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Service Commission

Exhibit No. 108

Staff – Exhibit 108
Horton
Rebuttal
File No. WR-2023-0344

Exhibit No.:
Issue(s): *Transportation Revenue*
Witness: *Courtney Horton*
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

COURTNEY HORTON

THE RAYTOWN WATER COMPANY

CASE NO. WR-2023-0344

Jefferson City, Missouri
October 2023

1 **REBUTTAL TESTIMONY OF**

2 **COURTNEY HORTON**

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 Courtney Horton. 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 Senior Utility Regulatory Auditor for the Missouri Public Service
10 Commission (“Commission”).

11 Q. Please describe your educational background and work experience.

12 A. I earned a Bachelor of Accountancy degree from Central Methodist University
13 in Park Hills, Missouri in December 2016. I completed many courses in accounting and
14 business. Prior to my work at the Commission, I worked in tax accounting, auditing, and record
15 keeping.

16 Q. What are your responsibilities with the Commission?

17 A. I conduct audits and examinations of the books and records of regulated utility
18 companies operating within the State of Missouri.

19 Q. Have you previously filed testimony before this Commission?

20 A. Yes, I have filed testimony numerous times. Please refer to Schedule CH-r1,
21 attached to this rebuttal testimony, for a list of the audits in which I have assisted and filed
22 testimony with the Commission.

1 Q. With respect to Case No. WR-2023-0344, have you examined the books and
2 records of The Raytown Water Company (“RWC”)?

3 A. Yes, with the assistance of other members of Commission Staff (“Staff”).

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

6 A. I attended the National Association of Regulatory Utility Commissioners
7 (“NARUC”) rate school during the summer of 2022. I have also worked closely with senior
8 auditors and supervisors, who possess extensive regulatory knowledge. I have reviewed RWC’s
9 testimony, and responses to data requests in this rate case, as well as the data requests and
10 workpapers from RWC’s previous rate Case No. WR-2020-0264, to gain an understanding of
11 the issues I am addressing.

12 Q. Are you the same Courtney Horton who contributed to Staff’s Auditing Unit
13 Recommendation Memorandum (“Memorandum”) included as Attachment B to the
14 *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase*
15 *Request* (“Agreement”) filed on September 13, 2023, in this case?

16 A. Yes, I am.

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 the
20 Office of the Public Council (“OPC”) witness Angela Schaben concerning transportation
21 revenues.

1 **TRANSPORTATION REVENUE**

2 Q. Ms. Schaben suggested in her direct testimony, on page 13, lines 10-19, that
3 RWC should continue to follow the management audit report regarding Mr. Neal Clevenger's
4 company truck, filed in Case No. WO-93-194. In addition, Ms. Schaben suggests \$8,030 should
5 be disallowed from rate base to account for the rate of return and depreciation of
6 Mr. Clevenger's current company truck. Does Staff agree with these recommendations?

7 A. No. The case associated with the 30-year old management audit report cited by
8 Ms. Schaben (Case No. WO-93-194) was closed on October 10, 2000 after Staff advised the
9 Commission that RWC addressed the intent of each of the forty-eight recommendations in
10 Staff's Management Audit of RWC¹. In subsequent rate cases filed with the Commission, RWC
11 used a different methodology for calculating Mr. Clevenger's reimbursement for his personal
12 use of the company truck assigned to him.

13 Q. Please explain.

14 A. In Case No. WR-2009-0098, Staff submitted Data Request ("DR") No. 0050 to
15 RWC requesting "a detailed analysis including any available documentation regarding the use
16 of company vehicles and equipment for non-water company business for the period
17 January 2007 to current." RWC's response to the DR stated "Please see attached response to
18 OPC Data Request #1008."

19 Q. What was RWC's response to OPC DR 1008?

20 A. "Per the last rate case in 2002, we do not rent or loan any of Raytown Water
21 Company equipment, i.e. backhoes, rollers, etc. However, we do rent Raytown Water Company

¹ Case No. WO-93-194, Staff's Third Supplemental Implementation Review of Raytown Water Company, and Motion to Close Case.

1 vehicles based on the IRS Standard Mileage Rates at the time of rental.” Further, in a list of
2 the persons to which vehicles were rented, the response states, for Neal Clevenger,
3 “Revenue collected per IRS rates. Neal supplies copies of his truck logs for backup of personal
4 use. Revenue collected via a specific customer account set up for RWC Truck Rents Neal
5 Clevenger.” I have attached a copy of OPC DR 1008 as Schedule CH-r2.

6 Q. What do you conclude from RWC’s response?

7 A. I reached the conclusion that as early as RWC’s response was provided in 2008,
8 OPC was aware that RWC had been using the IRS mileage reimbursement rates to determine
9 the revenue generated from Mr. Clevenger’s personal use of the company truck.

