

Exhibit No.	
Issues:	Insurance Premium, Customer Notice, Salaries, General Ledger, Procurement, Employee Reimbursement, Board Composition, Preferred Stock Cost
Witness:	Neal S. Clevenger
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	The Raytown Water Company
File No.:	WR-2023-0344
Date:	October 24, 2023

Missouri Public Service Commission

Rebuttal Testimony

of

Neal S. Clevenger

On Behalf of

The Raytown Water Company

October 24, 2023

Table of Contents

I. WITNESS INTRODUCTION 1

II. PURPOSE..... 1

III. INSURANCE PREMIUM 2

IV. CUSTOMER NOTICE 2

V. SALARIES 4

V. GENERAL LEDGER/AUTOMATED ACCOUNTING SYSTEM 6

VI. PROCUREMENT POLICIES 7

VII. EMPLOYEE REIMBURSEMENT..... 8

VIII. BOARD COMPOSITION..... 12

IX. PREFERRED STOCK COST..... 13

**REBUTTAL TESTIMONY OF
NEAL S. CLEVINGER
THE RAYTOWN WATER COMPANY**

1 **I. WITNESS INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Neal S. Clevenger. My business address is 10017 E. 63rd Street,
4 Raytown, Missouri 64133.

5 **Q. WHAT IS YOUR POSITION WITH THE RAYTOWN WATER COMPANY?**

6 A. I am the President and General Manager of The Raytown Water Company
7 (“Raytown Water” or “Company”).

8 **Q. ARE YOU THE SAME NEAL S. CLEVINGER THAT PREVIOUSLY FILED
9 DIRECT TESTIMONY IN THIS CASE?**

10 A. Yes.

11
12 **II. PURPOSE**

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS CASE?**

14 A. The purpose of my Rebuttal Testimony is to respond to certain aspects of the direct
15 testimonies of Office of the Public Counsel (“OPC”) witnesses Geoff Marke, John
16 Robinett, John Riley and Angela Schaben. I will also respond to an aspect of the
17 direct testimony of Staff witness Randall Jennings.

1 **III. INSURANCE PREMIUM**

2 **Q. OPC WITNESS MARKE SEEMS TO SUGGEST THAT THE COMPANY'S**
3 **INSURANCE PREMIUM HAS INCREASED AS A RESULT OF LAWSUITS**
4 **AGAINST THE COMPANY. (MARKE DIR., P. 16) WHAT IS THE HISTORY OF**
5 **RAYTOWN WATER'S INCREASES IN ITS GENERAL LIABILITY INSURANCE**
6 **PREMIUM OVER THE LAST FEW YEARS?**

7 A. The general liability increases have been fairly steady. For example, the increase
8 from 2021 to 2022 was about \$700, and the increase from 2023 to 2023, was about
9 \$1,000.

10 **Q. DID OTHER COVERAGES INCREASE AT A GREATER RATE?**

11 A. Yes. Because Raytown Water invested in its vehicle fleet and in its plant assets,
12 the overall increase in insurance premiums was due mostly to the automobile and
13 property coverages. Attached to my Rebuttal Testimony as **Schedule NSC-1- R**
14 is a spreadsheet showing those premiums for the last six years.

15
16 **IV. CUSTOMER NOTICE**

17 **Q. OPC WITNESS ROBINETT SUGGESTS THAT THE COMMISSION "SHOULD**
18 **REQUIRE RAYTOWN TO SEND A BILL INSERT NOTIFYING CUSTOMERS OF**
19 **THE AGREED-TO LARGER INCREASE BETWEEN STAFF AND RAYTOWN,**
20 **AND GIVE CUSTOMERS AN UPDATED BILL IMPACT" AND "SHOULD ALSO**
21 **CONSIDER GIVING CUSTOMERS ANOTHER LOCAL PUBLIC HEARING."**

1 **(ROBINETT DIR., P. 5) WHY DOES MR. ROBINETT MAKE THIS**
2 **SUGGESTION?**

3 A. He notes that Raytown Water's initial request, based on information as of
4 December 31, 2022, requested an increase of \$735,102.73. Subsequently, based
5 on a Staff audit using the 12-month period ended December 31, 2022, updated to
6 June 30, 2023, Company and the Staff recommended a water revenue
7 requirement increase of \$1,174,782, added to the level of current revenues of
8 \$4,309,019, which results in overall annual revenues of \$5,483,801.

9 **Q. IS SUCH A SITUATION ANTICIPATED BY THE STAFF ASSISTED RATE CASE**
10 **RULE?**

11 A. Yes. As I mentioned in my Direct Testimony, I am advised by counsel that
12 Commission Rule 20 CSR 4240-10.075(14) states that "[t]he commission must set
13 just and reasonable rates, which may result in a revenue increase more or less
14 than the increase originally sought by the utility, or which may result in a revenue
15 decrease."

