

# Exhibit No. 132

*Exhibit No.:*  
*Issue(s):* *Payroll, Payroll Taxes, and  
Employee Benefits, Credit  
Card Fees, Lobbying  
Expenses, Incentive  
Compensation, Rate Case  
Expense, Property Tax  
Expense, Capitalized  
Depreciation, Amortization  
Expense, Employee  
Expenses*

*Witness:* *Courtney Horton*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case No.:* *WR-2022-0303*  
*Date Testimony Prepared:* *February 8, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**COURTNEY HORTON**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2022-0303**

*Jefferson City, Missouri*  
*February 2023*

**\*\* Denotes Confidential Information \*\***

**\*\*\* Denotes Highly Confidential Information \*\*\***

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COURTNEY HORTON  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO. WR-2022-0303**

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**PAYROLL, PAYROLL TAXES, AND EMPLOYEE BENEFITS**

1  
2 Q. In his rebuttal testimony, on page 12, line 21 through page 23, line 3, Mr. Mason  
3 discusses how Staff's labor workpaper is not correctly reflected in Staff's Accounting  
4 Schedules. How does Staff respond?

5 A. Staff addressed this issue in its rebuttal filing. Please see my rebuttal testimony,  
6 page 8, lines 10 through 18.

7 Q. In his rebuttal testimony, on page 16, line 16 through page 17, line 10,  
8 Mr. Mason discusses how Staff overstated its 401(k) expense by using its base pay that  
9 includes salaries, license rates, shift premiums, and union employee meals to determine  
10 its 401(k) expense. How does Staff respond?

11 A. Staff revised its payroll surrebuttal workpaper to use the base pay only (base  
12 payexcluding license rates, shift premiums, and union employees meals) to determine its  
13 401(k) expense.

14 Q. In his rebuttal testimony, on page 16, line 16 through page 17, line 10,  
15 Mr. Mason discusses how Staff allegedly used the full annualized salaries for two temporary  
16 employees to determine their 401(k) benefits. How does Staff respond?

17 A. Staff is unsure what source document MAWC used to retrieve its data  
18 regarding the temporary and intern employees, because Staff did not include the full salary for  
19 any temporary or intern employees. In his direct testimony, on page 5, lines 19 through 21,  
20 Mr. Mason states that "The hours for the one temporary position were based on adjusted work  
21 hours reflecting 0.25 hours of a full-time employee." MAWC's direct labor workpaper  
22 confirms this as it only includes one temporary position as of March 31, 2022. However, in the  
23 employee list as of June 30, 2022, provided in MAWC's response to Data Request ("DR")  
24 No. 0111, there is more than one intern and temporary employee. Therefore, using

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1 MAWC's direct labor workpaper and Mr. Mason's direct testimony as guidance, Staff  
2 adjusted all the temporary and intern employees work hours to reflect 0.25 hours of a full-time  
3 employee. Finally, Staff used the reduced salaries to determine each temporary and intern  
4 employee's 401(k) benefits.

5 Q. In his rebuttal testimony, on page 17, lines 7 through 10, Mr. Mason discusses  
6 how Staff incorrectly determined its Defined Contribution Plan ("DCP") expense. How does  
7 Staff respond?

8 A. In its rebuttal filing, Staff did not include all of the DCP amounts incurred during  
9 the test year. Staff has since included these amounts and recalculated its adjustment.

10 Q. What is Staff's total surrebuttal annualized amount for DCP?

11 A. Staff's total surrebuttal annualized amount for DCP is \$1,112,098.

12 **CREDIT CARD FEES**

13 Q. In his rebuttal testimony, on page 18, lines 6 through 16, Mr. Mason  
14 discusses how Staff inadvertently excluded all customer accounting costs booked to  
15 account number 52510015, except for credit card fees. How does Staff respond?

16 A. Staff addressed this issue in its rebuttal filing. Please see my rebuttal testimony,  
17 page 9, lines 10 through 18. Staff allowed the test year amount for all the expenses booked to  
18 account number 52510015, except for credit card and e-check fees. Staff adjusted the credit card  
19 and e-check fees based upon its calculated annualized amounts.

