically ensure
4 that the transaction is in the public interest. And
5 then also requiring that the Public Service Commission
6 independently determine whether the acquisition is in
7 the public interest.

8 So why -- why make the change that the
9 OPC is proposing? First, the OPC is aware of no
10 standard that would allow for an appraiser to make a
11 public interest determination. Also, it's clear from
12 the statutory changes that the Commission is to make
13 that determination.

14 So here's the OPC's proposal. There's
15 really two parts to it. The first is striking the
16 language about the acquisition -- showing that the
17 acquisition is in the public interest.

18 The second, adding -- is adding a
19 reference to Missouri law and the most recent state --
20 version of the Uniformed Standards of Professional
21 Appraisal Practice. This is something that's
22 reflected in the revised statute, but was not
23 previously recognized in the proposed rule.

24 So the third modification that I'd like
25 to turn to is OPC subsection four. And this is about

1 Staff's recommendation when the appraised value is
2 less than five million dollars. So you might be
3 wondering, you know, why is this -- this particular
4 circumstance called out here. And that's because it's
5 called out in the statute.

6 So the problem here is that under the
7 current proposed rule, Staff's recommendation in these
8 cases wouldn't be due for 120 to 150 days. Using kind
9 of some rough math, that's about four to five months.
10 But under the revised appraisal statute, the
11 Commission has to issue its decision in these cases,
12 which in -- within six to seven months.

13 So if Staff's recommendation comes to the
14 parties on Day 150 and the Commission wants to make
15 its decision within six months, this could leave as
16 little as one month for a filing contesting Staff's
17 recommendation, pre-filed testimony, hearing, briefing
18 or oral argument, and for the Commission to reach and
19 issue a decision with a 10-day effective date.

20 Now, it's likely impossible that all of
21 that could be completed in a month or even two months.
22 And so for that reason, the OPC has made a couple of
23 proposals for this provision as well.

24 Most importantly, it's changing the
25 deadline for Staff's recommendation to either 60 to

1 75 days to allow some more time to complete that whole
2 process. And we recognize that that's a quick
3 turnaround time, especially with a 20-day response
4 time for data requests.

5 So we also suggest including a provision
6 that automatically shortens the response time for data
7 requests to ten calendar days with five calendar days
8 to object or notify that additional time is needed.
9 And that's half of the time included in the
10 Commission's current rules.

11 So before I leave you this morning, I
12 quickly want to go through the OPC's other ten
13 proposals. I appreciate you sticking with me. So
14 these will go much faster.

15 The first is very -- really very simple.
16 This is in OPC subsection two. This is actually a
17 heading in the proposed rule. As proposed, the
18 heading is just Appraisals. But what incl- -- is
19 included in that subsection includes references to a
20 consulting engineer who would not participate in the
21 actual appraisal itself.

22 So the OPC suggests just expanding the
23 heading to include Engineering Reports or Evaluations.

24 So the next one is in OPC -- or OPC
25 subsection 2(a). This is about the appraisers and the

1 consulting engineers' independence. So as proposed,
2 the rule references three relationships; a creditor,
3 equity security holder, or shareholder of the utility
4 subject to the acquisition. It also references that
5 the appraiser and consulting engineer can't have a
6 material interest in either utility.

7 The OPC is concerned because there are
8 many types of relationships that may not fall within
9 the Commission's proposed language here, but could
10 affect an appraiser or consulting engineer's
11 independence.

12 So the OPC has suggested some language
13 that simply makes this a little bit broader, but it,
14 you know, continues to include the Commission's
15 proposed language.

16 So instead of referencing those three
17 relationships only, broadening it to being associated
18 with the utility subject to the acquisition, including
19 but not limited to being a creditor, equity security
20 holder, or shareholder.

21 The next is OPC subsection 2(e). And
22 this change is really a practical one. So this
23 subsection references that if the appraisers rely on
24 information that's not public, they must give a copy
25 of that information if requested or upon request.