16 **Q. DID THE PUBLIC NOTICE INDICATE THAT THE ULTIMATE RATES COULD**
17 **BE DIFFERENT FROM THOSE IDENTIFIED IN THE NOTICE?**

18 A. Yes. Attached hereto as **Schedule NSC-2-R** is a copy of that notice. It includes
19 the following statement:

20 At the end of this Notice is a table that compares the Company's
21 current residential customer rates and the proposed residential rates.
22 The proposed rates and proposed amount of rate change identified
23 in the table reflect estimates based on the amount of the Company's
24 requested increase only. The new rates and their effects on

1 customers' bills have not yet been determined. The Commission will
2 determine what it believes to be just and reasonable rates.
3

4 **Q. MR. ROBINETT SUGGESTS THAT ADDITIONAL NOTICE BE PROVIDED BY**
5 **“BILL INSERT.” IS THAT POSSIBLE?**

6 A. It is possible. However, because the Company uses “cycle” billing (meaning
7 approximately one-fourth of customers are billed each week), it would take a full
8 four weeks to provide notice by insert. Further, because an insert is already being
9 added to October bills, Raytown Water could not start that notice until November.
10

11 **V. SALARIES**

12 **Q. OPC WITNESS RILEY ALLEGES THAT CERTAIN OVERTIME AMOUNTS PAID**
13 **BY THE COMPANY ARE EXCESSIVE. (RILEY DIR., P. 6) HOW MANY**
14 **EMPLOYEES WORK FOR RAYTOWN WATER?**

15 A. Currently, there are 16 full-time employees (18 with seasonal employees).

16 **Q. WHAT DOES OPC WITNESS RILEY RECOMMEND IN REGARD TO**
17 **OVERTIME?**

18 A. He proposes to eliminate the overtime pay of our Vice President, Chiki Thompson,
19 from the cost of service. This includes her overtime pay, the associated Company
20 match on the 401K and the Company's portion of payroll taxes. This represents a
21 total reduction in revenue requirement of \$47,080 (\$41,425 in salary, \$2,486 in
22 401K matching, and \$3,169 in taxes). (Riley Dir., p. 7-8)

23 **Q. DO YOU FIND THIS LEVEL OF OVERTIME TO BE EXCESSIVE?**

1 A. No. I think most people would acknowledge that we are understaffed. The amount
2 of overtime that Mr. Riley wants to eliminate would not cover the addition of even
3 one employee.

4 **Q. OPC WITNESS SCHABEN RECOMMENDS THAT RAYTOWN WATER'S VICE**
5 **PRESIDENT BE A SALARIED POSITION, MORE IN LINE WITH SIMILAR**
6 **POSITIONS WITHIN OTHER WATER UTILITIES." (SCHABEN DIR. P. 15) DO**
7 **YOU THINK THE TYPE OF WORK MS. THOMPSON IS DOING IS IN LINE**
8 **"WITH SIMILAR POSITIONS WITHIN OTHER WATER UTILITIES"?**

9 A. If by "similar positions" she means a Vice President at Missouri-American Water
10 Company, I seriously doubt it. The type of work performed outside of normal
11 business hours includes investigate water leaks, supervision of main break repairs
12 (as was already noted by Mr. Riley), responding to emergency service orders, and
13 computer maintenance functions that must be performed after business hours.

14 **Q. WOULD YOU BE OPPOSED TO CONVERTING RAYTOWN WATER'S VICE**
15 **PRESIDENT TO A SALARY ONLY POSITION?**

16 A. Not necessarily. If we are able to complete the AMI and staff our operations in the
17 way we would like, I could see a day when this position could be less "hands-on"
18 in the field and could be more appropriate to be a salaried position, but that is not
19 the situation today .

20 **Q. OPC WITNESS RILEY NOTES THAT SEVERAL EMPLOYEES HAVE BEEN**
21 **PROMOTED SINCE THE 2020 RATE CASE AND "WONDER[S] WHAT**

1 **QUALIFICATIONS ARE REQUIRED FOR PROMOTION.” (RILEY DIR., P.-. 7)**

2 **HOW DO YOU ADDRESS THE POSSIBLE PROMOTION OF EMPLOYEES?**

3 A. Each position is different. However, when a position opens, we look for people
4 that have the knowledge and ability to fill that position. It is common to first look
5 toward in-house employees as they generally have knowledge of the position’s
6 requirements, and we have a good idea of their abilities.

