

## Exhibit No. 11

Missouri-American Water Company – Exhibit 11  
Testimony of Jennifer M.B. Grisham  
Rebuttal/Surrebuttal/Sur-Surrebuttal  
File No. WR-2024-0320

Exhibit No.:

Issues:

Rate Base, Depreciation Expense,  
Amortization Expense, Customer  
Accounting, Employee Expense, Rent  
Expense, Property Taxes, Postage,  
Office Supplies & Services, Building  
Maintenance Expense, Maintenance  
Supplies & Services,  
Telecommunications

Witness:

Exhibit Type:

Sponsoring Party:

Case No.:

Date:

Jennifer M.B. Grisham  
Rebuttal/Surrebuttal/Sur-Surrebuttal  
Missouri-American Water Company  
WR-2024-0320  
January 24, 2025

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2024-0320**

**REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY**

**OF**

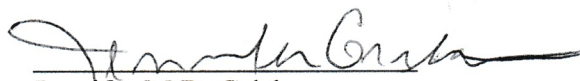
**JENNIFER M.B. GRISHAM**

**ON BEHALF OF**

**MISSOURI-AMERICAN WATER COMPANY**

## AFFIDAVIT

I, Jennifer M.B. Grisham, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am the Vice President of Operations for Missouri American Water Company, Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.

  
Jennifer M.B. Grisham

January 22, 2025

Dated

**REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY**  
**JENNIFER M.B. GRISHAM**  
**MISSOURI-AMERICAN WATER COMPANY**  
**CASE NO.: WR-2024-0320**

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# **REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY**

**JENNIFER M.B. GRISHAM**

## **I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Jennifer M.B. Grisham, and my business address is One Water Street, Camden, NJ, 08102.

**Q. Are you the same Jennifer M.B. Grisham who previously submitted Direct Testimony in this proceeding?**

A. Yes.

## **II. OVERVIEW**

**Q. What is the purpose of your Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony in this proceeding?**

A. The purpose of my Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony is to respond to Direct/Rebuttal Testimony and proposed expense levels of Staff witnesses Alexis Branson, Christopher L. Boronda, Malachi Bowman, Sherrye Lesmes, Angela Niemeier, Ashley Sarver, and OPC witness John Robinett on the following topics: Rate Base, Depreciation Expense, Amortization Expense, Customer Accounting, Credit Card Fees, Office Supply & Services, Employee Expenses, Postage, Rent Expense, Property Taxes, Maintenance Supplies & Services, Building Maintenance & Services, Bad Debt Expense, and Telecommunications.

**Q. Does the Company have any overall comments about Staff's approach to calculating rate base, depreciation, amortization and operations & maintenance expenses?**

A. Yes. In general, Staff began with the historic test year ending December 31, 2023, and

1 made adjustments through the update period of June 30, 2024. It is our understanding  
2 that Staff will further adjust most rate base and expenses through the true-up period of  
3 December 31, 2024. The Company's position continues to be that rate base and expenses  
4 should be adjusted beyond the true-up period to include discrete adjustments through  
5 May 31, 2025. In my Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony, I will address  
6 issues I have with Staff's methodology.

### 7 **III. AGREED AND ACCEPTED ADJUSTMENTS**

#### 8 **a. Utility Plant in Service**

9 **Q. Does Staff make any additional adjustments to Utility Plant in Service (UPIS) or**  
10 **accumulated depreciation reserve?**

11 A. Yes. Staff witness Branson made an adjustment that impacted Net UPIS. This  
12 adjustment was to remove \$1,555 from Accumulated Reserve related to depreciation  
13 expense in a land account. Staff made no additional changes to UPIS through the true up  
14 period.

15 **Q. Do you agree with Staff's adjustment to Accumulated Reserve related to land**  
16 **accounts?**

17 A. Yes. I agree with Staff's \$1,555 adjustment to Accumulated Reserve. There has been no  
18 activity in the referenced accounts since the Company's initial filing and all land  
19 accounts will be removed from the Company's true-up filing.