1 The problem with that is that the
2 appraisers typically are not parties to the case. In
3 fact, in the litigated case about Missouri American's
4 acquisition of Eureka, Missouri American sponsored the
5 testimony of one appraisal and the consulting
6 engineer, but the other two appraisers were not in the
7 case.

8 So just practically speaking, it would be
9 very difficult to get information from those
10 appraisers without a subpoena.

11 So in recognition of that, the OPC
12 suggests striking the language about "upon request"
13 and just requiring the appraisers to provide the
14 information -- the nonpublic information with the
15 appraisal.

16 The next change is to OPC subsection
17 2(f). Again, this is -- is really a minor change, but
18 it's a reorganization change. So this language is
19 about certain documents needing to be signed, sealed,
20 and dated by a professional engineer or a direct
21 supervisor.

22 That information previously appeared in
23 subsection 2(n), which was the section discussing what
24 must be included with the application. But because
25 this information doesn't require anything new to be

1 si- -- or to be filed, and it's really more kind of
2 general information, the OPC suggests using the same
3 language and just moving it up to that Appraisal and
4 Engineering Reports section.

5 The next change is to OPC subsection
6 3(c). So this was not a previously included provision
7 in the proposed rule. And it's about corrected
8 reports and requiring the application to identify if a
9 corrected report was relied on or if it exists.

10 So when the legislature amended the
11 appraisal statute, they included a provision that
12 only -- the appraisals -- the appraisers, excuse me,
13 should submit to both the buyer and the seller only
14 their final appraisal at the same time; however, they
15 are also included language that a corrected report
16 could be issued.

17 However, the problem there is parties may
18 not know that a corrected report exists. There's been
19 at least one case where there were two appraisers --
20 two appraisals and that second appraisal did not
21 mention the first appraisal.

22 So just so everyone's aware that there's
23 been a corrected report, the OPC suggests including a
24 statement in the section detailing what must be
25 included in the application, that there must be a

1 statement as to whether any corrected reports were
2 received, including the date it was received and a
3 description of all changes that were made.

4 The OPC also has a change to subsection
5 3(m). This is really just requesting clarification
6 from the Commission. So as proposed, the language
7 says that if upgrades or new construction is
8 necessary, an engineering report shall be included.
9 But the rule doesn't say who determines that it's
10 necessary.

11 And so the OPC doesn't have a specific
12 proposal there, but we are requesting clarification
13 to -- just so it's clear who makes that determination
14 that it's necessary. As we pointed out in our written
15 comments, it's possible the Commission could tie that
16 to, you know, potentially a DNR standard, but it's
17 certainly something we're open to hearing from other
18 parties on.

19 Subsection 3(n) is about including a
20 statement whether or not an appraiser chose not to
21 join the appraisal. So as proposed, the rule includes
22 language about what should be included in the
23 appraisal.

24 And the OPC has made a couple of changes
25 to this language in subsection 3(n), but I want to

1 start with kind of the middle sentence there. So when
2 the -- so in both the revised statutory language and
3 the language from before the revision, if one
4 appraiser chooses not to join the appraisal, as long
5 as there are two, it could be a valid appraisal.

6 The OPC requests that language be
7 included that the application reference whether or not
8 one of the appraisers chose not to join the appraisal
9 and identify why. Again, just to make sure all
10 parties are aware whether there were only two
11 appraisers, or if one just chose not to join.

12 So the first change -- or the first
13 sentence of the OPC's proposal is then just rewording
14 this section to kind of fit where it appears in the
15 proposed rule. So this subsection, as proposed,
16 appears in the section about what must be included in
17 the application. So to match that, the OPC has
18 suggested some rewording there.

19 And then with the third sentence, just
20 adding a bit of language to make the sentence flow.

21 The change to OPC subsection 3(n)(1)
22 is -- is, again, just a practical change. So as
23 proposed, this language references that both the buyer
24 and the seller get to appoint an appraiser and
25 requires the application to reference who -- who

1 appointed which appraiser.

