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| Exhibit No.: | |
| Issues: | Neosho Acquisition |
| Witness: | Joseph E. Batis |
| Exhibit Type: | Direct |
| Sponsoring Party: | Missouri-American Water Company |
| Case No.: | WA-2026-0072 |
| Date: | April 7, 2026 |

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WA-2026-0072

DIRECT TESTIMONY

OF

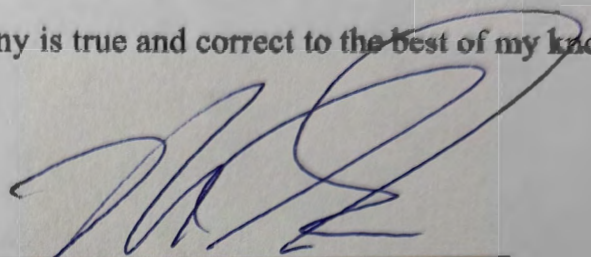
JOSEPH E. BATIS

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY & CITY OF NESOHO

AFFIDAVIT

I, Joseph E. Batis, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am President of Edwrd J. Batis & Associates, Inc. and Utility Valuation Experts, Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.



Joseph E. Batis

Dated

4/6/24

**DIRECT TESTIMONY
JOSEPH E. BATIS
MISSOURI-AMERICAN WATER COMPANY
CASE NO.: WA-2026-0072**

TABLE OF CONTENTS

I. INTRODUCTION..... 1
II. VALUATION REPORT 1
III. APPRAISAL STANDARDS..... 3

DIRECT TESTIMONY

JOSEPH E. BATIS

I. INTRODUCTION

1

2 **Q. Please state your name and business address.**

3 A. My name is Joseph E. Batis, and my business address is 313 N. Chicago Street, Suite 101,
4 Joliet, Illinois 60432.

5 **Q: Please state your professional background.**

6 A. I am President of Edward J. Batis & Associates, Inc. and Utility Valuation Experts, Inc.,
7 firms that provide real estate and utility system valuation services, including for public and
8 private water and wastewater systems. I have provided valuation services since 1983 and
9 hold an MAI designation from the Appraisal Institute. I am a state-certified general
10 appraiser in Illinois, Missouri, Texas, and Florida. A detailed summary of my experience
11 is provided in Schedule JEB-1.

12 **Q. Have you previously testified before the Missouri Public Service Commission?**

13 A. Yes, I provided testimony before the Missouri Public Service Commission
14 (“Commission”) in Case No. WA-2021-0376, an application for a certificate of
15 convenience and necessity filed by Missouri-American Water Company in regard to water
16 and sewer systems in Eureka, Missouri.

17 **II. VALUATION REPORT**

18 **Q. Did you participate in the preparation of a Valuation Report concerning the City of**
19 **Neosho (“Neosho” or “City”) water and sewer systems?**

20 A. Yes. In early September of 2024, I was asked to participate in providing a Valuation Report

1 in regard to these systems. I was the appraiser selected by the City.

2 **Q. Were you the only appraiser that participated in this Valuation Report?**

3 A. No. Edward W. Dinan, CRE, MAI; and Elizabeth Goodman Schneider, ASA, also
4 participated as appraisers. I am a disinterested person who is a certified general appraiser
5 under chapter 339 of the Missouri Code. An engineering report was completed by Gerald
6 C. Hartman, PE of Hartman Consultants, LLC, who is a licensed engineer in the state of
7 Missouri.

8 **Q. What standard was used in the preparation of the Valuation Report?**

9 A. The Valuation Report was prepared in conformance with Standards Rule 2-2(a) of the 2024
10 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). In addition
11 to being prepared in compliance with USPAP, the Valuation Report was prepared in
12 accordance with the Code of Ethics and Standards of Professional Practice of the Appraisal
13 Institute.

14 **Q. What market value was determined for the subject property water and wastewater
15 systems?**

16 A. The Valuation Report opines that the market value of the water system is \$17,400,000, and
17 the market value of the wastewater system is \$17,100,000.

18 **Q. Does the Valuation Report include detailed and/or itemized information and
19 calculations used to derive the appraised value cited above to include studies or
20 documents produced by other specialists, such as an engineer?**

21 A. Yes. The appraisal includes the engineering report referenced above. Further, the appraisal
22 was prepared after consideration on three different methodologies; the cost approach, sales

1 comparison approach, and income capitalization approach (See Application, App. C
2 (Valuation Report), pp. 10-12). The detailed discussion of these three approaches is found
3 on pp. 26-78 of the Valuation Report (Application, App. C)).