#### 20 **b. Depreciation Rates**

21 **Q. Does any intervenor direct/rebuttal testimony take any issue with the Company's**  
22 **depreciation rates?**

1 A. Yes. Discrepancies in MAWC's depreciation rates are noted by both Staff<sup>1</sup> and OPC<sup>2</sup>. As  
2 discussed by Staff witness Bowman, the Company's initial revenue requirement  
3 incorporated depreciation rates for 1 water account (Account 315) and 1 sewer account  
4 (Account 361) that were not authorized in previous rate case orders. These rates have  
5 been updated within MAWC's plant accounting system and will be correctly reflected in  
6 the Company's true up filing.

7 **Q. Please discuss additional intervenor comments on MAWC's depreciation rates.**

8 A. Both Staff witness Branson and OPC witness Robinett recommend MAWC complete a  
9 new depreciation study with the Company's next rate case. MAWC is not opposed to this  
10 recommendation and agrees to provide a new depreciation study as part of the  
11 Company's next rate case.

#### 12 **IV. RATE BASE**

13 **Q. What is Staff's recommended rate base?**

14 A. Staff recommends a rate base amount of \$2,845,501,305 for the 12 months ended June  
15 30, 2024.

16 **Q. Please describe how Staff calculated its recommended rate base.**

17 A. Staff utilized the Company's total rate base as of December 31, 2023, of \$2,687,890,571  
18 provided in the Company's filing in this case. From that starting point, Staff made a  
19 variety of line-item updates and adjustments based on data through June 30, 2024  
20 provided by the Company through the discovery process. Staff's updates and adjustments  
21 increased MAWC's rate base by \$157,610,734. Staff included no discrete adjustments  
22 through the period allowed by the Commission.

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<sup>1</sup> Bowman DT/RT, p. 2.

<sup>2</sup> Robinett DT/RT, p. 9.

1 **a. Net Utility Plant Investments**

2 **Q. Please explain and provide comments on Staff's utility plant in service and**  
3 **accumulated depreciation reserve calculation.**

4 A. Staff witness Branson proposes the inclusion of MAWC's plant in service and  
5 accumulated reserve as of June 30, 2024. No additional adjustments were made outside  
6 of the exclusion of depreciation for land accounts discussed earlier in my testimony. Staff  
7 and the Company will both update UPIS and accumulated reserve through year end 2024,  
8 while MAWC will include discrete adjustments through May 2025.

9 **Q. Please describe comments and adjustments proposed to UPIS by OPC.**

10 A. OPC witness Robinett discusses concern over the Company's plant additions related to  
11 vehicles. He notes the total for January 2024 through May 31, 2025 for all transportation  
12 equipment is \$32,613,596, with \$30,498,905 just for cars and that the amount projected  
13 to be retired exceeds the in-service amount presented in this case. Due to inconsistencies  
14 in projected spend for cars compared to historic, he recommends against allowing these  
15 costs as a discrete adjustment.

16 **Q. Has MAWC made any updates to vehicle-related plant additions and retirements**  
17 **addressing OPC's concerns?**

18 A. Yes. The Company noted in discovery responses to OPC<sup>3</sup> that the vehicle-related plant  
19 additions and retirement forecasts presented in MAWC's initial filing for this proceeding  
20 were all allocated to NARUC Account 392.3 (Transportation Equipment - Cars). These  
21 additions and retirements have now been redistributed to the appropriate accounts for

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<sup>3</sup> On December 3, 2024, OPC propounded data requests including OPC 8513 and OPC 8514. On December 23, 2024, the Company provided responses that address the concerns raised by Mr. Robinett in his direct/rebuttal testimony.



light trucks (Account 392.1, \$13,226,271 Additions, \$996,773 Retirements), heavy trucks (392.2, \$11,120,253 Additions, \$838,057 Retirements) and other vehicles (392.4, \$6,152,381 Additions, \$463,663 Retirements). There are currently no dollars forecasted to cars in the Company's updated SCEP and there have been no changes to the total vehicle-related forecasted plant addition and retirement dollars. The update is presented in the tables below:

As Filed				
NARUC Account	Account Description	Base Year Ended 12/31/23	Additions Projected Jan 2024 to May 2025	Retirements Projected Jan 2024 to May 2025
392.1	Transportation Equipment - Light Trucks	\$ 27,828,429	\$ -	\$ -
392.2	Transportation Equipment - Heavy Trucks	27,234,688	1,533,099	115,539
392.3	Transportation Equipment - Cars	1,174,602	30,498,905	2,298,492
392.4	Transportation Equipment - Other	19,064,053	522,106	39,348
Total		\$ 75,301,772	\$ 32,554,110	\$ 2,453,379

Updated				
NARUC Account	Account Description	Base Year Ended 12/31/23	Additions Projected Jan 2024 to May 2025	Retirements Projected Jan 2024 to May 2025
392.1	Transportation Equipment - Light Trucks	\$ 27,828,429	\$ 13,226,271	\$ 996,773
392.2	Transportation Equipment - Heavy Trucks	27,234,688	12,653,352	953,596
392.3	Transportation Equipment - Cars	1,174,602	-	-
392.4	Transportation Equipment - Other	19,064,053	6,674,487	503,010
Total		\$ 75,301,772	\$ 32,554,110	\$ 2,453,379

This reclassification will be incorporated in the Company's December 31, 2024 true-up filing. The reclassification addresses concerns presented by OPC and there is no need to disallow the discrete adjustment through May 2025.

#### **b. CIAC and Customer Advances**

**Q. Please comment on intervenor adjustments to Contributions in Aid of Construction (CIAC) or Customer Advances in the test period.**

A. Staff witnesses Boronda and Lesmes respectively calculate MAWC's Customer Advances and CIAC/CIAC amortization utilizing an ending balance. This is similar to the Company's methodology. However, Staff uses the balance for the period ending June 30, 2024, rather than the ending balance of the test period.

1   **Q.     Do you have any additional comments about Staff’s calculated CIAC?**

2   A.     Yes. I also do not agree with Staff’s calculated CIAC methodology in their direct and  
3           cross testimony.

4           To calculate accumulated CIAC amortization, witness Lesmes begins with the beginning  
5           amortization balance of \$110 million at June 30, 2022, then adds the monthly CIAC  
6           amortization activity totaling \$14 million through June 30, 2024. I found with this  
7           calculation that Staff used an incorrect (+/-) sign for the corporate portion of the  
8           beginning balance which should have been (\$23,082).

9           In calculating the CIAC balance, Witness Lesmes begins with MAWC’s actual CIAC  
10          plus accumulated amortization balance of \$295 million at June 30, 2022. The actual  
11          monthly activity through June 30, 2024 for CIAC only totaling \$37.2 million is then  
12          added to the beginning balance. Including the amortization portion in the beginning  
13          balance for CIAC results in a double counting as it is already accounted for in the  
14          accumulated amortization of CIAC.

15          Instead, the net CIAC balance should be calculated utilizing only the beginning balance  
16          of CIAC as follows:

MAWC CIAC in \$millions	
\$     405.9	6/30/22 CIAC balance
<u>      37.2</u>	monthly CIAC activity through 6/30/24
\$     443.1	CIAC balance at 6/30/24
<u>  (124.5)</u>	less 6/30/24 CIAC amortization balance
\$     318.6	Net CIAC balance at 6/30/24

17  
18                               **c. Materials & Supplies**

19   **Q.     Please describe the adjustments Staff made to the Company’s Materials & Supplies**  
20           **line item.**

1 A. Staff witness Boronda recommends an adjustment to the Materials & Supplies portion of  
2 rate base, utilizing a 13-month average balance, similar to the approach of MAWC. Staff  
3 utilizes a balance over the 13 months ending June 2024 rather than December 2023.<sup>4</sup>  
4 However, Staff and the Company should be aligned for the December 31, 2024 true up.

5 **d. Regulatory Deferrals and Assets**

6 **Q. Are there any differences to the test year balance between Staff and MAWC's**  
7 **Regulatory Deferrals line item?**

8 A. Yes. Staff's use of a June 30, 2024 test period yields a \$4.7 million increase in regulatory  
9 deferrals due to a change in the Company's property tax tracker balance. Otherwise, Staff  
10 included MAWC's regulatory deferral line items, including deferral costs for the City of  
11 Hollister pipeline.