20 Q. What is Staff's total rebuttal annualized amount for credit card and e-check fees?

21 A. Staff's total rebuttal annualized amount for credit card and e-check fees  
22 is \$1,142,578.

1 **LOBBYING EXPENSES**

2 Q. In his rebuttal testimony, on page 13, line 8 through page 14, line 13, Mr. Mason  
3 discusses how Staff disallowed a portion of wages for specific positions related to lobbying.  
4 How does Staff respond?

5 A. Staff has consistently disallowed all costs associated with lobbying expense in  
6 MAWC's previous rate cases. Lobbyists are hired by companies, individuals, or corporations  
7 to represent them and try to influence legislation, regulation, or other government decisions,  
8 actions, or policies on behalf of the people, organizations, or companies who hired them. While  
9 it is theoretically possible for the ratepayer to receive some ancillary benefit from lobbying  
10 activities, the primary responsibility of a company's lobbyists is to benefit the company. Thus,  
11 all lobbying expenses incurred during the test year should be excluded from rates.

12 **INCENTIVE COMPENSATION**

13 Q. In his rebuttal testimony, on page 14, lines 14 through 20, Mr. Mason discusses  
14 how MAWC disagrees with Staff disallowing 50% of the Annual Performance Plan ("APP")  
15 and 100% of the Long Term Performance Plan ("LTPP") compensation incurred during the  
16 test year. How does Staff respond?

17 A. Based on additional information provided, Staff is now recommending  
18 100% allowance of the APP for union employees only, based solely upon the confidential  
19 National Benefits Agreement ("NBA") provided in this case. The confidential NBA is  
20 attached to MAWC witness Jeffrey T. Kaiser's rebuttal testimony as Schedule JTK-1 RT.<sup>1</sup> Staff  
21 continues to support a disallowance of 50% of APP for non-union employees for the plan year

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<sup>1</sup> Section 386.315 RSMo states that in setting rates, the Commission "shall not reduce or otherwise change any wage rate, benefit, working condition, or other term or condition of employment that is the subject of a collective bargaining agreement between the public utility and a labor organization."

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1 2021 (benefits of which were paid out in March 2022), since 50% of it is tied to  
2 MAWC's financial performance. In addition, Staff continues to support a disallowance of  
3 100 percent of LTPP, because this is a stock option incentive only plan offered to non-union  
4 management. MAWC is not actually paying any expenses associated with LTPP, so there is  
5 no cash outlay associated with it, and therefore, MAWC should not be allowed to recover any  
6 amounts associated with LTPP.

7 Q. What is Staff's surrebuttal annualized amount for APP?

8 A. Staff's APP surrebuttal annualized amount for MAWC is \$2,334,881, and is  
9 \$1,769,908 for American Water Works Service Company, Inc. ("Service Company").

10 Q. In his rebuttal testimony, on page 15, lines 2 through 23, Mr. Mason discusses  
11 how the Employee Stock Purchase Plan ("ESPP") should be recoverable in rates. How does  
12 Staff respond?

13 A. Staff disagrees. ESPP should not be recoverable in rates because MAWC is  
14 simply offering American Water Works Corporation, Inc. ("AWWC") stock to its employees  
15 for purchase at a 15 percent discount. MAWC is only recording the discount on its books  
16 and is not actually paying out any cash for offering this incentive to its employees. In  
17 addition, according to the confidential NBA, \*\* [REDACTED]

18 [REDACTED]  
19 [REDACTED] \*\*. Also, there is no guarantee that employees will purchase stock or continue to  
20 purchase stock through this date. Hence, MAWC should not be able to recover ESPP in rates.

21 **RATE CASE EXPENSE**

22 Q. In his rebuttal testimony, on page 13, lines 7 through 9, Mr. LaGrand states,  
23 "The total cost of the depreciation study performed for Case No. WR-2020-0344 was \$117,485.