2 The OPC suggests adding language that the
3 Commission can also choose an appraiser. As I've
4 mentioned, that is now something that the Commission
5 may do, and so this is just expanding the rule to
6 recognize that.

7 The other two changes, the addition of
8 the word "water" is just to make sure that the rule
9 uses the defined terms from the statute. So the
10 statute defines "large water public utility" and
11 "small water utility."

12 The next change is to strike
13 subsection 3 and 2. As proposed, this subsection
14 required the appraisal to be filed with the
15 application, but appeared in the subsection that
16 discussed what must be in the appraisal. So if the
17 Commission accepts the OPC's revisions to 3(n), this
18 language is just no longer necessary. So it's just
19 taking it out.

20 Finally, the OPC's proposal to subsection
21 3(o) is, again, just a reorganization change. So as
22 proposed, this language requires the appraisal to
23 include the requested purchase price.

24 The OPC is not aware of any reason for
25 the appraisal to reference the purchase price. It's

1 our understanding that typically the purchase price is
2 the appraisal price and that, you know, practically
3 speaking at the time of the appraisal, the purchase
4 price may not be known.

5 So in recognition of that, we just
6 propose taking this language out of the section about
7 what must be included in the appraisal and putting it
8 into the section about what must be in the
9 application. So it's just a reorganization. And as a
10 result of that, striking the word "and" at the end.

11 So thank you again for going through
12 those with me. I appreciate everyone's attention. I
13 know it's a bit of a long journey there, but as I
14 mentioned, each of the OPC's proposals are discussed
15 in our written comments and reflected in our redlined
16 rule, and I'm happy to answer any questions.

17 JUDGE DIPPELL: Do the Commissioners have
18 any questions for Public Counsel? All right. I'm not
19 seeing any.

20 I would like -- I'm going to mark the
21 PowerPoint presentation as Exhibit 2 so that we can
22 get that in the record.

23 (OPC Exhibit 2 received into evidence.)

24 MS. VANGERPEN: Okay. Thank you.

25 JUDGE DIPPELL: All right. Would

1 Missouri American like to go next?

2 MS. COLEMAN: Yes, Your Honor. My name
3 is Jennifer Coleman and I am representing Missouri
4 American Water today, in addition with Dean Cooper.
5 We also have some technical experts with us, Steve
6 Kadyk, as well as Brian LaGrand, if questions are
7 asked.

8 Missouri American prepared two summary
9 documents -- or updated documents for our discussion
10 today. One is a PowerPoint slide that really just
11 highlights our position based on Staff's and OPC's
12 comment.

13 But then we also prepared an updated
14 redline rule. This rule -- we did our best to
15 highlight in yellow anything that was added based on
16 our initial redline comments that were filed in the
17 docket. So I'm going to walk through each of these
18 sections and go through our -- our position.

19 First of all, Missouri American urges the
20 Commission to establish a process and timeline to
21 appoint an appraiser. Missouri American agrees with
22 OPC that this process should be listed in the
23 regulation, and we propose some minor modifications
24 pertaining to the timeline or extended timeline in
25 which the Commission may appoint an appraiser.

1 Missouri American is proposing
2 essentially that the Commission have no more than
3 75 days from the initial utility notice to make that
4 appointment. So Missouri American took, directly from
5 OPC's comment, that first section of the regulation
6 and placed it in the updated redline.

7 Again, we urge the Commission to
8 establish a process and a procedure for the
9 appointment of the appraiser, and we disagree with
10 Staff's recommendation that a process is not required.

11 In addition, moving on, Missouri American
12 believes that under the appraisal section 2(a) on the
13 redline, we believe that defined terms for creditor
14 and ownership are necessary.