12 **Q. Does Staff make adjustments to any of MAWC's regulatory assets included in rate**  
13 **base?**

14 A. Yes. While Staff includes amortization costs for the Hollister pipeline, witness Niemeier  
15 reasons that the Company's unamortized balance of \$252,191 for the recovery on the  
16 regulatory asset for the pipeline should be excluded from rate base.

17 **Q. Do you agree with Staff's treatment of the Hollister pipeline?**

18 A. No, I do not. As noted in witness Niemeier's testimony<sup>5</sup>, MAWC and Staff's  
19 disagreement over the treatment of the Hollister pipeline date back over 3 rate case  
20 proceedings. I reiterate, that MAWC's rate base treatment of the costs originate from the  
21 Commission's finding of the pipeline as reasonable and cost effective (Case No. SA-  
22 2012-0362) followed by a fully litigated proceeding (Case Nos. SR-2013-0016 and WR-

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<sup>4</sup> Boronda DT/RT, p. 3.

<sup>5</sup> Niemeier DT/RT, p. 35.

2013-0017) accepting rate base treatment of the costs. An additional opportunity was made available to oppose rate base treatment of the pipeline's costs when MAWC acquired Emerald Pointe the following year in 2014, with no comment made by Staff. To date, the Commission has not given any indication that Emerald Pointe's initial treatment nor MAWC's current treatment of the pipeline's costs requires any modification and the Company will include these costs in its true-up filing.

**e. Other Rate Base Items**

**Q. Did Staff make any additional adjustments to MAWC's rate base amount?**

A. Yes. Staff also recommends adjustments to MAWC's pension asset and pension and OPEB trackers, accumulated deferred income taxes and working capital. These adjustments are discussed in the Rebuttal/Surrebuttal/Sur-Surrebuttal Testimonies of Company witnesses Manuel Cifuentes, Jr, Linda Schlessman, and Harold Walker.

**V. DEPRECIATION EXPENSE**

**Q. Please explain Staff's depreciation expense calculation.**

A. Staff begins with MAWC's depreciation expense amount of \$69,154,286 for the 12 months ended December 31, 2023. Staff then adjusts the test year depreciation expense, increasing the amount by \$17,754,271 to annualize for plant in service through June 30, 2024. Next, Staff capitalizes the depreciation expense for NARUC Accounts 392 - 392.4 (Transportation Equipment), 394 (Tools, Shop & Garage Equipment), and 396 (Power Operated Equipment) and subtracts capitalized depreciation expense credits, increasing depreciation expense by \$530,931. With these adjustments, Staff's depreciation expense for June 30, 2024 is \$87,439,488. Staff made no adjustments to account for the true up period or the discrete adjustment period.

**Q. Do you agree with Staff capitalizing MAWC's depreciation expense?**

1 A. In the current case and the last case, Case No. WR-2022-0303, the Company capitalized  
2 depreciation costs for certain accounts. However, in my review of Staff's capitalization  
3 depreciation workpaper<sup>6</sup>, I observed an inconsistently calculated capitalization rate used  
4 across the various tariff groups for their adjustment, overstating their amount at June 30,  
5 2024, and using an aggregate MAWC's capitalization rate of 46%, Staff's adjustment is a  
6 decrease of approximately \$151 thousand.

7 **Q. Do any other intervenors provide comment on the Company's depreciation related**  
8 **expense?**

9 A. Yes. OPC witness Robinett presents concern with the Company's depreciation reserve  
10 balances for meter related accounts due to what he refers to as "stranded assets" for the  
11 premature retirement of MAWC's automatic and manually read meters for the  
12 installation of AMI meters.<sup>7</sup> Because the retired automated and manually read meters are  
13 no longer being used to serve customers and are therefore no longer used of useful and  
14 should be removed from the Company's books according to witness Robinett. This will  
15 be accomplished with a depreciation reserve adjustment.

