Exhibit No.	
Issue:	**Class Cost of Service**
Witness:	**Joseph A. Herz**
Type of Exhibit:	**Direct Testimony**
Sponsoring Party:	**Veolia Energy Kansas City Inc.**
Case No.	**HR-2011-0241**
Date Testimony Prepared:	**April 22, 2011**

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

DIRECT TESTIMONY

OF

JOSEPH A. HERZ

VEOLIA ENERGY KANSAS CITY, INC.

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF JOSEPH A. HERZ
ON BEHALF OF VEOLIA ENERGY KANSAS CITY, INC.
CASE NO. HR-2011-0241

Q. Please state your name and business address.

A. My name is Joseph A. Herz. My business address is 970 W Road, Burr Oak, Kansas 66936.

Q. What is your present occupation?

A. I am Vice-President of Sawvel and Associates, Inc. ("Sawvel") and a registered Professional Engineer in Kansas and Ohio. Sawvel, a professional consulting firm founded in 1951, provides a wide range of services including cost of service and rate studies, economic planning studies, power supply and generation planning, financial planning and analysis, expert testimony, and contract negotiations. In addition to this proceeding, Sawvel is currently providing services for clients in a number of states including Hawaii, Indiana, Kansas, Michigan, Missouri, Nebraska, Ohio, and Utah.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on behalf of Veolia Energy Kansas City, Inc. (hereinafter "VEKC", "Veolia" or "Company"). Sawvel was retained by Veolia to assist with the collaborative class cost of service effort and to file testimony with this Commission regarding the Company's class cost of service study (i.e., CCOSS) required by the settlement agreement approved by the Commission in the Company's last rate case (i.e., Case No.

HR-2008-0300). The CCOSS aspects of the settlement agreement are described later in my testimony.

Q. Please summarize the purpose and content of your testimony.

A. The purpose of this testimony is to address the collaborative class cost of service efforts by the Company preceding this general rate case filing and the class cost of service prepared for this proceeding. In addition, I address how the results of the class cost of service study should be considered in the current case.

EDUCATION AND EXPERIENCE

Q. What is your educational background?

A. I graduated from the University of Nebraska with a Bachelor of Science Degree in Electrical Engineering. I am a registered Professional Engineer in Kansas and Ohio. I am a member of American Public Power Association, American Water Works Association, the Institute of Electrical and Electronics Engineers, Inc., the National Society of Professional Engineers, and the Kansas Society of Professional Engineers.

Q. Please summarize your professional experience.

A. I have forty years of experience in the areas of public utility planning, financing, operations and management for electric, natural gas, steam water and wastewater utilities. My professional experience includes rate studies, planning and analytical studies, feasibility studies, economic analyses and contract negotiations. I have conducted detailed cost of service studies involving various investor, municipal and cooperative-

owned utility systems. I have testified on numerous occasions as an expert witness concerning rates and regulatory matters. Additional information regarding my professional experience and qualifications are summarized in Veolia Schedules JAH-1 and JAH-2.

CCOSS REQUIREMENTS – SETTLEMENT AGREEMENT

Q. Please describe the CCOSS aspects of the settlement agreement approved by the Commission in the Company's last rate case.

A. Page 6 of the settlement agreement approved by the Commission in Case No. HR-2008-0300 includes the following provision:

> "**Class Cost of Service Study and Filing of Next Rate Case.** Trigen shall file a class cost of service study as part of its next general rate case and file that general rate case no later than five (5) years from the effective date of the rates implemented in this case. Trigen shall meet with the Parties no less than nine (9) months prior to filing its next general rate case to collaboratively develop the parameters of Trigen's class cost of service study. Any Party shall thereafter have the right to convene a meeting to discuss the development and results of the class cost of service study."

The "Parties" to the settlement agreement referenced above in addition to the Company are:

- Staff of the Missouri Public Service Commission ("Staff")
- Office of Public Counsel ("OPC")
- Kansas City Power & Light Company ("KCPL")
- City of Kansas City, Missouri ("City")
- Jackson County, Missouri ("County")

The collaborative CCOSS efforts prior to this general rate case filing, and the CCOSS included in this rate case filing are described in the next sections of my testimony.

Q. Has Veolia complied and fulfilled the above CCOSS aspects in the settlement agreement required of the Company?

A. Yes it has. As I will be describing below, the collaborative CCOSS efforts began a year before this general rate case filing (i.e., more than the minimum nine months required by the settlement agreement). Also, the Company has included a class cost of service as part of this general rate case filing. The results of the class cost of service are provided in Schedule JAH-3. Therefore, in my opinion, Veolia has met the requirements of the CCOSS aspects of the settlement agreement approved by the Commission in the Company's rate case.

COLLABORATIVE CCOSS EFFORTS

Q. Please describe when the Company first met with the Parties to the settlement agreement to initiate the collaborative CCOSS effort.

A. In April, 2010, the Company's outside legal counsel contacted each of the Parties to arrange an initial meeting for purposes of kicking off the collaborative CCOSS effort. It is my understanding OPC declined the opportunity to participate in the collaborative CCOSS effort.

The initial collaborative CCOSS start-up meeting has held on April 27, 2010. Members of the Staff participated in person at VEKC's plant in downtown Kansas City, Missouri.

Arrangements were made for KCPL, the City, the County and other members of Staff to participate by phone.

