

FILED
December 6, 2023
Data Center
Missouri Public
Service Commission

Exhibit No. 2

The Raytown Water Company – Exhibit 2
Thompson
Rebuttal
File No. WR-2023-0344

Exhibit No.	
Issues:	AMI, Late Fees, Water Loss, Meter Reading, Cash Working Capital, Salaries, Recruiting and Hiring
Witness:	Chiki Thompson
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

Chiki Thompson

On Behalf of

The Raytown Water Company

October 24, 2023

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**REBUTTAL TESTIMONY OF
CHIKI THOMPSON
THE RAYTOWN WATER COMPANY**

1 **I. WITNESS INTRODUCTION**

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

3 A. My name is Chiki Thompson. 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 Vice President of The Raytown Water Company (“Raytown Water” or
7 “Company”).

8 **Q. ARE YOU THE SAME CHIKI THOMPSON THAT PREVIOUSLY FILED DIRECT
9 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 testimony of Office of the Public Counsel (“OPC”) witnesses Geoff Marke, John
16 Robinett, John Riley and Angela Schaben.

17

1 **III. AMI**

2 **Q. OPC WITNESS MARKE INCLUDES IN HIS DIRECT TESTIMONY (P. 1-5) A**
3 **SECTION TITLED “ECONOMIC UTILITY REGULATION AND THE PRUDENT**
4 **INVESTMENT TEST.” DO YOU HAVE ANY COMMENT ON THAT SECTION?**

5 A. Not in any substantial way. I will leave that to counsel and the briefing process.
6 However, I did note that Dr. Marke suggested that utilities have an “exclusive
7 franchise for a certificated area.”

8 **Q. DOES RAYTOWN WATER HAVE A FULLY “EXCLUSIVE” SERVICE**
9 **TERRITORY?**

10 A. No. The Raytown Water service territory overlaps in places with the Jackson
11 County Water District No. 2 and the City of Independence.

12 **Q. OPC WITNESS MARKE PROVIDES A COMPARISON BETWEEN COST**
13 **COMPARISONS PROVIDED BY RAYTOWN WATER’S VENDER, USG, AND**
14 **HIS OWN ASSUMPTION. (MARKE DIR., P. 10) WITHOUT GETTING INTO ANY**
15 **DETAILS OF THOSE ASSUMPTIONS, IS THERE SOMETHING MISSING?**

16 A. Yes. As I will discuss later in this rebuttal testimony, Raytown Water needed to
17 replace meters, whether it was AMI or not. Thus, as long as benefits, financial or
18 otherwise, were sufficient to address the incremental costs of AMI, they would
19 seem to justify this investment.

20 **Q. DR. MARKE NOTES THAT THE METER SYSTEM INSTALLED BY RAYTOWN**
21 **WATER DOES NOT HAVE A REMOTE DISCONNECTION OR**
22 **RECONNECTION FEATURE. (MARKE DIR., P. 11) WHY NOT?**

1 A. There was an additional cost for that feature that we did not believe was
2 appropriate at this time.

3 **Q. IS IT A FEATURE THAT COULD BE ADDED AT A LATER DATE?**

4 A. Yes.

5 **Q. DOES THE AMI SYSTEM STILL HELP AVOID TRIPS TO RESIDENCES IN
6 REGARD TO CONNECTION WITH CHANGE OF CUSTOMERS?**

7 A. Yes. With this system, the meter can be read remotely for move in and move out
8 situations without sending someone to manually read the meter.

9 **Q. WHAT IS DR. MARKE'S RECOMMENDED ADJUSTMENT AS TO THE
10 COMPANY'S AMI INVESTMENT?**

11 A. Dr. Marke describes his "primary recommendation" to be: "Include the entire \$3.8M
12 AMI investment in rate base; and, Do not allow RWC to receive a return on its AMI
13 investment." (Marke Dir., p. 15) He proposes that the Company receive a "return
14 of" the total AMI investment.

15 **Q. OPC WITNESS MARKE FURTHER STATES THAT HIS RECOMMENDATION
16 "SHOULD RESULT IN A \$258,400 TOTAL DISALLOWANCE." (MARKE DIR.,
17 P. 15) ARE YOU ABLE TO TELL FROM DR. MARKE'S TESTIMONY HOW THIS
18 ADJUSTMENT WAS CALCULATED?**

19 A. No. At a high level, it seemed as if replacing the return and depreciation
20 associated with the approximately \$1.7 million in rate base included in the Non-
21 Unanimous Stipulation with the depreciation associated with the \$3.8 million in rate
22 base called for by Dr. Marke would actually result in a slight increase to the revenue

1 requirement agreed to by the Company and Staff. We later sent a data request
2 to OPC to determine the origin of this disallowance amount. OPC's response to
3 that data request indicated that Dr. Marke's recommendation would, in total,
4 increase the revenue requirement by \$22,931.

