

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter Veolia Energy
Kansas City Inc.'s Adjustment to
Its PACC Tariff Adjustment Tariff

)
) **File No. HO-2016-0193**
) Tracking No. YH-2016-0192

STAFF RECOMMENDATION TO APPROVE TARIFF

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Recommendation in response to the Commission's Order Directing Notice, Setting Deadline For Applications To Intervene, and Setting Deadline For Staff To File Recommendation ("Order"), states as follows:

1. On January 29, 2016, Veolia Energy Kansas City, Inc. ("Veolia") filed tariff sheets (Tracking No. YH-2016-0192) to revise its Production Adjustment Cost Clause ("PACC") rates for steam service. The revised tariff sheets have a proposed effective date of April 1, 2016.

2. The Commission ordered Staff to file a recommendation on Veolia's revised tariff sheets by February 29, 2016. No party has intervened in this proceeding.

3. Staff has reviewed the tariff. The revised tariff sheets are in compliance with Veolia's Tariff Sheet Nos. 36 and 37 and the Commission's Order. The PACC Rider reflects a reduction to customer bills in the amount of \$0.17905 per million pounds ("mlb") of steam. Staff further notes this is the first PACC adjustment filing made by Veolia so there are no customer reconciling adjustments to be made. Therefore, for reasons more fully explained in Staff's Memorandum attached as Appendix A, the Staff recommends approval of the tariff sheets filed on January 29, 2016.

WHEREFORE, Staff submits its Recommendation to the Commission's Order and recommends approval of the revised tariff sheets filed on January 29, 2016 incorporating the tariff sheets filed under tracking number YH-2016-0192.

Respectfully submitted,

/s/ Jamie S. Myers

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 29th day of February, 2016.

/s/ Jamie S. Myers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. HO-2016-0193, Tariff Tracking No. YH-2016-0192
Veolia Energy Kansas City, Inc.

FROM: Michelle Bocklage, Rate and Tariff Examiner III
Michael Stahlman, Regulatory Economist III

/s/Michael Scheperle 2/29/2016
Tariff / Rate Design Manager / Date

/s/ Robert Berlin 2/29/2016
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve the Tariff Sheets Filed to Add the
Production Adjustment Cost Clause of 2015 to go into effect on April 1, 2016.

DATE: February 29, 2016

On January 29, 2016, Veolia Energy Kansas City, Inc. (“Veolia”) filed with the Commission two (2) tariff sheets for steam service to implement the Production Adjustment Cost Clause (“PACC”) for the twelve (12) months starting April 1, 2016 through March 31, 2017. The adjustment is required by Veolia’s PACC, which the Commission approved in Case No. HR-2014-0066, effective August 1, 2014.

Veolia’s filing included the proposed tariff sheets and supporting work papers consisting of electronic worksheets showing Veolia’s calculation of the PACC for inclusion in customers bills’ beginning April 1, 2016 through March 31, 2017.

On February 2, 2016, the Commission directed Staff to file a recommendation on the pending tariff no later than February 29, 2016.

The procedure for the calculation of the PACC for steam service sales is set out in Veolia’s Tariff Sheets Nos. 31 through 37, which are titled “Production Adjustment Cost Clause.” The PACC calculation components as described in Tariff Sheet Nos. 36 and 37 include the Current PACC and the Reconciliation Rate or “R factor” plus any applicable reconciling adjustments.

The PACC Rider for this 1st revision of Tariff Sheet No. 36 reflects a negative charge per million pounds (“mlb”) of (\$0.17905). The PACC Rider negative charge is a reduction to customer bills to reflect the customer share of the variation in fuel cost for the calendar year that ended in 2015. The PACC Rider rate factor is designed to reflect each Customer’s share of the variation in production costs for the 2015 accumulation period compared to the actual production costs in Case No. HR-2014-0066. The difference between actual production costs and the amount of production costs covered by base rates (both on a dollar basis) is multiplied by 95% and then divided by the total metered sales during the accumulation period to quantify the PACC

adjustment factor. To determine the amount of an individual Customer's responsibility, the PACC adjustment factor is multiplied by the actual steam sales to that individual customer during the accumulation period, with the resulting dollar amount charged or credited to the Customer in twelve (12) equal installments. Veolia currently has approximately fifty (50) steam customers.

Additionally, since this is the first PACC adjustment filing made by Veolia, there are no customer Reconciling Adjustments calculated in this PACC adjustment factor. Veolia does have an option for semi-annual rate adjustments to reflect 95% of the changes to production costs.

Staff reviewed the data and mathematical calculations Veolia provided in its worksheets and found Veolia's calculations related to the filed tariff sheets to be correct, and that the calculations satisfy the standards set forth in Veolia's Tariff Sheet Nos. 31 through 37. The calculations are also consistent with Veolia's PACC filing as contained in Case No. HR-2014-0066.

Staff Recommendation

Staff has reviewed the filed tariff sheets and recommends approval of the following tariff sheets to go into effect for service on and after April 1, 2016, the requested effective date:

P.S.C. MO. No. 1

1st Revised Sheet No. 36 Cancelling Original Sheet No. 36

1st Revised Sheet No. 37 Cancelling Original Sheet No. 37

Staff has verified that Veolia is not delinquent on any assessment and has filed its Annual Report. Veolia is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for approval of the PACC change in this case is solely based on the accuracy of Veolia's calculations.

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OF THE STATE OF MISSOURI**

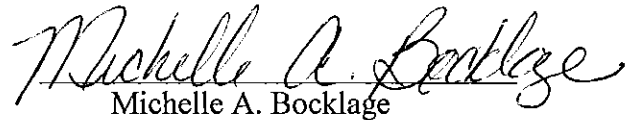
In the Matter of Veolia Energy Kansas City, Inc.'s) Case No. HO-2016-0193
Adjustment to its PACC Tariff Rate)

AFFIDAVIT OF MICHELLE A. BOCKLAGE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

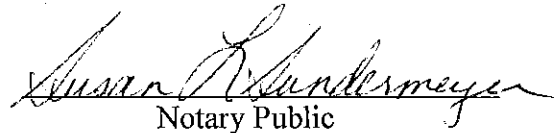
COMES NOW, Michelle A. Bocklage and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Memorandum; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Michelle A. Bocklage

Subscribed and sworn to before me this 29th day of February, 2016.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