The purpose of the initial meeting was to outline the collaborative CCOSS effort with the meeting participants, and to address confidentiality and procedural matters. An approach for developing what is believed to be the first ever class cost of service for the steam system was presented at the initial meeting. The approach presented involved use of the prior rate case revenue requirements model as a starting point for the CCOSS collaborative effort, and to add the class cost of service analysis to the revenue requirements model.

In order to familiarize the meeting participants with the Company's facilities and operations, a general description of VEKC's system and the customer base served by VEKC's system was provided to the meeting participants. In addition, monthly steam generation and monthly sales information was presented, as well as a comparison of 2006 tariff customer steam sales from the last rate case to that for the twelve months ending March 31, 2010 (i.e., the twelve month period that encompassed the then most recent winter heating season). Proposed dates and the scope of the next CCOSS collaborative meeting was discussed at the conclusion of the April, 2010 meeting.

Q. When did the next CCOSS collaborative meeting take place?

A. The next CCOSS collaborative meeting took place on May 26, 2010. Although it's my understanding the Company's outside legal counsel contacted and extended an invitation

to all of the parties from the prior meeting, only the Staff attended the May, 2010 meeting at VEKC's plant in downtown Kansas City, Missouri.

The May, 2010 CCOSS collaborative meeting included a tour of VEKC's steam plant and the Company's customer billing/data acquisition system. At this meeting, a copy of the revenue requirements model and the proof of revenues model was provided and discussed with the Staff. The discussions included the approach of adding the class cost of service analysis to the revenue requirements model; as well as some updating to the model to reflect more current fuel prices, and customers sales for the twelve month period ending March 31, 2010. Finally, the differing service characteristics of VEKC's customer base were addressed for purposes of establishing parameters for the collaborative CCOSS.

Q. Please describe VEKC's customer base, and the differing service characteristics.

A. As discussed more fully by Company witness Dennis, VEKC provides steam service to regulated tariff[1] customers and process steam to two industrial customers[2] under separately negotiated special contracts. As described by Company witness Dennis, the tariff customers for the most part use steam heat and humidify occupied building space to heat domestic water for laundry use or in food preparation. The regulated tariff customers includes steam to an affiliate, Veolia Energy Missouri, Inc. ("VEMO" or

[1] As discussed in Company witness Dennis testimony, the customer groups are represented by the regulated tariff rate schedules for Standard Commercial Service ("SCS"), Large Commercial Service ("LCS") and Interruptible Heating Service ("IHS").

[2] As discussed in Company witness Carver testimony, the Company's rate case filing in the last case and in this rate case proposes to revenue credit the margins from its process steam line sales for purposes of establishing overall jurisdictional revenue requirements and jurisdictional revenue deficiency.

"Veolia MO"), at full tariff rates from VEKC for use in the provision of chilled water in limited areas of downtown Kansas City, Missouri. Veolia MO takes steam service at two locations – one is at the plant, the other is on the VEKC distribution system.

There are a number of differing service characteristics between the Company's customers. One example is that the process steam customers and one of the Veolia MO accounts take service, and are metered, at the plant. Another example is that the Veolia MO account at the plant is the only customer that provides condensate return. Also, as addressed by Company witnesses Carver and Dennis, process steam and a large LCS customer (i.e., Truman Medical Center or "TMC") are high load factor customers that allow VEKC to more efficiently use lower cost per MMBtu coal to meet steam generation needs, especially in the summer months, thereby reducing the use of higher cost per MMBtu natural gas for boiler fuel. Veolia MO's summer usage also contributes to VEKC being able to operate with a favorable fuel mix.

In recognition of the differing service characteristics, a number of parameters for the collaborative CCOSS were discussed at the May, 2010 meeting, including:

- The "classes" in the CCOSS would be the three tariff rate classes (i.e., SCS, LCS and IHS) and process steam.
- The LCS class would be further separated into subgroups to examine the relative cost of serving Veolia MO and TMC compared to all other LCS customers.

- The CCOSS would recognize the cost of additional facilities, losses, etc. for serving customers located on VEKC's steam distribution system versus customers that take steam service at the plant.
- The CCOSS would recognize that the condensate return from the Veolia MO account located at the plant, reduces the requirements for, and cost of, make-up water, chemicals, sewer charges, fuel requirements, etc. for steam service to that account.

With respect to the favorable fuel mix achieved by serving the high load factor customers, it was proposed the collaborative CCOSS efforts initially would not recognize, or assign cost saving benefits, to the high load factor customers.

Q. What happened next after the May, 2010 collaborative CCOSS meeting?

A. Following the May, 2010 meeting, efforts were undertaken to update the proof of revenues model for sales ending March 31, 2010, and to update the revenue requirements model from the last rate case to reflect current fuel prices and the updated sales from the proof of revenues model. Daily steam usage information was gathered for each of the LCS, IHS and process steam customers[3]. The daily usage was reviewed and analyzed for developing seasonal load profiles and for developing allocation factors to be used in the class cost of service study. Class cost of service worksheets were then added to the

[3] The metering of the SCS customers provides monthly usage, but does not have the capability for measuring and recording daily usage. Initially, the estimates of daily usage information for purposes of developing demand allocation factors for the SCS customers was based on using information and ratios from the LCS customer class for the September, 2010 collaborative CCOSS meeting. Subsequently, the Company developed a spreadsheet model for prorating each SCS customer's monthly usage to daily usage based on heating degree days for the January, 2011 collaborative CCOSS meeting. The class cost of service filed in this rate case is based on the SCS customers' prorated monthly usage.

updated revenue requirements model using allocation factors developed from the daily steam usage information.