5 **Q. HOW DOES DR. MARKE ADDRESS THE ENTIRE AMI INVESTMENT?**

6 A. He proposes to include meters installed after the update period in this case.

7 **Q. IF THE OPC RECOMMENDATION WERE FOLLOWED, ARE THERE OTHER**
8 **POST UPDATE PERIOD COSTS THAT SHOULD BE INCLUDED IN THE**
9 **REVENUE REQUIREMENT?**

10 A. Yes. As I will discuss later, the annual maintenance fee associated with these
11 meters that was referenced by Dr. Marke (Dir., p. 11) did not start until September
12 of 2023. Accordingly, that was not included in Staff's revenue requirement. If we
13 will be reaching forward in time, that is a cost that should also be included in the
14 revenue requirement.

15 **Q. OPC WITNESS MARKE ALSO DOWNPLAYS THE LEAK DETECTION**
16 **ASPECTS OF AMI AS A CUSTOMER BENEFIT. (MARKE DIR., P. 12-13) WHAT**
17 **ARE THOSE BENEFITS FOR RAYTOWN WATER CUSTOMERS?**

18 A. As I discussed in my Direct Testimony, Customers will be able to obtain their
19 monthly usage, daily usage, billing and payment data online. Customers will be
20 able to further request an hourly usage report, which will be sent to them by our
21 customer service department.

1 Additionally, during the billing process, an exception list for lower or higher usage
2 than normal is produced for the Company. Each account effected is reviewed for
3 reason for lower or higher usage and a letter is generated if no valid reason is
4 visible. In the future, customers will be able to “sign-up” for automatic notifications
5 either by email or text for high/low usage.

6 **Q. DR. MARKE SUGGESTS THAT BECAUSE OF THE NUMBER OF LEAK**
7 **INQUIRES THAT RAYTOWN WATER RECEIVES, THIS IS NOT REALLY A**
8 **BENEFIT TO CUSTOMERS. (MARKE DIR., P. 12) DO YOU AGREE WITH THIS**
9 **POSITION?**

10 A. No. First, the numbers do not take into account the number of leaks found during
11 the billing process. Second, if you are one of the customers that has this problem
12 (and any customer could be), it is a very large issue. It is also a very issue for the
13 Company in terms of trying to assist with solving the problem.

14 **Q. WHAT DOES RAYTOWN WATER RECEIVE FROM THE VENDOR?**

15 A. The vendor monitors, manages and maintains the AMI system and its components.
16 It will send daily emails notifying the Company of any customer who has a potential
17 leak so we can proactively reach out to the customer to take action and avoid a
18 large bill. The maintenance program also includes labor to repair or replace any
19 failed component. Field maintenance and support of the AMI system is the
20 responsibility of the vendor for the next 15 years. Lastly, standard fees from
21 manufacturers or service providers required to operate an AMI system, to include

1 licensing, hosting of data, software upgrades, backhaul, maintenance contracts,
2 etc. are included in the annual maintenance fee.

3 **Q. OPC WITNESS MARKE SUGGESTS THAT THE “AMI INVESTMENTS**
4 **INTRODUCE NEW RISKS TO CUSTOMERS IN TERMS OF PRIVACY OR**
5 **CYBERSECURITY HACKS.” (MARKE DIR., P. 13-14) DO YOU AGREE WITH**
6 **THAT POSITION?**

7 A. No. I understand all AMI data is encrypted (256K encryption). AMI only collects
8 the water meter reads and the meter identification. No personal data is transmitted
9 through this process. The AMI database is currently kept separate from Customer
10 personal information and the Company does not store any credit card information
11 for any customer. Further, these issues are reviewed on a regular basis by our IT
12 provider.