10 Q. Did OPC dispute this issue in rate Case No. WR-2009-0098?

11 A. Not that I can determine. In fact, Staff filed a “*Unanimous Agreement Regarding*
12 *Disposition of Small Company Rate Increase Request*” on March 24, 2009, to which OPC was
13 a signatory party.

14 Q. Are there any other rate cases by which RWC used the current IRS mileage
15 reimbursement rate to determine this revenue?

16 A. Yes. RWC used the same method in Rate Case No’s WR-2012-0405,
17 WR-2015-0246, and WR-2020-0264.

18 Q. Did OPC dispute this method in these rate cases?

19 A. Not that I can find.

20 Q. Did you review Mr. Clevenger’s mileage reimbursement to RWC as part of the
21 audit for this case?

Rebuttal Testimony of
Courtney Horton

1 A. Yes. During Staff's site visit in May 2023, Staff reviewed RWC's mileage log
2 and confirmed that Mr. Clevenger's personal use of the company truck was minimal, there was
3 a monthly record of the mileage use, and there were associated payments for that mileage.

4 Q. Did you find this to be consistent with the methodology followed in the prior
5 rate cases you mentioned previously in this testimony?

6 A. Yes, I did.

7 Q. Does this conclude your rebuttal testimony?

8 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 COURTNEY HORTON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW COURTNEY HORTON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Courtney Horton*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Courtney Horton
COURTNEY HORTON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 18th day of October 2023.

D. Suzie Mankin
Notary Public

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

Courtney Horton

Educational, Employment Background and Credentials

I am currently a Senior Utility Regulatory Auditor in the Auditing Department, Financial and Business Analysis Division for the Missouri Public Service Commission. I have held my position as a Utility Regulatory Auditor since June 2018.

I earned a Bachelor of Accounting degree from Central Methodist University in Park Hills, Missouri in December of 2016. I completed many courses in accounting and business. Prior to the Commission, I worked in tax accounting, auditing, and record keeping.

Case Participation

Company Name	Case Number(s)	Testimony/Issues	Type of Case
Branson Cedars Resort Utility Company LLC Water & Sewer	WR-2018-0356	Staff Recommendation	Rate Case
S.K. & M Water & Sewer Company	SR-2019-0157	Staff Recommendation	Rate Case
Empire District Electric	ER-2019-0374	Staff Recommendation	Rate Case
Missouri American Water Company/Hillers Creek Sewer	SA-2019-0334	Staff Recommendation	CCN Case
Elm Hills	WR-2020-0275	Staff Recommendation	Rate Case
Missouri-American Water Company/Harbor View Estates Sewer	SA-2020-0073	Staff Recommendation	CCN Case
Missouri-American Water Company/Clinton Estates Sewer	SA-2020-0132	Staff Recommendation	CCN Case
Liberty Utilities/Saver's Farm Sewer	SA-2020-0067	Staff Recommendation	CCN Case
Liberty Utilities/Empire Water	WM-2020-0156	Staff Recommendation	CCN Case
Missouri-American Water Company	WR-2020-0344	Staff Recommendation	Rate Case
Missouri-American Water Company/City of Taos Sewer System	SA-2021-0120	Staff Recommendation	CCN Case

cont'd Case Participation
Courtney Horton

Company Name	Case Number(s)	Testimony/Issues	Type of Case
Missouri-American Water Company/Table Rock Estates Water System	WA-2021-0116	Staff Recommendation	CCN Case
Empire District Electric	ER-2021-0312	Staff Recommendation	Rate Case
Empire District Gas	GR-2021-0320	Staff Recommendation	Rate Case
Confluence/Missing Well, Shelton, Ozark, Prairie, Clemstone, Water & Sewer Systems	WA-2021-0425	Staff Recommendation	CCN Case
Missouri-American Water Company	WO-2022-0176	Staff Recommendation	WSIRA Case
Confluence Rivers Utility Operating Company/Deer Run Estates Sewer System	SA-2022-0299	Staff Recommendation	CCN Case
Argyle Estates Water Supply	WR-2022-0345	Staff Recommendation	Rate Case
Missouri-American Water Company/Monsees Lake Estates Subdivision Water & Sewer System	WA-2022-0229	Staff Recommendation	CCN Case
Missouri-American Water Company/Stewartsville Water & Sewer System	WA-2022-0311	Staff Recommendation	CCN Case
Missouri-American Water Company	WR-2022-0303	Staff Recommendation	Rate Case
The Empire District Gas Company/Platte County	GA-2023-0110	Staff Recommendation	CCN Case
Spire Missouri, Inc./Platte County	GA-2023-0441	Staff Recommendation	CCN Case
Raytown Water Company	WR-2023-0344	Staff Recommendation	Rate Case
Confluence Rivers Utility Operating Company/Four Seasons Water & Sewer System	WA-2023-0284	Staff Recommendation	CCN Case
Missouri-American Water Company/Ironton Water & Sewer System	WA-2023-0434	Staff Recommendation	CCN Case