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1 Amortizing that cost of 60 months results in an annual expense of \$23,497. Staff's annual rate  
2 case expense is understated by \$2,926." How does Staff respond?

3 A. Staff is unsure how MAWC determined the total cost of the depreciation study  
4 performed for Case No. WR-2020-0344 (\$117,485) and the annual expense for the study  
5 (\$23,497). In fact, MAWC's Regulatory Expense direct workpaper has a \$117,485 amount  
6 included, but the title associated with that expense is "2017 MO Rate Case – DRs OPC." Staff  
7 retrieved the total cost of the depreciation study from a confidential attachment to MAWC's  
8 response to DR No. 0217 in the previous rate case, Case No. WR-2020-0344. According to that  
9 attachment, the total depreciation study cost is \*\* [REDACTED] \*\*. Staff normalized this cost over  
10 five years, resulting in an annual cost of \*\* [REDACTED] \*\*. As of June 30, 2022, MAWC has  
11 approximately four remaining years to receive the annual depreciation study cost, after which  
12 time MAWC should perform a new study.

13 Q. In his rebuttal testimony, on page 13, lines 11 through 14, Mr. LaGrand proposed  
14 a total rate case expense cost of \$1,039,653 to be amortized over three years with an annual  
15 expense of \$346,551. Mr. LaGrand indicated that MAWC inadvertently excluded \$150,000 of  
16 legal expenses from its rate case expense but has since included these costs. The annual  
17 amortization, including these expenses, therefore increased to \$396,551. Does Staff agree with  
18 his proposal?

19 A. No. The \$150,000 MAWC claims was inadvertently excluded is not an actual  
20 expense amount, but an estimated amount.

21 Q. Has Staff included estimated amounts in its rate case expense amount?

22 A. No.

23 Q. Did MAWC include estimated amounts in its rate case expense level?

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1 A. Yes. In MAWC’s direct “Actuals” regulatory expense workpaper, MAWC  
2 included projected rate case expense as of May 31, 2023, and unrecovered rate case expense  
3 from previous cases.

4 Q. Why does Staff believe estimated amounts should not be included in rate  
5 case expense?

6 A. After reviewing MAWC’s previous rate cases, Staff determined the amount of  
7 rate case expense incurred varies by case, as shown in the following table:

<b>Case No.</b>	<b>Test Year Rate Case Expense Costs</b>	<b>% Change from Previous Case</b>
WR-2015-0301	\$384,742	
WR-2017-0285	\$776,800	102%
WR-2020-0344	\$416,440	-46%
WR-2022-0303	\$341,445	-18%

9  
10 Hence, rate case expense should not be projected or estimated to determine future costs,  
11 since the costs are clearly unpredictable. Therefore, Staff’s calculation of rate case expense is  
12 more appropriate, because it is based upon historical data that is known and measurable. Staff  
13 will address the \$150,000 legal cost incurred from Barnes and Thornburg in its true-up.

14 Q. Mr. LaGrand discusses, in his rebuttal testimony, on page 13, line 17 through  
15 page 14, line 20, how amortizing rate case expense is more appropriate than normalizing the  
16 costs. Does Staff agree?

17 A. No. As stated on page 3, lines 4 through 13, in my rebuttal testimony: “MAWC  
18 files a general rate case approximately every 36 months, as required by the water and sewer

1 infrastructure rate adjustment (“WSIRA”) statute.<sup>2</sup> Therefore, it incurs rate case expense  
2 disproportionately each of those three years because rate case expense is incurred specifically  
3 through a petition to change rates – which does not happen every year. Staff recommends  
4 normalization of rate case expense to smooth out that cost over the three-year period. However,  
5 rate case expense is not a unique cost for MAWC, or any utility, that ensures guaranteed  
6 recovery without regard to regulatory lag. In fact, normalizing rate case expense provides an  
7 incentive to control rate case expense, because a utility may or may not recover all of those  
8 costs through the normalized amount. Normalizing rate case expense rewards a utility for  
9 efficient operations that avoids the need to file rate cases more often than anticipated.”

