

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

\_\_\_\_\_  
Rate Case Expense  
Payne/Rebuttal  
Public Counsel  
WR-2023-0344

**REBUTTAL TESTIMONY**  
  
**OF**  
  
**MANZELL PAYNE**

Submitted on Behalf of the Office of the Public Counsel

**RAYTOWN WATER COMPANY**

CASE NO. WR-2023-0344

October 24, 2023

**REBUTTAL TESTIMONY**  
**OF**  
**MANZELL M PAYNE**  
**RAYTOWN WATER COMPANY**  
**CASE NO. WR-2023-0344**

1 **Q. Please state your name, title, and business address.**

2 A. Manzell Payne, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public  
3 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. What are your qualifications and experience?**

5 A. Please refer to the Schedule MMP-R-1 attached hereto.

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

7 A. No, I have not.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. I intend to respond to the rate case expense calculation and amount in the audit report that was  
10 attached to Keith Foster’s direct testimony in this case. Further, I will respond to Raytown  
11 Water Company (“Company”) witness Neal S Clevenger’s effort to include the recent  
12 retention of counsel into this rate case’s revenue requirement.

13 **RATE CASE EXPENSE**

14 **Q. How has Staff developed the amount of rate case expense it has included in this rate  
15 case?**

16 A. To quote Staff from its Auditing Department Report included with the non-unanimous  
17 agreement in this case:

18 **Rate Case Expense**

19 Staff used a two-case average of rate case expense. By using a two-  
20 case average, Staff is normalizing rate case expense while capturing costs  
21 RWC will continue to incur in this proceeding. Staff recommends  
22 normalizing this cost over a two-year period. The normalized amount of rate  
23 case expense included in Staff’s revenue requirement is \$5,856.

1 **Q. Staff has applied this two-case average to Raytown rate cases for at least the past three**  
2 **cases. Why are you opposing this treatment of rate case expense?**

3 A. Staff's attempt to normalize rate case expense is not taking into consideration the built-in, on-  
4 going level of rate case expense that the Company recovers in rates *every* year. Currently, the  
5 amount of rate case expense that is imbedded in rates is \$5,146 annually<sup>1</sup>. Staff's approach  
6 does not realize that rate case expense has already been recovered from customers prior to  
7 every upcoming rate case.

8 **Q. Could you clarify this point?**

9 A. Yes. In WR-2015-0246, Staff included \$5,826.58 in rates to satisfy a two case amount of  
10 \$17,479.73. This amount was a normalization over three years. (Schedule MMP-R-2)  
11 However, the Company did not request another rate increase for five years. So, while Staff  
12 was developing a revenue requirement for WR-2020-0264, the Company was collecting  
13 \$5,826.58 for an expense that had been satisfied two years earlier.

14 As represented in a rate case expense workpaper for this case, (MMP-R-3) Staff  
15 acknowledged that the 2020 rate case costs were \$8,593. As previously mentioned, \$5,146 is  
16 the ongoing amount of rate case expense built into the 2020 revenue requirement. So roughly  
17 \$15,429 in rate case expense has been recovered since the 2020 case, far more than the actual  
18 amount of rate case expense of the current test year. As we are debating the revenue  
19 requirement that Staff is proposing to apply to Raytown's rates; the Company is still collecting  
20 an annualized amount of \$5,146 in rate case expense for a current actual outlay of \$3,119.

21 **Q. Do you agree with Mr. Clevenger's request to include the cost to retain an attorney in**  
22 **rate case expense in this case?**

23 A. No. Mr. Clevenger has argued in testimony that the Company's rate case expense should  
24 reflect the ongoing expenses of hiring legal counsel for a possible hearing. However, due to  
25 my above point, I believe ratepayers have provided more than enough compensation to the

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<sup>1</sup> WR-2020-0264, Auditing Unit Recommendation Memorandum, Accounting Schedule 9 – Income Statement, Schedule 10, Adjustments to Income Statement Detail., Top of Page 4 of 5

1 Company. The Company has collected and will continue to collect ample money through rate  
2 case expense for the retention of an attorney.

3 **Q. What are your recommendations for rate case expense?**

4 A. I am recommending that the rate case expense included in rates be only for the amount of  
5 current rate case expense (\$3,119). Rate case expense for this case should exclude the residual  
6 rate case expense from WR-2020-0264 due to these expenses having already been paid for by  
7 rate payers. The new amount of rate case expense included, should be sufficient enough to  
8 satisfy \$3,119 in existing costs plus the retention of an attorney for a rate case hearing.

9 **Q. Does this conclude your rebuttal testimony?**

10 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 MANZELL PAYNE**

**STATE OF MISSOURI    )**  
  ) **ss**  
**COUNTY OF COLE        )**

Manzell Payne, of lawful age and being first duly sworn, deposes and states:

1. My name is Manzell Payne. I am a Utility Regulatory Auditor for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Manzell Payne  
Utility Regulatory Auditor

Subscribed and sworn to me this 23<sup>rd</sup> day of October 2023.

TIFFANY HILDEBRAND  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI  
MY COMMISSION EXPIRES AUGUST 8, 2027  
COLE COUNTY  
COMMISSION #15637121

My Commission expires August 8, 2027.

  
\_\_\_\_\_  
Tiffany Hildebrand  
Notary Public