**OFFICE OF THE PUBLIC COUNSEL
DATA REQUEST**

**RAYTOWN WATER COMPANY
CASE NO. WR-2009-0098**

Requested From: Neal S. Clevenger
Requested By: Ted Robertson
Date Requested: September 15, 2008

Information Requested: Please provide a reconciliation of all loans and rentals of RWC utility owned/leased property and plant that occurred during calendar years 2007 and 2008. For each individual loan and rental include a description of the property loaned/rented, the name and address of the person/business that received use of the property/plant, copies of any associated contracts, the loan/rental period and the amount of any revenue received. In addition, for each applicable loan/rental, explain how the revenue amount received was calculated.

Response Provided:

The information provided to the Office of the Public Counsel in response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Office of the Public Counsel if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

Date Received: _____ Received By: _____

Prepared By: _____

**2008 RATE CASE
CASE NO. WR-2009-0098
OPC DATA REQUEST # 1008**

Per the last rate case in 2002, we do not rent or loan any of the Raytown Water Company equipment, i.e. backhoes, rollers, etc.

However; we do rent Raytown Water Company vehicles based on the IRS Standard Mileage Rates at the time of the rental.

The persons we have rented vehicles to in 2007 and 2008 are as follows:

1. Brenda Lee Flack
7402 E. 50th Street
Kansas City, MO 64129
Rented: 2000 Ford F450 Small Dump April 6, 2008
Revenue calculated per IRS rates. Revenue collected via payroll deduction. Please see attached.

2. Michael Admire
11308 E. 56th Terrace
Raytown, MO 64133
Rented: 2000 Ford F450 Small Dump March 14, 2007
Revenue calculated per IRS rates. Revenue collected via payroll deduction. Please see attached.

3. Todd Cramer
6714 Richmond
Kansas City, MO 64133
Rented: 2000 Ford F450 Small Dump April 8, 2008
Revenue calculated per IRS rates. Revenue collected via payroll deduction. Please see attached.

4. Neal Clevenger

6120 Elm

Raytown, MO 64133

Rented: 2000 Ford F250 Continuous

Revenue calculated per IRS rates. Neal supplies copies of his truck logs for backup of personal use. Revenue collected via a specific customer account set up for RWC Truck Rents Neal Clevenger.

Please see attached.

BLF

Edit Employee Note

Employee: 115 FLACK,BRENDA

OK

Date: 04/04/2008 Type: REIMBURSE

Cancel

Follow Up: 04/13/2008 Author: BFLACK

Follow-Up Completed

Note
NEED TO TAKE OUT \$63.25 FOR SMALL DUMP RENTAL. 115 MILES. BEG. 25552 AND END 25667. TAKE OUT IN 3 PAYMENTS. \$21.08 FOR 2 WEEKS AND \$21.09 FOR 1 WEEK.

Check Spelling

Word Document:
Path:
Create Letter Change Clear

Image:
Path:
Add Image Change Clear

Detailed History



Employee: 115 FLACK,BRENDA

Next

Previous

Close

Check Number:	14504	Suppl Earnings:	.00	FWT:	73.91
Check Date:	04/18/2008	SSTA:	54.61	SWT:	43.62
Pay Period Date:	04/18/2008	MDCR:	12.77	OST:	.00
Pay		Hours		CWT:	8.81
Regular:	623.60	Regular:	40.0000	EIC:	.00
Overtime:	257.25	Overtime:	11.0000	Employer SSTA:	54.61
Vacation:	.00	Vacation:	.0000	Employer MDCR:	12.77
Sick:	.00	Sick:	.0000	Employer Ret:	.00
Holiday:	.00	Holiday:	.0000	FUI:	.00
Comp:	.00	Comp:	.0000	SUI:	.00
Special:	.00	Special:	.0000	Suppl Benefit:	.00
Personal:	.00	Personal:	.0000	Weeks Worked:	1.00
None:	.00	None:	.0000	Work Units:	1.00
None:	.00	None:	.0000	Total Deductions:	96.58
None:	.00	None:	.0000	Total Empr Ded:	171.36
None:	.00	None:	.0000	Net Pay:	590.55
None:	.00	None:	.0000	Tip Credit:	.00
None:	.00	None:	.0000	Comp Hrs Added:	.0000
Total:	880.85	Total:	51.0000		

Earnings	Amount

Deductions	Amount	E
CELL PH. OVRG.	25.00	
VEH. RENTAL	21.09	
HEALTH INS.	9.75	
DENTAL	.00	
OPT. LIFE INS.	40.74	