10 **PROPERTY TAX EXPENSE**

11 Q. In his rebuttal testimony, on page 19, line 17 through page 20, line 8,  
12 Mr. LaGrand discusses how Staff excluded the 2021 property taxes paid for St. Charles County  
13 and Callaway County. He further states that MAWC did not receive the 2021 property tax  
14 bill for Jasper County until midway through 2022. Mr. LaGrand insinuated that this cost  
15 should be included in Staff’s property tax expense. How does Staff respond?

16 A. Staff did not exclude any amounts from its property tax expense. MAWC did  
17 not provide the 2021 property tax receipts for St. Charles, Callaway, and Jasper Counties until  
18 after Staff filed its Revenue Requirement Direct Testimony. MAWC provided these property  
19 tax receipts through an informal email request on December 27, 2022. On January 4, 2023,  
20 MAWC filed these property tax receipts in EFIS as an update to its response to Staff  
21 DR No. 0119. Subsequently, Staff included the amounts for these property tax receipts in its  
22 rebuttal filing as discussed in my rebuttal testimony, on page 8, line 20 through page 9, line 4.

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<sup>2</sup> Sections 393.1500 to 393.1509, RSMo, known as the “Missouri Water and Sewer Infrastructure Act.”

1 The inclusion of these property taxes receipts increased Staff's property tax expense by  
2 \$1,302,663.

3 **CAPITALIZED DEPRECIATION**

4 Q. In her rebuttal testimony, on page 8, line 23 through page 24, line 4, Ms. Grisham  
5 discusses how Staff inadvertently used an incorrect capitalization rate to determine its  
6 capitalized depreciation. How does Staff respond?

7 A. I addressed this issue in my rebuttal testimony, specifically, page 9,  
8 lines 6 through 9.

9 Q. In his rebuttal testimony, on page 34, line 9 through page 35, line 11,  
10 Mr. LaGrand discusses how MAWC failed to provide the capitalized depreciation credit  
11 data in response to Staff DR No. 0130. He further states that Staff should include the  
12 capitalized depreciation credits in its capitalized depreciation expense, which will reduce its  
13 adjustment by \$357,749. How does Staff respond?

14 A. Using the information provided by Mr. LaGrand in his rebuttal testimony<sup>3</sup>, Staff  
15 updated the test year for account 403 – depreciation expense – capitalized credits. Staff also  
16 included the capitalized depreciation credit data in its capitalized depreciation expense  
17 workpaper. This decreased Staff's capitalized depreciation adjustment by \$357,749, resulting  
18 in an overall adjustment of \$624,383.

19 **AMORTIZATION EXPENSE**

20 Q. In her rebuttal testimony, on page 9, lines 17 through 18, Ms. Grisham discusses  
21 how Staff made no adjustments to the amortization expense to account for the true-up period  
22 or discrete adjustment period. How does Staff respond?

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<sup>3</sup> Rebuttal Testimony of Brian W. LaGrand, P. 35:15.

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1           A.     Staff’s direct filing includes adjustments for the test year period, which was  
2 the 12 months ending June 30, 2022. For true-up, Staff will review MAWC’s data  
3 through December 31, 2022, and revise its adjustments to reflect that date. Staff  
4 witness Kimberly K. Bolin is addressing the discrete adjustments in this rate case.

5           Q.     In her rebuttal testimony on page 10, lines 1 through 13, Ms. Grisham discusses  
6 how Staff should increase its Arnold Sewer amortization to include new costs, include the  
7 amortization for Enterprise Solutions, and not include the City of Purcell (“Purcell”) acquisition  
8 in the test year period as the acquisition had not closed yet. How does Staff respond?