A collaborative CCOSS meeting was then scheduled for September, 2010. It is my understanding KCPL, the City and County were informed of the collaborative CCOSS meeting and invited to attend, but did not participate in the September, 2010 collaborative CCOSS meeting. Only the Staff participated in the September, 2010 meeting. At the meeting, copies of the class cost of service analysis and updated models were provided and reviewed. Following discussion, it was determined the revenue requirements model would be updated for actual financial information for twelve months ending March 31, 2010 for the next collaborative CCOSS meeting.

Q. When did the next collaborative CCOSS meeting take place?

A. After updating the revenue requirements model for actual twelve month financials ending March 31, 2010, a meeting was scheduled for January 13, 2011 at the Staff's office in Jefferson City, Missouri. It is my understanding KCPL, the City and County were informed of the meeting and invited to attend, but did not participate in the meeting. Only the Staff participated in the January, 2011 collaborative CCOSS meeting. At the meeting, the results of the class cost of service using actual financials for twelve months ending March 31, 2011 were provided and reviewed with the Staff. Copies of the models were also provided to the Staff. Following discussions, it was determined the collaborative CCOSS process had been completed, the requirements of the settlement agreement in the last rate case had been satisfied, and no additional collaborative CCOSS

meetings were needed or scheduled. Throughout the collaborative process, the Company consistently expressed its intent to integrate the CCOSS methodology with and update the allocation factors and assignment processes as part of the development of overall revenue requirement in Company's "next" rate filing.

In summary, the collaborative CCOSS effort followed a logically sequential process during which the parties were provided the opportunity to participate over the 9 months, from the first collaborative CCOSS meeting in April, 2010 to the most recent meeting in January, 2011. It should be noted the settlement agreement also provided any party the right to convene a collaborative CCOSS meeting to discuss the development and results of the class cost of service – but to my knowledge, no party has requested such a meeting. The collaborative CCOSS is the basis for the class cost of service included in this rate case filing.

CLASS COST OF SERVICE

Q. Please describe the class cost of service included in the Company's filing in this rate case.

A. The class cost of service included in the Company's rate filing is a fully allocated class cost of service developed in the collaborative CCOSS process described in the previous section. In summary, a fully allocated class cost of service consists of three major steps: 1) functionalization, 2) classification, and 3) allocation or direct assignment. Functionalization is the process of categorizing embedded costs by the operating function in which the costs are primarily associated such as production, distribution, etc. Classification is the process of further defining the functional costs into demand-related

(i.e., costs associated with being able to serve customers at system and class peaks), commodity-related (i.e., costs that vary volumetrically with the amount of steam used by customers), and customer-related (i.e., costs that are directly related to the number of customers).

Allocation factors were developed to allocate the functionalized and classified costs described above. Steam production demand costs were allocated using an average and excess demand allocation methodology. Distribution costs were allocated to customers receiving service from VEKC's distribution system using the maximum peak demands for each tariff rate class. Other functionalized/classified components were allocated based upon analysis of the difference in cost type (i.e., meter cost) and time required for billing, reflective of the number of customers served. Fuel and steam expenses were allocated to customer classes using annual steam usage. In summary, costs were allocated using methods which underlie the reason for the expense.

Q. Do any of the class cost of service methods used in this rate case filing differ from the methods used in the collaborative CCOSS process?

A. Yes. During the collaborative CCOSS process, General Plant and A&G expenses were assigned on the basis of O&M expenses excluding fuel, steam and A&G as a proxy for labor ratios. During the preparation of this rate case filing, it was determined that the Company books all non-capital labor expenses to either production operation, production maintenance or A&G accounts even though employee resources are directly involved in the supervision, operation and maintenance of the distribution system, customer services,

and billing and accounting.[4] For purposes of the class cost of service in this rate case, General Plant and A&G have been allocated on the basis of plant in service ratios.

Another change from the collaborative CCOSS efforts involves the allocation of sewer expenses. Subsequent to the last collaborative CCOSS meeting in January, 2011, I learned that sewer charges do not apply to one of the process steam customers. The class cost of service in this rate case includes an adjustment to the allocation of sewer expenses in consideration of this fact.

Q. Are there any other differences between the collaborative CCOSS effort and the class cost of service in this rate case filing?

A. Yes. As discussed by Company witness Weafer, the General Services Administration ("GSA") Federal Bolling Building has returned to steam service from VEKC, and a meter was installed in 2011. The cost of service study filed in this rate case includes a full year of sales to the GSA Federal Bolling Building. The collaborative CCOSS effort primarily focused on the twelve months ending March 31, 2010 and did not include any steam sales to the GSA Federal Bolling Building.

CLASS COST OF SERVICE RESULTS

Q. Please summarize the class cost of service results in the Company's filing in this rate case?

[4] As discussed by Company witnesses Weafer and Carver, all employees physically located in and performing work during 2010 on behalf of Veolia's operations in Kansas City, Missouri, are employees of the legal entity Veolia North America, LLC ("VENA"). The direct costs (e.g., labor, benefits, etc.) associated with those employees are directly charged to either VEKC or VEMO based on the nature of the work performed. VEKC, VEMO and VENA (fka, ThermalSource LLC) are wholly owned subsidiaries of Thermal North America, Inc. ("TNAI").

