

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 A. Yes. I have attached a list of the cases in which I have filed testimony before the
2 Commission. Please refer to Schedule SL-r1.

3 Q. What knowledge, skills, experience, training or education do you have in the
4 areas of which you are testifying as an expert witness?

5 A. In addition to my experience performing audits with the Missouri State
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.

1 **RATE CASE EXPENSE**

2 Q. On page 7 of Mr. Clevenger's direct testimony, he states that the rate case
3 expense used in calculating the revenue requirement should be updated throughout this case to
4 include, among other related expenses, prudently incurred legal expenses. Does Staff agree?

5 A. Yes. The Office of the Public Council ("OPC") requested a hearing in this case,
6 compelling RWC to hire legal representation in this matter. Therefore, Staff agrees it would be
7 appropriate to update the recommended revenue requirement to include all prudently incurred
8 rate case expense, such as legal representation and other related costs. Staff also agrees with
9 Mr. Clevenger's recommended two-year normalization of these costs.

10 Q. Does this conclude your rebuttal testimony?

11 A. Yes it does.

Sherrye Lesmes

Case Participation

Company Name	Case Number(s)	Testimony/Issues
Missouri-American Water Company (to acquire) Pom-Osa Heights	WA-2022-0361	Certificate of Convenience and Necessity
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