

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

In the Matter Veolia Energy)	
Kansas City Inc.'s Adjustment to)	<u>File No. HO-2017-0211</u>
Its PACC Tariff Adjustment Tariff)	Tracking No. YH-2017-0154

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 February 1, 2017, Veolia Energy Kansas City, Inc. ("Veolia") filed tariff sheets (Tracking No. YH-2017-0154) to revise its Production Adjustment Cost Clause ("PACC") rates for steam service. The revised tariff sheets have a proposed effective date of April 1, 2017.

2. The Commission ordered Staff to file a recommendation on Veolia's revised tariff sheets by March 3, 2017. No party has intervened in this proceeding.

3. Staff has reviewed the tariff and is of the opinion the revised tariff sheets are in compliance with Veolia's Tariff Sheet Nos. 36 and 37 and the Commission's Report and Order which approved the PACC in Case No. HR-2014-0066. The PACC Rider reflects a reduction to customer bills in the amount of \$0.44575 per million pounds ("mlb") of steam. Staff further notes this is the second PACC adjustment filing made by Veolia. On or after April 1, 2017, Veolia will file its reconciliation adjustment for the previous PACC recovery period ending March 31, 2017. Therefore, for reasons more

fully explained in Staff's Memorandum attached as *Appendix A*, the Staff recommends approval of the tariff sheets filed on February 1, 2017.

WHEREFORE, for the reasons stated above, Staff recommends the Commission approve Veolia's two tariff sheets filed on February 1, 2017 under tracking number YH-2017-0154 and bearing an effective date of April 1, 2017.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
Missouri Bar No. 51709
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 526-7779
bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 3rd day of March, 2017.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. HO-2017-0211, Tariff Tracking No. YH-2017-0154
Veolia Energy Kansas City, Inc.

FROM: Joe Roling, Regulatory Economist II

/s/ Robin Kliethermes 3/1/2017
Tariff / Rate Design Manager / Date

/s/ Robert S. Berlin 3/1/2017
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve the Tariff Sheets Filed to Add the
Production Adjustment Cost Clause of 2016 to go into effect on April 1, 2017.

DATE: March 1, 2017

On February 1, 2017, 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, 2017 through March 31, 2018. 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, 2017 through March 31, 2018.

On February 2, 2017, the Commission directed Staff to file a recommendation on the pending tariff no later than March 3, 2017.

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 2nd revision of Tariff Sheet No. 36 reflects a negative charge per million pounds (“mlb”) of (\$0.44575). 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 2016. The PACC Rider rate factor is designed to reflect each Customer’s share of the variation in production costs for the 2016 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 forty seven (47) steam customers.

Currently there is no customer Reconciling Adjustments calculated in this PACC adjustment factor. However, staff expects the company to file on or after April 1st, 2017 a reconciliation adjustment for the previous PACC recovery period that will end on March 31, 2017. 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, 2017, the requested effective date:

P.S.C. MO. No. 1

2nd Revised Sheet No. 36 Cancelling 1st Revised Sheet No. 36

2nd Revised Sheet No. 37 Cancelling 1st Revised 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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In the Matter Veolia Energy Kansas City)
Inc.'s Adjustment to Its PACC Tariff)
Adjustment Tariff)

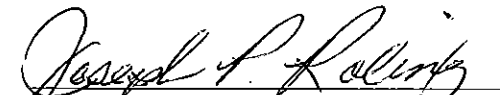
Case No. HO-2017-0211

AFFIDAVIT OF JOSEPH P. ROLING

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Joseph P. Roling and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




Joseph P. Roling

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 3rd day of March, 2017.

JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434



Notary Public