A. The results of the class cost of service are summarized in Schedule JAH-3 attached to my testimony. Schedule JAH-3 indicates that the revenues from the SCS, LCS and IHS tariff rate classes, even at proposed rates, are substantially below the class cost of service for each of those regulated tariff rate classes. On the other hand, the revenues from the process steam customers exceed their allocated cost of service.

Q. How should the class cost of service results be utilized in this rate case?

A. In my opinion, the class cost of service provides useful information in assessing the relative cost responsibility of each regulated tariff rate class to its current and proposed revenues. The class cost of service results provides more of an indicator, rather than an absolute, that supports the proposed distribution of the requested rate increase between rate classes. There are, however, a number of shortcomings to the class cost of service study to overcome before its results should solely be relied upon to design rates and revenue responsibilities for each regulated tariff rate class.

Q. Could you identify and briefly describe those shortcomings?

A. Yes. In my experience, the first class cost of service for a utility generally is useful to identify areas for further evaluation for the next iteration; especially if the class cost of service results are intended in the future to be used to move rates toward cost of service and for rate restructuring. From my involvement in the collaborative CCOSS efforts and the class cost of service for this rate case, I believe and recommend that the following three areas require further investigation and analysis in order to enhance the class cost of service results:

- **Fuel Mix Benefits** – Future class cost of service should evaluate, or explicitly consider the recognition of the benefits of fuel cost savings resulting from Veolia's large volume, high load factor customers with usage especially in the summer period.
- **Labor Distribution** –While the apparent absence of non-capital labor related costs recorded to distribution, customer service, meter reading, billing and accounting accounts will not impact overall revenue requirements, this information does have an impact on the class cost of service. The availability of this labor data would allow for a more precise attribution of these types of costs (i.e., in lieu of a plant ratio proxy) because not all customers are served from the VEKC distribution system.
- **Distribution System Losses** – A significant portion of the losses on a steam distribution system are fixed in nature and are not are related to the volumetric sales of customers served from the distribution system. A determination of the amount of fixed vs. variable distribution system losses should be recognized in any future class cost of service, again observing that not all customers are served from the VEKC distribution system.

Also, a full year of metered service to the GSA Federal Bolling Building will eliminate the need to estimate test year usage and add a greater level of certainty to the class cost of service results. These refinements should significantly enhance the results of the class cost of service study and may allow a more direct linkage between the study results and the design of regulated tariff rates.

However, certain of these refinements cannot be achieved without the incurrence of additional costs – costs that might be too costly to achieve. Further, other qualitative factors (i.e., competitive alternatives, bypass opportunities, rate shock, etc.) can influence the ultimate design of rates to be implemented in a utility rate case. Nevertheless, the development and preparation of the CCOSS through the collaborative process has produced useful information for the Company to consider in developing its rate spread recommendation in the current rate case.

Q. Company witness Dennis recommends that the $1.3 million rate proposed rate change be implemented by increasing the usage charge by 29% and the IHS capacity charge by 75%. In your opinion, does the current class cost of service study support such a distribution of the rate increase?

A. Yes. As set forth on Schedule DCD-2 sponsored by Company witness Dennis, VEKC's proposed increases to the usage charge and IHS capacity charge are expected to produce a rate increase of 11.3% for the SCS class, 16.8% for LCS and 41.0% for IHS. Without divulging or disclosing highly confidential information or results, the cost of service study indicates that the relative disparity between costs and rates are the greatest in the IHS class, followed by LCS then SCS. While the design and distribution of the proposed rate increase was not expected to eliminate this disparity, the proposed rate increases appear to reduce and equalize the differential for LCS and SCS and significantly reduce the differential for IHS.

As shown by Schedule JAH-3, the distribution of overall revenues between customer classes, including process steam, represents a movement toward cost of service.

Q. Does this conclude your direct testimony?

A. Yes.

JOSEPH A. HERZ, P.E.

Mr. Herz has 40 years of experience in the areas of public utility planning, financing, operations and management for electric, natural gas, steam, water and wastewater utilities.

Mr. Herz is a registered Professional Engineer. His professional experience includes planning and analytical studies related to electric power supply, transmission arrangements, feasibility studies, economic analyses and rate studies and contract negotiations. He has conducted detailed cost-of-service, rate, financial, power supply and transmission studies involving various investor, municipal and cooperative-owned systems.

Mr. Herz has testified on numerous occasions as an expert witness concerning regulatory matters. He has participated in more than 100 regulatory proceedings and has testified before 14 state regulatory commissions and the FERC on electric, gas, steam and water utility services.

Mr. Herz is experienced in long-range planning for acquisition and/or expansion of utility systems, engineering, financial and economic feasibility investigations and analyses. Power supply experience includes evaluating the technical and financial feasibility of transmission and power supply resources and related arrangements; power pooling, including integration of transmission and generating facilities; and, preparation and negotiation of related power supply and transmission contracts. Mr. Herz has served as an independent arbitrator on power supply contract disputes.

