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Service Commission

Exhibit No. 207

OPC – Exhibit 207
Payne
Rebuttal
File No. WR-2023-0344

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 annually¹. 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

¹ 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 23rd 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

Educational Background and Work Experience of Manzell Payne

My educational background includes a Bachelor of Arts degree in Accounting from Westminster College in Fulton, Missouri.

Prior to joining the Office of Public Counsel in July 2023, I worked as an analyst and auditor in the banking industry for four and half years. The responsibilities included in my time as an analyst included risk analysis, tracking/monitoring expenditures, auditing of business financial statements and business plans. Through my various analysis and auditing in the banking industry, I had the opportunity to review an individual or company's ability credit worthiness.

Since joining the office of Public Counsel, I have attended the National Association of Regulatory Utility Commissioners ("NARUC") Rate School.

RATE CASE EXPENSES

PSC DR 0044

DATE PAID	TO	AMOUNT	COMMENT	
6/30/2012	J BLAUVELT	\$ 60.00	LEGAL	RESIDUAL EXPENSE FROM LAST RATE CASE
6/30/2012	J BLAUVELT	\$ 180.00	LEGAL	RESIDUAL EXPENSE FROM LAST RATE CASE
7/16/2012	UPS	\$ 15.98	POSTAGE TO JEFFERSON CITY	RESIDUAL EXPENSE FROM LAST RATE CASE
8/13/2012	UPS	\$ 64.85	POSTAGE TO JEFFERSON CITY	RESIDUAL EXPENSE FROM LAST RATE CASE
9/11/2012	MARR & COMPANY	\$ 650.00	RATE CASE ASSISTANCE	RESIDUAL EXPENSE FROM LAST RATE CASE
12/10/2012	STAPLES	\$ 57.84	OFFICE SUPPLIES./PAPER	RESIDUAL EXPENSE FROM LAST RATE CASE
1/23/2013	US POSTAL SERVICE	\$ 2,280.55	POSTAGE FINAL RATE CASE NOTICE	RESIDUAL EXPENSE FROM LAST RATE CASE
TOTAL FOR PREVIOUS RATE CASE		\$ 3,309.22		
4/21/2015	USPS Store	\$ 20.53	Ship Data Requests	
4/22/2015	OFFICE DEPOT	\$ 112.54	OFFICE SUPPLIES./PAPER	CURRENT RATE CASE
4/22/2015	UPS STORE	\$ 10.25	SHIP OPC RESPONSE	CURRENT RATE CASE
5/4/2015	UPS STORE	\$ 20.53	Ship Data Requests	CURRENT RATE CASE
4/30/2015	USPS	\$ 2,464.94	MAILED OUT 1ST CUSTOMER NOTICE	CURRENT RATE CASE
4/21/2015	UPS Store	\$ 28.90	Ship Data Requests	CURRENT RATE CASE
5/14/2015	Accountant Time	\$ 1,552.13	MARR & CO.	CURRENT RATE CASE
6/15/2015	Accountant Time	\$ 1,875.00	MARR & CO.	CURRENT RATE CASE
6/30/2015	Accountant Time	\$ 1,912.50	MARR & CO.	CURRENT RATE CASE
7/31/2015	Accountant Time	\$ 1,500.00	MARR & CO.	CURRENT RATE CASE
8/31/2015	Accounting Services	\$ 4,606.50		
4/22/2015	Office Depot	\$ 66.69		CURRENT RATE CASE
TOTAL FOR CURRENT RATE CASE		\$ 14,170.51		
Total		\$ 17,479.73		
Normalized rate case expense 3-years		\$ 5,826.58		

Raytown Water Company
WR-2023-0344
Rate Case Expenses
Test Year ending 12/31/22
Prepared by: Sherrye Lesmes

Residual Rate Case Expense from WR-2020-0264		
Date	Expense Type	Amount
2/29/20	Marr & Co.	\$567.50
3/16/20	Postage	\$2,572.29
3/31/20	Marr & Co.	\$4,250.00
4/8/20	Postage	\$15.69
5/1/20	Marr & Co.	\$1,187.50
Total		\$8,592.98

Test Year	\$	-
Normalized	\$	5,856
Adjustment	\$	5,856

Current Rate Case Expense		
Date	Expense Type	Amount
5/5/2023	Postage Permit for bulk mailing of 1st notice & LPH of Rate Case	\$ 3,118.73

Total \$ 3,118.73

Grand Total: \$11,711.71

WR-2023-0344
Raytown Water Company
Test Year G/L
Source: General Ledger
Test Year Ending 12/31/22

Account Description		Account Number									
Date	Mo/Yr	Transaction Description	Trans Number	(T)	Ven/Cus	(T)	Type	Transaction	Debits	Credits Reference	
Regulatory Expense			01.8100.928								0.00
1/7/2022	01/2022	MPSC ASSESSMENT	25002	C	211		DR	Pd Exp	9,335.86	0.00	
4/7/2022	04/2022	MPSC ASSESSMENT	25281	C	211		DR	Pd Exp	9,335.86	0.00	
7/7/2022	07/2022	MPSC ASSESSMENT	25510	C	211		DR	Pd Exp	6,113.62	0.00	
10/4/2022	10/2022	MPSC ASSESSMENT	25766	C	211		DR	Pd Exp	6,113.62		
Ending Balance									30,898.96		

Rate Case Comparison
Source: Previous Staff Workpapers
Test Year Ending 12/31/22

<u>Rate Case</u>	<u>Total Amount</u>
CURRENT CASE	\$ 3,119
WR-2020-0264	\$ 8,593

Current & Previous Case Exp	<u>\$ 11,712</u>
Normalize over 2 years	\$ 5,855.87