7
8 **V. GENERAL LEDGER/AUTOMATED ACCOUNTING SYSTEM**

9 **Q. OPC WITNESS SCHABEN RECOMMENDS THAT THE “COMPANY TO BEGIN**
10 **FOLLOWING STAFF’S MANAGEMENT AUDIT RECOMMENDATIONS**
11 **RELATING TO AUTOMATED ACCOUNTING SYSTEMS ONCE AGAIN.”**
12 **(SCHABEN DIR., P. 7) IS IT RAYTOWN WATER’S INTENT DO KEEP AL**
13 **RECORDS IN AN AUTOMATED FORMAT?**

14 A. Yes.

15 **Q. IS THERE A REASON THAT HAS NOT ALWAYS BEEN THE CASE?**

16 A. Yes. For many years, the Company contracted with an accountant that worked for
17 an outside accounting firm. Very late in his career, he worked as an employee for
18 the Company. This gentleman believed in doing things “old school,” which resulted
19 in some of the manually created documents and issues referenced by Ms.
20 Schaben. (Schaben Dir., p. 6) This gentleman no longer works for Raytown Water
21 and the Company is again fully using the automated forms and is committed to
22 doing so going forward.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

VI. PROCUREMENT POLICIES

Q. OPC WITNESS SCHABEN RECOMMENDS THAT THE COMPANY “FOLLOW THE ASSURANCES IT AGREED TO WITHIN THE IMPLEMENTATION PLAN OF STAFF’S MANAGEMENT AUDIT.” (SCHABEN DIR., P. 7-9) WHAT “STAFF’S MANAGEMENT AUDIT” IS BEING REFERENCED?

A. As described in Ms. Schaben’s Direct Testimony, there was a management audit conducted by the Staff around 30 years ago, in Commission Case No. WO-93-194. That matter was closed about 23 years ago. It is that management audit to which Ms. Schaben refers.

Q. WHAT DID STAFF’S MANAGEMENT AUDIT RECOMMEND IN REGARD TO COMPETITIVE BIDDING?

A. The Management Audit recommends developing and implementing “formal competitive bidding procedures for all major equipment purchases and contracting activities.” (Schaben Dir., p. 8)

Q. OPC WITNESS SCHABEN FOCUSES ON THE COMPANY’S AMI PROJECT AND ITS PURCHASE OF FLEET VEHICLES. DID RAYTOWN WATER ISSUE A FORMAL REQUEST FOR PROPOSAL IN REGARD TO THE AMI PROJECT?

A. No.

Q. WHY NOT?

A. This process is discussed in more detail in the Direct Testimony of Company witness Chiki Thompson and she would be the most appropriate person to discuss

1 those details. However, at a high level, Raytown Water had been studying this
2 issue for several years and had discussed the possible purchase with various
3 providers. Through this process and the Company's experience in the water
4 industry, it was aware of what a reasonable price would be for this project. Given
5 that the price offered by Utility Service Group (USG), our ultimate AMI provider,
6 was reasonable and Raytown Water has had a long and satisfactory relationship
7 with USG, the Company entered into the resulting contract.

8 **Q. DID RAYTOWN WATER ISSUE A FORMAL REQUEST FOR PROPOSAL IN**
9 **REGARD TO THE PURCHASE OF FLEET VEHICLES?**

10 **A.** No.

11 **Q. WHY NOT?**

12 **A.** It would not have added any benefit to the purchasing process. Raytown Water
13 employee Chiki Thompson spent a fair amount of time discussing and negotiating
14 with dealerships as to the Company's vehicle needs, what vehicles were available,
15 and at what price those vehicles could be obtained. Ultimately, we felt that we got
16 the best price available for the vehicles that were available.

17
18 **VII. EMPLOYEE REIMBURSEMENT**

19 **Q. OPC WITNESS SCHABEN RECOMMENDS THAT THE COMPANY AND YOU**
20 **“SHOULD BE ORDERED TO FOLLOW ASSURANCES AGREED TO WITHIN**
21 **THE IMPLEMENTATION PLAN OF STAFF'S MANAGEMENT AUDIT, WHICH**
22 **INCLUDES COMPETITIVE REIMBURSEMENT, BASED ON RENTAL RATES,**

1 **FOR THE PERSONAL USE OF PROPERTY.” (SCHABEN DIR., P. 13) ARE**
2 **YOU DOING THAT TODAY?**

3 A. Yes.

4 **Q. WHAT IS THE “STAFF’S MANAGEMENT AUDIT” THAT IS REFERRED TO BY**
5 **MS. SCHABEN?**

6 A. As stated in her Direct Testimony, there was a management audit conducted by
7 the Staff around 30 years ago, in Commission Case No. WO-93-194. That matter
8 was closed about 23 years ago. It is that management audit to which Ms. Schaben
9 refers.

10 **Q. WHAT WAS DISCUSSED IN REGARD TO REIMBURSEMENT OF PERSONAL**
11 **USE OF COMPANY EQUIPMENT?**

12 A. In an implementation plan with Case No. WO-93-194 (See Schaben Dir., Sched.
13 ADS-D-8), it was indicated that “rental fees should be comparable to those of rental
14 agencies.”