Education

University of Nebraska
B.S., Electrical Engineering, 1971

Registration

Professional Engineer — Kansas and Ohio

Professional Organizations

American Public Power Association
American Water Works Association
The Institute of Electrical and Electronics Engineers, Inc.
National Society of Professional Engineers
Kansas Society of Professional Engineers

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

Utility	Docket No.	Issues and/or Scope	Client	Year
Federal Energy Regulatory Commission				
Westar Energy, Inc.	EL08-31-000	Incentive Rate Treatment for High Voltage Transmission Projects	Kansas Municipal Utilities	2008
Westar Energy, Inc.	ER05-925-000	Open Access Transmission Tariff rate revisions for transmission and ancillary services	Kansas Municipal Utilities, Kansas Power Pool, Unified Government of Wyandotte County/Kansas City, Kansas, Board of Public Utilities and Kansas Municipal Energy Agency	2005
Westar Energy, Inc., Kansas Gas and Electric Company	ER03-9-002, -003, -004, -005 ER98-2157-002, -003, -004 EL05-64-000	Westar Energy and KGE market power mitigation proposal	Kansas Municipal Utilities and Unified Government of Wyandotte County/Kansas City, Kansas, Board of Public Utilities	2005
Kansas City Power & Light, Company and Great Plains Power, Inc.	ER99-1005-000 ER02-725-000 EL05-3-000	Ability of KCPL to exercise market power	Unified Government of Wyandotte County/Kansas City, Kansas, Board of Public Utilities	2005
Dayton Power & Light Company	EL00-24-000	Contract dispute and interpretation of certain pricing provisions	Arcanum, Eldorado, Jackson Center, Lakeview, Mendon, Minster, New Bremen, Tipp City, Waynesfield and Yellow Springs, Ohio	2000
Western Resources and Kansas City Power & Light	EC97-56-000	Western Resources Merger Intervention and other related relief	Kansas City, Kansas Board of Public Utilities	1999
Western Resources and Kansas City Power & Light	ER97-4669-000	Western Resources Merger Intervention and other related relief	Kansas City, Kansas Board of Public Utilities	1999
FirstEnergy Operating Companies	EC97-5-000	IEU/FirstEnergy Merger Intervention and other related relief	Industrial Energy Users of Ohio	1997
FirstEnergy Operating Companies	EC97-413-000	IEU/FirstEnergy Merger Intervention and other related relief	Industrial Energy Users of Ohio	1997

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

Public Utility District No. 2 of Grant County Washington	EL95-35-000	Determine appropriate allocation of power from Priest Rapids Project	Kootenai Electric Cooperative, Inc., Clearwater Power Company, Idaho County Light & Power Cooperative Association, Inc., and Northern Lights, Inc.	1995
PacifiCorp	ER96-8-000	Transmission, cost of service and rate design	Utah Municipal Power Agency Deseret Generation and Transmission Cooperative, Inc.	1995
Dayton Power & Light Company	ER95-83-000	Transmission power services and rates	Arcanum, Eldorado, Jackson Center, Lakeview, Mendon, Minster, New Bremen, Tipp City, Waynesfield and Yellow Springs, Ohio	1995
Dayton Power & Light Company	94-1469-000	Transmission/interconnection/power services and rates	City of Piqua, Ohio	1994
Cincinnati Gas & Electric Company	ER94-1637-000	Transmission service and rates	City of Hamilton, Ohio	1994
Public Service Company of New Mexico	EL-94-6-000	Fuel inventory practices and expense accounting	Plains Electric Generation and Transmission Cooperative	1994
CINergy (merger of Cincinnati Gas & Electric Company and PSI Energy, Inc.)	ER93-6-000	Transmission issues, cost of service and rate design	City of Hamilton, Ohio	1993
American Electric Power Company	ER93-540-000	Transmission issues, cost of service and rate design	City of Hamilton, Ohio	1993
Ohio Power Company and Kentucky Power Company	ER93-295-001	Transmission loss factors	City of Hamilton, Ohio	1993
PacifiCorp Electric Operations	ER93-675-0000	Transmission issues, cost of service and rate design	Utah Municipal Power Agency	1993

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

PacifiCorp Electric Operations	ER91-494-0000	Transmission issues, cost of service and rate design	Utah Municipal Power Agency	1991
PacifiCorp Electric Operations	ER91-471-0000	Transmission issues, cost of service and rate design	Utah Municipal Power Agency	1991
Ohio Power Company	EL91-1-000 and EL90-42-000	Interconnected utility operations and scheduling matters	City of Hamilton, Ohio	1990
Arizona Public Service Company	ER89-265-000	Transmission issues, cost of service and rate design	Plains Electric Generation and Transmission Cooperative	1989
Cincinnati Gas & Electric Company	ER89-17-000 and ER89-19-000	Transmission service, schedule restrictions and billing for transmission service	City of Hamilton, Ohio	1989
Utah Power and Light Company	EL85-12	PURPA wheeling under Sections 210, 211 and 212 of the Federal Power Act	Utah Municipal Power Agency and City of Manti, Utah	1985
Utah Power and Light Company	ER84-571/572	Transmission issues, cost of service and rate design	Utah Municipal Power Agency and the Cities of Manti and Provo, Utah	1985
Northern Indiana Public Service Company	ER83-396-000	Transmission issues, price squeeze, cost of service and rate design	Argos, Bremen, Brookston, Chalmers, Etna Green, Kingsford Heights, Walkerton and Winamac, Indiana	1983
Utah Power and Light Company	ER83-427-000	Transmission issues, revenue requirement, cost of service and rate design	Manti, Utah	1983
Ohio Power Company	ER82-553-000	Engineering issues, cost of service and rate design	Ohio Power Municipals	1982
Arizona Public Service Company	ER82-481-000	Transmission issues, cost of service and rate design	Plains Electric Generation and Transmission Cooperative	1982
Arizona Public Service Company	ER81-179-000	Wholesale and transmission issues, cost of service and rate design	Plains Electric Generation and Transmission Cooperative	1981
Public Service	ER80-313	Engineering issues, cost of service	The Executive Agencies	1981