15 Missouri American believes that OPC's and
16 Staff's proposed changes that state, "The appraiser
17 may not be associated with the utility" creates
18 ambiguity and uncertainty.

19 The pool of appraisers and qualified
20 appraisers in which companies can utilize is small.
21 We want to ensure that an appraiser is not
22 disqualified based on ambiguity in the rule, and to
23 create certainty with a proposed definitions that
24 Missouri American originally filed and maintained in
25 this redlined version of the rule.

1 In addition, under 2(a)(e), Missouri
2 American did not propose to accept the revisions from
3 Staff and OPC pertaining to -- apologies -- pertaining
4 to when data should be provided for the appraisal.
5 Missouri American believes that the proposed language
6 should remain as-is with no revisions.

7 The appraisal is the final work product
8 and is to be reviewed on its own. And if OPC or Staff
9 has additional information that they request or
10 require, we believe that they should go through the
11 discovery process for that.

12 Missouri American was comfortable and
13 proposed the sort of revisions that OPC presented
14 pertaining to renumbering and moving provisions up, so
15 that's what you see under F and G. Missouri American
16 was also supportive of the minor changes to that
17 section essentially if the Commission determined to
18 appoint an appraiser.

19 Moving on, Missouri American also agreed
20 with OPC's proposed reference to Missouri law in the
21 USPAP standards. Missouri American was also
22 supportive of removing the showing that the
23 acquisition is in the public interest, as that is a
24 legal standard to be determined by the Commission.

25 Missouri American disagrees with Staff's

1 recommendation that it should remain.

2 Missouri American also would like to keep
3 the language that allows flexibility in what documents
4 are available at the time of filing the application,
5 and believes that flexibility is necessary and to keep
6 that language.

7 In addition, Missouri American did not
8 have any concerns with the statement being added to
9 the application documents if a report was corrected
10 and, therefore, added that to the regulation redline.

11 Missouri American, under Section M,
12 agrees with the Staff that any change to the
13 construction language is not necessary.

14 In addition, Missouri American agrees
15 with the proposal to add essentially and bring out the
16 purchase price under N, which is highlighted, but
17 Missouri American would propose to strike the few
18 words at the end of that sentence stating "for the
19 small water utility." We would propose to remove
20 that.

21 In addition, under the appraised value
22 and shortened timelines, Missouri American defers to
23 Staff in -- in the shortened timelines pertaining to
24 the acquisition. Missouri American opposes any
25 shortened timelines for data requests and believe that

1 such adjusted timelines should be agreed to on a
2 case-by-case basis as outlined under subsection five.

3 That is the -- the end of our opening
4 statement. Does anybody have any questions?

5 JUDGE DIPPELL: Are there any
6 Commissioner questions for Missouri American?

7 I just had one question and it's kind of
8 both for Missouri American and OPC. Just -- do you
9 all have a citation for where the Uniform Standards of
10 Professional Appraisal Practice are found?

11 MS. VANGERPEN: Judge Dippell, do you
12 mean in the statute itself?

13 JUDGE DIPPELL: Well, is that -- is it in
14 a statue or is it a publication, do you know?

15 MS. VANGERPEN: It's -- it's our
16 understanding -- so it is referenced in the statute.
17 We have spoken with the Division of Professional
18 Registration, who kind of oversees appraisers. And
19 it's our understanding that that is a document that's
20 published by an organization that is escaping me at
21 this time. But it is a document that's -- that's
22 fi- -- or created by that entity and then updated as
23 needed. That is our understanding.

24 And it's our understanding that it is not
25 publicly available, but it is available for purchase

1 on the website. We can also make a filing on that
2 issue, if you'd like.

3 JUDGE DIPPELL: That's fine. I just --
4 if you -- if the Commission were to incorporate that
5 kind of document, we would need a specific citation.
6 We would also need to have copies at the Commission,
7 as well as at the Secretary of State's Office. There
8 are very specific rules about incorporating things
9 into the rule, so.