15 **Q. DOES THE COMPANY BILL EMPLOYEES FOR THE USAGE OF COMPANY**
16 **VEHICLES?**

17 A. Yes. These amounts are billed on a monthly basis, on a per mile basis, although
18 payments may sometimes be received for more than one month.

19 **Q. WITHOUT REGARD TO WHETHER THE DISCUSSED IMPLEMENTATION**
20 **PLAN REPRESENTS A LEGAL OBLIGATION, DO YOU BELIEVE THE**
21 **COMPANY’S PROCESS IS CONSISTENT WITH THE REFERENCED**
22 **IMPLEMENTATION PLAN?**

1 A. Yes. In my experience, trucks can be rented on a per day, per hour, or per mile
2 basis. We have chosen to use a per mile basis.

3 **Q. WERE PARTIES AWARE OF THAT CHOICE IN CASE NO. WO-93-194?**

4 A. Yes. Attached as **Schedule NSC-3-R** is an excerpt of the Staff's February 25,
5 1999 filing in Case No. WO-93-194 representing that the Company's actions in
6 response to Staff Recommendation 20 (Reimbursement to the Company) were
7 "Complete." That Staff filing notes that "[m]ost of the billings were for *mileage* . . .
8 ." (p. 34) (emphasis added). This is further supported by a personal use invoice
9 supplied by the Company during the course of Case No. WO-93-194 identifying
10 billing on a per mile basis (See **Schedule NSC-4-R**).

11 **Q. MS. SCHABEN QUESTIONS WHETHER THE IRS RATE USED BY RAYTOWN**
12 **WATER IS APPROPRIATE. FIRST, DOES THE IRS MILEAGE**
13 **REIMBURSEMENT RATE APPLY TO PICK-UP TRUCKS?**

14 A. Yes. I understand the standard mileage rates applies to cars, vans, pickups or
15 panel trucks.¹

16 **Q. WHAT DOES THE IRS MILEAGE REIMBURSEMENT RATE TAKE INTO**
17 **ACCOUNT?**

18 A. I understand that it contemplates "the variable costs of operating a vehicle, such
19 as the cost of gas, oil, tires, maintenance and repairs, as well as the fixed costs of

¹ <https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2023-business-use-increases-3-cents-per-mile>

1 operating the vehicle, such as insurance, registration and depreciation or lease
2 payments.”²

3 **Q. HAS THE COMPANY RECEIVED REIMBURSEMENT FOR ANY NON-**
4 **COMPANY ASSOCIATED WITH YOUR USE OF THIS VEHICLE?**

5 A. Yes. Such amounts have been billed monthly and payments to the Company have
6 been made.

7 **Q. OPC WITNESS SCHABEN REFERS TO YOUR USE OF A COMPANY VEHICLE,**
8 **AS “EXCLUSIVE.” (SCHABEN DIR., P. 12) DO YOU HAVE “EXCLUSIVE” USE**
9 **OF A VEHICLE?**

10 A. No. The vehicle I commonly drive is used for Company business and is available
11 to field personnel when needed and is used commonly by field personnel. A review
12 of vehicle logs shows that this truck has been used by others in the Company on
13 approximately 40 different days between January 1 and June 30, 2023.
14 Additionally, vehicle logs show field personnel used this vehicle 27 different days
15 the first two months after it was purchased.

16 **Q. OPC WITNESS SCHABEN RECOMMENDS THAT “SINCE MR. CLEVINGER**
17 **AND RWC HAVE DEVIATED FROM THE AGREEMENT BETWEEN COMPANY**
18 **AND STAFF, I RECOMMEND A DISALLOWANCE OF \$8,030 IN RATE BASE**
19 **TO ACCOUNT FOR THE RATE OF RETURN AND DEPRECIATION RATE OF**
20 **MR. CLEVINGER’S COMPANY VEHICLE.” (SCHABEN DIR., P. 13) FIRST, DO**

² <https://www.forbes.com/sites/markkantrowitz/2023/02/01/new-2023-irs-standard-mileage-rates/?sh=5b1aa6a87932>

1 **YOU BELIEVE RAYTOWN WATER HAS DEVIATED FROM THE AGREEMENT**
2 **BETWEEN THE COMPANY AND STAFF FROM CASE NO. WO-93-194?**

3 A. No, I do not, as I explained above.

4 **Q. EVEN IF THERE WERE SOME SORT OF “DEVIATION,” WOULD IT BE**
5 **APPROPRIATE TO DISALLOW \$8,030 IN RATE BASE “TO ACCOUNT FOR**
6 **THE RATE OF RETURN AND DEPRECIATION RATE”?**

7 A. No. As of today (and it appears this will be true through at least January of 2024),
8 no amount of money associated with a return on, or depreciation expense related
9 to, Raytown Water’s vehicles have ever been reflected in rates. If the Commission
10 were to order a different reimbursement process going-forward, that could be
11 implemented as of the date new rates become effective.