Company of New Mexico		and rate design	of the United States	
Public Service Company of New Mexico	ER79-478/479	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1981
Public Service Company of New Mexico	ER78-337/338	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1980
Northern Indiana Public Service Company	ER78-509	Price squeeze and rate design	Argos, Bremen, Brookston, Chalmers, Etna Green, Kingsford Heights, Walkerton and Winamac, Indiana	1979
Federal Power Commission:				
Ohio Edison Company	E-9497	Engineering issues, cost of service	The Wholesale Consumers of Ohio Edison Company	1976
Colorado Public Utilities Commission:				
Public Service Company of Colorado	1425 Phase II	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1981
Florida Public Service Commission:				
Florida Power Corporation	80119-EU	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1980
Gulf Power	010949-EI	Engineering and cost of service issues that have an actual or potential impact on the FEA	The Executive Agencies of the United States	2001
Hawaii Public Utilities Commission:				
Hawaiian Electric Company, Inc.	2009-0164	HELCO 2010 Rate Case: Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy	Division of Consumer Advocacy, State of Hawaii	2010

		Cost Adjustment Factor, and Purchased Power Adjustment Clause		
Maui Electric Company, Ltd.	2009-0163	MECO 2009 Rate Case: Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor and Purchased Power Adjustment Clause	Division of Consumer Advocacy, State of Hawaii	2010
Kauai Island Utility Cooperative	2009-0050	KIUC 2009 Rate Case: Energy Rate Adjustment Clause versus Cost of Power Adjustment, Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor and Act 162 Considerations	Division of Consumer Advocacy, State of Hawaii	2010
Hawaiian Electric Company, Inc. Maui Electric Company, Ltd. Hawaiian Electric Light Company, Inc.	2008-0273	Proceeding to investigate the implementation of Feed-In Tariffs	Division of Consumer Advocacy, State of Hawaii	2008
Hawaiian Electric Company, Inc. Maui Electric Company, Ltd. Hawaiian Electric Light Company, Inc.	2008-0274	Proceeding to investigate implementing a decoupling mechanism-rate design matters	Division of Consumer Advocacy, State of Hawaii	2008
Hawaiian Electric Company, Inc.	2008-0083	HECO 2009 Rate Case: Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor, Power Factor Adjustment in Rate Design, and Purchased Power Adjustment Clause	Division of Consumer Advocacy, State of Hawaii	2008
Hawaiian Electric Company, Inc. Maui Electric Company, Ltd	2008-0021	UPC Hawaii Holding, LLC (UPC Hawaii) and Kaheawa Wind Power II, LLC (KWPII) Complaint and Petition against HECO and MECO (Wind	Division of Consumer Advocacy, State of Hawaii	2008

		Complaint)		
Maui Electric Company, Ltd	2006-0387	MECO 2007 Rate case: Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor and Power Factor Adjustment in Rate Design	Division of Consumer Advocacy, State of Hawaii	2007
Hawaiian Electric Company, Inc.	2006-0386	HECO 2007 Rate Case: Fuel and Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor and Power Factor Adjustment in Rate Design	Division of Consumer Advocacy, State of Hawaii	2007
Hawaiian Electric Light Company, Inc.	05-0315	HELCO 2005 – 2006 Rate Case: Fuel & Purchased Power Expense, Generation Efficiency Factor (Sales Heat Rate), Fuel Inventory, Energy Cost Adjustment Factor & Power Factor Adjustment in Rate Design	Division of Consumer Advocacy, State of Hawaii	2007
Hawaiian Electric Company, Inc.	05-0145	HECO CIP - Need for CIP project generating unit, type and size of generator, generator fuel, need for transmission line, consumer cost impacts and considerations regarding undergrounding of transmission line.	Division of Consumer Advocacy, State of Hawaii	2006
Hawaiian Electric Company, Inc.	7310	HECO Utilities Avoided Cost Investigation	Division of Consumer Advocacy, State of Hawaii	2005
Hawaiian Electric Company, Inc.	04-0113	Evaluation of application for an increase in rates using a 2005 test year, cost of service and rate design issues	Division of Consumer Advocacy, State of Hawaii	2004
Commission Initiated Generic Investigation	03-0371	Commission initiated generic investigation of distributed generation in Hawaii	Division of Consumer Advocacy, State of Hawaii	2004
Kauai Electric Division	01-0005	Avoided energy costs associated with an Energy Purchase Agreement with Kauai Winds Inc. and inclusion in ERAC	Division of Consumer Advocacy, State of Hawaii	2001
Hawaii Electric Light Company, Inc.	99-0355	Transmission system improvements with IPP purchase power addition	Division of Consumer Advocacy, State of Hawaii	2000