13 **Q. DR. MARKE FURTHER DISCOUNTS THE SAFETY BENEFITS OF**
14 **ELIMINATING DIRECT READ METERS. (MARKE DIR., P. 14) WOULD YOU**
15 **DESCRIBE THE BENEFITS AS YOU SEE THEM?**

16 A. Yes. The benefits are not just in terms of, hopefully, eliminating lawsuits for meter
17 well falls. There is a very real safety concern both for customers potentially coming
18 into contact with meter pits and for employees making direct reads by walking the
19 routes and having to access the meter pits. Some neighborhoods that we service
20 can be a high-risk area for safety (for example, gun-shots fired often).

1 **Q. OPC WITNESS MARKE SUGGESTS THAT THESE RISKS COULD BE**
2 **ELIMINATED BY MERELY INSTALLING LOCKING METER PIT LIDS. (MARKE**
3 **DIR., P. 14) IS THIS A SOLUTION BY ITSELF?**

4 A. No. as long as direct reads are required, you still have employees that are subject
5 to dangerous situations. Having employees in the field reading meters in
6 potentially unsafe environments, inconvenient locations, inclement weather, and
7 exposed to vehicular traffic, animals, and the like, creates an exposure to potential
8 injuries and accidents.

9 On top of that, the need to unlock and relock each meter lid in a direct read situation
10 would significantly slow down a meter reading process that we are already having
11 difficulty satisfying from a timeliness perspective.

12 **Q. OPC WITNESS MARKE POINTS OUT THAT EVEN WHERE A DECISION IS**
13 **DETERMINED BY THE COMMISSION TO NOT BE PRUDENT, A QUESTION**
14 **REMAINS AS TO THE “DETRIMENTAL IMPACT OF THAT IMPRUDENCE ON**
15 **THE UTILITY’S RATEPAYERS.” (MARKE DIR., P. 4) DOES DR. MARKE**
16 **APPEAR TO TAKE INTO ACCOUNT WHAT RAYTOWN WATER WOULD HAVE**
17 **DONE IN THE ABSENCE OF THE AMI INSTALLATION?**

18 A. He does not.

19 **Q. WHEN DID RAYTOWN WATER LAST INSTALL METERS?**

20 A. The Company last installed meters during the 2009-2015 timeframe as part of the
21 meter replacement program (approximately 1/10th of the system each year). After
22 2015, meters were changed only as needed due to damage. The Company did not

1 have enough staffing in field and office to proceed with the annual meter change
2 out program during that time. Subsequently, in anticipation of the AMI 2020 project,
3 the Company did not place large orders of direct read meters.

4 **Q. HOW OFTEN DO THE COMMISSION RULES REQUIRE THE REPLACEMENT**
5 **OF METERS?**

6 A. Commission Rule 20 CSR 4240-10.030(38) provides that meters are to be
7 removed, inspected and tested or replaced every four (4) to ten (10) years,
8 depending on the meter size.

9 **Q. AS OF 2023, APPROXIMATELY WHAT PERCENTAGE AND NUMBER OF**
10 **RAYTOWN WATER METERS WERE DUE TO BE REMOVED AND**
11 **REPLACED?**

12 A. Approximately 80% of the 5/8"X 3/4" meters and 100% of meters 1" and larger.

13 **Q. GIVEN YOUR EXPERIENCE IN THE INDUSTRY, WHAT WOULD BE AN**
14 **APPROXIMATE COST PER METER FOR THE COMPANY TO REPLACE THAT**
15 **NUMBER OF METERS WITH NON-AMI METERS?**

16 A. Manufacturers have generally moved beyond direct read meters. The new meters
17 are AMR/AMI. As an example, attached as Schedule CT-1-R is an email I received
18 from our manufacturer representative as to this matter.

19 **Q. GIVEN THAT CHANGE, AND USING YOUR EXPERIENCE IN THE WATER**
20 **INDUSTRY, DO YOU HAVE AN ESTIMATE OF THE COST TO REPLACE**
21 **RAYTOWN WATER'S DIRECT READ METERS WITH NON-AMI METERS?**

1 A. Yes. I have estimated the costs of completing the needed meter replacement with
2 non-AMI meters. It is my belief that such a replacement would have cost at least
3 \$2,685,495.48. (See Schedule CT-2-R) The meters acquired at this price would
4 be for radio read (AMR) but would not have any additional wiring or equipment
5 necessary to be read by a radio. The Company would still be required to direct
6 read. If Raytown Water later tried to go to AMI with these meters, they would have
7 to be retro-fit, which would likely be significant additional expense down the road.