9           A.     Staff DR No. 0131 asked MAWC to provide a complete list of all existing and  
10 proposed amortizations for July 1, 2020, through June 30, 2022, with quarterly updates through  
11 December 31, 2022. In its response, MAWC did not provide any amortization costs for  
12 Enterprise Solutions. When MAWC provides an updated response to Staff DR 0131 for the  
13 quarter ending December 31, 2022, it should include all existing and proposed amortization  
14 expenses as of that date. Staff will use the updated information MAWC provides to update  
15 Staff’s amortization expense workpaper for true-up.

16           Until then, Staff’s amortization expense for MAWC’s operation of Purcell’s water and  
17 sewer systems prior to its acquisition remains unchanged. For true-up, Staff will update its  
18 Purcell amortization expense with the new information MAWC provides in its updated response  
19 to Staff DR No. 0131. Finally, Staff recommends the amortization of these costs begin with the  
20 effective date of rates in this case.

21           Q.     Please provide a brief history of Purcell’s water and sewer systems.

22           A.     According to the Staff memorandum filed on July 28, 2022, in Case No.  
23 WA-2022-0293, Purcell was unable to provide safe and adequate water and sewer service to its  
24 citizens. The drinking water disinfection system was not functioning, and the sewer system was

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1 discharging wastewater from the plant that was not safe and compliant. Additionally, Purcell  
2 did not have a certified water and sewer operator to manage the systems. Senator Bill White of  
3 the 32<sup>nd</sup> District, the Department of Natural Resources (“DNR”), and Commission Staff  
4 requested MAWC’s assistance with Purcell’s water and sewer systems. Prior to this, citizens of  
5 Purcell contacted Senator White’s office, because Purcell was unable to provide safe and  
6 adequate water and sewer service. In Case No. WA-2022-0293, MAWC provided an Operation  
7 and Management Agreement, which is attached to MAWC’s application as Appendix A. This  
8 application states Purcell agreed to pay MAWC \$6,500 a month for services and an additional  
9 \$500 a month for billing and collecting revenues.

10 Q. Did Staff request the amortization expense to operate Purcell’s water and sewer  
11 systems prior to its acquisition?

12 A. Yes. According to MAWC’s response to Staff DR No. 0249, MAWC  
13 has not received any payments from Purcell. In its response to Staff DR No. 0249, MAWC  
14 also provided detailed costs associated with operating the Purcell systems through  
15 September 30, 2022. The data included a total cost of \$203,138 for operating the  
16 systems. In response to Staff DR No. 0131, MAWC indicated that the cost incurred for  
17 operating the Purcell systems prior to its acquisition was \$122,235. Staff notes that MAWC  
18 responded to Staff DR No. 0131 on August 19, 2022, and responded to Staff DR No. 0249 on  
19 October 19, 2022. Staff believes the difference in total cost is due to timing, since MAWC  
20 closed on the systems on October 28, 2022. MAWC should be updating its response to Staff  
21 DR No. 0131 to include the existing and proposed amortizations as of December 31, 2022. This  
22 response should include the most current total cost incurred for operating the Purcell systems  
23 prior to acquisition. Once Staff receives this information, Staff will update its amortization  
24 expense workpaper to include the most current total costs.

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1 Q. In his rebuttal testimony, on page 2, line 4 through page 4, line 7, OPC witness  
2 John S. Riley insists that MAWC should not be allowed to recoup the costs it incurred while  
3 operating Purcell's water and sewer systems prior to its acquisition. How does Staff respond?

4 A. Staff disagrees with Mr. Riley. MAWC should be allowed to recoup the cost it  
5 incurred to operate the Purcell's systems prior to its acquisition. Purcell's water and sewer  
6 services were not safe or reliable due to lack of investment and poor operation. Therefore, it  
7 was in the public interest that MAWC stepped in as it did. It is critical for Staff to be able to  
8 work with utilities to resolve similar emergency situations, and this means utilities need some  
9 level of assurance that costs such as these will be recoverable in rates. It is no fault of MAWC  
10 that Purcell has not yet upheld its part of the Operation and Management Agreement. MAWC  
11 should not be punished by bearing the cost of operating these systems prior to acquisition when  
12 its services were specifically requested and desperately needed. However, Staff does  
13 recommend MAWC refund its ratepayers for any future payments it receives from Purcell for  
14 operating the systems prior to acquisition.