4 The resulting analysis included the application of the cost approach and the sales
5 comparison approach. As explained in the report, the income capitalization approach is not
6 customarily relied on for the valuation of public water and wastewater systems acquired
7 by investor-owned entities.

8 The sales comparison approach included an analysis of transactions primarily from
9 Missouri and Illinois. As explained in the Valuation Report, the Illinois market is more
10 representative of a competitive market with balance in the supply and demand forces.

11 Based on a review of the market data available for both the cost approach and sales
12 comparison approach, we concluded that all emphasis should be placed on the value
13 opinion indicated by the sales comparison approach. The cost approach, which resulted in
14 a conclusion of value for the water system of \$35,900,000 and an opinion of market value
15 for the subject property wastewater system of \$59,500,000, is not considered reliable due
16 to the excessive cost estimates and the amount of depreciation. (Application, App. C
17 (Valuation Report), p. 79).

18 **III. APPRAISAL STANDARDS**

19 **Q. What is the significance of the USPAP standards?**

20 A. All appraisal assignments completed by state-certified real estate appraisers must comply
21 with the applicable Uniform Standards of Professional Appraisal Practice (USPAP), which
22 would be the 2024 Edition of USPAP in this situation. By design, USPAP provides the

1 general framework for an appraiser's conduct but leaves the ultimate decisions and
2 discretion to the appraiser regarding the application of the approaches to value, the scope
3 of work decisions that impact the extent and type of research and analysis, and ultimately
4 the development of the report communicating the opinion(s) of the appraiser.

5 **Q. What is the goal of the USPAP's scope of work rule?**

6 A. The objective of USPAP's scope of work rule is to assure that the valuation research and
7 analysis result in credible assignment results. According to USPAP, a scope of work is
8 acceptable when it meets or exceeds: (1) the expectations of parties who are regularly
9 intended users for similar assignments; and, (2) what an appraiser's peers' actions would
10 be in performing the same or similar assignment.

11 **Q. How do you assess the expectations of intended users?**

12 A. As a start, the appraisers rely on their own experience. The three appraisers that
13 participated in the Neosho valuation assignment collectively have extensive experience in
14 the valuation of water and wastewater utility systems. Their individual and collective
15 experiences include providing appraisal and/or valuation consulting services for buyers and
16 sellers in multiple states and for valuation assignments that required similar state regulatory
17 compliance that mandates appraisal services comporting with USPAP. In addition to our
18 own experiences, we review valuation reports prepared by other experienced valuation
19 experts as part of our customary research and analysis, which provides us with further
20 understanding of industry standards and typical client expectations. If the client and/or
21 intended users of the subject assignment require additional analysis, explanation,
22 clarification, etc., the appraisers will comply with the request and provide supplemental
23 data/analysis.

1 **Q: Based on your analysis and the appraisal standards applied, are the concluded**
2 **market values credible indicators of the market value of the Neosho water and**
3 **wastewater systems?**

4 A: Yes. Based on my analysis, experience, and the application of accepted appraisal
5 methodologies, the concluded market values reasonably reflect the market value of the
6 Neosho water and wastewater systems under current market conditions.

7 **Q. Does this conclude your Direct Testimony?**

8 A. Yes.

Professional Profile
Joseph E. Batis, MAI, AI-GRS, R/W-AC

EMPLOYMENT HISTORY

Owner and President of Utility Valuation Experts, Inc.

Real Estate Appraiser and Consultant since 1983

PROFESSIONAL AFFILIATIONS, MEMBERSHIPS, AND CERTIFICATIONS

Member of the Appraisal Institute

MAI designation, AI-GRS designation (Member #63637)

Member of the International Right of Way Associations

R/W-AC certification (Member #7482)

Member of the American Water Works Association

(Member #03666505)

Member of the Illinois Chapter of the National Association of Water Companies (NAWC)

Approved Instructor

Appraisal Institute - multiple continuing education and qualifying education courses

DEVELOPMENT OF STATE-ACCREDITED CONTINUING EDUCATION SEMINARS

- *The Valuation of Water of Wastewater Systems (2020)*
- *Pipeline and Corridor Easements – Aren't They All the Same? (2020)*
- *Understanding Easements – What is Being Acquired? (2003)*
- *Pipelines and Easements – Can They Co-Exist? (2003)*

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

Illinois - Missouri - Tennessee - Virginia - Iowa - Texas - North Carolina

PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)

Valuation and consulting services of public water treatment and distribution assets, public wastewater collection and treatment assets, shared assets (treatment plants), natural gas delivery systems, and other public infrastructure and assets for acquisition, disposition, allocation, or resolution of value disputes for more than 75 assignments during the last 7 years.