16 Witness Robinett recommends the Company's depreciation reserves be credited  
17 \$32,864,889 to reflect a zero-reserve balance as of May 31, 2025 as a discrete  
18 adjustment. If the Commission does not order discrete adjustments, the balance credited  
19 should be \$34,262,980 for the end of the true up period of December 31, 2024. In  
20 addition, he recommends against the creation of a regulatory asset and instead having the  
21 Company's shareholders bearing associated costs.<sup>8</sup>

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<sup>6</sup> WR-2024-0320 Capitalized Depreciation as \_am.xlsx

<sup>7</sup> Robinett DT/RT, p. 10.

<sup>8</sup> *Id.* at 13.

1 **Q. Do you agree with witness Robinett's proposed depreciation reserve adjustment?**

2 A. No, I do not. The Company is not experiencing negative reserve for meter accounts due  
3 to early retirements. MAWC's meters are generally being retired at the end of their  
4 normal useful life of 10 years. This 10-year useful life, however, is not perfectly aligned  
5 with the 30-year depreciation rate and this causes the negative reserve balances. The  
6 Company does acknowledge witness Robinett's concern and suggests a review and  
7 consideration of the alignment issue in the depreciation study for the next rate case. I also  
8 disagree with the suggestion to have shareholders bear associated costs as the meters are  
9 directly involved in providing service to customers and appropriate for cost recovery  
10 from those customers, not solely paid by shareholders.

11 **VI. AMORTIZATION EXPENSE**

12 **Q. Please describe any adjustments Staff made to Amortization expense.**

13 A. Staff begins with an amortization expense of \$5,774,584 for the test period ending  
14 December 31, 2023 and makes several adjustments through the period ending June 30,  
15 2024 to include:

- 16 1. Amortization costs associated with the Hollister pipeline
- 17 2. Costs associated with annualizing Arnold Sewer amortizations,
- 18 3. Amortization of lead lines not yet included in rates,
- 19 4. Amortization of the Low Income Program,
- 20 5. The Rogue Creek and Purcell water and sewer systems,
- 21 6. Inclusion of the tank painting tracker
- 22 7. Enterprise Solution amortization cost updates,
- 23 8. The property tax tracker updates, and
- 24 9. Expiration of the COVID-19 deferral, AFUDC debt and St. Joseph acquisition

1 These adjustments total \$2,992,044 and yield a total adjusted amortization expense of  
2 \$8,766,628 at June 30, 2024. Staff made no adjustments to amortization expense to  
3 account for either the true-up period or discrete adjustment period.

4 **Q. Does MAWC agree with Staff's proposed adjustments to the test year amortization**  
5 **expense?**

6 A. In part. The Company provides the following feedback and recommended modifications  
7 to Staff's adjustments:

- 8 • The starting point in Staff's Accounting Schedule of \$5.8 million for amortization  
9 inadvertently includes a total of \$845,485 in G/L account 68254000 (Reg Asset  
10 AFUDC), which has \$0 for the test period. The Company's actual unadjusted  
11 amortization expense is \$4,929,099 for the 12 months ended December 31, 2023  
12 and should be the starting point for any adjustments.
- 13 • In her Direct/Rebuttal and Cross Rebuttal-Surrebuttal Testimony, Staff witness  
14 Niemeier notes Staff's exclusion of returns for the unamortized balance of  
15 MAWC's Lead Service Line Replacement ("LSLR") program in the Company's  
16 revenue requirement. To clarify, the Company does not propose a full return, only  
17 a return on the long-term debt for the LSLR balance, which will be reflected in  
18 MAWC's true-up filing. The Company believes this is consistent with findings in  
19 the Final Report and Order for Case No. WR-2017-0285 which states:

20 Therefore the Commission will permit MAWC to amortize over  
21 ten years the \$1,668,796 incurred for the LSLR Program from  
22 January 1, 2017, through December 31, 2017. MAWC's long-term  
23 debt rate as calculated in Staff's Cost of Service Report shall also  
24 be applied to the LSLR Program amount to be amortized.<sup>9</sup>  
25

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<sup>9</sup> Case No. WR-2017-0285, Report and Order, p. 23.