15 Q. In his rebuttal testimony, on page 3, line 18 through page 4, line 3, Mr. Riley  
16 discusses how MAWC should only receive \$119,000 from Purcell. How does Staff respond?

17 A. MAWC has incurred more cost than the Operation and Management Agreement  
18 covers. When MAWC began operating the Purcell water and sewer systems, the systems were  
19 in poor condition and needed significant repairs. MAWC provided its assistance to these  
20 systems through repairs and maintenance to ensure Purcell's customers received safe and  
21 reliable water and sewer services. Therefore, MAWC should be allowed to recoup the total cost  
22 incurred for operating the Purcell systems prior to their acquisition, as discussed in detail above.  
23 However, as also mentioned above, MAWC should be required to refund its ratepayers for any  
24 payments it receives from Purcell.

1 **EMPLOYEE EXPENSES**

2 Q. In his rebuttal testimony on page 7, line 15 through page 10, line 1, Mr. Mason  
3 discusses how Staff erroneously disallowed \*\*\* [REDACTED] \*\*\* from employee expenses.  
4 Mr. Mason also discusses how the majority of Staff’s disallowance is related to employee meals  
5 that MAWC deemed as a recoverable cost. How does Staff respond?

6 A. In its response to Staff DR No. 0114, due to its voluminous nature, MAWC  
7 requested that Staff choose a sample of invoices for the ZI (P-Card Inbound Interface) document  
8 type invoices. Staff responded by submitting Staff DR No. 0114.2, requesting all ZI document  
9 type invoices for the months of September 2021 and February 2022 to be supplied as the sample.  
10 If MAWC had provided all the ZI document type invoices instead of just the sample, as  
11 requested by MAWC, then Staff could have reviewed all these invoices and made disallowances  
12 based upon each individual invoice instead of calculating and applying a disallowance ratio.

13 Also, some of the meal invoices that MAWC provided in response to Staff  
14 DR Nos. 0114 and 0114.2, included \*\* [REDACTED] \*\*. Ratepayers should not  
15 have to bear the costs for MAWC employees consuming \*\* [REDACTED] \*\*  
16 are not required for MAWC to provide safe and adequate service. For these reasons, it makes  
17 sense to apply the disallowance ratio to all meal costs for which MAWC did not provide an  
18 invoice.

19 In addition, according to the union employees’ Collective Bargaining Agreements  
20 (“CBA”), \*\* [REDACTED] \*\*. Therefore, in its  
21 labor expense, Staff included \*\*\* [REDACTED] \*\*\* for union employee meal cost incurred during  
22 the test year. Conversely, employee expenses included meal costs, but the invoices MAWC  
23 provided in response to Staff DR Nos. 0114 and 0114.2, did not indicate if these were the same  
24 costs included in Staff’s labor expense. Also, the invoices did not indicate if the meal costs were



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1 incurred by union or non-union employees. To ensure MAWC is not double recovering  
2 union employee meal costs, Staff removed \*\*\* [REDACTED] \*\*\* from its employee expenses.  
3 However, on December 30, 2022, Mr. LaGrand sent an informal email to Staff, explaining the  
4 \*\*\* [REDACTED] \*\*\* union employee meal costs that Staff removed from its employee expenses  
5 were not included in MAWC's response to Staff DR Nos. 0114, and 0114.2. Mr. LaGrand  
6 asked Staff what type of supporting documentation Staff would need to make this  
7 determination. In response to this email, on January 9, 2023, and again on January 23, 2023,  
8 Staff requested the Purchase-Card ("P-Card") transaction detail for the employee expenses meal  
9 cost. As of February 2, 2023, Staff has not received this information from MAWC. Once Staff  
10 receives and reviews this information, Staff will make any necessary adjustments. Staff will  
11 continue to support its current position of removing the union employee meal costs from its  
12 employee expenses to ensure that the meals are not double counted in payroll expense and  
13 employee expenses.