SPECIALIZED VALUATION SERVICES AND EXPERIENCE

- Right of Way / Energy Transmission Lines / Fiber Optic Corridors / Railroad Corridors
- Power Transmission Line Corridors / Solar Energy Fields / Underground Gas Storage Fields
- Public and Investor-Owned Utility Systems (water distribution and wastewater collection)
- Valuation of Permanent and Temporary Easements
- Market Impact Studies for Corridors (Power Transmission Lines, Underground Pipelines)
 - Remainder Properties / Proposed Projects / Expansion of Infrastructure Systems

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

- Expert Testimony (Federal and Circuit Courts, Commerce Commission Hearings)
- Value Dispute Resolution Services - Review and Rebuttal Services
- Litigation Consultation and Support Services

IMPACT STUDIES – SOLAR FIELD PROJECTS (2018)

Market impact studies pertaining to the proposed development of solar energy fields in several counties in the Chicago metropolitan area. Each market study included a site analysis and “before and after” analysis to determine the impact from the proposed solar projects to properties in the immediate and general market areas of the proposed facilities.

IMPACT STUDIES – PROPERTY VALUES AFFECTED BY INTERMODAL FACILITIES (2020)

Market impact studies pertaining to 15 warehouse, industrial, and intermodal facilities developed from 1988-2020 and their impact on more than 6,000 residences. Analysis included a review of traffic reports, proposed infrastructure developments, and independent study of proximity impacts. Scope of work included multiple appearances in front of multiple village and city committees to provide testimony.

MARKET STUDY AND APPRAISAL REVIEW - CONTAMINATION (2018)

Appraisal review services and market data research pertaining to the impact to the market values of numerous properties resulting from the contamination of underground water sources. Scope of work included technical reviews of multiple appraisals, independent market research, and consultation with clients to assist with settlement strategy.

MARKET IMPACT STUDY – CONTAMINATION FROM UNDERGROUND LEAK AT NUCLEAR POWER GENERATING STATION (2007)

Coordinated the market research, analysis, and valuation services pertaining to the impact of more than 500 properties affected by an underground leak of tritium from the Braidwood Nuclear Power Plant. Market Study included a before and after statistical analysis including market development patterns and value trends in 20 communities during a five-year time frame.

ANALYSIS AND ALLOCATION OF THE CONTRIBUTORY VALUES OF MULTIPLE PERMANENT EASEMENTS CO-LOCATED IN A TRANSMISSION CORRIDOR (2019-2020)

An analysis and valuation of the easement values for multiple contiguous and overlapping permanent easements within a right-of-way corridor, including gas pipeline easements, power transmission lines, public utility (water line) easements, and recreational easements. Scope of work included preliminary valuation, consultation, and technical reviews of multiple appraisal reports to assist client in settlement strategy.

MANAGEMENT AND SUPERVISION OF VALUATION SERVICES FOR SIMULTANEOUS ACQUISITION OF EASEMENTS FOR MULTIPLE OIL PIPELINES (2012-2020)

Valuation and consulting services including the coordination and management of preliminary land value studies, market impact studies to support "good-faith" offers, appraisal services for acquisition and condemnation hearings, appearance and testimony at Illinois Commerce Commission hearings, expert testimony at trial, appraisal review services, preparation of rebuttal reports and appearance for rebuttal testimony, and preparation for settlement conferences. Project involved acquisition of permanent and temporary easements for the simultaneous construction of three interstate oil transmission lines. Market research included an analysis of statistical data pertaining to 18 residential subdivisions impacted by underground pipelines. Responsible for management of the projects' valuation services pertaining to more than 2,000 properties in 22 counties including the managing, training, and supervising of 35 appraisers, consultants, and researchers that participated in the acquisition projects.

INTERSTATE NATURAL GAS PIPELINE PROJECT (2000-2003)

Valuation and consulting services including the coordination and management of appraisal services for acquisition and condemnation hearings in federal court, appraisal review services, rebuttal report/testimony, and settlement conferences. Project involved acquisition of permanent and temporary easements for the construction of a natural gas transmission line. Responsible for management of the project's valuation services including more than 600 properties in 4 counties.

VALUATION REVIEW SERVICES AND EXPERT TESTIMONY FOR 1,000+ MILE RAILROAD CORRIDOR

In 2019, provided valuation and consulting services including the review of appraisals and consulting reports pertaining to the valuation of a 1,000+ mile fiber optic corridor within a railroad corridor extending through Virginia, North Carolina, South Carolina, Tennessee and Illinois.