Distributions

Reprint Check Stub

Individual Check Message

Edit Employee Note

Employee: 235 ADMIRE, MICHAEL

OK

Date: 03/14/2007

Type: REIMBURSE

Cancel

Follow Up:

Author: BFLACK

Follow-Up Completed

Note

8 MILES ON THE LITTLE DUMP @ \$.45/MI. \$3.60.

Check Spelling

Word Document:

Path:

Create Letter

Clear

Change

Clear

Image:

Path:

Add Image

Clear

Change

Clear

Edit Employee Note [X]

Employee: 228 CRAMER,TODD [OK]

Date: 04/08/2008 [calendar icon] Type: GENERAL [dropdown] [Cancel]

Follow Up: [calendar icon] Author: BFLACK

Follow-Up Completed

Note

§18.15 FOR 33 MILES ON THE SMALL DUMP START
25699 END 25732.

[Check Spelling]

Word Document:

Path: [text box]

[Create Letter] [Add] [Change] [Clear]

Image:

Path: [text box]

[Add Image] [Add] [Change] [Clear]



Custom Fields | Notes | Automatic Payment
 Billing Information | Service Location | Owner Information | Bill/Pay History | Services | Work Orders

Book: Account: Status:

Type:

Customer Name:

Billing Address1:

Billing Address2:

City: State:

ZIP Code: Carrier Route:

Social Security #: Multi-Property Account CASS Applicable

Phone Numbers: HOME PHONE NUMBER

Internet PIN: Tenant = Owner

Customer E-Mail:

E-Bill Receiving Options

Paper E-File Both International Address

Billing Comment:

Service Address1:

Service Address2:

Balances	
Account Balance:	<input type="text" value=".00"/>
Installments Balance:	<input type="text" value=".00"/>
Total Account Balance:	<input type="text" value=".00"/>
Miscellaneous Balance:	<input type="text" value=".00"/>
Total Deposits:	<input type="text" value=".00"/>

Budget Billing

Budget Amount:

Budget Balance:

Start Date:

Last Recalculation:

Recalculation Month:

Level Billing

Adjustment:

Amount:

BOOK	ACCOUNT	NAME	REFERENCE	TRANS AMOUNT	BALANCE
	POSTING-DATE	TYPE			
	80030000	RWC TRUCK RENTS*NEAL CLEVINGER			
	08/20/2008	BILL		22.41	22.41
	07/22/2008	RECEIPT	26867-BLF	18.43	.00
	07/22/2008	BILL		18.43	18.43
	06/30/2008	RECEIPT	26835-BLF	19.85	.00
	06/25/2008	BILL		19.85	19.85
	06/02/2008	RECEIPT	26811-BLF	29.90	.00
	06/02/2008	BILL		29.90	29.90
	04/17/2008	RECEIPT	26755-BLF	23.68	.00
	04/09/2008	BILL		23.68	23.68
	04/04/2008	RECEIPT	BLF	3.30	.00
	04/04/2008	BILL		3.30	3.30
	03/17/2008	RECEIPT	26736-BLF	18.99	.00
	03/17/2008	BILL		18.99	18.99
	03/06/2008	RECEIPT	BLF	10.10	.00
	03/06/2008	BILL		10.10	10.10
	03/03/2008	RECEIPT	26726-BLF	16.87	.00
	02/29/2008	BILL		16.87	16.87
	01/18/2008	RECEIPT	26689-BLF	13.00	.00
	01/16/2008	BILL		13.00	13.00
	12/31/2007	RECEIPT	26668-BLF	18.24	.00
	12/31/2007	BILL		18.24	18.24
	11/28/2007	RECEIPT	26643-BLF	16.59	.00
	11/26/2007	BILL		16.59	16.59
	10/22/2007	RECEIPT	26615	16.25	.00
	10/17/2007	BILL		16.25	16.25
	10/01/2007	RECEIPT	26591-BLF	27.21	.00
	09/24/2007	BILL		27.21	27.21
	09/05/2007	RECEIPT	26560-BLF	29.25	.00
	08/22/2007	BILL		29.25	29.25
	08/01/2007	RECEIPT	26535-BLF	50.19	.00
	07/26/2007	BILL		30.89	50.19
	06/30/2007	BILL		19.37	19.30
	05/10/2007	RECEIPT	26461-BLF	29.59	-.07
	05/09/2007	BILL		29.52	29.52
	04/26/2007	RECEIPT	26445-BLF	20.56	.00
	04/24/2007	BILL		20.56	20.56
	03/19/2007	RECEIPT	26404-BLF	24.93	.00
	03/14/2007	BILL		24.93	24.93
	02/12/2007	RECEIPT	26373-BLF	27.26	.00
	02/07/2007	BILL		27.26	27.26
	01/23/2007	RECEIPT	269353-BLF	23.85	.00
	01/22/2007	BILL		23.85	23.85