12
13 **VIII. BOARD COMPOSITION**

14 **Q. OPC WITNESS SCHABEN POINTS OUT THE INCLUSION OF MEMBERS OF**
15 **THE CLEVINGER FAMILY THAT ARE ON THE BOARD OF DIRECTORS AND**
16 **THE BOARD’S AUDIT COMMITTEE. (SCHABEN DIR., P. 14-15) DO YOU**
17 **AGREE THAT THERE IS A CLEVINGER FAMILY PRESENCE ON THE BOARD**
18 **AND THE AUDIT COMMITTEE?**

19 A. Absolutely. As I pointed out in my Direct Testimony, my grandfather started the
20 Company in 1925. The shares of Raytown Water continue to be held by family
21 members. As the Board is elected by the shareholders, and answers to the

1 shareholders, it is not surprising that family members occupy positions on the
2 Board.

3 **Q. IS THERE ANYTHING IMPROPER ABOUT THAT?**

4 A. Not to my knowledge. Raytown Water shares are not publicly traded, and the
5 Company is not regulated by the Securities and Exchange Commission. Thus,
6 rules made to protect the share-buying public are not applicable to the Company.
7 Similarly, while I am not an attorney, because Raytown Water is not publicly
8 traded, I do not believe there is any federal requirement that Raytown Water even
9 have an audit committee.

10 **Q. HAVING SAID THAT, ARE THERE CERTAIN BACKGROUNDS THAT ARE**
11 **GENERALLY TAKEN INTO ACCOUNT IN REGARD TO BOARD MEMBERS?**

12 A. Yes. The shareholders attempt to have a Board of Directors comprised of
13 individuals with multiple areas of expertise. For example, the current Board of
14 Directors is made up of a lawyer, accountant, security expert, construction
15 specialist, retired priest and business men/women.

16

17 **IX. PREFERRED STOCK COST**

18 **Q. STAFF WITNESS JENNINGS INDICATES THAT THE COMPANY'S**
19 **PREFERRED STOCK BEARS AN INTEREST RATE NOT TO EXCEED THE**
20 **PRIME RATE PER ANNUM AS REPORTED EACH JANUARY 1 IN THE WALL**
21 **STREET JOURNAL AND THE INTEREST RATE SHALL BE ADJUSTED ON AN**
22 **ANNUAL BASIS BASED ON THE RATE REPORTED EACH YEAR, AS**

1 **APPROVED IN COMMISSION FILE NO. WF-2021-0131. (JENNINGS DIR., P. 9)**
2 **IS THAT THE BASIS FOR QUARTERLY DIVIDENDS PAID BY RAYTOWN**
3 **WATER TO THE HOLDERS OF THE PREFERRED STOCK?**

4 A. Yes.

5 **Q. MR. JENNINGS FURTHER STATES THAT ON JANUARY 1, 2022, THE PRIME**
6 **RATE WAS 3.25%, AND [D]UE TO THE TEST YEAR BEING JANUARY 1, 2022**
7 **THROUGH DECEMBER 31, 2022, THIS WAS THE COST OF PREFERRED**
8 **EQUITY USED FOR STAFF’S CALCULATIONS.” (JENNINGS DIR., P. 9)**
9 **WHAT WAS THE PRIME RATE PER ANNUM AS REPORTED IN THE WALL**
10 **STREET JOURNAL ON JANUARY 1, 2023?**

11 A. 7.5%.

12 **Q. IS THAT THE BASIS UPON WHICH RAYTOWN WATER MADE DIVIDEND**
13 **PAYMENTS TO ITS HOLDERS OF PREFERRED STOCK AT THE END OF THE**
14 **FIRST AND SECOND QUARTERS OF 2023?**

15 A. Yes.

16 **Q. DID THE COMPANY INDICATE A TIME FOR PRINCIPAL PAYMENTS?**

17 A. Yes. The Application stated that principal payments will “begin once all projects
18 are useful and in service and earning a rate of return through a rate case filing
19 (anticipated to be within five (5) years from the date of issuance[)].” (Jennings Dir.,
20 p. 9).

21 **Q. DO THE HOLDERS OF THE PREFERRED STOCK HAVE A RIGHT OF**
22 **REDEMPTION?**

1 A. Yes. After they have held their stock for two years, they may redeem it with the
2 Company.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

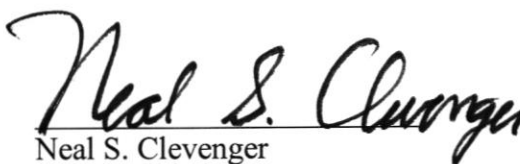
4 A. Yes, it does.

VERIFICATION OF NEAL S. CLEVINGER

STATE OF MISSOURI)
)
COUNTY OF _____)

I, Neal S. Clevenger, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is Neal S. Clevenger. I am the President and General Manager for The Raytown Water Company. My business address is 10017 E. 63rd Street, Raytown, Missouri 64133.
2. My rebuttal testimony on behalf of The Raytown Water Company is attached to this verification.
3. My answers to each question in the attached rebuttal testimony are true and correct to the best of my knowledge, information, and belief.