Hawaii Electric Light Company, Inc.	99-0207	Generation and purchase power, operation and maintenance expenses, system losses and engineering issues	Division of Consumer Advocacy, State of Hawaii	2000
Hawaii Electric Light Company, Inc.	99-0346	Need for capacity additions/review of IPP Purchase Power Agreement	Division of Consumer Advocacy, State of Hawaii	1999
Hawaii Electric Light Company, Inc.	98-0013	Need for capacity resource additions, IPP purchase power agreement	Division of Consumer Advocacy, State of Hawaii	1999
Hawaii Electric Light Company, Inc	97-0420	Generation and purchase power, operation and maintenance expenses, system losses and engineering issues	Division of Consumer Advocacy, State of Hawaii	1999
Hawaii Electric Light Company, Inc	97-0349	Integrated resource planning	Division of Consumer Advocacy, State of Hawaii	1999
Kauai Electric Division	KE94-0097	Engineering issues, generation and purchase power, operation and maintenance expenses, system losses and cost of service and rate design	Division of Consumer Advocacy, State of Hawaii	1994
Hawaiian Electric Company, Inc.	7766	Engineering issues, generation and purchase power, operation and maintenance expenses, system losses and cost of service and rate design	Division of Consumer Advocacy, State of Hawaii	1994
Hawaii Electric Light Company, Inc.	7623	Need for capacity resource additions and purchase power contracts	Division of Consumer Advocacy, State of Hawaii	1994
Hawaii Electric Light Company, Inc.	7764	Engineering issues, generation and purchase power, operation and maintenance expenses and system losses	Division of Consumer Advocacy, State of Hawaii	1994
Indiana Public Service Commission				
Wayne County Rural Electric Membership Cooperative	39048	Engineering issues, cost of service and rate design	Wayne County Rural Electric Membership Cooperative	1990
New Carlisle, Indiana	Unknown	Engineering issues, revenue requirements, cost of service and rate design	New Carlisle, Indiana	1975
Kansas				

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

Corporation Commission:				
Southwest Power Pool, Inc.	06-SPP-202-COC	Application for the limited purpose of managing and coordinating the use of certain transmission facilities located within the State of Kansas	Kansas Municipal Utilities, Inc., Kansas Municipal Electric Agency, Kansas Corporation Commission, Kansas Public Power,	2006
Westar Energy, Inc. , Kansas Gas and Electric Company, The Empire District Electric, Company, Kansas City Power & Light Company, Aquila, Inc. D/B/A Aquila Networks-WPK Midwest Energy, Inc., Southwestern Public Service Company	06-WSEE-203-MIS	Joint Application for authority to transfer functional control of certain transmission facilities to the Southwest Power Pool, Inc.	Kansas Municipal Utilities, Inc., Kansas Municipal Electric Agency, Kansas Corporation Commission, Kansas Public Power	2006
Western Resources and Kansas City Power & Light	97-WSRE-676-MER	Western Resources Merger Intervention and other related relief	Kansas City, Kansas Board of Public Utilities	1999
Kansas Gas and Electric Company	142-098-U	Engineering issues, cost of service and rate design	McConnell Air Force Base	1985
Michigan Public Service Commission:				
Detroit Thermal	Case No. U-13691	Implement initial default tariff rates for steam service	Detroit Thermal	2004
Michigan Consolidated Gas Company	Case No. U-7895	Engineering issues, cost of service and rate design	Traverse City Light and Power Board	1984
Indiana and Michigan Electric Company	Case No. U-7791	Engineering issues, cost of service and rate design	Auto Specialties, Southern Michigan Cold Storage, Waterville Paper Company, and	1984

PROJECTS INVOLVING REGULATORY FILINGS

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			Whirlpool Corporation	
Detroit Edison Company	Case No. U-7232	Interconnection agreements and power sales contract	Michigan Attorney General	1983
Consumers Power Company	Case No. U-6923	Cost of service, rate design and price elasticity	Clark Equipment Company	1982
Indiana and Michigan Electric Company	Case No. U-6927	Engineering issues, cost of service and rate design	Auto Specialties, Clark Equipment Company, and Whirlpool Corporation	1981
Upper Peninsula Power Company	Case No. U-6785	Engineering issues, cost of service and rate design	Michigan Technological University	1981
Upper Peninsula Power Company	Case No. U-6485	Engineering issues, cost of service and rate design	Michigan Technological University	1980
Indiana and Michigan Electric Company	Case No. U-6148	Engineering issues, cost of service and rate design	Auto Specialties, Clark Equipment Company, and Whirlpool Corporation	1980
Missouri Public Service Commission:				
Kansas City Power and Light Company	EE-2008-0238	KCPL Waiver Filing	Trigen-Kansas City Energy Corp.	2008
Kansas City Power and Light Company	ER-2007-0291	Rate Design and Discounted Rates for Space-heating	Trigen-Kansas City Energy Corp.	2007
Kansas City Power and Light Company	ER-2006-0314	Rate Design and special rates for space heating.	Trigen-Kansas City Energy Corp.	2006
Kansas City Power and Light Company	Case No. ER83-49	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1983
Kansas City Power and Light Company	Case No. EO-78-161	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1980