1 **VII. OPERATIONS & MAINTENANCE EXPENSES**

2 **a. Customer Accounting (Credit Card Fees)**

3 **Q. Please describe Staff's method for calculating customer accounting expense.**

4 A. Staff witness Lesmes utilized the Company's approach in using a 12-month historical  
5 period for customer accounting expense, making adjustments for one-time, non-recurring  
6 expenses and credit card fees.<sup>10</sup>

7 Similarly, Staff witness Boronda calculates the portion of MAWC's credit card fees using  
8 the 12 month period ending June 30, 2024.<sup>11</sup> In addition, rather than using the actual  
9 booked expense for the Company's payment processing vendor Paymentus, witness  
10 Boronda calculates credit card fees on a per customer basis, multiplying the number of  
11 monthly payments by their respective transaction fees.

12 **Q. Do you agree with Staff's method of calculating credit card fees?**

13 A. No, I do not. Regarding credit card fees, witness Boronda's method of multiplying the  
14 number of monthly payments by their respective fees ignores several components  
15 included in Paymentus's booked expense. First, there is a two-month lag in the timing of  
16 when the customer credit charges occur and when the Company receives and pays what is  
17 billed by Paymentus. Staff's methodology also does not account for the additional fee of  
18 \$1.95 per transaction associated with customers using American Express cards. Finally,  
19 Paymentus's monthly invoice to the Company backs out any returned transactions, which  
20 are not accounted for using Staff's method.

21 **b. Office Supply & Services Expense**

22 **Q. Are any adjustments made to the Company's Office Supply & Services Expense?**

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<sup>10</sup> Lesmes DT/RT, p. 4.

<sup>11</sup> Boronda DT/RT, p. 6.



1 A. Yes. Staff witness Branson makes several adjustments to MAWC's Office Supplies &  
2 Services expense described in my direct testimony<sup>12</sup>. First, to account for fluctuations in  
3 historic expense, Staff utilized a 3-year average for all office supply and services expense  
4 subcategories excluding Bank Charges and Forms<sup>13</sup>. Second, witness Branson calculates  
5 Office Supplies & Services utilizing a time period ending June 30 for both the categories  
6 applying a most recent 3-year average as well as the expense categories where a most  
7 recent 12-month period is determined appropriate<sup>14</sup>.

8 **Q. Do you agree with Staff's adjustment?**

9 A. Beyond the issue of timing, the Company recognizes that due to changes in seasonal and  
10 operational needs, certain types of expenses for Office Supplies can fluctuate from year  
11 to year and it may be more appropriate to utilize a 3-year average for those expenses.  
12 This method will be incorporated into the Company's true-up filing for December 31,  
13 2024.

14 **c. Employee Expenses**

15 **Q. Does Staff make an adjustment to MAWC's recommended employee-related**  
16 **expense?**

17 A. Yes. Staff witness Niemeier removes an additional \$13,213 from the Company's test-  
18 year employee expense for expenses unrelated to providing service to customers<sup>15</sup>.

19 **Q. Is Staff's test-year employee expense the appropriate level of expense?**

20 A. No. I agree with all of witness Niemeier's additional exclusions except for the \$9,000  
21 disallowance for St. Louis Blues tickets. Costs associated with these tickets were already

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<sup>12</sup> Grisham DT, p. 12. Staff witness Branson mistakenly asserts that MAWC did not submit any direct testimony related to office supply and services in his Direct/Rebuttal Testimony (p. 5).

<sup>13</sup> Branson DT, p. 5.

<sup>14</sup> WR-2024-0320 Office Supplies as\_am.xlsx

<sup>15</sup> Niemeier DT/RT, p. 17.

removed from MAWC's General Ledger in the accounting system and net to \$0 for the test year as shown in the entries listed below.