Neal S. Clevenger
Oct. 20, 23
Date

Raytown Water Company
Insurance Premium Comparison
2023 vs 2022

SCHEDULE NSC-1-R

COVERAGE LINE / POLICY	4/2023-4/2024	deductible	4/2022-4/2023	deductible	4/2021-4/2022	deductible	4/2020-4/2021	deductible	4/2019-4/2020	deductible	4/2018-4/2019	deductible
Automobile	\$ 18,888	\$ 500	\$ 12,118	\$ 500	\$ 13,547	\$ 500	\$ 13,588	\$ 500	\$ 13,280	\$ 1,000	\$ 12,979	\$ 1,000
Property	\$ 19,151	\$ 1,000	\$ 16,458	\$ 1,000	\$ 14,791	\$ 1,000	\$ 13,726	\$ 1,000	\$ 19,899	\$ 1,000	\$ 18,950	\$ 1,000
Crime	\$ 1,057	\$ 500	\$ 1,057	\$ 500	\$ 729	\$ 500	\$ 619	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 1,000
General Liability	\$ 9,983	\$ 1,000	\$ 8,986	\$ 1,000	\$ 8,282	\$ 1,000	\$ 7,681	\$ 1,000	\$ 6,777	\$ 2,500	\$ 6,591	\$ 2,500
Inland Marine	\$ 5,282	\$ 500	\$ 5,161	\$ 500	\$ 5,124	\$ 500	\$ 4,712	\$ 500	included w/prop		included w/ prop	
Umbrella	\$ 12,594	varies	\$ 11,284	varies	\$ 11,370	varies	\$ 11,369	varies	\$ 8,248	varies	\$ 8,095	varies
Cyber	\$ 395	\$ 1,000	\$ 329	\$ 1,000	\$ 329	\$ 1,000	\$ 329	\$ 1,000	included w/POML premium			
Terrorism	\$ 750	20% of premi	\$ 667	20% of deduct	\$ 631	20% of dedu	\$ 597	20% of dedu	\$ 235	20% of dedu	\$ 224	20% of dedu
TOTAL PACKAGE POLICY	\$ 68,100		\$ 56,060		\$ 54,803		\$ 52,621		\$ 48,939		\$ 47,339	

INITIAL CUSTOMER NOTICE AND LOCAL PUBLIC HEARING

May 3, 2023

Dear Customer:

On April 3, 2023, The Raytown Water Company (Company) submitted a request to the Missouri Public Service Commission (Commission) for an increase in its annual water operating revenues. The reason for the requested increase is to cover increases in expenses and/or investments in the Company's facilities.

By its request, the Company is seeking changes to its customer rates, which are intended to generate an increase in its annual water operating revenues of \$735,102.73 (approximately 17%). At the end of this Notice is a table that compares the Company's current residential customer rates and the proposed residential rates. The proposed rates and proposed amount of rate change identified in the table reflect estimates based on the amount of the Company's requested increase only. The new rates and their effects on customers' bills have not yet been determined. The Commission will determine what it believes to be just and reasonable rates. The last rate increase this Company received was in 2020.

Pursuant to the Commission's Staff Assisted Rate Case Procedure, the Commission will hold a local public hearing regarding proposed changes to the customer rates and charges of the Company. The purpose of this local public hearing is to receive customer comments about the proposed changes to the Company's rates and charges, and to bring service-related problems to the Commission's attention.

The hearing will take place on May 23, 2023. It will begin at 6:00 p.m. with an informal question-and-answer session where representatives of the Company, the Commission's Staff, and the Office of Public Counsel will be available for questions. At the conclusion of the question-and-answer session when the Commission starts the hearing anyone may offer evidence by appearing, testifying, and/or providing documents to the Commission for it to consider.

To facilitate an orderly presentation that can be preserved for the record, members of the public who wish to participate in the hearing are requested to sign-up by sending their first and last names, phone numbers, and e-mail addresses to watersewercomments@psc.mo.gov, or by calling 800-392-4211 by 5:00 p.m. the day before the hearing. When signing up, please reference File No. WR-2023-0344.

To attend the hearing by telephone, at the time of the hearing call 1-855-718-6621 (toll-free number), listen to the prompt, and enter meeting number (access code) **2453 895 1858**, followed by # (pound/hashtag symbol). If prompted for a password, enter **0344**. To attend by video/internet, visit the website at www.webex.com or download the Cisco WebEx Meetings application. At the hearing time, enter the corresponding access code and password listed above. Any person who needs additional accommodations to participate in the hearing should call the Commission's Hotline at 1-800-392-4211 (voice) or TDD Hotline at 1-800-829-7541 before the hearing. A live audio web stream will be available on the Commission's website, www.psc.mo.gov, during the hearing. Those who do not intend to participate in the hearing, but would like to hear the information presented may listen via the web stream.