8

9 **IV. LATE FEES**

10 **Q. OPC WITNESS MARKE RECOMMENDS THAT THE LATE FEE BE REMOVED**
11 **FROM RAYTOWN WATER'S TARIFF IN ITS ENTIRETY. (MARKE DIR., P. 16-**
12 **17) DO YOU AGREE WITH THAT RECOMMENDATION?**

13 A. No.

14 **Q. DR. MARKE SUGGESTS THAT HE HAS NOT SEEN ANY EVIDENCE TO**
15 **SUPPORT THAT LATE PAYMENTS ARE A DETERRENT TO NON-PAYMENT.**
16 **(MARKE DIR., 16-17) WHAT HAS BEEN YOUR EXPERIENCE?**

17 A. It is my experience that late fees encourage customers to pay in a timely manner.
18 I believe that without a late fee, our number of delinquent bills would increase as
19 the number of accounts that progress to disconnection is much smaller than the
20 number that are assessed late fees.

21 **Q. OPC WITNESS MARKE BELIEVES THAT "THE THREAT OF**
22 **DISCONNECTION IS THE PRIMARY DETERRENT TO INCENTIVIZE TIMELY**

1 **PAYMENTS.” (MARKE DIR., P. 17) HOW WOULD RAYTOWN WATER HAVE**
2 **TO CHANGE ITS OPERATIONS IF THE “THREAT OF DISCONNECTION”**
3 **BECOMES ITS PRIMARY WAY TO INCENTIVIZE TIMELY PAYMENTS?**

4 A. I believe the number of delinquent accounts would increase, therefore, we would
5 need to hire additional help to handle the calls for payments, payment
6 arrangements, and complete the disconnect/reconnect process. Of course, this
7 may also increase our printing and posting expenses because these processes
8 require additional customer notifications.

9 **Q. WHAT AMOUNT OF LATE FEES DO YOU BELIEVE IS CURRENTLY**
10 **INCLUDED IN STAFF’S NORMALIZED REVENUES?**

11 A. Based on Staff’s workpapers, there is \$93,090 included for late fees.

12 **Q. IF THE COMMISSION AGREES THAT LATE FEES SHOULD BE ELIMINATED,**
13 **IS THERE A REVENUE REQUIREMENT IMPACT?**

14 A. Yes. If late fees are eliminated, the late fees need to be subtracted from
15 normalized revenues ($\$4,309,019 - \$93,090 = \$4,215,929$). Lowering the
16 normalized revenues by \$93,090 will increase the “Overall Revenue Increase
17 Needed” by a like amount.

18 **Q. ARE THERE ANY COSTS THAT WILL INCREASE AS A RESULT OF AN**
19 **ELIMINATION OF THE LATE FEES?**

20 A. The cost of printing, envelopes and postage would increase along with cost
21 associated with a new employee, if one can be hired, or additional overtime, in the

1 alternative. The costs associated with actual disconnection and reconnection
2 would also increase.

3
4 **V. WATER LOSS/PURCHASED WATER AND O&M EXPENSE FOR**
5 **MAINS**

6
7 **Q. OPC WITNESS ROBINETT DISCUSSES WATER LOSS AND RAYTOWN**
8 **WATER'S PURCHASED WATER PURCHASES IN CONJUNCTION WITH**
9 **OPERATION AND MAINTENANCE EXPENSE FOR MAINS ON PAGES 5-9 OF**
10 **HIS DIRECT TESTIMONY. LET'S START WITH WATER LOSSES. WHAT**
11 **WATER LOSS PERCENTAGE DID THE NON-UNANIMOUS AGREEMENT**
12 **USE?**

13 A. Staff used the 12.04% water loss percentage from WR-2020-0264 in this case.

14 **Q. WHY?**

15 A. As indicated in the Direct Testimony of Raytown Water witness Neal Clevenger,
16 the meters used to measure the water Raytown Water purchases from Kansas
17 City have been inaccurate for some time period. The most obvious indication of
18 this is that over the last 24 months, Raytown Water sold more water than the
19 Kansas City meters indicated it had purchased during the months of June-
20 November 2021, February-July 2022, and February-May 2023. The Company
21 tried more than once to bring this matter to Kansas City's attention but did not hear
22 anything back until Kansas City changed those meters in June and July of this
23 year.

1 The Company has no water source other than its purchases from Kansas City.
2 Thus, given the unreliable nature of the purchase data over the last 2.5 years, it is
3 difficult to calculate a new water loss percentage. Accordingly, Raytown was
4 comfortable with using the percentage from the last rate case. Presumably, in the
5 Company's next rate case, there will be more reliable data available.

