



**WHEREFORE**, for the reasons explained fully in Staff's Memorandum, Staff recommends the Commission issue an order approving the following tariff sheets as filed by Veolia on February 1, 2019 bearing an effective date of April 1, 2019:

P.S.C. MO. No. 1

5<sup>th</sup> Revised Sheet No. 36, Cancelling 4<sup>th</sup> Revised Sheet No. 36

5<sup>th</sup> Revised Sheet No. 37, Cancelling 4<sup>th</sup> Revised Sheet No. 37

Respectfully submitted,

**/s/ Ron Irving**

Ron Irving

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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served electronically on this 4<sup>th</sup> day of March, 2019 to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

**/s/ Ron Irving**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. HT-2019-0224, Tariff Tracking No. YH-2019-0151  
Veolia Energy Kansas City, Inc.

FROM: Michael L. Stahlman, Regulatory Economist III

/s/ Robin Kliethermes 3/04/2019      /s/ Ron Irving 3/04/2019  
Tariff / Rate Design Manager / Date      Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve the Tariff Sheets Filed to Revise the  
Production Adjustment Cost Clause rates to go into effect on April 1, 2019.

DATE: March 4, 2019

On February 1, 2019, 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, 2019 through March 31, 2020. 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, 2019 through March 31, 2020.

On February 4, 2019, the Commission directed Staff to file a recommendation on the pending tariff sheets no later than March 4, 2019.

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 5th revision of Tariff Sheet No. 36 reflects a negative charge per million pounds (“mlb”) of (\$0.40858), which is a decrease from the previous rate of (\$0.16412). This means that a customer would see an increase in their monthly PACC bill credit (i.e. a total bill decrease) of \$0.24 for every mlb of steam used as compared to the credit from the previous year. 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 2018. The PACC Rider rate factor is designed to reflect each Customer’s share of the variation in production costs for the 2018 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.

Currently there are no customer Reconciling Adjustments calculated in this PACC adjustment factor. In response to Staff Data Request 0001, Veolia has indicated that no reconciliation adjustments are necessary for this filing since there are no outstanding balances on the PACC adjustment accounts. 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, 2019, the requested effective date:

P.S.C. MO. No. 1

5<sup>th</sup> Revised Sheet No. 36 Cancelling 4<sup>th</sup> Revised Sheet No. 36

5<sup>th</sup> Revised Sheet No. 37 Cancelling 4<sup>th</sup> 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.

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

In the Matter of Veolia Energy Kansas City, Inc.'s )  
Kansas City, Inc.'s Adjustments to its PACC Tariff )

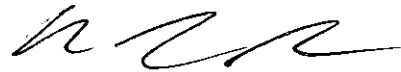
**Case No. HT-2019-0224**  
Tracking No. YH-2019-0151

**AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

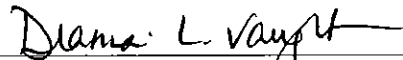
**COMES NOW**, Michael L. Stahlman, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation* in memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



\_\_\_\_\_  
Michael L. Stahlman

Subscribed and sworn to be this 1st day of March, 2019.



\_\_\_\_\_  
Notary Public