You may also submit comments to the Commission via mail, telephone, or the Commission's Website. To provide comments by mail, telephone, or the Commission's Website regarding the Company's revenue increase request, the proposed rates, or its quality of service, please contact the Commission Staff and/or the Office of the Public Counsel (Public Counsel) **within 30 days of the date shown on this notice**. Your comments should include a reference to case number WR-2023-0344. The Commission Staff and the Public Counsel will review all customer comments submitted in response to this notice.

To submit your comments by mail or by telephone:

Public Service Commission
Attn: Water/Sewer Dept.
P.O. Box 360
Jefferson City, MO 65102
Phone: 800-392-4211
Fax: 573-751-1847

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
Phone: 866-922-2959
Fax: 573-751-5562

E-Mail: watersewercomments@psc.mo.gov E-Mail: opcservice@opc.mo.gov

To submit your comments via the Commission’s Website:

- (1) Go to <http://www.psc.mo.gov>.
- (2) Click on the “Submit Comments” link under the “How Do I…” heading on the right top of the page.
- (3) From this page click on the “Submit comments” link found under “Submit Comments in Writing.”
- (4) Fill out and submit the Public Comments form, including the case number shown above. If you want to attach a document, before clicking the “Submit” button, click the “Attach” button. There are instructions on that page for attaching the document and returning to the previous screen.
- (5) Click the “Submit” button at the bottom of the page.

Lastly, please be advised that all currently available information regarding the Company’s rate increase request may be obtained via the Public Service Commission’s Website as follows. Please also note that this information will be updated as the case moves forward.

- * Go to <http://www.psc.mo.gov>.
- * Click on “Access EFIS” link under the “How Do I…” heading on the right top of the page.
- * Under the “View Information on a Specific Case” heading, click on the “Docket Sheet” link.
- * From the Docket Sheet page, enter WR-2023-0344 in the Case Number Field and press the Enter key on your keyboard (this will bring up a page that contains all of the documents that have been filed in the case to date).
- * To view a particular document, click on the item number in the left column.
- * A second window will open. Click on the document link to view the document.

If you have any questions about this notice, or about anything else with which I may be of assistance, please feel free to contact me.

Sincerely,

Neal Clevenger
816-356-0333

<u>Type of Charge</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Proposed Amount of Rate Change</u>
Monthly Minimum Charge	\$12.86	\$15.05	\$2.19
Usage per 1,000 gallons	\$8.08	\$9.45	\$1.37
Total Monthly Bill*	\$49.22	\$57.56	\$8.34

*Assuming 4,500 gallons of usage per month as calculated from the 2022 Annual Report



Commissioners

SHEILA LUMPE
Chair

HAROLD CRUMPTON

CONNIE MURRAY

ROBERT G. SCHEMENAUER

M. DIANNE DRAINER
Vice Chair**Missouri Public Service Commission**POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.ecodev.state.mo.us/pse/>

February 25, 1999

GORDON L. PERSINGER
Acting Executive Director
Director, Research and Public AffairsWESS A. HENDERSON
Director, Utility OperationsROBERT SCHALLENBERG
Director, Utility ServicesDONNA M. KOLILIS
Director, AdministrationDALE HARDY ROBERTS
Secretary/Chief Regulatory Law JudgeDANA K. JOYCE
General CounselMr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. WO-93-194

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **MOTION TO CLOSE DOCKET** and an **IMPLEMENTATION REVIEW OF RAYTOWN WATER COMPANY**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

William K. Haas
Senior Counsel
(573) 751-7510
(573) 751-9285 (Fax)WKH:sw
Enclosure
cc: Counsel of Record**FILED**

FEB 25 1999

Missouri Public
Service Commission

IMPLEMENTATION REVIEW OF RAYTOWN WATER COMPANY

CASE NO. WO-93-194

FILED

FEB 25 1999

Missouri Public
Service Commission



PREPARED BY THE
MISSOURI PUBLIC SERVICE COMMISSION
MANAGEMENT SERVICES DEPARTMENT

FEBRUARY 1999

In order to reduce bank fees, the Company purchased a check encoding machine in April 1998 for \$5,646. The machine will allow office personnel to internally micro-encode checks (customer bill payments) saving the Company approximately \$.07 per check per month. The accounting supervisor estimated that the micro-encoder has reduced service charges by almost \$1,400 during the first six months of operation. The micro-encoder payback period is estimated to be approximately two years.

The MSD is encouraged by the results of the Company's review of banking services and its ability to reduce bank service charges as described above. The MSD staff concludes that the Company has addressed the intent of this recommendation.

RECOMMENDATION 20:

Require reimbursement to the Company on a monthly basis for personal usage of Company business office labor and equipment.