6 **Q. MR. ROBINETT FURTHER POINTS OUT THAT THE COMPANY'S O&M**
7 **EXPENSE FOR MAINS CONTAINED IN THE NON-UNANIMOUS AGREEMENT**
8 **IN THIS CASE HAD INCREASED BY \$279,362 OVER THE AMOUNT**
9 **INCLUDED IN THE UNANIMOUS STIPULATION AND AGREEMENT FROM**
10 **2020 RATE CASE. (ROBINETT DIR., P. 8) DOES THAT INCREASE SURPRISE**
11 **YOU?**

12 A. No.

13 **Q. WHY NOT?**

14 A. Raytown Water has been experiencing an increased number of main breaks over
15 the last several years. When that is combined with the increase in the cost of
16 materials, it does not surprise me that O&M expense for mains has increased
17 significantly.

18 **Q. BY HOW MUCH HAS THE NUMBER OF MAIN BREAKS INCREASED?**

19 A. As an example, in calendar year 2021, the Company had sixty-four (64) main
20 breaks. In calendar year 2022, the Company had one hundred and one (101) main
21 breaks. In calendar year 2023, the Company had experienced eighty-eight (88)
22 main breaks from January through October 16, 2023.

1 **Q. DO YOU HAVE ANY IDEA WHY THE COMPANY IS EXPERIENCING THIS**
2 **HIGHER LEVEL OF MAIN BREAKS?**

3 A. I believe it is a cumulative effect of the drought that has been experienced in this
4 part of the state. The more the ground dries out, the more shifting of mains we
5 see. Then, when we do get rainfall, we get another set of shifts.

6 **Q. YOU MENTIONED AN INCREASE IN COSTS OF MATERIALS. DO YOU HAVE**
7 **AN EXAMPLE OF THE INCREASES YOU HAVE SEEN?**

8 A. Yes. Beyond the shifting of mains discussed above, another type of break we deal
9 with is when a vehicle backs into, or hits, a fire hydrant. As an example, in prior
10 years, when a car backs into, or hits, a hydrant and it has to be replaced, we would
11 have expected to pay between \$1,600-\$1,900 for a new hydrant. We now pay
12 approximately \$3,594 for a new hydrant.

13

14 **VI. METER READING PAYROLL**

15 **Q. OPC WITNESS RILEY RECOMMENDS THAT THE \$170,755 BALANCE IN THE**
16 **902 ACCOUNT BE REMOVED COMPLETELY FROM REVENUE**
17 **REQUIREMENT. (RILEY DIR., P. 2) DO YOU AGREE WITH THIS**
18 **ADJUSTMENT?**

19 A. No.

20 **Q. WHAT IS MR. RILEY'S BASIS FOR THIS RECOMMENDED ADJUSTMENT?**

1 A. He indicates that because of the installation of AMI meters (only 45.12% of which
2 are included in the Non-Unanimous Stipulation), “[m]eter reading should no longer
3 be a valid expense.” (Riley, Dir., p. 2-3)

4 **Q. IS THAT AN APPROPRIATE WAY TO LOOK AT ACCOUNT 902?**

5 A. No. First, contrary to Mr. Riley’s allegation, there is more in Account 902 than just
6 the normal monthly meter reads. For example, this account also includes re-reads
7 and other matters addressed by the Company. More importantly, Mr. Riley does
8 not address what will happen to those meter readers once the AMI installation has
9 been completed.

10 **Q. HOW MANY METER READERS HAS RAYTOWN WATER EMPLOYED?**

11 A. We have employed three (3) meter readers.

12 **Q. HAS THAT BEEN ENOUGH TO ACCOMPLISH THE TASKS?**

13 A. Not always. As explained in my Direct Testimony, we have not had enough
14 personnel to comfortably complete our meter reads much of the time.

15 **Q. WHAT ARE THE COMPANY’S PLANS FOR THESE THREE METER READERS
16 AFTER THE FULL INSTALLATION OF AMI?**

17 A. We plan to continue to employ two (2) Meter Service Techs to complete meter re-
18 reads, service orders, water sampling and collection disconnect/reconnects. If
19 OPC witness Marke’s recommendation to eliminate late fees is granted, we may,
20 need additional service techs in order to complete more collection
21 disconnect/reconnects activities.

1 We plan to transfer the 3rd meter reader to the Field Crew. With that addition, we
2 believe the Field Crew with still be short five (5) Field people.