**RECENT AND PENDING PRESENTATIONS, DISCUSSION PANEL APPEARANCES,
AND OFFERINGS OF SELF-DEVELOPED SEMINARS**

Appraisal Institute - Chicago Chapter

Midwest Easements - Aren't They All the Same?

Chicago, IL; 2020

Illinois Municipal League Association - 2019 Annual Conference

What's the Value of Your Public Utility System?

Chicago, IL; 2019

Appraisal Institute - Chicago Chapter

The Valuation of Water and Wastewater Systems

Chicago, IL; 2021

Will County Estate Planning Council

Valuation and Regulatory Issues - Updates

Lockport, IL; 2018

Appraisal Institute - 2019 National Conference

Valuation of Easements - Litigation Issues

Denver, CO; 2019

International Right of Way Association - Chapter 12

Valuation of Easements for Pipelines

Aurora, IL; 2020

Southwest Suburban Water Coalition

Valuation of Easements within Easements in Right-of-Way Corridors

Orland Park, IL; 2019

Illinois Property Assessment Institute - 2021 Annual Conference

Highest and Best Use Analysis

Bloomington, IL; 2021

Illinois Property Assessment Institute - 2021 Annual Conference

The Valuation of Privately-Owned Water and Wastewater Utility Systems

Bloomington, IL; 2021

Appraisal Institute - Chicago Chapter

Illinois Appellate Court Cases - Impacts to Valuation Experts

Chicago, IL; Pending 2021

MOST RECENT APPRAISAL INSTITUTE EDUCATIONAL AND INSTRUCTOR EXPERIENCE

APPRAISAL REVIEW THEORY-GENERAL (AUDIT)

OCTOBER 2020, PITTSBURGH, PA

THE APPRAISER AS AN EXPERT WITNESS (AUDIT)

SEPTEMBER 2020, PITTSBURGH, PA

**MIDWEST PIPELINE AND CORRIDOR EASEMENTS
(DEVELOPER & PRESENTER)**

SEPTEMBER 2020, CHICAGO, IL

VALUATION OF CONSERVATION EASEMENTS

March 2020, Ft. Lauderdale, FL

**GENERAL APPRAISAL INCOME PART II
(INSTRUCTOR AUDIT)**

October 2019, Chicago, IL

BASIC APPRAISAL PRINCIPLES (INSTRUCTOR)

March 2019, Chicago, IL

GENERAL INCOME APPROACH (CO-INSTRUCTOR)

February 2019, Chicago, IL

**GENERAL SALES COMPARISON APPROACH
(INSTRUCTOR AUDIT)**

February 2019, Chicago, IL

**GENERAL APPRAISER INCOME APPROACH PART I
(INSTRUCTOR AUDIT)**

November 2018, Nashville, TN

GENERAL APPRAISER PROCEDURES (CO-INSTRUCTOR)

October 2018, Chicago, IL

INSTRUCTOR QUALIFYING CONFERENCE

September 2018, Chicago, IL

ADULT LEARNING – EFFECTIVE CLASSROOM LEARNING

September 2018, Online Webinar

LITIGATION APPRAISING:

SPECIALIZED TOPICS AND APPLICATIONS

July 2018, Roseville, MN

THE APPRAISER AS AN EXPERT WITNESS:

PREPARATION AND TESTIMONY

May 2018, Woburn, MA

QUANTITATIVE ANALYSIS

March 2018, Chicago, IL

NATIONAL USPAP UPDATE COURSE

February 2018, Chicago, IL

EMINENT DOMAIN AND CONDEMNATION

September 2017, Online Seminar

**RATES AND RATIOS: MAKING SENSE OF
GIMS, OARS, AND DCF**

September 2017, Online Seminar

NATIONAL USPAP UPDATE COURSE

May 2016, Chicago, IL

NATIONAL USPAP UPDATE COURSE

July 2015, Columbus, OH

INSTRUCTOR WEBINAR

May 2015, Online Webinar

BUSINESS PRACTICE AND ETHICS

March 2015, Online Seminar

INSTRUCTOR WEBINAR

May and October 2014, Online Webinar

**GENERAL APPRAISER MARKET ANALYSIS
AND HIGHEST AND BEST USE**

January 2014, Chicago, IL

INSTRUCTOR WEBINAR

April and October 2013, Online Webinar

KNOWLEDGE CENTER FOR INSTRUCTORS

October 2012, Online Webinar

CANDIDATE FOR DESIGNATION PROGRAM

July 2012, Online Webinar

NATIONAL USPAP UPDATE COURSE

June 2012, Chicago, IL

GENERAL APPRAISER INCOME APPROACH PART I

October 2011, Chicago, IL

NATIONAL USPAP UPDATE COURSE

September 2011, Chicago, IL