STATUS: Complete

MAJOR ACTIONS TAKEN BY THE COMPANY:

1. Eliminated employees performing non-utility work - March 1994.
2. Contacted rental companies for market rate schedules - April 1994.
3. Developed vehicle and equipment logging and billing procedures - May 1994.
4. Updated rental rate reimbursement schedule - October 1998.

DISCUSSION:

The Company required semi-annual reimbursement for the personal use of Company labor and equipment at the time of the management audit. The MSD staff concluded that employee reimbursement should occur on a monthly basis to reduce the Company's potential for transactions not appearing to be performed on an 'arms-length' basis.

The MSD staff concluded that it was appropriate to review the nature of transactions between these entities, given the President and General Manager's non-regulated investments (horse stable, car wash, plumbing service, and numerous commercial and residential real estate holdings).

The most significant action occurred in March 1994 when the Company eliminated its employees from performing non-utility related work for the President and General Manager during business hours. The President and General Manager wanted to eliminate the perception that non-utility work might be performed during work hours or that reimbursement was not being made on a timely basis.

The Company contacted other utilities and construction companies in March 1994 about vehicle and equipment usage policies. The information learned from others was incorporated into the Company's vehicle and equipment usage policy. Each vehicle currently has a written log that is completed on a daily basis by the driver of the vehicle. The employee records the date, number of total miles driven, destination and purpose. These logs were required as part of the Company's compliance with the stipulation and agreement entered into in Case No. WR-94-211 (see discussion in Recommendation 41).

The Company contacted several area rental companies in April 1994 to request hourly and mileage rental rate information on vehicles and equipment similar to those of the Company. This information was used to develop the Company's rental rate schedule and updated in October 1998 to reflect current market rates. The MSD staff encourages the Company to periodically update the schedule to reflect market rental rates.

The Company went from semi-annual billing to monthly billing in May 1994. At the end of each month (i.e., January) the foreman will collect the logs and summarize any non-utility usage into a written report. The foreman gives this information to an accounting clerk who bills the appropriate employee and records the information in an accounts receivable ledger (i.e., February). The posting clerk records each payment into the cash receipts book when payment is received (i.e., mid-March). The foreman reviews the activity for each month to ensure that all bills have been paid.

The MSD staff reviewed employee billings and subsequent reimbursements for 1997 and 1998. The billings generally were supported with adequate documentation and reimbursements were timely. Reimbursements from field personnel were paid by cash or subtracted from an employee's

next paycheck. Reimbursements from the President and General Manager were made by check from one of the businesses described above. Most of the billings were for mileage or after-hours plumbing work.

The MSD staff concludes that there are appropriate controls in the billing and reimbursement processes associated with employees using Company vehicles and equipment for non-utility purposes. It is the opinion of the MSD staff that the Company has addressed the intent of the recommendation.

RECOMMENDATION 21:

Implement cost accounting procedures and practices which require charging non-regulated businesses for the use of Company resources.

STATUS: Complete

MAJOR ACTION TAKEN BY THE COMPANY:

1. Eliminated personal usage of Company vehicles and equipment - March 1994.
2. Established policy of monthly billing for use of non-utility resources - May 1994.

DISCUSSION:

The Company did not have appropriate cost accounting procedures and practices that required timely reimbursement from employees for the non-utility use of vehicles and equipment in 1993. The Company required only semi-annual reimbursement from employees and the MSD staff found an overall lack of consistency in the application of that policy.

The President and General Manager agreed to correct this problem in March 1994 (see discussion in Recommendation 20). Employees are generally prohibited from using Company vehicles and equipment for non-utility business purposes. The Company also required monthly reimbursement in May 1994 from employees using Company vehicles and equipment for non-utility business purposes.

**EXAMPLE:
BILLING FOR PERSONAL USAGE
PROJECT: 20**

Established 1925

Raytown Water Company



April 30, 1996

██████
Employee

RENTAL OF COMPANY EQUIPMENT

Personal Use of Company Truck/Equipment

GMC 3/4 Ton W/Service Body-\$6.00 per hour, \$40.00 per day or
.29¢ per mile.

<u>DATE</u>	<u>PURPOSE</u>	<u>READING</u>	<u>MILES</u>	<u>HOURS</u>	<u>COST</u>
1/31/96	Personal		1		.29
2/03/96	"		10		2.90
2/10/96	"		5		1.45
2/13/96	"		5		1.45
2/17/96	"		27		7.83
2/20/96	"		22		6.38
2/21/96	"		27		7.83
2/25/96	"		7		2.03
3/02/96	"		23		6.67
3/09/96	"		9		2.61
3/16/96	"		23		<u>6.67</u>

TOTAL...\$ 46.11 *pd cash 5/2/96 JB*

159 miles x .29¢ = \$46.11 Amount Due

BILLED: April 30, 1996

PAID: _____