G/L Account	Posting Date	Fiscal Year	Posting Period	Document Number	General ledger amount	Description
52534000	7/20/2023	2023	7	9000201145	\$ 9,000	ST LOUIS BLUES
52534000	7/31/2023	2023	7	100631838	\$ 5,000	ST LOUIS BLUES
52534000	7/31/2023	2023	7	100631891	\$ 3,300	ST LOUIS BLUES
52534000	8/1/2023	2023	8	100632911	\$ (5,000)	ST LOUIS BLUES
52534000	8/1/2023	2023	8	100632964	\$ (3,300)	ST LOUIS BLUES
52534000	8/25/2023	2023	8	9000202905	\$ 5,000	ST LOUIS BLUES
52534000	8/25/2023	2023	8	9000202914	\$ 3,300	ST LOUIS BLUES
52534000	8/31/2023	2023	8	100641740	\$ (17,300)	St. Louis Blues-season tickets
					\$ -	

Accordingly, the appropriate level of additional employee expense to remove from the test year is \$4,213.

**d. Postage, Printing & Stationary ("PPS")**

**Q. Does Staff make an adjustment for MAWC's PPS expense?**

A. Yes. Staff witness Lesmes calculates MAWC's PPS expense utilizing a 3-year average of historical costs.<sup>16</sup> Beyond the issue of timing, this is similar to MAWC's approach.

**e. Maintenance Supplies & Services**

**Q. Does Staff make an adjustment to the Company's Maintenance Supplies & Services expense?**

A. Staff witness Branson calculates MAWC's Maintenance Supplies & Services expense utilizing a 3-year average of actual expense for the period ending June 30, 2024.<sup>17</sup>

**Q. Do you agree with Staff's approach?**

A. No, I do not. Staff's methodology of using a 3-year average is inappropriate because it ignores the demonstrated trend of increasing costs for maintenance expense on an annual basis. The Company's maintenance expense increased 13.7% between 2021 and 2022,

<sup>16</sup> Lesmes DT/RT, p. 10.

<sup>17</sup> Branson DT/RT, p. 10.

1 and 14.5% between 2022 and 2023. As shown in MAWC's response to Staff DR No.  
2 0237, monthly maintenance expense level remains higher through the first 6 months of  
3 2024. Due to this trend of increasing costs, the Company's maintenance expense should  
4 be calculated using a normalized expense of the test period.

5 **f. Building Maintenance & Services**

6 **Q. Please discuss Staff's adjustment to MAWC's Building Maintenance & Services**  
7 **expense.**

8 A. It appears Staff witness Branson recognizes the trend of increasing annual costs  
9 associated with the Company's building maintenance expense and utilizes a normalized  
10 activity for a recent 12-month period to determine this expense.<sup>18</sup> This normalization  
11 aligns with the Company's reasoning and methodology. Witness Branson notes in  
12 testimony the expense should be updated through the true-up cutoff date, in which I also  
13 agree.

14 **g. Rent Expense**

15 **Q. Please discuss Staff's adjustment to MAWC's Rent expense.**

16 A. Staff witness Niemeier utilizes the Company's methodology of normalizing a recent 12-  
17 month period to determine MAWC's rent expense. However, Staff normalizes the  
18 Company's expenses as of the 12-months ending June 30, 2024.<sup>19</sup> Beyond the issue of  
19 timing, this is similar to MAWC's approach.

20 **h. Uncollectible Expense**

21 **Q. Please discuss Staff's adjustment to MAWC's Uncollectible/Bad Debt expense.**

22 A. To calculate MAWC's uncollectible expense, Staff witness Branson utilizes 3 years of

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<sup>18</sup> Branson DT/RT, p. 9.

<sup>19</sup> Niemeier DT/RT, p. 23.

1 the Company's historical bad debt expense – the years ending June 30 2021, 2022 and  
2 2023.<sup>20</sup> Outside of the issue of timing, this aligns with the Company's methodology.

3 **i. Telecommunications**

4 **Q. Please discuss Staff's findings on the Company's Telecommunications Expense.**

5 A. Staff and MAWC are in agreement on the use of the most recent test year to calculate  
6 telecommunications expense and both parties will use this methodology in the 2024 year-  
7 end true up.<sup>21</sup>

8 **Q. Does this conclude your Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony?**

9 A. Yes.

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<sup>20</sup> Branson DT/RT, p. 13

<sup>21</sup> Niemeier DT/RT, p. 36.