3 **Q. OPC WITNESS RILEY FURTHER SUGGESTS THAT EVEN THOUGH ONLY**
4 **45.21% OF THE AMI METERS WOULD BE INCLUDED IN THE REVENUE**
5 **REQUIREMENT IN THIS CASE, “ALLOWING BOTH THE MANUAL METER**
6 **READING EXPENSE AND THE SOFTWARE/MAINTENANCE EXPENSE IN**
7 **THE COST OF SERVICE WOULD BE DUPLICATIVE AND COUNTER-**
8 **PRODUCTIVE.” (RILEY DIR., P. 3). WHAT IS THE “SOFTWARE/**
9 **MAINTENANCE EXPENSE”?**

10 A. I believe that Mr. Riley is referring to the annual maintenance fee associated with
11 the AMI.

12 **Q. IS THE ANNUAL MAINTENANCE FEE “IN THE COST OF SERVICE” AS**
13 **ALLEGED BY MR. RILEY?**

14 A. It is my understanding that it is not. Because the Staff only updated through June
15 30, 2023, and Raytown Water did not begin to pay the fee until September of 2023,
16 Staff viewed the fee to be outside the test year/update period and did not include
17 it in the Company’s cost of service for this case. Thus, Mr. Riley’s recommended
18 adjustment would result in the Company receiving neither its meter reading costs,
19 nor its annual maintenance fee.

20

1 **VII. CASH WORKING CAPITAL**

2 **Q. MR. RILEY PROVIDES CALCULATIONS RELATED TO “CASH WORKING**
3 **CAPITAL” AND PROPOSES A “REDUCTION OF NET PLANT OF (\$226,356).”**
4 **(RILEY DIR., P. 3-6) HAS RAYTOWN WATER PERFORMED AN LEAD/LAG**
5 **STUDY OR ANY OTHER CASH WORKING CAPITAL CALCULATIONS FOR**
6 **THE PURPOSE OF THIS CASE?**

7 A. No. We have neither the personnel nor the expertise to do so.

8
9 **VIII. SALARIES**

10 **Q. OPC WITNESS RILEY PROPOSES TO ELIMINATE YOUR OVERTIME PAY**
11 **FROM THE COST OF SERVICE BECAUSE HE BELIEVES YOUR OVERTIME**
12 **AMOUNTS ARE EXCESSIVE. (RILEY DIR., P. 6-8). ARE THEY EXCESSIVE?**

13 A. No. First, the recorded hours accurately reflect the work I put in to keep Raytown
14 Water running. Second, because of Staffing needs, which I will discuss more
15 below, there were no other options than for me to take on extra work.

16 **Q. WHAT IS THE NATURE OF THE WORK YOU GENERALLY PERFORM**
17 **DURING OVERTIME?**

18 A. Prep work for collection day, billing, after hour calls, program updates for computer,
19 end of day back-up, emergency call outs (water breaks), cover for short office/field
20 staff as needed to meet deadlines, and after hour turn-ons on collection day for
21 both water and sewer (through disconnect agreements).

22 **Q. ARE THESE TASKS THAT OTHER EMPLOYEES COULD PERFORM?**

1 A. No. We do not have sufficient Staffing for that. Raytown Water has 16 full-time
2 employees (and two additional employees that work on a seasonal basis). Five
3 (5) of those are Field employees and three (3) are the meter techs I have
4 discussed.

5 **Q. IS THAT THE NUMBER OF EMPLOYEES THAT WOULD BE IDEAL FOR THIS**
6 **COMPANY?**

7 A. No, we are “short staffed.” We believe the work justifies the hiring of more
8 employees. However, our attempts at doing so have been largely unsuccessful.
9 Many times we have either not received applications from qualified applicants or
10 have identified people that have turned out to be unreliable or uninsurable by our
11 insurance company to drive Company vehicles due to too many tickets or
12 accidents, or have lost their driver’s licenses due to other reasons.

13 **Q. MR. RILEY NOTES THAT YOU ARE THE ONLY PERSON IN THE COMPANY**
14 **THAT HAS “DS CERTIFICATION.” (RILEY DIR., P. 7) IS THAT CORRECT?**

15 A. No. Neal Clevenger also has DS III Certification.

16 **Q. WHAT IS THE SIGNIFICANCE OF THAT CERTIFICATION?**

17 A. Someone with this certification must be involved with repairs of all water breaks,
18 per Missouri Department of Natural Resources regulations.

