Exhibit No.:

Issue(s): Rate Case Expense
Witness: Sherrye Lesmes
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony

Case No.: WR-2023-0344

Date Testimony Prepared: October 24, 2023

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

#### **REBUTTAL TESTIMONY**

OF

SHERRYE LESMES

THE RAYTOWN WATER COMPANY

**CASE NO. WR-2023-0344** 

Jefferson City, Missouri October 2023

1		REBUTTAL TESTIMONY OF	
2		SHERRYE LESMES	
3		THE RAYTOWN WATER COMPANY	
4		CASE NO. WR-2023-0344	
5	Q.	Please state your name and business address.	
6	A.	My name is Sherrye Lesmes. My business address is 200 Madison Street,	
7	Suite 440, Jefferson City, Missouri 65101.		
8	Q.	By whom are you employed and in what capacity?	
9	A.	I am a Utility Regulatory Auditor for the Missouri Public Service Commission	
10	("Commission").		
11	Q.	Please describe your educational background and work experience.	
12	A.	I earned a Bachelor of Science degree in Accounting from Columbia College in	
13	Columbia, MO in 2004. In earning this degree, I completed numerous core accounting an		
14	business classes. Prior to joining the Commission, I was employed by the Missouri Stat		
15	Auditor's Office from 2013 to 2022 as an Auditor. During my time with the State Auditor's		
16	Office, I participated in numerous audits of other state agencies, local municipalities, an		
17	counties within the state of Missouri, several of which involved utilities owned and operate		
18	by these entities.		
19	Q.	What are your responsibilities with the Commission?	
20	A.	I conduct audits and examinations of the books and records of regulated utility	
21	companies operating within the State of Missouri.		
22	Q.	Have you previously filed testimony before this Commission?	

Yes. I have attached a list of the cases in which I have filed testimony before the 1 A. 2 Commission. Please refer to Schedule SL-r1. 3 O. What knowledge, skills, experience, training or education do you have in the 4 areas of which you are testifying as an expert witness? 5 In addition to my experience performing audits with the Missouri State A. 6 Auditor's Office as previously addressed, I have received continuous training at in-house and 7 attended outside seminars on auditing standards, and skills while employed with the 8 Missouri State Auditor's Office. Specific to this rate case, I have reviewed the prior workpapers, 9 prior cases, prior testimony, and data presented by Raytown Water Company ("RWC") on 10 this issue. 11 Q. With respect to Case No. WR-2023-0344, did you examine the books and 12 records of RWC and contribute to Staff's Auditing Unit Recommendation Memorandum 13 ("Memorandum") included as Attachment B to the Non-Unanimous Agreement Regarding 14 Disposition of Small Utility Company Revenue Increase Request ("Agreement") filed on 15 September 13, 2023, in this case? 16 A. Yes, with the assistance of other members of Commission Staff ("Staff"). 17 **EXECUTIVE SUMMARY** 18 Q. What is the purpose of your rebuttal testimony? 19 A. The purpose of my rebuttal testimony is to respond to the direct testimony of 20 RWC witness Neal S. Clevenger regarding rate case expense.

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#### **RATE CASE EXPENSE**

- Q. On page 7 of Mr. Clevenger's direct testimony, he states that the rate case expense used in calculating the revenue requirement should be updated throughout this case to include, among other related expenses, prudently incurred legal expenses. Does Staff agree?
- A. Yes. The Office of the Public Council ("OPC") requested a hearing in this case, compelling RWC to hire legal representation in this matter. Therefore, Staff agrees it would be appropriate to update the recommended revenue requirement to include all prudently incurred rate case expense, such as legal representation and other related costs. Staff also agrees with Mr. Clevenger's recommended two-year normalization of these costs.
  - Q. Does this conclude your rebuttal testimony?
- 11 A. Yes it does.

#### BEFORE THE PUBLIC SERVICE COMMISSION

#### **OF THE STATE OF MISSOURI**

In the Matter of the Application of a Rate Increase of Raytown Water Company	) Case No. WR-2023-0344					
AFFIDAVIT OF SHERRYE LESMES						
STATE OF MISSOURI ) ) ss. COUNTY OF COLE )						
COMES NOW SHERRYE LESMES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing <i>Rebuttal Testimony of Sherrye Lesmes</i> ; and that the same is true and correct according to her best knowledge and belief.						
Further the Affiant sayeth not.						
S	HERRYELESMES					
JURAT						
Subscribed and sworn before me, a duly control the County of Cole, State of Missouri, at my of October 2023.	onstituted and authorized Notary Public, in and for office in Jefferson City, on this day					
N CHIZIF MANGUE	Suzillankin otary Public					

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

## **Sherrye Lesmes**

### **Case Participation**

Company Name	Case	Testimony/Issues
	Number(s)	
Missouri-American Water Company	WA-2022-0361	Certificate of Convenience and Necessity
(to acquire) Pom-Osa Heights		
Missouri-American Water Company	WR-2022-0303	Dues and Donations, Materials & Supplies, Customer Advances, Prepayments, Penalties Expense, and Postage Expense
Missouri-American Water Company	WO-2023-0008	Water and Sewer Infrastructure Rate Adjustment (WSIRA)
Missouri-American Water Company (to acquire) City of Smithton	WA-2023-0071	Certificate of Convenience and Necessity
Spire Missouri, Inc (Gas)	GO-2023-0203	Infrastructure System Replacement Surcharge (ISRS)
Vicinity Energy Kansas City, Inc (Steam/Heat)	HR-2023-0198	Rate Case expense, PSC Assessment, Insurance, Injury/Damages Expense, Maintenance Expense Normalization
Missouri-American Water Company (to acquire) City of Ironton	WA-2023-0434	Certificate of Convenience and Necessity