10 MR. GATELEY: Judge, if I may.

11 JUDGE DIPPELL: Yes, Mr. Gateley.

12 MR. GATELEY: The -- based on what I was
13 able to determine, these standards are created by an
14 entity that calls themselves the Appraisal Institute.
15 It does not appear to be a -- like a political
16 subdivision, you know, registering with federal
17 government, that sort of thing. It appears to be
18 their own professional standards that they develop and
19 change on their own.

20 JUDGE DIPPELL: All right. I -- I think
21 we looked into this once before and rules, but I
22 wanted to get that information while I had you all in
23 the room. So, thank you.

24 MS. VANGERPEN: Judge Dippell, before we
25 move off that issue, would it be helpful for the OPC

1 to get a copy of the USPAP and file that information
2 or --

3 JUDGE DIPPELL: I don't believe at this
4 point. I don't think you can get it soon enough for
5 it to actually do a lot of good. And I think we have
6 acquired that in the past, if I'm remembering
7 correctly. But I -- like I say, while I had you in
8 the room, I wanted to get that clarified.

9 Was there anything else for Missouri
10 American?

11 All right. Is there anyone else present
12 that -- oh, I'm sorry. Did you have further comments?

13 MS. COLEMAN: Your Honor, could we mark
14 the PowerPoint slides, as well as the proposed
15 redlined version of the rule as Exhibit 3?

16 JUDGE DIPPELL: Yes, thank you. I -- in
17 fact, I had already marked them on my copy, the
18 PowerPoint slide, as Exhibit 3. And just to keep it
19 straight, I marked the proposed rule as Exhibit 4.

20 MS. COLEMAN: Thank you, Your Honor.

21 JUDGE DIPPELL: Those are included in the
22 record from today.

23 (Missouri American Exhibits 3 and 4 were
24 received into evidence.)

25 JUDGE DIPPELL: Is there anyone else

1 present that wanted to give comments? Did Staff or
2 Public Counsel have any additional comments after
3 Missouri American's or Office of Public Counsel's
4 comments?

5 MR. STACEY: Nothing from Staff, Judge.

6 JUDGE DIPPELL: Okay. Thank you.

7 MS. VANGERPEN: So the OPC actually does
8 have just a few things kind of in response to Missouri
9 American's comments.

10 So generally, you know, we're very
11 pleased that Missouri American is open to our
12 changes -- thank you -- to the procedure for the
13 Commission appointing an appraisal -- appointing an
14 appraiser.

15 But it may be better if the OPC could
16 just file its responsive comments to Missouri American
17 either by the end of day or at the end of tomorrow, if
18 that would be something the Commission would consider.

19 JUDGE DIPPELL: I -- I can allow that. I
20 will hold the record open until the end of the day
21 tomorrow for OPC to file additional written comments.

22 MS. VANGERPEN: Thank you.

23 MS. COLEMAN: Your Honor, would Missouri
24 American Water have an -- be granted an opportunity to
25 file responsive comments to OPC as well as Staff's

1 comments that were filed today?

2 JUDGE DIPPELL: You may. You can also --
3 I will -- I will hold the record open until
4 tomorrow -- the end of the day tomorrow for any
5 responsive comments. It looked like Staff might have
6 some additional comments as well. And at that time I
7 will close the comment record.

8 Is there anything further?

9 All right. It looks like we are finished
10 and this hearing will be adjourned. Thank you.

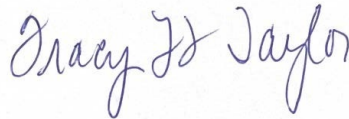
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CERTIFICATE OF REPORTER

I, Tracy Thorpe Taylor, CCR No. 939, within the State of Missouri, do hereby certify that the testimony appearing in the foregoing matter was duly sworn by me; that the testimony of said witnesses was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this matter was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.



Tracy Thorpe Taylor, CCR, RPR

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