19 **Q. MR. RILEY FURTHER SUGGESTS THAT “THE COMPANY HAS HAD EVERY**
20 **OPPORTUNITY TO GET THE PROPER CERTIFICATION FOR ITS FIELD**
21 **SUPERVISOR BUT APPARENTLY HASN’T MADE THAT EFFORT.” (RILEY**
22 **DIR., P. 7) DO YOU AGREE WITH THAT STATEMENT?**

1 A. No.

2 **Q. WHAT EVENTS HAVE LED TO THIS SITUATION?**

3 A. Our long-time field supervisor, who also held DS III Certification, retired. Our
4 current field supervisor, who has been with us for about four (4) months, does not
5 yet hold that certification.

6 **Q. IS IT YOUR INTENT FOR THE CURRENT FIELD SUPERVISOR TO OBTAIN DS
7 CERTIFICATION?**

8 A. Yes. However, the logistics of doing so and the demands of his job make that very
9 difficult.

10 **Q. WHY IS THAT?**

11 A. This training and certification process is much better when done in person. The
12 in-person course and testing takes about sixty (60) hours, over several days and
13 sometimes weeks. Most of the opportunities for this training and certification are
14 in locations more than a 1.5 hour drive from the Kansas City area. Because we
15 are short-staffed, it is very difficult to find a time when the training is available, and
16 we are able to move forward without this person for several days.

17 **Q. IS IT YOUR INTENT TO ULTIMATELY GET THIS DONE?**

18 A. Yes. We intend to work on it until we are able to get at least one additional person,
19 if not more, DS certified.

20

1 **IX. RECRUITING AND HIRING PRACTICES**

2 **Q. OPC WITNESS SCHABEN SUGGESTS THAT RAYTOWN WATER IS**
3 **DEFICIENT IN ITS RECRUITING AND HIRING PRACTICES. (SCHABEN DIR.,**
4 **P. 13- 14). WHAT IS HER BASIS FOR THIS ALLEGATION?**

5 A. Ms. Schaben references a Management Audit conducted by the Staff of the
6 Commission in Commission Case No. WO-93-194.

7 **Q. WHAT WAS INDICATED IN CASE NO. WO-93-194 AS TO RECRUITING AND**
8 **HIRING PRACTICES?**

9 A. Raytown Water agreed to “[d]evelop and implement recruiting 24 and hiring
10 procedures which are designed to select applicants having the highest level of
11 knowledge, skill, and experience necessary to improve the operational
12 performance of the Company.” (Schaben Dir., p. 13-14)

13 **Q. DO YOU BELIEVE THAT RAYTOWN WATER CONTINUES TO DO THIS?**

14 A. Yes.

15 **Q. HOW MANY EMPLOYEES DOES RAYTOWN WATER HAVE?**

16 A. As mentioned above, the Company has 16 full-time employees (18, when seasonal
17 employees are on duty).

18 **Q. WHAT STEPS ARE TAKEN IN THE HIRING AND RECRUITING PROCESS?**

19 A. The Company recruits through postings using Indeed.com, help wanted signs
20 placed at various locations (such as the Company’s office, which have fairly heavy
21 foot traffic), Employment Agency and word of mouth.

22 **Q. WHAT HAS BEEN YOUR EXPERIENCE?**

1 A. We have struggled in recent years to get good candidates. While we have been
2 able to hire some employees, others have either been, unreliable (not showing up
3 to work) uninsurable, not have qualifications such as a driver's license, or have left
4 during their probationary period because of the nature of the work.

5 **Q. MS. SCHABEN SUGGESTS THAT RAYTOWN WATER SHOULD RECRUIT**
6 **THROUGH LOCAL COLLEGES. (SCHABEN DIR., P. 14) ARE YOU OPPOSED**
7 **TO DOING SO?**

8 A. No. However, our biggest need for employees does not require any college
9 education. We need people with some heavy construction experience, operators
10 for heavy equipment and those that have a commercial driver's license (CDL) to
11 drive large dump trucks and pull the equipment trailer.

12 **Q. WHAT IS YOUR IMPRESSION OF THE CURRENT MARKET FOR**
13 **EMPLOYEES?**

14 A. It is my understanding that the August 2023 unemployment rate in Missouri was
15 2.8%.¹ In the same month I understand the Kansas City area unemployment rate
16 was 3.4%.² This compares to a "full employment" rate of between 4.1 percent and

¹ <https://meric.mo.gov/missouri-monthly-jobs-report> (Missouri Economic Research and information Center estimates that Missouri's unemployment rate was 2.8 percent in August 2023, one point lower than the national rate of 3.8 percent. Missouri's unemployment rate has been at or below the national rate for more than eight years.).