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

Montana Public Service Commission:				
Malmstrom Air Force Base	D2001.10.144	Rate design for customers receiving default power supply and transmission services, and limitations on the ability of qualified customers to return to the default supply services	The Executive Agencies of the United States	2001
New Mexico Service Commission:				
Public Service Company of New Mexico	Case No. 10-00086-UT	Class cost of service and rate design, joint system dispatch.	Albuquerque Bernalillo County Water Utility Authority	2010
Public Service Company Of New Mexico	Case No. 03-00352-UT	Appropriateness of underground projects Rate Rider	Rio Rancho, New Mexico	2004
Otero Electric Cooperative	Case No. 2048	Demand metering and rate design	Otero Electric Cooperative	1987
Gas Company of New Mexico	Case No. 1875	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1984
Gas Company of New Mexico	Case No. 1787	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1983
Gas Company of New Mexico	Case No. 1710	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1982
Gas Company of New Mexico	Case No. 1568	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1982
Ohio Public Utilities Commission:				
FirstEnergy Operating Companies	Case No. 98-1636-EL-UNC	Transmission system reliability - sale and transfer of generating assets	Industrial Energy Users of Ohio	1999
Ohio Edison Company	Case No. 93-1048-EL-CSS	Cost of service and predatory pricing	Youngstown Thermal, Limited Partnership	1994
Cincinnati Gas & Electric Company	Case No. 87-593-GA-CSS	Metering and billing dispute	Sheraton/Springdale Hotel	1987

Dayton Power and Light Company	Case No. 82-517-EL-AIR	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1983
Dayton Power and Light Company	Case No. 81-1256-EL-AIR	Revenue requirements, cost of service and rate design	The Executive Agencies of the United States	1982
Dayton Power and Light Company	Case No. 81-1237-EL-CSS	Billing procedures and practices	The Dayton Tire and Rubber Company	1982
Toledo Edison Company	Case No. 81-620-EL-AIR	Determination of billing units and rate design	Seaway Food Town, Inc.	1982
Ohio American Water Company	Case Nos. 81-385-WW-AIR and 81-739-WW-CMR	Engineering issues, cost of service and rate design	City of Tiffin, Ohio	1982
Dayton Power and Light Company	Case No. 81-21-EL-AIR	Engineering issues, revenue requirements, cost of service and rate design	The Executive Agencies of the United States	1981
Dayton Power and Light Company	Case No. 80-687-EL-AIR	Engineering issues, revenue requirements, cost of service and rate design	The Executive Agencies of the United States	1981
Ohio American Water Company	Case No. 79-3143-WW-AIR	Engineering issues, revenue requirements, cost of service and rate design	Cities of Marion and Tiffin, Ohio	1980
Dayton Power and Light Company	Case No. 79-510-EL-AIR	Engineering issues, revenue requirements, cost of service and rate design	The Executive Agencies of the United States	1980
Cincinnati Gas & Electric Company	Case No. 79-11-EL-AIR	Cost of service and rate design	The Ohio Council of Retail Merchants	1979
Columbus and Southern Ohio Electric Company	Case No. 78-1438-EL-AIR	Cost of service and rate design	The Ohio Council of Retail Merchants	1979
Seneca Utilities, Inc.	Case No. 78-287-WW-AIR	Engineering issues, revenue requirements, cost of service and rate design	Lake Seneca Property Owners Association	1979
Dayton Power and Light Company	Case No. 78-92-EL-AIR	Engineering issues, revenue requirements, cost of service and rate design	The Executive Agencies of the United States	1979
Texas Public Utility Commission:				
Houston Lighting & Power	5779	Engineering issues, cost of service and rate design	The Executive Agencies of the United States	1984

PROJECTS INVOLVING REGULATORY FILINGS

Joseph A. Herz, P.E.

Company				
Utah Public Service Commission:				
Hill Air Force Base	01-035-01	Revenue requirements, cost of service, rate design	The Executive Agencies of the United States	2001
Hill Air Force Base	01-035-23	Revenue requirements, cost of service, rate design	The Executive Agencies of the United States	2001
Hill Air Force Base	01-035-35	Revenue requirements, cost of service, rate design	The Executive Agencies of the United States	2001
Hill Air Force Base	01-035-36	Evaluate power cost adjustment mechanism to determine if it is non-discriminatory, accurately reflects the actual cost of providing the service, and is necessary under the circumstances	The Executive Agencies of the United States	2001
Hill Air Force Base	00-035-15	Revenue requirements, cost of service, rate design	The Executive Agencies of the United States	2001
Wisconsin Public Service Commission:				
Barron Electric Cooperative	Case No. 380-EI-1	Transmission wheeling charges	Barron Electric Cooperative	1982
Wyoming Public Service Commission:				
PacifiCorp	20000-ER-95-99	Revenue requirements, cost of service, rate design and jurisdictional allocations	Marathon Oil Company	1996

VEOLIA ENERGY KANSAS CITY
CASE NO. ER-2011-0241
SUMMARY COMPARISON - CLASS COST OF SERVICE VS. REVENUE DISTRIBUTION
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	Allocated Class Cost of Service Distribution	Revenue Distribution Current Rates	Revenue Distribution Proposed Rates
	(A)	(B)	(C)	(D)
1	Standard Commercial Service	3.29%	2.90%	3.01%
2	Large Commercial Service			
3	Veolia-Mo, meter located at:			
4	Plant	2.15%	2.90%	3.47%
5	Distribution	0.65%	1.23%	1.32%
6	Truman Medical Center	10.96%	8.36%	9.46%
7	All Other LCS Customers	20.69%	16.63%	17.67%
8	Subtotal LCS Customers	34.46%	29.12%	31.92%
9	Interruptible Heating Service	9.28%	4.06%	5.37%
10	Process Steam	52.97%	63.92%	59.71%
11	**Total**	100.00%	100.00%	100.00%