14 Q. In his rebuttal testimony on page 10, line 2 through page 11, line 1, Mr. Mason  
15 discusses how Staff incorrectly disallowed \*\* [REDACTED] \*\* for shipping costs, \*\* [REDACTED] \*\* for  
16 supplies purchased at PIC Supply Company, and \*\* [REDACTED] \*\* for a conference. How does Staff  
17 respond?

18 A. Staff sent MAWC witness Brian LaGrand an informal email on  
19 January 23, 2023, and again on January 27, 2023, requesting additional information for these  
20 expenses. The shipping receipt did not indicate what was actually being shipped or how it  
21 relates to MAWC. The PIC Supply Company receipt did not contain any details describing  
22 what MAWC had purchased at this store. As of February 2, 2023, MAWC has not provided  
23 this additional information Staff requested. Once Staff receives and reviews this information, if  
24 needed, Staff will make any necessary adjustments.

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1 Q. In his rebuttal testimony, on page 11, lines 2-13, Mr. Mason discusses how Staff  
2 erroneously disallowed \*\* [REDACTED] \*\* of allocated Service Company expenses. How does Staff  
3 respond?

4 A. Staff disallowed \*\* [REDACTED] \*\* because the  
5 invoices MAWC provided in response to Staff DR No. 0114.2, confidential attachments 5 and  
6 6, did not provide any details other than an \*\* [REDACTED]  
7 [REDACTED] \*\*. For example, in response to Staff DR No. 0114.2, confidential attachment 6,  
8 MAWC provided receipt number \*\* [REDACTED]  
9 [REDACTED] \*\*. The invoice does not provide any  
10 details on the purpose of the trip. MAWC should provide details regarding the purpose of each  
11 \*\* [REDACTED] \*\* before Staff will determine if any additional adjustments should be  
12 made to employee expenses.

13 Q. Mr. Mason, in his rebuttal testimony, on page 11, lines 16 through 21, discusses  
14 how Staff erroneously disallowed \*\* [REDACTED]  
15 [REDACTED]  
16 [REDACTED] \*\*. How does Staff respond?

17 A. Staff disallowed \*\* [REDACTED] \*\* from its Service  
18 Company allocated expenses. Staff disallowed these \*\* [REDACTED]  
19 [REDACTED] \*\*. For each  
20 invoice, MAWC should provide the details regarding what was actually being \*\* [REDACTED] \*\*  
21 and how it relates to MAWC. In addition, there were several receipts without descriptions or  
22 details which could be the \*\* [REDACTED] \*\* costs that Mr. Mason mentioned in his  
23 rebuttal testimony. For each invoice, MAWC should provide the supporting documentation that  
24 shows what each \*\* [REDACTED] \*\* is about and how it relates to MAWC. Staff did not disallow

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1 any \*\* [REDACTED] \*\* expenses in its employee expenses. However, Staff did disallow the  
2 total cost of an employee taking the \*\* [REDACTED] \*\*. Moreover, dues and donations  
3 are addressed by Staff witness Sherry Lesmes in this rate case. Finally, Staff will address the  
4 \*\* [REDACTED] \*\* in true up. The remainder of Staff's  
5 allocated expense disallowance includes items such as \*\* [REDACTED]  
6 [REDACTED] \*\*. \*\* etc. which are not  
7 required in order to provide safe and adequate service.

8 Q. Does this conclude your surrebuttal testimony?

9 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water )  
Company's Request for Authority to )  
Implement General Rate Increase for Water )  
and Sewer Service Provided in Missouri )  
Service Areas )

Case No. WR-2022-0303

**AFFIDAVIT OF COURTNEY HORTON**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW COURTNEY HORTON** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Courtney Horton*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Courtney Horton  
COURTNEY HORTON

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 2nd day of February 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

D. Suzie Mankin  
Notary Public