² https://www.bls.gov/eag/eag.mo_kansascity_msa.htm (The Kansas City area unemployment rate in August of 2023 is estimated by the U.S. Bureau of Labor Statistics to be 3.4%. It has been as low as 2.6% over the last 6 months.).

1 4.7 percent.³ It is further my impression that other businesses in our area are also
2 having difficulty with hiring.

3 **Q. IS RAYTOWN WATER WILLING TO TRY OTHER STEPS GOING-FORWARD**
4 **BASIS?**

5 A. We certainly are open to pursuing other ideas where practical.

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

7 A. Yes, it does.

³ <https://www.bloomberg.com/view/quicktake/full-employment#xj4y7vzkg> (U.S. Federal Reserve economists currently put this so-called natural rate of unemployment at between 4.1 percent and 4.7 percent.).

VERIFICATION OF CHIKI THOMPSON

STATE OF MISSOURI)
)
COUNTY OF Jackson)

I, Chiki Thompson, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is Chiki Thompson. I am the Vice President 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.


Chiki Thompson

10-20-23
Date

From: chrisheitzman <chrisheitzman@schultesupply.com>
Sent: Thursday, October 19, 2023 3:20 PM
To: Chiki Thompson <cthompson@raytownwater.net>
Subject: Direct Read Meters

Per our phone conversation today Neptune no longer offers a Direct Read style of meter in the sizes of 5/8", 1", 1 1/2", 2", 3", 4", 6" and larger sizes. If I can be any further assistance Chiki please don't hesitate in contacting me.

Thank you,
Chris Heitzman
Metro Sales Rep.

4331 S Washington Ave.
Independence, MO. 64055
Office 816-252-2323
Cell 816-820-6201
Chrisheitzman@schultesupply.com



SCHEDULE CT-2-R

Estimated cost to change out 6811 meters Materials

Meters & Connectors	Meter size	Number	Meter Costs	Meter cost Totals	Ave cost for NL Spools \$40	Ave cost \$45 lock meter lid
	5/8 x 3/4	6527	\$ 269.95	\$ 1,761,963.65	\$ 160,000.00	\$ 293,715.00
	1"	157	\$ 544.50	\$ 85,486.50	\$ 6,280.00	\$ 7,065.00
These meters would be for direct read and would have to be retro-fitted to be radio which would be more expensive in the future.	1.5"	46	\$ 946.50	\$ 43,539.00	\$ -	\$ 2,070.00
	2"	68	\$ 1,237.60	\$ 84,156.80	\$ -	\$ 3,060.00
	3"	11	\$ 2,226.40	\$ 24,490.40	\$ -	\$ 495.00
	4"	1	\$ 2,503.20	\$ 2,503.20	\$ -	\$ 45.00
	6"	1	\$ 4,472.80	\$ 4,472.80	\$ -	\$ 45.00
Totals		6811		\$ 2,006,612.35	\$ 166,280.00	\$ 306,495.00

FIELD LABOR

Labor @ Estimated prevailing wage for Jackson County, MO per hr \$67.70 Would need to contract out meter change out. Company has no staffing.

Number of Estimated hours			
Ave time to change out small meter 20 min each	6527	2176	hours
Ave time to change out large meter 60 min	127	127	hours
Total hours to complete all change outs		2303	hours
Total Estimated labor cost @mo Prevailing Wage	\$ 155,913.10		

	Labor Cost /hr	Est. No of Hours	Total Office Labor Cost
Office hours to generate list for meter change outs by CT	\$ 52.28	8	\$ 418.24
Office Labor to enter all inventory & change out work orders per hour ave	\$ 43.85	1135	\$ 49,777.06
Estimated time for each account 10 min.			
TOTAL ESTIMATED OFFICE LABOR			\$ 50,195.30

Summary:	
Total costs for meters	\$ 2,006,612.35
Total costs for NL meter connectors	\$ 166,280.00
Costs of locking meter well lids.	\$ 306,495.00
Total Estimated Installation Labor Cost	\$ 155,913.10
Total Estimated Office Labor for inputting inventory, change out work orders	\$ 50,195.03
Estimated Grand Total	\$ 2,685,495.48